

# Affordable Housing, part 3: Looking Beyond Construction

The Bethlehem Gadfly Affordable Housing April 1, 2021

 *Latest post in a series on Affordable Housing* 

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ref: [Affordable Housing, part 1: What does housing affordability look like in Bethlehem?](#)

ref: [Affordable Housing, part 2: Building New Housing](#)

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## LOOKING BEYOND CONSTRUCTION

While construction of new housing will certainly be a component of any city's planning, let's avoid the trap of thinking about construction as our primary affordable housing tool. Construction with subsidy can add a greater supply of units around the median price, which would certainly be welcome in the city. But inclusionary zoning or other attempts to incentivize major private developers to add affordable units are not going to solve our problem. Should they continue? Sure, as long as they aren't occupying all of our time and preventing us from exploring other possibilities. But we need a broad range of simultaneous, coordinated strategies if we're going to even begin to address the challenges facing our city.

What are some other ways we can support affordable housing in our community? I'll throw a few ideas out there, but I'd be interested in hearing other folks' thoughts. Some are based on best practices, and others are just off the top of my head—feel free to tell me why they won't work! A few of these things are already going on at some level but, with additional emphasis, could potentially make a greater impact.

1. Support incentives for small-scale landlords to fix up their properties but then maintain affordable prices. Low-interest loans, tax relief,

grants—any time you give a property-owner an incentive, you can mandate that they maintain affordable rents for years.

2. Work with responsible local developers/landlords to rehab vacant, blighted, or simply run-down homes into affordable housing—many are already doing it, and renting at less than Fair Market Rent. I know several local folks who have invested in a property or two, fixed them up themselves with help from a few specialized contractors, and then rented them out at prices that are more affordable than any new construction could possibly be. There are barriers to doing this—capital for initial investments, technical knowledge to ensure that rehabs are up to code—that city and non-profit programs could address.
3. Train new developers/rehabbers with a **Jumpstart Germantown-style program**. Admittedly, this program took a massive investment from a private donor to get started, but could we think about a similar style program here? Recruit folks from the community to learn how to do small-scale rehab and development, pair them with experienced developers to learn the basics, and offer financing through a local Community Development Financial Institution to get them on their feet, as long as they commit to making their units affordable. We could increase our supply of small-scale rehabbers or developers that enter the market with knowledge of the community, training in responsible practices, and a direct connection to our city government. Not only could this help us create more affordable housing, but it could even the playing field a bit, so that a few major developers aren't the only ones dictating the terms of development in our community.
4. Convince affordable housing developers to do more renovation and management of rentals. Most of the affordable housing developers who have operated in Bethlehem over the last few decades have focused on owner-occupied housing. Managing rental housing is a large and often unpleasant task, so many organizations with limited capacity prefer to build, sell, and move on, despite the extremely high cost of construction. What if organizations pooled resources to create a stand-alone non-profit property management firm that could serve affordable rentals throughout the city, as well as the income-qualification processes of affordable units in private developments? If we had a long-term management solution for rental housing,

perhaps housing development organizations like CACLV, Valley Housing Development, Housing Opportunity Movement, Alliance for Building Communities, HDC Mid-Atlantic, Habitat for Humanity, and any others that I'm missing, would think more seriously about rehabbing and providing affordable rentals in existing multi-family structures or single-family homes.

5. Loosen regulations for group homes, cooperative housing, SROs, rooming houses, and work with responsible developer/landlords to offer a broader variety of options to renters. More people in the US are living alone than ever before, and our housing stock in the Lehigh Valley was constructed with families in mind. There is a need for increased diversity of housing types to serve individuals who may prefer to live in a group situation, rent a room, or form a cooperative. Due to ingrained prejudices, we as a society tend to have a negative reaction to the concept of renting a room or to a boarding house, but we don't seem to have that type of reaction when we see a group of four recent college graduates who met on Craigslist sharing a house—which is exactly what renting a room looks like. We need to recognize that individuals of all backgrounds can benefit from a diversity of housing options, going beyond single-family homes and apartments.
6. Do not let properties sit vacant. The **Bethlehem Blight Study** highlighted a tool that many communities have used to get vacant residential and commercial properties back into circulation—fining property owners who let their properties sit vacant without a long-term plan. Property owners receive monthly fines until they inform the city of their intentions, and then they have a specific time frame in which to take action before fines begin to accumulate once again. We have a lot of mixed-use properties in our downtowns that have upstairs apartments sitting vacant—if the city could incentivize owners to rent these out as affordable units through loans or grants to help get them into renting shape, we could obtain more housing much more quickly than through new development.

How do we make these things work? Fortunately, our cities receive a decent amount of funding that can be invested in the development of programs like these, although it would likely require shifting some dollars away from construction of new housing. An affordable housing trust fund would be a great way to add some needed cash to that pile—by

charging major developers a per-unit fee for any non-affordable housing developed throughout the city, we could increase the city's ability to subsidize existing programs and support the creation of new ones. Loan programs can keep funds in circulation, fines can generate income, and a non-profit property management firm could potentially sustain itself by taking on some private contracts. However, I think we have some great potential partners in our community that could lend a hand.

Two of the biggest elephants in our community are the local hospital networks. Throughout the country, hospitals are realizing the important connections between social determinants of health, of which housing is a huge one, and the frequency and severity of medical conditions and illnesses of all kinds. **Hospitals across the country are supporting affordable housing construction and housing services for their patients** – let's make sure that our major health networks are at the table and directly involved in the discussion.

In survey after survey, affordable housing emerges as a major issue for our community. We need a wide-reaching social movement in the Valley to bring residents together to talk about how housing issues impact their lives, to envision solutions, and to put pressure on the institutions that have the power to make change on a broad scale. The City won't be able to do it alone, but by doing the groundwork, our city government can offer a well-thought-out path forward.

As Bethlehem's City Council moves forward with a discussion of affordable housing, I ask that they do so publicly with participation from the entities that build affordable housing, small-scale private developers, and, most importantly, individuals who are struggling with housing costs. Focusing solely on the opinions and ideas of a handful of private developers—and doing so behind closed doors—is not going to solve a community crisis. In fact, I suggest that we marginalize the voices of the handful of private developers who have dominated the scene for the last decade. Up until now, they have shown no interest in affordable housing. Why should we expect them to lead the way? Let's broaden the conversation to look beyond new construction and think about all of the different components of an effective strategy. The more voices involved in the conversation, the better our result is going to be.

*\*\*While writing this piece, I came across a fantastic episode of a podcast on housing and development issues that I highly recommend you listen to, if you have any interest in affordable housing and development trends across the*

*US: <http://upzoned.strongtowns.org/e/does-increasing-housing-actually-make-the-housing-crisis-worse/> While it starts out referencing a very specific article and topic (whether or not induced demand is a factor in rising housing costs, i.e.. building new housing attracts folks from elsewhere that could drive up housing prices in a community), most of the episode addresses many of the issues that we as a community are facing and offers some interesting thoughts on a path forward.*

*Last in the series.*