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Regional Housing Plan data analysis and technical consulting services provided by RKG Associates, Inc.
EXECUTIVE SUMMARY

The Lehigh Valley housing market has changed dramatically since 2007. Lower income households have become more cost burdened, public funding to address housing issues has diminished and new housing construction has hit historic lows. At the same time, demand for housing types previously deemed outdated—such as high density apartments and townhomes—has increased considerably. Providing adequate housing has been national policy since the enactment of the U.S. Housing Act in 1949, and housing is a key component of the Comprehensive Plan the Lehigh Valley...2030. As the name implies, the Comprehensive Plan embodies a wide range of interrelated subjects that deal with the conservation, development and redevelopment of the Lehigh Valley. Subjects covered include growth trends and forecasts, natural resources, farmland preservation, land use, economic development, transportation, community utilities, parks and recreation, and historic preservation. The overall goal of the plan is to provide recommendations and strategies to manage anticipated growth and provide for the highest quality of life for all people. Naturally, housing is a critical consideration that links heavily with many of the other Comprehensive Plan subjects.

The need to fully explore the housing market within the Lehigh Valley as it connects to fundamental socioeconomic conditions, which fluctuate routinely, is critical to planning adequately for the region’s future. In 2007, the Lehigh Valley Planning Commission (LVPC) completed An Affordable Housing Assessment of the Lehigh Valley and found “the primary issue confronting the Lehigh Valley is how to create affordable housing opportunities for households with lower incomes.” Many renters and homeowners spent more than 30% of their income on housing, making them cost burdened by definition. Addressing housing as a market is a key priority of this document, the 2014 Regional Housing Plan.
This *Regional Housing Plan* provides an updated analysis of the Lehigh Valley housing market in light of the changed economy since the start of the Great Recession in 2008, which exerted a particularly profound impact on households with low or moderate incomes. The report broadens the effort from 2007 in that it: 1) looks at housing affordability across all incomes relative to the cost burdening threshold, and 2) examines the proximity of jobs and housing affordable for those jobs. In addition, this report translates public input, analysis of population and economic growth, a current housing profile, and analysis of critical influences on housing markets, all integrated into a set of goals, policies and implementation strategies to make progress on housing issues in the Lehigh Valley. It builds on the housing goals currently incorporated in the *Comprehensive Plan* and informs the next update of the *Comprehensive Plan*, scheduled to begin in 2015. Ultimately, the goal of the *Regional Housing Plan* is to identify ways that the LVPC can work with the region’s governments, nonprofit and for-profit partners to improve housing opportunities in the Lehigh Valley.

The results of a community participation process called *Housing Matters*, the background data from the 2010 U.S. Census and Bureau of Economic Analysis, the assessment of housing affordability, and the jobs-housing balance study all collectively yielded the following overarching concerns:

- **Affordability.** The Lehigh Valley market is undersupplied in housing for the households earning less than $29,350 per year. This translates into many households at the lowest incomes being forced to pay above 30% of their gross income for housing and being cost burdened. On the contrary, many households at the highest end of incomes (above $70,440 per year) use less than 30% of their gross income on housing. These households are “buying down” from their ability to pay, increasing competition for moderate income households to find suitable, desirable housing from the already limited affordable supply.
• **Variety.** The lack of choice at both ends of the income spectrum compounds the challenges to finding suitable housing. The current market offers few, larger (2 and 3+ bedroom) rental units for lower income households. For higher income households above $70,440 per year, ownership opportunities are almost exclusively single family detached housing, and rental opportunities are only 3+ bedroom apartments. This lack of diversity means households must consume housing that does not meet their preferences, further intensifying pressure on the housing sub-markets with high demand and limited supply.

• **Distribution.** Whether looking at the Valley as a whole, at a school district level or in terms of employment centers or as individual regions, the need for housing priced to working households earning below 50% of AMI ($29,350) is universal. There is not enough quality, appropriately priced housing to accommodate the Valley’s employment base anywhere. In addition, the concentration of certain housing types with low demand (due to a combination of factors, including age, fewer amenities or poor condition) can result in inadvertent concentration of lower priced housing or low income households in few select places, particularly the cities and boroughs with older housing stock. Lastly, the disproportionate growth of low-density housing in the distant suburban townships—along with jobs clustered far from population centers—results in a persistent imbalance of jobs and housing across much of the Valley.

• **Condition.** Housing rehabilitation is as great a need as housing development. Those households earning less than $29,350 per year and most susceptible to cost burdening are also most susceptible to substandard housing conditions. Rehabilitating existing housing stock serves to preserve the existing tax base and to offer a variety of housing types across incomes, while reducing overall land consumption and reducing the cost of development.

The **Regional Housing Plan** translates the key findings and overarching concerns into a set of goals, policies and implementation strategies to improve the housing situation in the Lehigh Valley. These goals, policies and strategies have their origin in the LVPC **Comprehensive Plan**.
Goal 1: To strive for livable mixed income neighborhoods throughout the Lehigh Valley that collectively reflect the diversity of housing types, tenures and income levels of the region.

Goal 2: To promote the creation of a range of housing types, prices and rents to foster culturally and economically diverse neighborhoods, which allow households to find new housing that meets changing needs within their existing community.

Goal 3: To promote and maintain suitable living environments and housing.

Goal 4: To promote the orderly development of new, well-planned residential environments.

Goal 5: To create an overarching consortium of housing interests to enhance regional coordination and effectiveness.

The Regional Housing Plan layers in additional detail representing the continuing and evolving trends in housing supply and demand, affordability, proximity to jobs, capacity of housing providers and available funding, among others. The Regional Housing Plan’s recommendations for new implementation strategies under all five goals yield new opportunities for improving the housing situation in the Lehigh Valley.

- The Lehigh Valley Planning Commission will support the region’s Neighborhood Partnership, Main Street, borough, city and suburban revitalization initiatives and programs like the Lehigh Valley Economic Development Corporation’s brownfield revitalization program to encourage the stabilization, clean-up, reuse and rehabilitation of vacant and underutilized buildings and lands for a variety of uses, including housing.

- The Lehigh Valley Planning Commission will continue to publish the Annual Development and Building Activity report and augment the document with an-
annual housing sales data. An LVPC event around the report will be part of community communication and dialogue on regional housing and associated development issues.

- The Lehigh Valley Planning Commission will support the creation of an affordable housing loan consortium bringing investors, financial institutions and private individuals together to pool resources for developing housing at or below 50% of the Area Median Income to address the 40,750 existing owner and rental households that are cost burdened.

- The Lehigh Valley Planning Commission will engage the region’s municipalities and school districts on the region’s housing market, including the amount, location and form of revitalization, redevelopment and development. The LVPC will continue to provide tailored professional zoning and development guidance on housing needs and issues.

- The Lehigh Valley Housing Study should develop a model housing rehabilitation program translatable to urban, suburban and rural municipalities. The program should include a property maintenance toolbox and provide specific recommendations on aging-in-place, neighborhood stabilization and revitalization, façade improvements, and housing stock preservation.

- The Lehigh Valley Planning Commission will coordinate with high-growth municipalities to refine or rework comprehensive plans, official maps, subdivision and land development ordinances, impact fees and other regulatory mechanisms to encourage and expedite housing development at densities appropriate to growth experienced or anticipated.

- The Lehigh Valley Planning Commission will continue to develop model ordinances relating to the region’s housing with a focus on design and density appropriate for new and existing development. Com-
commercial corridors and districts, transit and community services access, multi-generational communities, mixed-use and multifamily housing will be primary focuses of the LVPC’s municipal assistance program.

- The Lehigh Valley Planning Commission will establish a consortium of public, private and nonprofit housing entities to address the region’s jobs-housing imbalances, housing affordability, availability, condition and market. This regional housing consortium will consider all relevant aspects of the Lehigh Valley’s housing needs and issues as they relate to comprehensive regional planning.

The Lehigh Valley Planning Commission is committed to working with project partners to move forward with these critically important housing opportunities. The Regional Housing Plan includes the data, analysis, policy and implementation recommendations to inform needed discussion of the issues and provide housing to meet the needs of all Lehigh Valley residents. We hope that this document will give readers a better understanding of the housing issues facing the region and will serve as a platform for a broad and incisive discussion.
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Chapter 1
Introduction
Housing is an issue that touches all incomes from location, quality, choice and cost. The housing market in the Lehigh Valley is affected by a number of local, regional and national economic events. For example, the completion of Interstate 78 through the region in 1989 expanded opportunities for people in the greater New York metropolitan area by providing direct highway access between their existing jobs and the Valley’s comparably affordable markets and competitive school systems. The Valley’s much less stringent municipal building codes and development processes (compared to New Jersey) have made it an attractive location for large-scale residential developers as well.

The Lehigh Valley Planning Commission (LVPC) completed An Affordable Housing Assessment of the Lehigh Valley in Pennsylvania in 2007 to identify ways to enhance the Valley’s approach to delivering residences for modest income households. The report provided a number of recommendations on how to better position regional assets and coordinate partners to address needs.

This current analysis takes a comprehensive approach to housing, addressing the following topics, among others:

- the current inventory and cost across all incomes;
- the types of jobs and median wages for the Lehigh Valley market;
- access to appropriately priced housing in proximity to jobs; and
- public, private and nonprofit agencies that focus particularly on delivering housing to lower income households or persons with special needs.

This analysis provides a well-rounded understanding of the current supply and demand for housing within the Lehigh Valley from two distinct perspectives: 1) existing households’ ability to pay, and 2) location and cost of housing available to persons working in the Lehigh Valley regardless of where they currently live. Ultimately, the goal of this effort is to identify ways that the LVPC can work with the region’s partners to improve housing opportunities in the Lehigh Valley.
PURPOSE OF THE COMMUNITY SURVEY PROCESS

The Lehigh Valley Planning Commission engaged in an intensive public participation process called Housing Matters to gather community feedback and opinion on housing in the region. While good data assembly can help build an assessment on the various forces at play in housing markets, it’s always wise to include community input or subjective observations that help create the real story. After all, even if statistics suggest that a certain municipality is safe, it will matter little to housing demand if the overall perception is still negative.

The purpose of the Housing Matters program was to create a discussion around housing, gathering feedback on how the region can support the creation of new housing and maintain existing housing stock. The program used a combination of community meetings and surveys (paper, online and phone) for public outreach. The results of the surveys and meetings enabled the LVPC to develop recommendations, tools and strategies for the Regional Housing Plan.

COMMUNITY MEETINGS

The community meetings, titled Housing Matters: How Do You Envision Home?, centered on housing availability and choice in the areas of housing type, location, existing housing and new housing options. Among the key considerations in structuring these meetings were the following:

- opening the housing discussion to all citizens, regardless of income;
- selecting meeting locations spread throughout the Lehigh Valley;
- choosing event times that accommodate those who work second and third shifts;
- making information available in Spanish.

The meetings took place from November 2013 through February 2014 across urban, suburban and sparsely populated locations, while the city meetings (Allentown, Bethlehem and Easton) took place in central locations serviced by public transportation, indicated by gray shading that shows a ½ mile distance from public transit in Figure 1. The discussions on housing choice, availability and neighborhood safety in the Lehigh Valley were structured to be broad enough to engage most attendees, but specific enough to pick up issues or recurring themes in responses. Figure 1 displays the locations of the 14 meetings, as well as the session located at the LVPC office.

The following topics and questions were posed to participants in the community meetings:

**Location**

- What influences your housing location choice?
- Is there enough housing available in the locations you want to live?
Figure 1 - Location of Housing Matters Meetings
Does public transportation or highway access influence your housing location choice?

**Housing Type**
- Do you have a preference for a housing type? If so, what influences your preference for a certain housing type?
- Are the housing types you prefer available in your desired locations?

**Availability**
- Are there enough homeownership opportunities in the Lehigh Valley?
- Are there enough rental housing opportunities in the Lehigh Valley?
- Have you ever been signed up for a waiting list for an apartment? New construction or existing?
- If you purchased a home in the last two years, how long did it take to find a unit?

**Existing Housing**
- Do you think the existing housing stock in the Lehigh Valley is well maintained?
- Do you find issues with the existing housing stock? If so, does it depend on age, location or a combination of both?

- What are some steps that can be taken to maintain the quality of the existing housing stock?

**New Housing Options**
- What types of housing do you feel should be created in the Lehigh Valley?
- Where should new housing be located?
- Do you have a preference for more ownership or rental unit creation?

Since these community meetings encouraged open-ended discussion, feedback varied greatly. The highlights included:

- Some participants research school districts and purchase homes in the best districts they can afford.
- Their choice of housing depends on where they are in life. Most started out in apartments and moved to single family homes to raise children.
- Most felt there was enough housing to buy and rent in the Lehigh Valley.
- Housing in the Lehigh Valley is generally well maintained, except for the poor quality and unusually high prices of housing in the cities.
- Rents have increased significantly in the last five years or more, and many of these apartments are overcrowded, due to the cost and lack of family-sized units (three bedrooms or more).
Figure 2 - Sample of Survey Responses

“Rushed into signing lease no redeeming quality we are freezing”

“No trabajo”

“Rural setting”

“Foundation/Floor issues”

“Family inherited”

“Necessary small apt for single”

“Live with parents”

“Renting a room”

“Retired and working part-time”

“Just getting started”

“Best girlfriend lived in area”

Source: LVPC
People are also doubling up in units, due to job loss and other economic issues.

They’d like to see “Homeowners Training” sessions that would teach people how to do basic repairs, hire a contractor and review the contract for the required repairs. The Home Depot program was cited as a model for the trainings.

The Lehigh Valley is well situated with good highway access. Some participants expressed interest in regional rail service to New York City or Philadelphia. Few participants used mass transit as their primary means of transportation. Many cited that the lines aren’t direct to the places they want to go.

SURVEYS

In contrast with the exploratory nature of the community meetings, the Housing Matters survey guided with discrete, targeted questions. It was also voluntary and anonymous. The different media for delivering the survey proved influential to the results and are described below:

**Weighted Random Sample**: The survey was administered by the Muhlenberg College Institute of Public Opinion, which collected telephone survey data from a random sample of 513 Lehigh Valley residents from November 20 through December 5, 2013. Individual households throughout Lehigh and Northampton counties were selected for inclusion in the study.

**Online Survey Sample**: The survey was placed online at SurveyMonkey.com. The LVPC asked their partners and other community organizations to post the link to SurveyMonkey on their websites. The LVPC also placed the link on their website, Twitter and Facebook page. The survey ran live from October 28, 2013 through January 29, 2014. A total of 298 surveys were completed online.

**Self-administered Paper Surveys**: The LVPC distributed paper surveys and the Quick Response (QR) code to access the survey throughout the Lehigh Valley. The survey was distributed at the LVPC public meetings from November 12, 2013 through February 17, 2014. In addition, paper surveys and the QR code were mailed to community partners and listserves, as well as mailed to every religious institution in the local yellow pages. The flyers with the survey’s QR code were mailed to local Panera and Starbucks locations and major grocery stores for public posting. The Community Action Committee of the Lehigh Valley (CACLV) distributed paper surveys in the three cities. A total of 825 surveys were completed from this effort.

Figures 3 and 4 reveal some of the socioeconomic differences that emerged between the individuals who participated in this survey.

Among the most critical responses to the surveys include the data presented in Figures 5 and 6. These responses reveal the broad array of values and priorities in housing among survey respondents, particularly in regards to income levels, educational attainment and homeownership.
Figure 3 - Household Composition by Survey Type

Source: Lehigh Valley Research Consortium (LVRC)
Figure 4 - Dwelling Ownership by Survey Type

- **SAS SELF-ADMINISTERED SURVEY**
  - OWN: 39%
  - RENT: 52%

- **OS ONLINE SURVEY**
  - OWN: 84%
  - RENT: 15%

- **RS RANDOM SURVEY**
  - OWN: 76%
  - RENT: 23%

**LV AVERAGE**

Source: Lehigh Valley Research Consortium (LVRC)
**Figure 5 - Reasons Influencing Housing Choice**

<table>
<thead>
<tr>
<th>Key Topics</th>
<th>Weighted Random Sample</th>
<th>Online Survey</th>
<th>Self-Administered Survey</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>513 Responses</td>
<td>298 Responses</td>
<td>825 Responses</td>
</tr>
<tr>
<td>Better Quality Neighborhood</td>
<td>52.2% 268</td>
<td>64.1% 191</td>
<td>40.5% 334</td>
</tr>
<tr>
<td>More Convenient (work, leisure, family)</td>
<td>32.4% 166</td>
<td>47.3% 141</td>
<td>34.9% 288</td>
</tr>
<tr>
<td>Better Quality School District</td>
<td>36.3% 186</td>
<td>27.9% 83</td>
<td>22.5% 186</td>
</tr>
<tr>
<td>Greater Safety</td>
<td>29.6% 152</td>
<td>23.8% 71</td>
<td>33.2% 274</td>
</tr>
<tr>
<td>Affordability</td>
<td>44.2% 227</td>
<td>63.1% 188</td>
<td>43.8% 361</td>
</tr>
<tr>
<td>Other</td>
<td>55.9% 287</td>
<td>25.5% 76</td>
<td>9.8% 81</td>
</tr>
<tr>
<td>Unsure</td>
<td>25.9% 133</td>
<td>0.0% 0</td>
<td>0.0% 0</td>
</tr>
</tbody>
</table>

Source: Lehigh Valley Research Consortium (LVRC)

**Figure 6 - Current Housing Quality**

<table>
<thead>
<tr>
<th>Key Topics</th>
<th>Weighted Random Sample</th>
<th>Online Survey</th>
<th>Self-Administered Survey</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>513 Responses</td>
<td>298 Responses</td>
<td>825 Responses</td>
</tr>
<tr>
<td>Broken Windows or Doors</td>
<td>1.9% 10</td>
<td>6.4% 19</td>
<td>10.8% 89</td>
</tr>
<tr>
<td>No Electrical Socket</td>
<td>3.9% 20</td>
<td>2.3% 7</td>
<td>2.8% 23</td>
</tr>
<tr>
<td>Exposed Electrical Wiring</td>
<td>0.6% 3</td>
<td>1.3% 4</td>
<td>2.5% 21</td>
</tr>
<tr>
<td>Water Leaks</td>
<td>4.7% 24</td>
<td>6.0% 18</td>
<td>7.5% 62</td>
</tr>
<tr>
<td>Inadequate Plumbing</td>
<td>1.4% 7</td>
<td>1.0% 3</td>
<td>2.8% 23</td>
</tr>
<tr>
<td>Insects</td>
<td>5.1% 26</td>
<td>3.4% 10</td>
<td>9.8% 81</td>
</tr>
<tr>
<td>Other</td>
<td>2.3% 12</td>
<td>11.7% 35</td>
<td>6.7% 55</td>
</tr>
</tbody>
</table>

Source: Lehigh Valley Research Consortium (LVRC)
Chapter 3
Population and Household Trends
Figure 7 - Boundaries of Townships/Boroughs/Cities
Unless otherwise noted, the region referenced by the label “Lehigh Valley” will include the entirety of Lehigh and Northampton counties—the same two counties for which the Lehigh Valley Planning Commission offers planning and advisory support. A total of 62 municipalities exists within the region. This includes the three cities of Allentown, Bethlehem and Easton, which have historically served as the economic engines and population bases for the Lehigh Valley. Among the other municipalities across the two counties are 32 townships and 27 boroughs. Figure 7 distinguishes the cities, boroughs and townships by their political boundaries, which will factor heavily into the analysis for subsequent chapters.

This two-county region experienced steady and sustained population increases over the last several decades as illustrated in Figure 8. As shown, during the 1980s and 1990s, decennial growth remained steady; however, between 2000 and 2010 the Valley’s growth increased by approximately 68,000 residents. Not only did this 11.8% growth rate exceed the state’s growth of 3.4% between 2000 and 2010, it was also higher than the 9.7% rate for the nation overall, substantiating the notion that the Lehigh Valley is experiencing considerable growth. Prior to 2000, Northampton County’s population growth rate was historically higher and increased faster than Lehigh County’s. However, over the past decade this trend has been reversed, with Lehigh’s growth rate edging ahead of Northampton’s at 12% and 11.5%, respectively.

Projections prepared by the LVPC\(^1\) in 2012 anticipate continued population increases through 2040. The LVPC derived these projections through a specialized application of the Newling model, a forecasting method developed at Rutgers University that operates under the principle of an inverse relationship between relative population growth over a specified period of time and population density.\(^2\) If the Valley achieves growth similar to the forecasts generated by the Newling model, it will add almost 230,000 residents over the next thirty years, bringing the total population to approximately 874,000.

Other neighboring counties, such as Berks, Monroe and Bucks, also experienced significant population increases. This attests to the fact that much of eastern Pennsylvania has attracted new residents in recent years, shown by Figure 9.

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\(^2\) For further details on the LVPC population forecasts and the methodology behind them, visit http://www.lvpc.org/pdf/population/municipalPopulation-Forecasts.pdf.
Figure 8 - Population Growth in the Lehigh Valley

Sources: U.S. Census Bureau, LVPC
Figure 9 - Fastest Growing Counties in Pennsylvania

Source: U.S. Census Bureau
Migration Trends

Approximately 14% of the Valley’s residents have moved within the last year while 85% resided in the same house. Of the 87,481 residents in the Valley who did move, almost 58% relocated to a new house in their current county of residence (Lehigh County or Northampton County). Therefore, the overall in-migration of new residents from outside the Valley totaled approximately 37,000. Of the Valley’s recent migrants, a little more than half (54%) relocated from elsewhere within Pennsylvania. Figure 10 shows migration to and from areas adjacent to the Lehigh Valley based on 2010 American Community Survey (ACS) 5-year estimate data.

Figure 10 - Migration from the Previous Year; 2010

Source: U.S. Census Bureau American Community Survey, 2006-2010
The figures for Lehigh and Northampton counties reveal a stark divide in the rate of population growth within the cities when compared to the townships and boroughs. As illustrated in Figure 11, locations outside the Valley’s three cities of Allentown, Bethlehem and Easton absorbed the vast majority of population growth over the last 30 years.

Between 1980-2010, the cities’ populations increased by approximately 19,600 while areas outside the cities grew by 129,800, representing 13% and 87%, respectively, of the Valley’s total growth. As such, the total proportion of the Valley residing in the cities decreased from 40% to 34% during this time period according to historical data provided by the U.S. Census Bureau. One exception to this trend occurred during the most recent decade of 2000-2010 when the City of Allentown’s population increased by almost 11% (11,400), which was more comparable to the growth of 14% in non-city locations. This level of growth for Allentown not only bucks the trend for population growth to take place outside of the older cities, but it is distinctive within the northeastern U.S., where the population of many older industrialized cities has grown modestly (less than 10%), remained stagnant or declined over recent decades. Between 2000 and 2010, Allentown was the fastest growing city in the state.3

---

Age

The age composition of the Valley’s population changed considerably over the last 20 years. The Valley, like many areas of the country, has experienced a general aging of its population. This is reflected in a considerable increase in median age for Northampton County (34.9 years to 40.9 years) from 1990 to 2010, as well as a more modest increase for Lehigh County (35.7 years to 39.4 years).

As shown in Figure 12, population in the age groups of 65 years and older and persons under 20 exhibited sustained growth over the past two decades. Conversely, the young adults (20-24) and formative household age groups of 25-44 exhibited erratic growth trends during this time. Migration patterns inevitably influence all of these shifts in age groups. The LVPC’s 2012 Population Projections report estimated that between 2010 and 2040 net migration would account for 85% of the Valley’s population growth, as opposed to natural increase (births versus deaths), which accounts for the remaining 15%.

The following are additional observations regarding these migratory patterns that were cited in the LVPC’s 2012 Population Projections report.

---

Within the Lehigh Valley:

● People are bringing their families to live, beginning in their early thirties for Northampton County and late twenties for Lehigh. This accounts for the strong immigration of both the 30–34 and 35-39 age groups, as well as the 14 and under age groups.

● College-bound young adults are also migrating into the counties to attend local colleges and universities. However, after college, both men and women are leaving the region to take jobs or pursue opportunities elsewhere.

● At age 60 and above, there is net in-migration to Lehigh County, particularly among men, while Northampton County still experiences net out-migration.

Figure 12 also presents the age group projections prepared by the LVPC for 2020 through 2040, with historical data for 1990-2010 included for reference. These projections anticipate two major trends: a continuation of the population’s aging with significant growth in the 65 and older age group, as well as growth in the under 20 age group supported by growth of younger households in the 25-34 age group.

Relevant conclusions presented in the Population Projections report are as follows:

● The largest increases, on a percentage basis, will occur in the retirement age group of 65 and older. The Valley’s percentage of population over age 65 is projected to increase from 15.2% to 21.7% between 2010 and 2040, an increase of about 91,000 in the resident population.

● All age groups under 20 (0-4, 5-9, 10-14 and 15-19) will increase consistently through the projection period. By 2040, the population in these age groups will have increased by 57,000 over 2010 levels.

If realized, these projected changes in the Valley’s population age structure could have a number of ramifications regarding the provision of services and demand for housing. Growth in the senior age group is likely to increase the need for medical and social services and may also warrant a provision for downsized housing units or specialized housing units, such as assisted living and nursing facilities. Growth in the under 20 age group could place pressure on elementary and high school facilities, while increases in younger households (25-34) may influence the supply of rental housing (as could the senior population), as well as the need for starter, owner-occupied dwellings. From an economic development perspective, projected growth in the 25-34 age group has the potential to help maintain the Valley’s supply of workers as an increasing proportion of its residents “age out” of the labor force.
Racial/Ethnic Composition

As shown in Figure 13, the White population in the Valley still remains the majority, which accounts for 82% of the total population in 2010 and increased by 3.5% from 498,487 to 533,181 over the last 20 years. However, the Valley’s minority populations (which include all non-Whites) have almost tripled over the past two decades from 40,000 to 114,000. Persons of Hispanic or Latino ethnicity (who can belong to any race, such as White, Black, etc.) comprised 15% of the population at the 2010 Census, a considerable leap from the 4.9% composition in 1990. This ethnicity, along with the Black and American Indian/Alaska Native races, nearly doubled in raw numbers from 2000 to 2010.

These changes in the Valley’s population diversity reflect changes within the country as a whole. However, given that the Valley grew at a faster rate than the nation, it is likely that the influx of minority races and ethnicities are exerting a greater influence on the Lehigh Valley than in other metropolitan areas.

Figure 13
Population Diversity
Lehigh Valley
1990

Source: U.S. Census Bureau
Population Diversity
Lehigh Valley
2000

- White: 89%
- Hispanic (ethnicity): 8.6%
- Two or More Races: 2%
- Some Other Race: 4%
- Asian or Pacific Islander: 2%
- Black or African American: 3%
- American Indian or Alaska Native: 0%

Population Diversity
Lehigh Valley
2010

- White: 82%
- Hispanic (ethnicity): 15.0%
- Two or More Races: 3%
- Some Other Race: 6%
- Asian or Pacific Islander*: 6%
- Black or African American: 6%
- American Indian or Alaska Native: 0%

*Asian and Pacific Islander are separate racial categories in the 2010 Census, but they remain aggregated for consistency with earlier decennial census reports.
A comparison of the projected change in households in the Lehigh Valley between 2010 and 2040 is presented in Figure 14. Overall, Northampton County has shown higher growth in households compared to Lehigh County. For the 2000-2010 period, average household size increased slightly for the Valley as a whole. This modest change is counter to trends in previous decades in which households decreased in size. The impetus for increasing household size is largely attributed to the economic downturn and foreclosure crisis that began around 2008 and caused a greater number of extended families and unrelated individuals to share housing facilities instead of maintaining separate households. After 2010, projections indicate household size declined again, eventually beyond pre-recession levels, due to the increase in single-person households, general aging trends in the population, and somewhat lower birth rates nationally.

Figure 15 shows average household size by race and Hispanic origin for the counties in the Valley and Pennsylvania as a whole. Household size varied by race and Hispanic origin throughout the Valley in 2010. Additionally, minority-headed households and households headed by persons of Hispanic origin were considerably larger than White households in the two counties and the state.
Figure 14 - Household Projections

Sources: U.S. Census Bureau, LVPC
Figure 15 - Average Household Size by Race and Hispanic Origin; 2010

Source: U.S. Census Bureau
Group Quarters

Albeit a relatively small proportion, some of the Valley’s population resides in non-household group quarters as illustrated in Figure 16. This population comprises institutionalized residents, which the U.S. Census Bureau defines as facilities for people under formally authorized, supervised care at the time of the survey, and includes people in correctional facilities, nursing homes, in-patient hospice facilities, mental (psychiatric) hospitals, group homes for juveniles, and residential treatment centers for juveniles.

According to data collected by the U.S. Census Bureau, only 3% of the Valley’s residents reside in group quarters as of 2010. About 7,700 are institutionalized with the majority (5,100) in nursing homes and the remainder in correctional facilities. The noninstitutionalized population totals approximately 11,900, with 9,700 residing in college dormitories or in “other facilities” (2,100), which could include adult group homes, workers’ group living quarters, seminaries or religious group quarters. If future college enrollment levels in the Valley continue to increase as they have historically, careful monitoring of dormitory construction could help identify sources of pressure on the local housing market.
**Household Composition**

The social structure of the Valley’s households, like many portions of the country, is changing with regards to marital and family relationships. As shown in Figure 17, the number of family households increased more slowly than nonfamily households over the last decade with respective growth rates of 9.9% and 12.7%. While both household types increased, as of 2010, a majority (68%) were families and 32% were nonfamily households. There has also been a large increase in other family arrangements (32%), including single parents with related children (34%) over the last decade. There has also been a 27% increase in householders living with housemates.

While most of the demographic changes that the Lehigh Valley is confronting broadly reflect similar trends taking place throughout most of the United States, it is possible that, due to its uncharacteristically high growth rate, this region may experience these changes with greater intensity. Ideally, the housing market will respond appropriately to ensure a standard of living that has already helped serve as a principal factor in attracting newcomers to the region.
### Figure 16

**Population in Households and Group Quarters**  
**Lehigh Valley; 2010**

<table>
<thead>
<tr>
<th></th>
<th>Lehigh County</th>
<th>% LV Total</th>
<th>Northampton County</th>
<th>% LV Total</th>
<th>Lehigh Valley</th>
<th>% Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Population</td>
<td>349,497</td>
<td>54%</td>
<td>297,735</td>
<td>46%</td>
<td>647,232</td>
<td>100.0%</td>
</tr>
<tr>
<td>In households</td>
<td>340,504</td>
<td>54%</td>
<td>287,115</td>
<td>46%</td>
<td>627,619</td>
<td>97.0%</td>
</tr>
<tr>
<td>In group quarters</td>
<td>8,993</td>
<td>46%</td>
<td>10,620</td>
<td>54%</td>
<td>19,613</td>
<td>3.0%</td>
</tr>
<tr>
<td>Institutionalized population</td>
<td>4,759</td>
<td>62%</td>
<td>2,971</td>
<td>38%</td>
<td>7,730</td>
<td>1.2%</td>
</tr>
<tr>
<td>Noninstitutionalized population</td>
<td>4,234</td>
<td>36%</td>
<td>7,649</td>
<td>64%</td>
<td>11,883</td>
<td>1.8%</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau (SF-1) and RKG Associates, Inc.

### Figure 17

**Households by Type**  
**Lehigh Valley; 1990-2010**

<table>
<thead>
<tr>
<th></th>
<th>1990</th>
<th>2000</th>
<th>2010</th>
<th>% Total</th>
<th>Change 2000-2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>%</td>
<td>Number</td>
<td>%</td>
<td>Number</td>
</tr>
<tr>
<td>Total Households</td>
<td>203,839</td>
<td>223,447</td>
<td>247,548</td>
<td>100.0%</td>
<td>24,101</td>
</tr>
<tr>
<td>Family Households</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married-couple Families</td>
<td>146,366</td>
<td>153,180</td>
<td>168,379</td>
<td>68.0%</td>
<td>15,199</td>
</tr>
<tr>
<td>With Related Children</td>
<td>121,019</td>
<td>121,853</td>
<td>127,042</td>
<td>51.3%</td>
<td>5,189</td>
</tr>
<tr>
<td>Other Family (No Spouse Present)</td>
<td>53,570</td>
<td>53,653</td>
<td>52,607</td>
<td>21.3%</td>
<td>-1,046</td>
</tr>
<tr>
<td>With Related Children</td>
<td>25,347</td>
<td>31,327</td>
<td>41,337</td>
<td>16.7%</td>
<td>10,010</td>
</tr>
<tr>
<td>Nonfamily Households</td>
<td>57,473</td>
<td>70,267</td>
<td>79,169</td>
<td>32.0%</td>
<td>8,902</td>
</tr>
<tr>
<td>Householder Living Alone</td>
<td>48,089</td>
<td>58,109</td>
<td>63,723</td>
<td>25.7%</td>
<td>5,614</td>
</tr>
<tr>
<td>Householder Not Living Alone</td>
<td>9,384</td>
<td>12,158</td>
<td>15,446</td>
<td>6.2%</td>
<td>3,288</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau (SF-1) and RKG Associates, Inc.
Chapter 4
Economic Profile
EMPLOYMENT AND INDUSTRIES

Among the key indicators related to economic growth and development within the Lehigh Valley over the last decade is the change in employment, represented in Figure 18, which includes both private sector and governmental jobs. As illustrated by this data, the Valley added approximately 2,500 jobs annually for the period of 2002 to 2012, representing an average annual increase of 0.8%. In contrast, the state’s employment grew by 0.1% annually. With the exception of 2008-2009, the Valley had positive job growth throughout the decade, indicating that a recovery occurred following the recessionary conditions. By 2012, the region had erased the 3.5% loss of its employment base induced by the 2008 Recession. A similar recovery trend is occurring at the state level. Northampton County’s growth rate of 1.3% outperformed Lehigh County, which had a rate of 0.5%. However, Lehigh County maintains the majority (63%) of the regional job base.

Figure 19 provides further insight into the overall employment growth in the Valley during this time period. The trend lines seen in Figure 19, which separate private sector growth into goods-producing and service related jobs, show that the net growth in jobs was in the service sectors, while goods-producing jobs sustained a moderate but steady decline throughout the decade. This is consistent with trends at the national level.

Figure 20 presents a detailed perspective on changes in sector employment for Lehigh and Northampton counties from 2002
of 2013. These sectors are based on the North American Industrial Classification System (NAICS), and the data is derived from the U.S. Bureau of Labor Statistics' (BLS) annual compilation of covered employment jobs.\(^1\) The data represents an approximation of pre- and post-recessionary changes in employment.\(^2\)

From an overall perspective, total employment in the Valley increased by 5.8%, or about 15,000 jobs, from 2002 to 2013. All growth occurred in the first period (7.5%), with a loss of employment (-1.6%) in the second period. The private sector added over 12,600 jobs (5.5%), while government employment increased by about 2,400 (8.1%) throughout the decade.

As noted in Figure 18, Northampton County’s job base expanded more rapidly than Lehigh County’s, with respective total employment growth rates of 10% and 3.6% from 2002 to 2013. In fact, Northampton County seems to have recovered more quickly than Lehigh County following the recession, posting a positive net gain in employment of 0.1% from 2007-2013 (a time when most of the nation suffered considerable job loss), while Lehigh County continued to lose employment by 2.5%. A major source of this differential were two sectors, Construction and Manufacturing, which suffered greater losses in Lehigh than in Northampton County.

Of the Valley’s 17 sectors for which employment data was available, 10 experienced positive growth while 7 had a net loss from 2002-2013. The Management of Companies sector had substantial growth of over 200% and, despite losses in this sector in Lehigh County during the second half of the decade, added over 6,300 jobs in total, though a reclassification of the Utilities sector largely explains this shift (see “The Utilities Sector” inset box). Health Care had the largest actual increase of jobs with 10,700 and had sustained growth throughout the decade, which led to total growth in the sector approaching 30%. Additionally, of the top 25 non-governmental employers in the Lehigh Valley, eight are in the Health Care industry as seen in Figure 21. On the declining side, the Construction (-17.6%), Real Estate (-32.9%), Manufacturing (-33.3%) and Information (-37.4%) sectors, as in many parts of the country, lost employment fairly steadily throughout the decade despite a slowing in the rate of decline after 2007, which suggests a general inherent weakness in these portions of the regional economy.

---

\(^1\) The BLS data includes all employees who are covered in the Unemployment Insurance (UI) program. It does not include self-employed individuals or sole proprietors, military personnel or part-time employees.

\(^2\) Changes to the NAICS system reclassified certain employment in the Utilities sector to Management of Companies and Enterprises. Employment in those categories shows significant increases or decreases as a result of the classification. Please refer to the inset article in the orange box on page 39 for more details.
Figure 20 - Average Annual Total Employment Lehigh Valley; 2002-2013

*Retail trade had a change of -0.6.
The Utilities Sector:

The Utilities sector is comprised of establishments engaged in the provision of the following utility services: electric power, natural gas, steam supply, water supply, and sewage removal. Within this sector, the specific activities associated with the utility services provided vary by utility: electric power includes generation, transmission and distribution; natural gas includes distribution; steam supply includes provision and/or distribution; water supply includes treatment and distribution; and sewage removal includes collection, treatment and disposal of waste through sewer systems and sewage treatment facilities.

Please note that, after a reclassification in 2002, this sector does not include the employees involved in the management of utility companies, as those employees are allocated in the Management of Companies industry sector. The Utilities sector includes only the employees involved in the production or provision of a utility such as power line repair and installation, meter readers and mechanics and technicians that maintain the specific utility, regardless of power source (electricity or gas) or function (water, sewer or energy production). This explains much of the employment loss in Utilities from 2002 to 2013, as many of these workers simply became reclassified from Utilities to Management of Companies—a shift which had particular impact in Lehigh County.

According to the Bureau of Labor Statistics, increased competition, conservation, improved equipment and appliances, technological advancements and more efficient power plants will require fewer employees in this industry in the future.

Figure 22 illustrates the relative strength of industry sectors in the Lehigh Valley in comparison to the national economy based on their Location Quotient (LQ). The LQ relates the portion of the local employment in a given industry sector to the portion of that industry sector in the national economy. For example, if a sector’s LQ is equal to 1.0 in Figure 22, it indicates that the Lehigh Valley has the same percentage of employees as found at the national level. An LQ above or below 1.0 indicates stronger or weaker employment performance in comparison to the national economy.

As shown in Figure 22, there is variation between Lehigh and Northampton counties with regard to their individual LQs within a number of sectors, most notably Management of Companies and Health Care/Social Assistance, where Lehigh’s LQ is high and Northampton’s is below 1.0, and Educational Services, where Northampton far surpasses Lehigh. Among the sectors that particularly underperform when compared to national levels are Real Estate, Professional/Technical Services, Information, Utilities, Construction and Accommodation.

Figure 23 presents the total annual wages paid within each industry sector in the Valley as of 2011 and also illustrates the competitiveness of area wage rates in comparison to statewide averages. Overall, the total average annual wages paid by Valley businesses ($44,826) are approximately 5% below the state annual wages ($47,035). Although about one-third of the Valley’s sectors paid wages in 2011 that are below the average but still competitive (i.e. those between 94%-99% of the state average), an additional one-third pay less than 91% of the statewide average. Such low wages in relation to the state has the potential to make hiring new employees more difficult, especially if they need to relocate from another geographic area. Lower annual wages also suggest that workers in these sectors may find it more challenging to support cost of living requirements in a growing economy.

Projections by the Lehigh Valley Planning Commission to 2040 anticipate a 37.7% total increase in employment between 2010 and 2040. Figure 24 presents projected total employment for all industry sectors. Economic trends are projected to have a mixed impact on regional industries. Overall job losses in Manufacturing, Farming, Utilities and Information are projected to be small in comparison to the job growth in other sectors of the economy, such as Construction, Health Care and Professional/Technical Services.

By 2040, the forecasts anticipate job expansion in the majority of occupations. Occupational classifications describe the type of work a person performs, rather than the industry they work in. Industries may have a large variety of occupations, encompassing a wide range of skill sets and requiring different levels of education. Figure 24 summarizes the sectors projected to experience the greatest gain or loss from 2010 - 2040.
### Total and Average Annual Wages
#### Lehigh Valley and the State of Pennsylvania; 2011

<table>
<thead>
<tr>
<th>NAICS</th>
<th>Industry</th>
<th>Total Annual Wages</th>
<th>% Total</th>
<th>Average Annual Wages</th>
<th>State</th>
<th>Lehigh Valley</th>
<th>% State</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total, Covered</td>
<td>$12,265,420,552</td>
<td>—</td>
<td>$47,035</td>
<td>$44,826</td>
<td>95.3%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Government</td>
<td>$1,452,962,124</td>
<td>11.8%</td>
<td>$49,569</td>
<td>$45,197</td>
<td>91.2%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Private</td>
<td>$10,812,458,428</td>
<td>88.2%</td>
<td>$46,662</td>
<td>$44,777</td>
<td>96.0%</td>
<td></td>
</tr>
<tr>
<td>55</td>
<td>Management of companies</td>
<td>$1,179,991,620</td>
<td>10.9%</td>
<td>$106,939</td>
<td>$125,866</td>
<td>117.7%</td>
<td></td>
</tr>
<tr>
<td>62</td>
<td>Health care and social assistance</td>
<td>$2,200,903,081</td>
<td>20.4%</td>
<td>$43,369</td>
<td>$47,180</td>
<td>108.8%</td>
<td></td>
</tr>
<tr>
<td>48-49</td>
<td>Transportation and warehousing</td>
<td>$553,414,450</td>
<td>5.1%</td>
<td>$39,788</td>
<td>$41,922</td>
<td>105.4%</td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Utilities</td>
<td>$92,785,134</td>
<td>0.9%</td>
<td>$100,310</td>
<td>$104,961</td>
<td>104.6%</td>
<td></td>
</tr>
<tr>
<td>31-33</td>
<td>Manufacturing</td>
<td>$1,598,151,948</td>
<td>14.8%</td>
<td>$31,313</td>
<td>$35,716</td>
<td>108.8%</td>
<td></td>
</tr>
<tr>
<td>44-45</td>
<td>Retail trade</td>
<td>$790,083,878</td>
<td>7.3%</td>
<td>$25,287</td>
<td>$24,971</td>
<td>98.8%</td>
<td></td>
</tr>
<tr>
<td>72</td>
<td>Accommodation and food services</td>
<td>$311,256,236</td>
<td>2.9%</td>
<td>$15,485</td>
<td>$15,126</td>
<td>98.9%</td>
<td></td>
</tr>
<tr>
<td>42</td>
<td>Wholesale trade</td>
<td>$757,096,115</td>
<td>7.0%</td>
<td>$68,717</td>
<td>$66,447</td>
<td>96.7%</td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Construction</td>
<td>$506,781,511</td>
<td>4.7%</td>
<td>$54,652</td>
<td>$52,614</td>
<td>96.3%</td>
<td></td>
</tr>
<tr>
<td>81</td>
<td>Other services</td>
<td>$223,407,248</td>
<td>2.1%</td>
<td>$28,133</td>
<td>$26,593</td>
<td>94.5%</td>
<td></td>
</tr>
<tr>
<td>51</td>
<td>Information</td>
<td>$253,021,623</td>
<td>2.3%</td>
<td>$65,805</td>
<td>$61,833</td>
<td>94.0%</td>
<td></td>
</tr>
<tr>
<td>61</td>
<td>Educational services</td>
<td>$346,071,571</td>
<td>3.2%</td>
<td>$49,667</td>
<td>$44,840</td>
<td>90.3%</td>
<td></td>
</tr>
<tr>
<td>56</td>
<td>Administrative and waste services</td>
<td>$547,585,552</td>
<td>5.1%</td>
<td>$31,313</td>
<td>$28,248</td>
<td>90.2%</td>
<td></td>
</tr>
<tr>
<td>71</td>
<td>Arts, entertainment, and recreation</td>
<td>$133,484,792</td>
<td>1.2%</td>
<td>$29,452</td>
<td>$23,126</td>
<td>78.5%</td>
<td></td>
</tr>
<tr>
<td>53</td>
<td>Real estate and rental and leasing</td>
<td>$87,194,233</td>
<td>0.8%</td>
<td>$48,648</td>
<td>$37,136</td>
<td>76.3%</td>
<td></td>
</tr>
<tr>
<td>54</td>
<td>Professional and technical services</td>
<td>$611,392,083</td>
<td>5.7%</td>
<td>$79,112</td>
<td>$59,811</td>
<td>75.6%</td>
<td></td>
</tr>
<tr>
<td>52</td>
<td>Finance and insurance</td>
<td>$590,805,696</td>
<td>5.5%</td>
<td>$75,016</td>
<td>$55,423</td>
<td>73.9%</td>
<td></td>
</tr>
</tbody>
</table>

Figure 24 - Employment Projections by Industry Sector

Sources: U.S. Bureau of Labor Statistics, LVPC
LABOR FORCE CHARACTERISTICS

Changes in the Valley’s labor force and unemployment rates from 2002 to 2012 are illustrated in Figure 25, based on BLS Local Area Unemployment Statistics (LAUS). As shown, the Lehigh Valley’s labor force increased steadily from the beginning of the decade through 2008 when the recession began to have an impact as workers left the area or exited the job market. However, over the course of the entire decade, the Valley experienced a net increase in labor force of more than 31,000, or 10%, resulting in a 2012 total of approximately 341,000 workers. At a rate of 8.6%, Lehigh County’s labor force increased more rapidly than Northampton County’s 6.7%, while the latter county’s overall employment growth rate was higher. This dichotomy suggests that Lehigh County’s total labor force participation rate was greater.

Unemployment rates have fluctuated over the decade but remain considerably higher since 2009 than those in 2002. Overall, unemployment rates in Lehigh and Northampton counties trended fairly consistently with the state but peaked slightly higher in 2010 at approximately 9% for the counties compared to 8.5% for the state. The counties have retained a higher unemployment rate than the state since 2007, as shown in Figure 25.

Figure 25 - Labor Force and Unemployment Rates, Lehigh and Northampton Counties, Pennsylvania

Census data provides further insight into unemployment rates by categorizing unemployment by race/ethnicity, sex and other demographic characteristics as seen in Figures 26 and 27. The most recent unemployment rate for males is higher than females in the Lehigh Valley and Pennsylvania as a whole—a national trend in which many of the most significant job losses during the 2008 Recession occurred in male-dominated occupations and industries. Among racial differences in employment, unemployment rates for American Indians and Alaska natives in Lehigh and Northampton counties were significantly higher (10.0% and 12.5%, respectively) than the state as a whole (3.8%). Higher unemployment rates for certain groups, however small a portion of the population they may be, will significantly impact the financial ability of these constituents to find affordable housing in the Lehigh Valley.

![Figure 26 - Unemployment Rate Civilian Labor Force; 2012](image)

Unemployment Rate Civilian Labor Force; 2012

<table>
<thead>
<tr>
<th></th>
<th>Lehigh County</th>
<th>Northampton County</th>
<th>Pennsylvania</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male (Age 20 - 64)</td>
<td>8.4%</td>
<td>8.2%</td>
<td>8.4%</td>
</tr>
<tr>
<td>Female (Age 20 - 64)</td>
<td>7.9%</td>
<td>6.6%</td>
<td>7.1%</td>
</tr>
<tr>
<td>2012 Annual Unemployment Rate</td>
<td>8.5%</td>
<td>8.4%</td>
<td>7.9%</td>
</tr>
<tr>
<td>April 2014 Unemployment Rate</td>
<td>5.9%</td>
<td>6.1%</td>
<td>6.8%</td>
</tr>
</tbody>
</table>


Sources: U.S. Census Bureau, PA Dept of Labor & Industry and RKG Associates, Inc.
The educational attainment levels of the region’s labor force are presented in Figure 28. For the most part, the percentage of Valley residents with post-secondary school degrees from 2000 to 2010 was essentially equivalent to the state’s percentage as a whole. Generally, this data suggests that the distribution of highly-trained and semi- to low-skilled workers can support a range of occupational skills that area businesses may require.

**Figure 28**
**Educational Attainment, Population 25+ Years of Age**
**Lehigh Valley; 2010**

Sources: U.S. Census Bureau and RKG Associates, Inc.

**Educational Attainment, Population 25+ Years of Age**
**Pennsylvania; 2010**

Sources: U.S. Census Bureau and RKG Associates, Inc.
Figures 29 and 30 present commuting-to-work patterns for the Lehigh Valley. The figures depict the overall number of commuters who live and/or work in the Valley as of 2010. Figure 29 illustrates that 186,497 residents of Lehigh and Northampton counties both live and work within the Valley, while 103,667 Valley residents commute to locations outside the region for work, and 88,764 workers who reside outside the Valley commute inward for their jobs. The Valley is a net exporter of labor.

**Figure 29 - Job Flows; 2010**

Sources: U.S. Census Bureau and RKG Associates, Inc.
### Commuting Patterns - Employees and Residents
#### Lehigh Valley; 2010

<table>
<thead>
<tr>
<th>Place of Work</th>
<th>Commuters</th>
<th>% Total</th>
<th>Place of Residence</th>
<th>Commuters</th>
<th>% Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lehigh Valley</td>
<td>186,497</td>
<td>64.3%</td>
<td>Lehigh Valley</td>
<td>186,497</td>
<td>67.8%</td>
</tr>
<tr>
<td>Montgomery County, PA</td>
<td>13,909</td>
<td>4.8%</td>
<td>Berks County, PA</td>
<td>11,327</td>
<td>4.1%</td>
</tr>
<tr>
<td>Bucks County, PA</td>
<td>10,397</td>
<td>3.6%</td>
<td>Bucks County, PA</td>
<td>9,611</td>
<td>3.5%</td>
</tr>
<tr>
<td>Berks County, PA</td>
<td>6,570</td>
<td>2.3%</td>
<td>Carbon County, PA</td>
<td>7,458</td>
<td>2.7%</td>
</tr>
<tr>
<td>Philadelphia County, PA</td>
<td>6,448</td>
<td>2.2%</td>
<td>Montgomery County, PA</td>
<td>7,326</td>
<td>2.7%</td>
</tr>
<tr>
<td>Monroe County, PA</td>
<td>4,568</td>
<td>1.6%</td>
<td>Monroe County, PA</td>
<td>6,775</td>
<td>2.5%</td>
</tr>
<tr>
<td>Chester County, PA</td>
<td>3,852</td>
<td>1.3%</td>
<td>Philadelphia County, PA</td>
<td>4,374</td>
<td>1.6%</td>
</tr>
<tr>
<td>Luzerne County, PA</td>
<td>2,967</td>
<td>1.0%</td>
<td>Luzerne County, PA</td>
<td>3,863</td>
<td>1.4%</td>
</tr>
<tr>
<td>Delaware County, PA</td>
<td>2,792</td>
<td>1.0%</td>
<td>Schuylkill County, PA</td>
<td>3,530</td>
<td>1.3%</td>
</tr>
<tr>
<td>Other PA</td>
<td>19,322</td>
<td>6.7%</td>
<td>Other Pennsylvania</td>
<td>24,645</td>
<td>9.0%</td>
</tr>
<tr>
<td><strong>Total Pennsylvania</strong></td>
<td><strong>257,322</strong></td>
<td>88.7%</td>
<td><strong>Total Pennsylvania</strong></td>
<td><strong>265,406</strong></td>
<td>96.4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Place of Work</th>
<th>Commuters</th>
<th>% Total</th>
<th>Place of Residence</th>
<th>Commuters</th>
<th>% Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Warren County, NJ</td>
<td>6,333</td>
<td>2.2%</td>
<td>Warren County, NJ</td>
<td>2,371</td>
<td>0.9%</td>
</tr>
<tr>
<td>Hunterdon County, NJ</td>
<td>3,682</td>
<td>1.3%</td>
<td>Other New Jersey</td>
<td>3,961</td>
<td>1.4%</td>
</tr>
<tr>
<td>Somerset County, NJ</td>
<td>3,085</td>
<td>1.1%</td>
<td>New York</td>
<td>1,997</td>
<td>0.7%</td>
</tr>
<tr>
<td>Middlesex County, NJ</td>
<td>2,270</td>
<td>0.8%</td>
<td>All Other Locations</td>
<td>1,526</td>
<td>0.6%</td>
</tr>
<tr>
<td>Morris County, NJ</td>
<td>2,255</td>
<td>0.8%</td>
<td>Total Commuters</td>
<td>275,261</td>
<td>100%</td>
</tr>
<tr>
<td>Essex County, NJ</td>
<td>2,045</td>
<td>0.7%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Union County, NJ</td>
<td>1,509</td>
<td>0.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mercer County, NJ</td>
<td>1,074</td>
<td>0.4%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other NJ</td>
<td>4,186</td>
<td>1.4%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New York</td>
<td>4,333</td>
<td>1.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All Other Locations</td>
<td>2,070</td>
<td>0.7%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Commuters</strong></td>
<td><strong>290,164</strong></td>
<td><strong>100%</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sources: U.S. Census Bureau and RKG Associates, Inc.
Figure 30 shows the place of work of Lehigh Valley residents as of 2010, based on U.S. Census Bureau 1-year estimates. As shown, approximately 64% live and work in the region. Of those who commute elsewhere, about 24% work in other Pennsylvania counties and 9% commute to locations in New Jersey, where approximately 26,400 Valley residents are employed. For Valley residents who work in-state, a large concentration is employed to the south along the highway corridors linking the Valley with Montgomery, Bucks and Philadelphia counties, as well as the adjoining counties of Berks and Monroe to the west and north.

The other portion of the table shows the place of residence for employees who work in the Lehigh Valley. Of the 275,261 who are estimated to commute to work in the region, approximately 68% reside in the Valley while approximately 29% live in other parts of Pennsylvania. Less than 4% commute to the region from out-of-state, a considerable contrast to commuting patterns of Valley residents noted above. The most likely explanation for this disparity is that while housing prices and taxes in New Jersey tend to be more onerous, wages are often higher, thereby compelling people with jobs in New York City or New Jersey to seek Pennsylvania as their place of residence. The in-commuters also reflect the strong linkage to the south towards Philadelphia. The data also indicate a greater draw of employees from northern counties, such as Carbon, Schuylkill and Monroe, than is evident in the out-commuting patterns that are more oriented towards New Jersey.

From a financial perspective, the Valley’s median household income (MHI) has been slightly above 110% of the statewide MHI for the three Census years examined (1990, 2000 and 2010 (1-yr estimates)), as shown in Figure 31. The Valley’s nominal MHI increased by 36% and 27%, respectively, for the two decades presented in the table.

### Figure 31

<table>
<thead>
<tr>
<th></th>
<th>1990 Nominal</th>
<th>1990 Real</th>
<th>2000 Nominal</th>
<th>2000 Real</th>
<th>2010 Nominal</th>
<th>2010 Real</th>
<th>% Change 90-00</th>
<th>% Change 00-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lehigh County</td>
<td>$32,455</td>
<td>$62,266</td>
<td>$43,449</td>
<td>$62,044</td>
<td>$53,541</td>
<td>$58,413</td>
<td>33.9%</td>
<td>-0.4%</td>
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<tr>
<td>Northampton County</td>
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<td>$63,101</td>
<td>$45,234</td>
<td>$64,593</td>
<td>$58,762</td>
<td>$64,110</td>
<td>37.5%</td>
<td>2.4%</td>
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<td>Lehigh Valley</td>
<td>$32,673</td>
<td>$62,684</td>
<td>$44,342</td>
<td>$63,319</td>
<td>$56,152</td>
<td>$61,262</td>
<td>35.7%</td>
<td>1.0%</td>
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<tr>
<td>Pennsylvania</td>
<td>$26,069</td>
<td>$43,492</td>
<td>$40,106</td>
<td>$57,270</td>
<td>$50,398</td>
<td>$54,984</td>
<td>53.8%</td>
<td>31.7%</td>
</tr>
</tbody>
</table>

Sources: Lehigh Valley Trends Reports 1990, 2000, 2010; U.S. Census Bureau American Community Survey, 2010

Note: Inflation for the real income figures in each decade was calculated using the CPI differentials on the inflation calculator published by the BLS. For more information on real and adjusted income, please refer to the inset article in the orange box on page 53.
Despite the household income increases noted above, the number of persons living below the poverty threshold, as determined by the U.S. Department of Housing and Urban Development (HUD), increased in the Valley over the last decade. The number of persons in poverty increased from 8.7% to 10.5% between 2000 and 2010 (5-year estimates). This represents approximately 16,000 additional persons. Despite this regional increase in the poverty rate, the Valley’s rate remains below the state’s, which increased from 11% to 12.4% during this time period. The Valley’s three cities of Allentown, Bethlehem and Easton are home to about 68% of the region’s residents in poverty, with the remaining 32% disbursed throughout the Valley, seen in Figure 32. Besides the three cities, a number of boroughs have poverty rates equivalent to or higher than the region as a whole, but only one township, Hanover in Lehigh County, shares this distinction. Meanwhile, several communities experienced significant declines in the poverty rate, most notably Heidelberg Township in Lehigh County (a 4.0% decrease), and the boroughs of Chapman, North Catasauqua and Wind Gap in Northampton County (4.0%, 4.8% and 6.8%, respectively), as seen in Figure 33.

Population and employment growth over the last few decades have presented opportunities and challenges to the region. The fact that Northampton County’s employment grew slightly, even during the peak of the 2008 Recession, suggests a resiliency to the local economy that favorably distinguishes it from other jurisdictions. In keeping with the shifts from previous decades, certain industries are poised to grow or shrink in the future, putting new demands upon the labor force in terms of particular skill sets and levels of educational attainment. Meanwhile, the favorable cost of living has impelled both high and low income people to move to the region, concurrently altering the markets for certain types of housing. All of these socioeconomic variables have influenced how the Lehigh Valley has grown and will continue to shape the cost, character and construction of the region’s housing.
Figure 32 - 2010 Poverty Rate

Poverty Rate
- 0.7% - 3.2%
- 3.3% - 6.2%
- 6.3% - 10.8%
- 10.9% - 15.9%
- 16% - 24.6%

Minimum = 0.7% (Hanover NC)
Median = 5.1% (Wind Gap)
Maximum = 24.6% (Allentown)

Sources: LVPC, RKG Associates, Inc., U.S. Census Bureau
Figure 33 - Change in Poverty Rate; 2000-2010

Percent Change

-6.8% - 0.7%
-0.6% - 0.4%
0.5% - 1.3%
1.4% - 3.6%
3.7% - 11.7%

Minimum = -6.8% (Wind Gap)
Median = 0.7% (Lower Saucon & Moore)
Maximum = 11.7% (Pen Argyl)

Sources: LVPC, RKG Associates, US Census
This chapter has emphasized employment and wages in the Lehigh Valley, as well as how these compare to the state as a whole. Figure 23 observes that, at $44,826, the Lehigh Valley’s average annual wages are approximately 5% below the wages for Pennsylvania ($47,035). While this statistic could cause concern, it does not account for the fact that median household incomes paint a more optimistic picture, as evidenced from Figure 31. Viewed from this angle, household incomes for the Valley have remained higher than for Pennsylvania, both nominally (actual income received) and real (those same numbers adjusted for inflation).

The explanation for these differences is semantic. Wages refer exclusively to earnings from employment; income includes earnings as well as other money received, either through investments, pensions, accrued interest or other dividends. Therefore, income metrics should always be higher than wages.

In addition, the median household income refers to households rather than individuals. A household includes all the individuals that make up a single residential unit, which can involve more than one wage earner (i.e., a husband and wife). The inclusion of both households and incomes as variables should nearly always result in higher numbers for household incomes than for annual wages.

Both of these figures will prove important for the subsequent analyses. The household income has more bearing on most of the studies performed in the housing affordability analysis, while annual wages prove more influential in the jobs-housing balance analysis.
Chapter 5
Housing Profile
REGIONAL HOUSING MARKET ANALYSIS

This regional housing analysis comprises a thorough compilation of data about housing in the Lehigh Valley. The sources are varied because the data itself is comprehensive. While this chapter involves some light analysis on the implications of the data findings, its primary goal is to serve as a foundational understanding for the more intensive analyses that take place on the housing affordability study and jobs-housing balance in the two subsequent chapters. This chapter makes a strong effort to offer a point of reference for its sources; however, it pulls from some of the less well-known features of the U.S. Census Bureau data or information provided by the U.S. Department of Housing and Urban Development (HUD). To those unfamiliar with these data resources, this information can become difficult to discern, especially when it appears that two similarly themed tables do not correspond with the exact same numbers. In situations where this takes place, the discrepancy comes from nuanced differences between two surveys, and the chapter’s goal was to pull the absolute best data source for each survey, depending on the context. By choosing this context-sensitive approach to data collection and analysis, the LVPC has achieved the optimal results in presenting its data, but the presentation is inevitably less straightforward than if all material had come from a single source—e.g., Summary File 1 (SF1) from the U.S. Census Bureau. Despite the challenges that interpreting this data might pose to the unacquainted reader, the LVPC is confident that this approach is the best method for giving its readership solid, comprehensive data on housing that is as up-to-date as possible.

While the Lehigh Valley’s housing market enjoys some similarities to the rest of eastern Pennsylvania, distinctions emerge when comparing it to neighboring counties in New Jersey. An analysis of the regional housing market indicates that the Lehigh Valley is competitive with other nearby Pennsylvania counties and more affordable when compared to nearby counties in New Jersey. Also, the Lehigh Valley is connected to New York City by Interstate 78 and to Philadelphia by Interstate 476. Counties in New Jersey have similar, if not greater, access to these major employment centers through extensive public transportation networks in addition to highway systems.

Lehigh and Northampton counties, which make up the Lehigh Valley, are part of a larger Allentown-Bethlehem-Easton Metropolitan Statistical Area (MSA) designated by the U.S. Census Bureau that also includes Carbon County in Pennsylvania and Warren County in New Jersey. This section of Chapter 5 uses other counties in the region from Pennsylvania and New Jersey, given their proximity and their connections to the MSAs of New York and Philadelphia. To gain a perspective on recent conditions, the analysis that follows uses data from 2012 produced by the U.S. Census Bureau using American Community Survey (ACS) 5-year estimates.
Household Income

The Lehigh Valley has similar distributions of household incomes to most of the counties in the region. For counties in Pennsylvania, the greatest concentration of households has incomes that fall between $60,000 and $100,000. This distinguishes eastern Pennsylvania from counties in northern New Jersey, where the greatest concentration of households has incomes between $75,000 and $125,000. Figure 34 illustrates these distinctions. The median household incomes for the counties of Lehigh and Northampton, $54,645 and $59,551, respectively, are approximately $10,000 to $20,000 less than those of the New Jersey counties in the New York/New Jersey MSA and the New Jersey counties of the Philadelphia MSA.

Figure 34

<table>
<thead>
<tr>
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<td>Total Households</td>
<td>133,302</td>
<td>112,242</td>
<td>315,424</td>
<td>271,800</td>
<td>2,336,161</td>
<td>1,508,339</td>
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<td>4,671</td>
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<td>9,000</td>
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<td>23,944</td>
<td>157,911</td>
<td>109,469</td>
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<td>49,156</td>
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<td>$75,000 to $99,999</td>
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<td>15,803</td>
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<td>6,820</td>
<td>6,038</td>
<td>17,740</td>
<td>14,665</td>
<td>170,350</td>
<td>86,303</td>
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<td>$150,000 to $199,999</td>
<td>6,072</td>
<td>5,736</td>
<td>15,829</td>
<td>12,468</td>
<td>205,631</td>
<td>97,919</td>
<td>37,661</td>
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<td>$200,000 or more</td>
<td>5,257</td>
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<td>12,410</td>
<td>10,104</td>
<td>237,434</td>
<td>103,154</td>
<td>29,179</td>
</tr>
</tbody>
</table>

Sources: U.S. Census Bureau American Community Survey (2008-2012) and RKG Associates, Inc.
Housing Value

Median Housing Value

Lehigh and Northampton counties have the lowest median housing value when compared to the median housing values of counties in other MSAs in the region. As seen in Figure 35, the median housing value in Lehigh County is $203,000 and $218,100 in Northampton County. These medians are lower than all other regions and are substantially lower than the $375,500 median value of housing in the New York/New Jersey MSA counties.

Figure 35 - Median Ownership Value and Age

Source: U.S. Census Bureau American Community Survey, 2008-2012
Owner-Occupied Housing Value

A more in-depth review of owner-occupied units, a majority of the occupied units in the region, suggests that the Lehigh Valley has a high concentration of owner-occupied housing units valued between $150,000 and $399,999. Similar concentrations of housing values also exist in other Pennsylvania counties in the region and the New Jersey counties around Philadelphia, though a slightly higher quantity is priced above $200,000 than in the Lehigh Valley MSA. Conversely, in 2012 the New Jersey counties of the New York/New Jersey MSA had the greatest concentration of housing valued between $250,000 and $750,000, with 25% of the housing units valued between $300,000 and $399,999—considerably higher than Lehigh and Northampton counties.

Age of Housing Stock

Median Age of Housing Stock

The median year built of the housing stock in the Lehigh Valley is 1966, similar to the age of the housing stock of the surrounding MSAs in Pennsylvania and New Jersey as shown in Figure 35. Within the Lehigh Valley, Northampton County has the greatest variation in median age of housing units based on tenure, with an 11-year gap between median years for owner-occupied (1966) and renter occupied (1955) units, seen by comparing Figures 35 and 36. The variation in Northampton County may suggest either an early development of traditional multifamily units or, more likely, a conversion of a portion of the older traditional ownership housing stock into rental units. In any case, the finding suggests the need for housing rehabilitation efforts to ensure the aging rental stock remains in good quality, particularly for the lower cost units.

Median Value by Age of Housing Stock

In general, the median value of housing increases as the age of the housing decreases for all areas. Consistent with earlier findings, the New Jersey counties of the New Jersey/New York MSA have the highest median housing value in the region, with the added distinction that some of the housing built in the 1960s reveals higher median values than housing built in the 1980s—a contrast from the Allentown and Philadelphia metros, where homes from each preceding decade generally have lower value. Additionally, the Lehigh Valley is the only region that did not see a decline in median value after the 2008 Recession. This indicates that there is an overall strength in the housing market in these counties, most likely due to their proximity to New York City and the ability to find housing within commuting distance of the local and regional employment centers at substantially reduced costs.
**Median Rent**

Figure 36 shows that the same characteristic of affordability for owner-occupied units is true for rental units in the Lehigh Valley as well. Median rents in Lehigh County and Northampton County are lower than all other areas in the region outside of the Allentown MSA. Looking at the region overall, the New Jersey counties near the urban area of New York City have the highest median rents, with values often 25% higher than Lehigh and Northampton counties.

**Figure 36 - Median Gross Rent and Age**

Source: U.S. Census Bureau American Community Survey, 2008-2012
Implications

Based on regional data, the Lehigh Valley has a housing stock similar in age to neighboring metros, but modest housing values and gross rents. Therefore, the Valley’s market is similar to the surrounding counties in Pennsylvania. Consistently higher median housing values and rents in the New Jersey counties, particularly those near New York City, suggest that the Lehigh Valley housing market has the potential to provide housing options to more cost-conscious households. Additionally, the relative affordability combined with the age of units indicate the potential for a need for upgrades to much of the older housing stock. Interviews with local stakeholders underlined the concern that rehab is equally as important as new development.

RESIDENTIAL DEVELOPMENT TRENDS

Over the last 10 years, many factors, including the nation’s economy, have influenced development in the Lehigh Valley. To better understand development trends within the Lehigh Valley, this plan engaged in an analysis of assessment data from Lehigh and Northampton counties. Traditional ownership units were the focus of this analysis based on available data. These units were divided into three property types—single family detached, single family attached and condominiums. All properties were assigned a real estate market based on school district boundaries, a delineation acknowledged by the Multiple Listing Service (MLS), the primary provider of real estate for-sale listings. To understand the impact that the 2008 Recession and housing crisis had on the Lehigh Valley, this analysis focuses on development since 2002.

Major findings from this analysis include the following:

*The Lehigh Valley experienced a decrease in residential development activity during and after the 2008 Recession, consistent with national trends.* RKG Associates and the LVPC staff utilized the 17 distinct submarkets established by the Lehigh Valley Association of Realtors (LVAR) as a starting point, then combined some of those submarkets that had similar fundamentals to determine the final 12 study areas. The LVAR submarkets follow school district boundaries, which were identified as one of the predominant influences on market pricing and activity within the Lehigh Valley. Figure 37 shows the boundaries of these LVAR submarkets, which will feature much more prominently in the Housing Affordability Analysis.

For the purpose of this observation on development trends, the most effective and succinct method of showing the Recession’s impact on housing is to compare residential construction in periods of equal intervals, before and after the collapse of the real estate market. For example, across the Lehigh Valley, 8,591 units were built from 2005 to 2007. However, from 2008 to 2010 that number plunged to 3,504—a nearly 60% drop. Among the LVAR submarkets, only Allentown showed some resiliency, decreasing from 215 units in the ’05 to ’07 interval down to 176 from ’08 to ’10—a more modest 18% decrease.
Figure 37 - School District Groupings

Sources: LVPC, RKG Associates, Inc.
In terms of the distribution of housing types across all of these submarkets, the years after the Recession revealed a higher tendency toward single family attached housing than before. From 2005 to 2007, single family detached housing comprised nearly 61% of units constructed in the Lehigh Valley, but from 2008 to 2010, it comprised approximately 50%. Meanwhile, the share of single family attached housing construction rose during these two intervals, from nearly 21% during 2005 to 2007 up to 27% from 2008 to 2010. Ten years ago, few housing developers would have anticipated such an increase in demand for attached housing, but in the years since the peak of the real estate collapse, single family attached and condominium unit development has outpaced single family detached units in some of the LVAR submarkets.

Even with the variation among markets, the average assessed value of properties developed over the last 10 years reveals that nearly 40% of the housing units are affordable to households making above 100% of Area Median Income (AMI) in the Lehigh Valley. This finding was based on comparing the average assessed value for all units developed since 2002 in each market to the corresponding maximum price of home a household could afford in the Lehigh Valley at the income limits produced by the U.S. Department of Housing and Urban Development (HUD). The income thresholds that relate to housing affordability are defined as follows:

- <=30% of AMI (Extremely Low Income): These are units that are affordable to an Extremely Low Income household making 30% or less of area median income (AMI), which was $58,700 at the time of RKG’s study.
- >30% to <=50% of AMI (Very Low Income)
- >50% to <=80% of AMI (Low Income)

Figure 38 shows that while the average assessed value for single family detached units was typically higher than

<table>
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<tr>
<th>Income Group</th>
<th>Conventional Mortgage</th>
<th>FHA Mortgage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fee Simple</td>
<td>Condominium</td>
</tr>
<tr>
<td>10% of AMI</td>
<td>$20,900</td>
<td>$0</td>
</tr>
<tr>
<td>Extremely Low (30%)</td>
<td>$62,700</td>
<td>$41,300</td>
</tr>
<tr>
<td>Very Low Income (50%)</td>
<td>$104,500</td>
<td>$83,200</td>
</tr>
<tr>
<td>Low Income (80%)</td>
<td>$167,200</td>
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</tr>
<tr>
<td>100% of AMI</td>
<td>$209,000</td>
<td>$187,700</td>
</tr>
<tr>
<td>120% of AMI</td>
<td>$250,800</td>
<td>$229,500</td>
</tr>
</tbody>
</table>

Source: RKG Associates, Inc.
what is affordable for a household making 100% to 120% of AMI, or $58,700 and $70,440, respectively, most of the average assessed values for single family attached units and condominiums are affordable to these households with a conventional mortgage. Additionally, all average assessed values for the properties developed since 2002 in the Allentown market are affordable to households making 120% of AMI using a conventional mortgage. This finding suggests that the housing units that were developed in the Allentown market, though limited when compared to other markets, are overall more affordable.

**POTENTIAL GREENFIELD RESIDENTIAL DEVELOPMENT**

To gain a sense of where future residential development might occur in the Lehigh Valley, this plan identified current vacant properties that fall within existing areas zoned for residential development. Within the various residential zoning classifications, property assessment data provided by the LVPC helped identify vacant parcels (parcels with no building value). This analysis only considered parcels of more than 5 acres as candidates for potential future residential development, since these parcels provide sufficient land area for a reasonably sized residential development. This analysis does not include properties with redevelopment potential, which is difficult to determine based on available data—only currently vacant parcels, otherwise known as greenfields. Figure 39 displays all parcels that fit this criteria.

As seen in Figure 39, most municipalities in the Lehigh Valley have a notable number of parcels zoned for residential development of all types. Only in the more urban areas near Allentown, Bethlehem, Northampton Borough and Easton, and the townships of Lower Mount Bethel, Heidelberg, Lynn and Lower Milford are there few to no parcels currently available for low density residential development. For the cities, this condition is likely due to the existence of fewer lower density parcels; within the aforementioned townships, agricultural preservation has taken priority over zoning regulations that would encourage low density residential development on greenfields.

**Figure 39 - Potential Residential Development**
Overall, most of the potential greenfield residential
development in the Lehigh Valley is likely to occur on parcels
zoned for low density rural residential development in the
communities surrounding the urban areas of Allentown,
Bethlehem and Easton. The housing stock developed on
these parcels—characterized by large lots and considerable
per unit infrastructural needs—is not likely to be attainable to
the households most in need of low-cost, affordable housing
options unless it receives considerable subsidies. Based on
current zoning and available land, most of the Lehigh Valley is
not positioned to accommodate affordable housing with new
development, beyond a small portion of need in scattered
locations.

HOUSING INVENTORY

Over the course of the most recent full decade (2000-
2010), the number of total housing units in the Lehigh Valley
increased by 11.6%, indicated in Figure 40. The overall growth
rate was slightly higher in Northampton County (12.8%) than
Lehigh County (10.6%) for this ten year period. Between 1980
and 2010, the region’s housing stock increased by 72,706
housing units, accounting for an overall increase of 38.2%
over the 1980 stock. This was equivalent to an annual average
increase of 2,423 housing units over thirty years. Unlike
most of the housing data obtained since the 2000 Census,
raw housing counts can depend on Summary File 1 (SF1)
information because they involve the most basic questions of
the U.S. Census, delivered to 100% of the population every ten
years.

In Lehigh County, the housing stock grew an average of 1,220
units annually over the thirty year period, while Northampton
County’s growth equated to an annual average of 1,203 during
the same interval—a lower number, but a higher percentage
growth since Northampton County has fewer housing units
than Lehigh County overall. Both counties experienced a
higher average annual increase in housing units during the
most recent 2000-2010 period, demonstrating an accelerated
rate of housing construction in the Lehigh Valley when
compared to the previous twenty years (1980–2000).

Figure 40 - Change in Total Housing Units;
1980-2010, 10-Year Growth Rates

Source: U.S. Census Bureau
Figure 41 reveals that the majority of housing units added to the Lehigh Valley housing stock between 2000 and 2010 were located in townships. Approximately 51% of housing units added to the Lehigh County housing stock were located in just two townships: Lower and Upper Macungie. In Northampton County, the growth in housing units added was more dispersed among jurisdictions. Forks and Palmer townships accounted for 28.8% of the housing units added in the county for the period, followed by Bethlehem City (8.8%) and Bethlehem Township (8.8%). Net losses were comparatively modest: only Hanover Township in Lehigh County and Easton in Northampton County experienced losses of more than 100 housing units.

Figure 42 shows the total housing units by structure for the Lehigh Valley for 2010. Data on the construction and physicality of housing will differ slightly from the prior figures because it depends upon the U.S. Census Bureau’s 5-Year American Community Survey (ACS) data, which involves estimates based on more rigorous questions asked of a smaller sample of the total population. Thus, the final numbers for ACS data are based on samples, rather than the population as a whole. The ACS data on housing types reveals that single family detached dwellings remain the most popular housing choice in the Lehigh Valley, as seen in Figure 43—a proportion that increased from 52.5% of all units in 2000 to 53.6% in 2010. Together, both single family detached and attached units accounted for 75.8% of all housing units by 2010. Across the Lehigh Valley, multifamily housing represents one-fifth (20.4%) of the total housing stock. As seen in Figure 44, over 54% of all multifamily housing units are located within the cities of Allentown, Bethlehem and Easton, based on 2010 ACS data.

While single family detached dwellings predominate, the overall growth in attached and multifamily housing types demonstrates market demand for a variety of housing choices. Elderly populations may wish to remain in their communities but find that the houses where they raised families no longer fit their needs. Multifamily housing may also attract newly-formed younger households to the area, which create an employable workforce, fill jobs of retiring workers, and purchase local goods and services.

The overall number of mobile homes in the Valley has decreased by 275 units since 2000, and Figure 45 shows that 56.9% of all mobile homes are located in six townships: Lower Macungie, North Whitehall, Upper Macungie, Washington (Lehigh County), Lehigh and Moore. With the economy of the Lehigh Valley projected to remain concentrated in the service industries that pay lower wages, both mobile homes and multifamily housing will continue to offer affordable housing...
**Figure 41** - Change in Housing Units (2000-2010)

**Percent Change**

- **-19.9% - 1.1%**
- **1.2% - 5.9%**
- **6.0% - 11.8%**
- **11.9% - 21.6%**
- **21.7% - 77.1%**

| Minimum | -19.9% (Hanover, LC) |
| Median  | 8.2% (Whitehall)     |
| Maximum | 77.1% (Forks)        |

Sources: LVPC, RKG Associates, Inc.
U.S. Census Bureau Summary File 1 (SF1) 2000 and 2010
**Figure 42** - Total Housing Units by Structure

11% multifamily 5+ units

9% multifamily 2-4 units

23% single family attached

57% single family detached (2.7% mobile home)

Sources: U.S. Census Bureau American Community Survey, 2006-2010 and RKG Associates, Inc.
Figure 43 - Units by Structure (Single Family)

Percentage of Units

- 56.5% - 72.5%
- 72.6% - 79.8%
- 79.9% - 87.1%
- 87.2% - 92.3%
- 92.4% - 98.9%

Minimum = 56.5% (Hanover, LC)
Median = 82.1% (N. Whitehall & Copley)
Maximum = 98.9% (Lower Milford)

Sources: LVPC; RKG Associates, Inc.;
U.S. Census Bureau American Community Survey, 2008-2010
Figure 44 - Units by Structure (Multifamily)

Percentage of Units

- 0% - 3.1%
- 3.2% - 7.8%
- 7.9% - 17.9%
- 18% - 27.3%
- 27.4% - 38.2%

Minimum = 0.0% (Lowhill)
Median = 11.6% (Upper Macungie)
Maximum = 38.2% (Allentown)

Sources: LVPC; RKG Associates, Inc.; U.S. Census Bureau American Community Survey, 2006-2010
Figure 45 - Units by Structure (Mobile Homes)

Percentage of Units

- 0%
- 0.1% - 0.6%
- 0.7% - 2.4%
- 2.5% - 6.1%
- 6.2% - 21.5%

Minimum = 0% (14 municipalities)
Median = 1.4% (Bushkill)
Maximum = 21.5% (East Allen)

Sources: LVPC; RKG Associates, Inc.; U.S. Census Bureau American Community Survey, 2006-2010
Figure 46 - Approved Lots/Units by Type and Number of Units Lehigh Valley; 2008-2012

options for persons and households on fixed incomes and/or who cannot afford to purchase and maintain their own home. While the existing housing stock consists primarily of single family houses in both detached and attached forms, many of the new units approved from 2008-2012 have consisted of other types, indicated in Figure 46. Single family detached units comprise 34.1% of the new approved residential units for the period, but Figure 47 shows that apartment approvals were strong and accounted for 19.6% of new units as was assisted living, with 7%. The 2011-12 period revealed a sharp increase in approved single family detached units, while most other housing types remained relatively flat.

![Figure 47 - Approved Residential Developments by Type and Number of Units, Lehigh Valley; 2008-2012](image)

Sources: LVPC and RKG Associates, Inc.
HOUSING VACANCY

With studies on vacancy, the data can return to the SF1 reports from the U.S. Census Bureau, which reach 100% of all households, meaning that all information from Figure 48 reflects the same numbers used in the raw housing counts. While vacancy rates in the Lehigh Valley approached 6% as of 2010 according to the U.S. Census Bureau, the region’s rate remains far below the Pennsylvania rate of 9.9%, while the vast majority of individual municipalities also have housing vacancy rates below those of the state. The only exceptions are the City of Easton (10.1%), Upper Mount Bethel Township (10.3%), and the Borough of Glendon (10.5%). Lehigh County has no municipalities with vacancy rates above that of Pennsylvania.

FORECLOSURE

Lender-mediated properties include foreclosure, bank-owned, pre-foreclosure, short sale or real estate owned properties. They comprise approximately 13% of the homes for sale in the Lehigh Valley and approximately 17% of the closed sales as of December 2013. Data for the lender-mediated properties came from the LVAR submarkets presented in Figure 37. The highest concentration of lender-mediated properties is in the Allentown submarket, where they make up 23.1% of the 471 for-sale homes and 30.8% of the 962 closed sales. While other areas have lender-mediated properties that account for similar portions of for-sale homes and closed sales, Allentown has the largest proportion in the Lehigh Valley, as indicated in Figure 49.

For the region, the median sales price for traditional sales in 2013 ($183,900) is substantially higher than the $91,500 for lender-mediated properties. Within the Valley, Northwestern Lehigh has the highest traditional median sales price at $266,500, while the median sales price is lowest in the Allentown area at $109,000. Allentown also has the lowest median sales price for lender-mediated properties at $43,500, while the Nazareth area has the highest at $194,950. These distinctions suggest that the Allentown area has a larger problem with foreclosures than more suburban communities in the Lehigh Valley.

TENURE

The homeownership rates for Lehigh and Northampton counties are 67.8% and 72.8%, respectively, are comparable to Pennsylvania as a whole (69.6%) (again using 2010 SF1 data from the U.S. Census Bureau). Ownership rates declined by 0.8% in the Valley when compared to 2000 levels; however, the rate was less pronounced than the 1.7% decline noted statewide. While homeownership rates are often indicators of family stability, increased civic participation and improved property maintenance, many households may have found it necessary or advantageous to rent during the recent Recession, limiting the validity of tenure as an indicator.

Figure 50 shows that, among municipalities, homeownership rates are higher in the townships than in the boroughs and cities. Among all townships in the Lehigh Valley, the rate of homeownership is 84.9%, compared to 54.8% in the cities and boroughs. In the cities and boroughs, the rate decreased by 3.6% from 2000 to 2010.
Figure 48 - Vacancy Rates by Municipality; 2010

Vacancy Rate
- 2.6% - 3.6%
- 3.7% - 4.8%
- 4.9% - 5.5%
- 5.6% - 6.9%
- 7.0% - 10.5%

Minimum = 2.6% (Lower Nazareth)
Median = 5.1% (Lower Saucon)
Maximum = 10.5% (Glendon)

Sources: LVPC, RKG Associates, Inc.
U.S. Census Bureau 2010 Summary File 1 (SF1)
Figure 49 - Lender-Mediated Activity by School District; 2013

Percentage Share of Closed Sales

- 8.5% - 12.2%
- 12.3% - 13.8%
- 13.9% - 18.2%
- 18.3% - 22.6%
- 22.7% - 30.8%

Minimum = 8.5% (Parkland)
Median = 14.4% (Bethlehem)
Maximum = 30.8% (Allentown)

Sources: LVPC, RKG Associates, Inc., PA Dept. of Education, Demographics Now
Figure 50 - Homeownership Rates by Municipality; 2010

Percent Owner Occupancy

- 46.5% - 63.1%
- 63.2% - 72.2%
- 72.3% - 83.7%
- 83.8% - 89.7%
- 89.8% - 94%

Minimum = 46.5% (Easton)
Median = 81.6% (Upper Macungie)
Maximum = 94.0% (Allen Township)

Sources: LVPC, RKG Associates, Inc.
U.S. Census Bureau 2010 Summary File 1 (SF1)
Persons aged 35 years to 64 years constitute the majority of homeowners in the Lehigh Valley, totaling 64.2% of owner-occupied housing units, seen in Figure 51. Compared to past years, homeownership rates in the Valley for householders 44 years and younger have declined, while rates for those between 45 years and 64 years have increased. Rates are lower for householders between 65 years and 84 years, but are higher among those aged 85 and higher. These trends may indicate that younger households have more difficulty in affording a home and may also reflect an aging population or out-migration of homeowners after retirement age.

Homeownership rates varied considerably by race within the Lehigh Valley. Figure 52 shows that, among white households, 74.2% own a home—a higher rate than the 70.1% for all households. General trends show that white households have the highest rate of homeownership, and minority households generally have lower rates for this time period. Figure 53 shows tenure by education level, and Figure 54 shows tenure by income, proving that homeownership in the Lehigh Valley equates strongly to educational attainment and overall wealth.

### Figure 51

<table>
<thead>
<tr>
<th>Lehigh County</th>
<th>Northampton County</th>
<th>Lehigh Valley</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Occupied Units</td>
<td>% Own</td>
</tr>
<tr>
<td>All Householders</td>
<td>133,983</td>
<td>100.0%</td>
</tr>
<tr>
<td>15 to 24 years</td>
<td>4,211</td>
<td>0.7%</td>
</tr>
<tr>
<td>25 to 34 years</td>
<td>18,921</td>
<td>9.6%</td>
</tr>
<tr>
<td>35 to 44 years</td>
<td>24,293</td>
<td>17.9%</td>
</tr>
<tr>
<td>45 to 54 years</td>
<td>29,692</td>
<td>24.4%</td>
</tr>
<tr>
<td>55 to 64 years</td>
<td>24,665</td>
<td>21.5%</td>
</tr>
<tr>
<td>65 to 74 years</td>
<td>15,284</td>
<td>13.2%</td>
</tr>
<tr>
<td>75 to 84 years</td>
<td>11,653</td>
<td>9.3%</td>
</tr>
<tr>
<td>85 years and over</td>
<td>5,264</td>
<td>3.4%</td>
</tr>
</tbody>
</table>

Sources: U.S. Census Bureau 2010 Summary File (SF1) and RKG Associates, Inc.
Figure 52 - Housing Tenure by Race and Ethnicity; 2010

Source: U.S. Census Bureau
**Figure 53 - Housing Tenure by Education**

- **Bachelor's Degree or Higher**: 80.2% OWN, 19.8% RENT
- **Associate's Degree or Some College**: 66.1% OWN, 33.9% RENT
- **High School Graduate (Including Equivalency)**: 59.8% OWN, 40.2% RENT
- **Less Than High School Graduate**: 45.6% OWN, 54.4% RENT

Source: U.S. Census Bureau
Figure 54 - Housing Tenure by Income

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Own (%)</th>
<th>Rent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$150,000 OR MORE</td>
<td>95.2%</td>
<td>4.8%</td>
</tr>
<tr>
<td>$100,000 TO $149,999</td>
<td>92.8%</td>
<td>7.2%</td>
</tr>
<tr>
<td>$75,000 TO $99,999</td>
<td>85.9%</td>
<td>14.1%</td>
</tr>
<tr>
<td>$50,000 TO $74,999</td>
<td>72.8%</td>
<td>27.2%</td>
</tr>
<tr>
<td>$35,000 TO $49,999</td>
<td>64.4%</td>
<td>35.6%</td>
</tr>
<tr>
<td>$25,000 TO $34,999</td>
<td>53.1%</td>
<td>46.9%</td>
</tr>
<tr>
<td>$20,000 TO $24,999</td>
<td>45.7%</td>
<td>54.3%</td>
</tr>
<tr>
<td>$15,000 TO $19,999</td>
<td>45.5%</td>
<td>54.5%</td>
</tr>
<tr>
<td>$10,000 TO $14,999</td>
<td>33.4%</td>
<td>66.6%</td>
</tr>
<tr>
<td>$5,000 TO $9,999</td>
<td>12.6%</td>
<td>87.4%</td>
</tr>
<tr>
<td>LESS THAN $5,000</td>
<td>32.1%</td>
<td>67.9%</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau
HOUSING VALUE AND COST BURDEN

Data for this section is from U.S. Census Bureau American Community Survey 2010 5-year estimates, as well as data from the U.S. Department of Housing and Urban Development (HUD). These figures give an overview of housing values in the Lehigh Valley and how that relates to cost burden, a concept explored more thoroughly through the Housing Affordability Analysis of housing costs and values using county assessment data, which appears later in this report.

Median home values show considerable variation when comparing the two counties and municipalities within the Valley. Both counties have median home values that are greater than that of the state. The median home value in Lehigh County is 27.6% greater than the Pennsylvania median home value of $159,300, while Northampton County’s median home value is 38.6% higher than the state level. Home values are generally higher in most townships than in cities and boroughs. Several townships have median values that surpass $300,000, whereas the city with the highest median home value is Bethlehem, seen in Figure 55, with a value of $176,100 for the Northampton County portion and $175,700 for the Lehigh County portion.
Figure 55 - Median Home Value by Municipality; 2010

Median Home Value

- **$123,300 - $165,000**
- **$165,000 - $191,100**
- **$191,100 - $229,800**
- **$229,800 - $280,000**
- **$280,000 - $336,100**

- Minimum = $123,000 (Hanover, LC)
- Median = $214,900 (Stockertown)
- Maximum = $336,100 (Weisenberg)

Sources: LVPC; RKG Associates, Inc.; U.S. Census Bureau American Community Survey, 2008-2010
Generally, when a household spends more than 30% of its gross income on housing it is considered excessive, and the household is classified as cost burdened. When households pay higher portions of their incomes for housing, they are forced to sacrifice other basic necessities such as food, clothing and health care. Additionally, households that are cost burdened may have trouble maintaining their dwelling. Cost burden is of particular concern among low income and elderly households who have fewer housing choices.

As manifested in Figure 56, the percentage of extremely low and very low income homeowners (<= 50% of median family income [MFI]), who were cost burdened grew from 60.7% to 70.8% between 2000 and 2010. The rate of low income homeowners (between 50% and 80% of MFI) who were cost burdened also increased from 35.3% in 2000 to 45.2% in 2010. By 2010, 29,160 very low and low income homeowner households were paying too much for monthly housing costs. This represents 57.4% of all households earning at or below 80% of the MFI.

Among very low income homeowners, elderly households (consisting of 1-2 members with at least one member age 65 or older) experienced a noteworthy decline in the percentage of cost burdened households over the decade. Of the 17,190 very low income households paying more than 30% of income towards housing in 2010, 51.5% were elderly homeowners. This is substantially lower than the 81.5% of homeowners in 2000 that were elderly, though another significant contributor to this percentage shift is the sizable growth of cost burdened, low income, non-elderly homeowners from 2000 to 2010. An increased number of elderly households in the low income range (between 50% and 80% MFI) also experienced greater cost burden during the same period. In 2000, 21.4% of low income, cost burdened owner households were elderly, and by 2010 this had increased to 29%.

### Figure 56

<table>
<thead>
<tr>
<th>Cost Burdened Owner Households</th>
<th>Lehigh Valley: 2000-2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2000</td>
</tr>
<tr>
<td>All Owner Households</td>
<td>158,327</td>
</tr>
<tr>
<td>HH’s with Incomes &lt;= 50% MFI</td>
<td>20,862</td>
</tr>
<tr>
<td>Paying &gt;30% income on housing</td>
<td>12,550</td>
</tr>
<tr>
<td>Elderly HH’s &gt;30% income on housing</td>
<td>10,233</td>
</tr>
<tr>
<td>HH’s with Incomes &gt;50% to 80% MFI</td>
<td>25,355</td>
</tr>
<tr>
<td>Paying &gt;30% income on housing</td>
<td>8,945</td>
</tr>
<tr>
<td>Elderly HH’s &gt;30% income on housing</td>
<td>1,918</td>
</tr>
</tbody>
</table>

OWNER- OCCUPIED HOUSING STOCK & CONDITIONS

Reliable data describing the physical condition of the owner-occupied housing stock in the Lehigh Valley are limited. However, the U.S. Census Bureau collects and provides data related to structure age, plumbing facilities, and the number of rooms and occupants to allow the ability to identify possible overcrowded conditions, all of which are available through 2010 American Community Survey (ACS) 5-year estimates.

The older a building is, the greater the likelihood that it will require substantial maintenance or need renovation. Fifty years is the reasonable threshold for defining older homes. However, the age of the structure alone cannot exclusively determine the condition of housing. Many older units are well-maintained or desirable, such as homes in historic districts. However, older units have a greater need for maintenance, including replacement of expensive mechanical systems such as heating, plumbing, and electrical systems. Because of neglect, some of the older units in the Lehigh Valley’s boroughs and cities are no longer habitable. Newer housing units with bigger rooms and modern amenities generally have higher sales values, reflecting a preference for newer units. Geographic locations with a variety of new housing types are more attractive to new households, but generally less affordable to lower income households.

Another variable used to identify housing condition is overcrowding, which is directly related to the wear and tear sustained by the residential structure. As a rule of thumb, the value of more than one person per room (1.01) is used as the threshold for defining living conditions as substandard. Lack of complete plumbing is also identified as a variable with the sharing of facilities between households used as an index of deficient housing conditions, implying that the building may have complete plumbing, but the plumbing may not be distinct to each unit.
These U.S. Census variables reveal the following findings about housing conditions in the Lehigh Valley:

- 43.2% of the Lehigh Valley owner-occupied housing stock is greater than 50 years old.

- The owner-occupied housing stock in the Lehigh Valley is slightly newer than Pennsylvania as a whole, where 49% is older than 50 years.

- Housing in the Lehigh Valley cities is significantly older than in the outlying municipalities. 72.7% of houses in Bethlehem, 75.6% in Allentown and 84.4% in Easton are older than 50 years, seen in Figure 57.

- Rates of overcrowding and lack of complete plumbing were comparatively low in the Lehigh Valley and in the state, but some municipalities have indicators that are above rates for the region as a whole, including Easton, Portland and Stockertown. On the other hand, some municipalities have no instances of adverse quality indicators for owner-occupied housing. Incidentally, Northampton County reported nearly four times as much housing lacking complete plumbing as Lehigh County.
Figure 57 - Housing Conditions: Homes over 50 Years Old; 2010

Owner-Occupied Housing over 50 yrs old

- 8.9% - 20.9%
- 21% - 34.3%
- 34.4% - 50.3%
- 50.4% - 88.6%
- 88.7% - 91.9%

Minimum = 6.9% (Lower Macungie)
Median = 39.7% (Lynn)
Maximum = 91.9% (Pen Argyl)

Sources: LVPC, RKG Associates, Inc.
U.S. Census Bureau American Community Survey, 2006-2010
Figure 58 - Median Gross Rent by Municipality; 2010

<table>
<thead>
<tr>
<th>Median Gross Rent</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$618 - $755</td>
<td></td>
</tr>
<tr>
<td>$755 - $815</td>
<td></td>
</tr>
<tr>
<td>$815 - $895</td>
<td></td>
</tr>
<tr>
<td>$895 - $1,019</td>
<td></td>
</tr>
<tr>
<td>$1,019 - $1,680</td>
<td></td>
</tr>
</tbody>
</table>

Minimum = $618 (Fountain Hill)
Median = $847 (East Bangor)
Maximum = $1,680 (Allen)

Sources: LVPC; RKG Associates, Inc.;
U.S. Census Bureau American Community Survey, 2008-2010
As median gross rents have increased throughout the Lehigh Valley and Pennsylvania between 2000 and 2010, so too has the portion of low income households struggling to cover the cost of rental housing. Between 2000 and 2010, the percentage of cost burdened, low income renter households (those making between 50% and 80% of median family income) increased from 26% to 42%. This is an increase of 2,704 households. For very low income renter households making 50% of median family income or less, the portion of households considered cost burdened increased from 66% to 75% (6,108 households) during the same period. This suggests that there was and continues to be an insufficient supply of rental housing for households making 80% of area median income or less, as seen in Figure 59.

### Table 59

<table>
<thead>
<tr>
<th>Cost Burdened Renter Households</th>
<th>2000</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Count</td>
<td>Percentage</td>
</tr>
<tr>
<td>All Renter Households</td>
<td>65,054</td>
<td>100%</td>
</tr>
<tr>
<td>HH’s with Incomes &lt;=50% MFI</td>
<td>26,348</td>
<td>40.5%</td>
</tr>
<tr>
<td>Paying &gt;30% income on housing</td>
<td>17,452</td>
<td>66.2%</td>
</tr>
<tr>
<td>Elderly HH’s &gt;30% income on housing</td>
<td>5,558</td>
<td>31.8%</td>
</tr>
<tr>
<td>HH’s with Incomes &gt;50% to 80% MFI</td>
<td>14,404</td>
<td>22.1%</td>
</tr>
<tr>
<td>Paying &gt;30% income on housing</td>
<td>3,726</td>
<td>25.9%</td>
</tr>
<tr>
<td>Elderly HH’s &gt;30% income on housing</td>
<td>1,223</td>
<td>32.8%</td>
</tr>
</tbody>
</table>

A subset of these households, elderly renter households, (at least one member 65 years of age or more) saw a decline in the portion of similarly low income households paying more than 30% of their income towards housing costs. Elderly renter households with a gross income between 50% and 80% of area median income that were cost burdened decreased from approximately 33% in 2000 to 24% in 2010. Similarly, the portion of elderly renter households making 50% of median family income or less and paying more than 30% of their gross income for housing also decreased from approximately 32% to 24% during the same period. However, while the overall percentage of the total elderly rental households that were cost burdened decreased in these income categories, the actual number of households paying more than 30% of their household income for housing costs increased. This suggests that demand exists and has grown for additional affordable housing for these households during this time. In addition, it is possible that the volume of non-elderly households suffering cost burdening grew in proportion to the overall population.

Condition of Rental Housing Stock

Rental housing in the Lehigh Valley has a larger percentage of units that are older, lack complete plumbing and are overcrowded than owner-occupied housing.

According to the American Community Survey (ACS) 5-year estimates, as recently as 2010 the condition of the renter-occupied housing units was as follows:

- 49.8% of all rental units were built more than 50 years ago, over 6% more than owner-occupied units.
- At 2.5%, Northampton County had more units lacking complete plumbing than Lehigh County (0.2%). Northampton County also had a higher percentage of old housing stock than Lehigh County, as well as a greater proportion of overcrowded rentals.
- The City of Allentown contains more than half of the Lehigh Valley’s overcrowded rental units.

The number of rental units that are older, lack plumbing or are overcrowded are greatest in the more inner-city environments of Allentown, Bethlehem and Easton, evidenced by Figure 60. As the oldest community in the Valley, Easton has higher concentrations of older housing in potentially sub-standard condition. Given that these cities have large concentrations of renters, the demand for rental units in these areas is not only higher, but the ability of some of the renter population to pay for housing may be limited. Therefore, households may select rental units that are not in the best condition in an effort to reduce monthly housing costs.
Figure 60 - Housing Conditions: Rental Units over 50 Years Old; 2010

Renter-Occupied Housing over 50 yrs old

- 4.3% - 37.7%
- 37.8% - 47.8%
- 47.9% - 58.8%
- 58.9% - 74.7%
- 74.8% - 100%

Minimum = 4.3% (Hanover, NC)
Median = 51.7% (Washington, NC)
Maximum = 100% (Stockertown)

Sources: LVPC, RKG Associates, Inc., U.S. Census Bureau American Community Survey, 2008-2010
Market Conditions

Each fiscal year HUD establishes a Fair Market Rent (FMR) for different regions across the country. The Lehigh Valley is part of the Allentown-Bethlehem-Easton, PA HUD FMR Area. As seen in Figure 61, FMR is used primarily by HUD to determine standards associated with the payment amount for the Housing Choice Voucher program and to set limits for other federally funded rental assistance programs.\(^1\)

A sampling of 2013 rents from communities within the Lehigh Valley based on an apartment inventory conducted by RKG Associates suggests that rents for traditional apartment units in the Valley are around and often above the FMRs established by HUD. The sampling also suggests that there is variation in rents between the different communities and within different unit types in each market.

Figure 62 outlines the number of occupied and vacant rental units that are affordable to households at different income thresholds as defined by HUD. The data used is

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the Comprehensive Housing Affordability Strategy (CHAS) data which is produced by the U.S. Census Bureau using the American Community Survey to provide information relevant to housing affordability as outlined and requested by HUD.

The number of vacant units in the Lehigh Valley is smallest for those with gross rents affordable to households at or below 30% of AMI and those affordable to households making more than 80% of AMI based on 2010 data. The small number of vacant units at the lowest income threshold suggests that demand for these units is high. Should the number of extremely low income households increase, these renters may struggle to find affordable housing to meet their needs. The small number of vacant units at the upper income threshold (>80% of AMI) has different implications. While there are a limited number of available units at the maximum these households can afford, the high number of units available to rent in the AMI threshold immediately below (50% to 80% of AMI) suggests that many households with higher incomes are renting units for less. Further research could determine if there might be additional demand for rental units above 80% of AMI.

Public Housing and Section 8 Rental Assistance

The Lehigh Valley has five public housing authorities (PHAs)—Allentown, Bethlehem, Easton, Lehigh County and Northampton County—that provide public housing and administer the Housing Choice Voucher program (formerly Section 8 Vouchers). Demand is high for the Housing Choice Vouchers in the Lehigh Valley, based on the more than 5,400 households on the waiting list. Many PHAs have closed their waiting lists for more than one year due to high demand. Additionally, there is nearly a 100% occupancy rate for all public housing developments. Together, these findings, seen in Figure 63, indicate the considerable demand for rental housing that is affordable for low income households in the Lehigh Valley.

Fully occupied public housing developments and long or closed waiting lists for these facilities and Housing Choice Vouchers indicate that there is a need for subsidized and public housing in the Lehigh Valley. Feedback from Public Housing Authority staff indicates that there are additional challenges to providing affordable housing to low income households in the Valley.
Development of additional public housing rental units can help to decrease the number of households on waiting lists while also increasing the supply of affordable housing for low income households. Since 2007, Public Housing Authorities in the Lehigh Valley have completed several projects to increase the affordable housing options. While no development has occurred or is planned by the Lehigh and Northampton County Housing Authorities, the three municipal housing authorities have been and are more active:

- **Allentown Public Housing Authority**
  - Overlook Park (formerly Hanover Acres/Riverview Terrace) 1a, 1b, 2a & 2b – 269 units (2006 – 2008)
  - Cumberland 1a, 1b, 2 & 3 – 200 units (2009 – 2014)

- **Bethlehem Public Housing Authority**
  - South Bethlehem Elderly Units – 3 units (2007)
  - Bayard Homes Development (elderly/disabled residents) – 20 units (2010)

- **Easton Public Housing Authority (all activity took place between 2007 and 2014)**
  - HOPE VI revitalization project, 58 rental units and 40 units of senior housing replaced 238 public housing units
  - 63 public housing and 33 project-based Housing Choice Voucher units (replaced 250 public housing units)
  - 10 public housing units (development ongoing)

The funding for most of the projects mentioned above came from several sources including HOPE VI, Low

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**Figure 63**

**Overview of Public Housing Authorities**

<table>
<thead>
<tr>
<th>Lehigh Valley, 2013</th>
<th>Allentown</th>
<th>Bethlehem</th>
<th>Easton</th>
<th>Lehigh County*</th>
<th>Northampton County</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Housing Choice Vouchers Administered</td>
<td>1,375</td>
<td>460</td>
<td>528</td>
<td>1,206</td>
<td>568</td>
<td>4,137</td>
</tr>
<tr>
<td>Number of Applicants on Housing Choice Waiting List</td>
<td>3,330</td>
<td>630</td>
<td>850</td>
<td>300</td>
<td>338</td>
<td>5,448</td>
</tr>
<tr>
<td>Total Number of PHA Units Owned and Operated</td>
<td>1,201</td>
<td>1,454</td>
<td>368</td>
<td>289</td>
<td>106</td>
<td>3,418</td>
</tr>
<tr>
<td>Public Housing Occupancy Rate</td>
<td>99%</td>
<td>98%</td>
<td>99%</td>
<td>99%</td>
<td>100%</td>
<td>N/A</td>
</tr>
<tr>
<td>Number of Applicants on PHA Waiting List</td>
<td>6,746</td>
<td>1,271</td>
<td>1,090</td>
<td>116</td>
<td>382</td>
<td>9,605</td>
</tr>
</tbody>
</table>


*Housing Choice Voucher waiting list count is an estimate based on available data.
Dedicated by Eleanor Roosevelt in the 1940s, Hanover Acres and Riverview Terrace were two of the oldest public housing communities in the country. Fifty years later, they were outdated and undesirable due to crime. A HOPE VI grant transformed them from 2006 to 2010 into 269 new apartments and 15 homes, now called Overlook Park.

Penrose Property is working with Easton’s Housing Authority to develop Neston Heights on the site of the former Delaware Terrace housing project on the city’s south side.
Income Housing Tax Credits, Replacement Housing Factor funds and Habitat for Humanity. While more than 650 rental units have been developed by the PHAs in the Lehigh Valley since 2007, only limited development activity has occurred recently, and only a small amount is being planned for the near future.

**Other Assisted Housing**

Public housing provided by the Housing Authorities within the Lehigh Valley is not the only source of rental assisted units in the region. In addition to these units, there are a number of privately assisted rental housing developments across the Lehigh Valley. Using a variety of funding sources such as HUD section 811 (Supportive Housing for Persons with Disabilities), Section 202 (Supportive Housing for the Elderly) and Low Income Housing Tax Credits, for-profit developers such as Pennrose Development and nonprofit developers such as Neighborhood Housing Services (NHS), have increased the stock of affordable rental housing in both Lehigh and Northampton counties. Figure 64 reveals the composition of privately assisted housing units in both Lehigh and Northampton County.

**Assisted Housing at Risk of Conversion to Market Rate Housing**

Since it was enacted by Congress in 1986, the Low Income Housing Tax Credit Program (LIHTC) is one of the most frequently used financial incentives to encourage the development of affordable rental housing. To be eligible to receive tax credits, a proposed project must meet the following criteria:

- a residential rental property;
- at least 20% of the units must be rent restricted and occupied by households at or below 50% of the area median income (AMI); or
- 40% of the units must be rent restricted and occupied by households at or below 60% of AMI, and the project must maintain these restrictions to accommodate low income households for a set period of time;\(^2\)
- the period is 15 years for properties put into use before 1990;
- for projects built since 1990, an additional 15 year extension requirement has been added leading to a 30 year period.\(^3\)

Since the beginning of the Program, approximately 15,700 units in Lehigh County and approximately 50,000 units in Northampton County have been put into service. As of 2013, approximately 10% of units are past their contract period in Lehigh County and 6% are in a similar position in Northampton County.\(^4\) While it is possible that some of these properties took advantage of reapplication


options and other project-based incentives once their contracts expired, it is likely that many of these units became market rate units. While many rental units in the Lehigh Valley are priced at a level that is affordable for households earning between 50% and 80% of AMI, reverting to market rate could place these units beyond affordability for their previous tenant. Property owners are likely to find offering these units at market rate to be much more profitable than keeping them at rent restricted levels. The LIHTC Program provides incentives for affordable housing for a few decades, but the life of a property can be much longer, so the program does not always serve as a long-term solution to affordable housing needs.

Figure 64
Lehigh County Privately Assisted Housing Units

Northampton County Privately Assisted Housing Units
HOUSING AND SPECIAL NEEDS POPULATIONS

Homeless Families and Individuals

A large number of resources, programs and shelters are available in both Lehigh County and Northampton County to assist homeless families and individuals. The organization that coordinates efforts in the northeastern part of Pennsylvania, including the Lehigh Valley area, is the Northeast Regional Homeless Advisory Board (NE-RHAB), the board that oversees efforts related to services and housing for the homeless in Continuum of Care Area 509. This is a 12-county area in northeast Pennsylvania that is part of an integrated system of health services. As a member of the NE-RHAB, the Lehigh Valley has access to HUD funding. As of 2007, HUD funding was distributed by pro-rata share based on population. In 2014, the 12 counties within the NE-RHAB area will be divided into several smaller boards to more efficiently distribute funds and address needs, which may change the previous distribution system. Lehigh and Northampton counties will make up one of the sub-areas.\(^5\)

Funding for homeless programs, particularly sheltering and housing, also comes from the McKinney-Vento Homelessness Assistance Act. In 2009, President Obama signed the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act. This act amended and reauthorized the McKinney-Vento Act but included a few substantial changes. The 2009 HEARTH Act changed HUD’s definition of homelessness and chronic homelessness, increased prevention resources and performance emphasis, consolidated HUD’s competitive grants program and created the Rural Housing Stability Assistance Program.\(^6\) Most notably, county staff indicated that at a regional level there has been a 5% cut in McKinney-Vento programs in 2013 and an anticipated additional 5% cut in programs in 2014. These cuts have the potential to impact the ability of the Lehigh Valley to assist its homeless population in finding housing—temporary or permanent.

In 2006, the Allentown Commission to End Chronic Homelessness was appointed to develop a ten-year plan in alignment with its mission. Currently, the Commission’s activities include a wintertime homeless census, assisting in humanely closing homeless encampments as housing becomes available, and developing a system with Allentown’s Social Security Administration to fast track benefits for homeless individuals. In addition, over the last seven years, 80 new permanent housing beds were created for chronically homeless residents. The Commission would like to create an additional 70 affordable housing units in Lehigh County.

On a regular basis, NE-RHAB conducts a point-in-time survey of homeless persons in the Continuum of Care area.

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that includes both Lehigh and Northampton counties. The most recent point-in-time survey includes data collected from 2010, 2011 and 2012. In 2012, Lehigh County had 327 total homeless persons counted at one point in time. During the same year, Northampton County recorded a total of 196 homeless persons.\(^7\)

To further understand the homeless population sheltered in the Lehigh Valley, the Lehigh Valley Coalition on Affordable Housing (LVCoAH) conducted a census of persons served by area shelters. In 2010, the LVCoAH compiled its latest homeless shelter census, an annual effort for over 20 years. As of 2014, LVCoAH is no longer in existence. In the future, CACLV will conduct all shelter census efforts.

The shelter census is a sample of homeless shelters in the Lehigh Valley collected over the course of one year. The LVCoAH 2010 Shelter Census reflects data from nine shelters in the Lehigh Valley. The following are findings from the 2010 Shelter Census:\(^8\)

- **Children**: 780 children make up 32% of the sheltered homeless population.
- **Adults**: 1,661 adults are part of the shelter population in 2010. Of these, most are male adults (986) and the remainder are female adults (675). 337 female householders make up most of the adults in family shelters, where there are only 45 male householders. Conversely, there are more male adults (941) in the individual shelters than female adults (338). Most sheltered adults are single and never married (61.6%), 9% are married and the remaining approximately 30% are divorced, separated, widowed or part of an unmarried couple.
- **Average Number of Nights Spent in Shelter**: Children spend an average of 45.9 nights in a shelter, while adults spend an average of 32.1 nights. Overall, both groups stayed more nights in shelters during 2010 than during 2008.
- **Size of Family**: 69.4% of families have two or fewer children.
- **Age of Mother at First Child’s Birth**: 38.8% of mothers in shelters had their first child before the age of 19 and 9.2% had their first child before the age of 16.

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• **Racial/Ethnic Background:**

Sheltered Adults:

- 48.8% Caucasian
- 26.1% African American
- 22.8% Hispanic
- 1.3% Multi-Racial
- 0.3% Native American
- 0.6% Asian American
- 0.1% Other

Sheltered Children:

- 24.4% Caucasian
- 25.5% African American
- 36.6% Hispanic
- 12.7% Multi-Racial
- 0.2% Native American
- 0.7% Asian American
- 0.1% Other

• **Education:** 50.5% of adults attained a high school diploma or GED.

• **Employment:** 17.3% of adults are employed, and 22.9% of families are headed by an employed adult.

• **Income:** 48.7% of shelter residents have no income when they enter the shelter.

The Lehigh Valley area has a number of facilities that provide emergency shelter, transitional housing and permanent housing to homeless families and individuals. Figure 65 inventories these facilities.

**Figure 65**

<table>
<thead>
<tr>
<th>Provider</th>
<th>Family Units</th>
<th>Family Beds</th>
<th>Individual Beds</th>
<th>Total Beds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emergency Shelter Facilities</td>
<td>40</td>
<td>130</td>
<td>125</td>
<td>256</td>
</tr>
<tr>
<td>Transitional Housing Facilities</td>
<td>103</td>
<td>303</td>
<td>94</td>
<td>397</td>
</tr>
<tr>
<td>Permanent Supportive Housing</td>
<td>25</td>
<td>72</td>
<td>169</td>
<td>241</td>
</tr>
<tr>
<td>Rapid Rehousing</td>
<td>3</td>
<td>11</td>
<td>1</td>
<td>12</td>
</tr>
</tbody>
</table>

Source: Northeast Regional Advisory Board PA-509 Region Continuum of Care Program and RKG Associates, Inc., 2014
Special Needs Populations - general

Special needs populations often have specific housing needs not often accommodated within the traditional housing stock of a community. The special needs populations can include the frail elderly—persons 75 years of age or older, persons with mental illness, persons with disabilities and persons with substance abuse problems, among others. In addition to having unique housing needs, many of the persons within this population are also low income, which makes finding affordable housing an even greater challenge.

Housing options for special needs populations exist in the Lehigh Valley, although they are limited. In Lehigh County and Northampton County, the following facilities are available:

- **Personal Care Homes:** These facilities provide residents assistance with daily living skills and serve both older adults and adults with mental illness.
  - Lehigh County: 28 facilities, 1,983 beds
  - Northampton County: 29 facilities, 2,140 beds

- **Nursing Homes:** These facilities provide residents with daily living assistance and medical care. Primarily these serve elderly residents, but can also include those with severe physical or mental incapacitation.
  - Lehigh County: 16 facilities, 2,742 beds
  - Northampton County: 13 facilities, 2,059 beds

Special Needs Populations - mentally ill

The following housing programs for persons with mental illness in the Lehigh Valley include:

Lehigh County:

- Step By Step (SBS) Young Adult (18-24 years) – 4 Units
- Salisbury House (supportive housing, medically fragile person, enhanced person care boarding home) – 46 individuals; 4 facilities
- Supported Apartment Living – 8 individuals
- Transitional Living Center (TLC) Community Residential Rehabilitation – 38 individuals
- Step By Step Supportive Living – 22 individuals

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• SBS Community Residential Rehabilitation – 30 individuals

• Neighborhood Housing Services (NHS) Enhanced Personal Care Boarding Home – 16 individuals

• Resources for Human Development All-inclusive Residential (maximum care) – 6 individuals

• Horizon House All-inclusive Residential (maximum care) – 6 individuals

Northampton County:

• Personal Care Boarding Homes (privately owned) – 2,232 beds

• Independent Living Apartments – 25 Units

• Community Residential Rehabilitation – 24 beds

• Moravian IV – 8 units

• Organizations with facilities and services in both counties.
  
  • Step by Step supported housing
  
  • Step by Step managed residences

• Pennsylvania Comprehensive Behavioral Health Services – provide a variety of counseling and support services throughout the state.

Lehigh County produces a County Mental Health Plan for a period of five fiscal years with one year plan supplements in an effort to expand or improve upon existing mental health services and develop new services to meet the needs of the county population. This annual plan is necessary to receive Projects for Assistance in Transition from Homelessness (PATH) federal funding used to provide security deposit payment assistance. A notable section in the annual plan is the Summary of County Housing Plan, which directly addresses supportive housing plans for persons with mental illness for the 2012 to 2013 fiscal year.

According to the County Housing Plan, supportive housing plays an important role in assisting those with mental health issues, especially persons who experience
homelessness or are chronically homeless. There are currently 4,923 persons with mental illness who receive services paid for by the public sector, medical assistance or county funding.\textsuperscript{11} As noted in the Housing Plan, one of the biggest challenges to fulfilling supportive housing needs includes funding sources for housing projects and a general lack of affordable housing. Safe, affordable housing was also mentioned during outreach efforts for the County Mental Health Annual Plan. Projects planned for the 2012–2013 fiscal year include the following:\textsuperscript{12}

- New Bethany Ministries: six unit permanent supportive housing facility;
- Pennrose Development: 20 unit permanent supportive housing facility using Hope VI funding. The current facility is serving 17 persons;
- CRR Development or Conversion of four existing Step by Step facilities and TLC Riverbend;
- The plan also calls for funding for existing tenant-based rental programs, enhanced personal care homes and existing supportive housing facilities.

Since the completion of the 2007 Affordable Housing Assessment, both Lehigh County and Northampton County have transitioned individuals from the Allentown State Hospital to other living arrangements throughout the counties in preparation for the hospital’s official closure on December 10, 2010. In Lehigh County, all but 52 individuals were placed in supportive housing facilities throughout the county. These remaining individuals are still hospitalized, but were moved to another state hospital in the area.\textsuperscript{13} According to Lehigh County Department of Mental Health staff, Lehigh County could benefit from additional housing that could accommodate these individuals, as well as the following:

- Long-term housing facilities like Long-Term Structured Residences (LTSRs), which do not currently exist in the county;
- Housing for persons recently released from prison with a mental illness;
- Housing for persons with mental illness that need nursing home level of care;
- Housing for youths between 18 years and 24 years who are transitioning from the children’s system.

Development of supportive housing for Northampton County is included in the Health Choices managed care program, a Medicaid program administered through the Pennsylvania Department of Public Welfare serving approximately 35,000 patients and their families.\textsuperscript{14} In addition to providing a variety of health services, the

\textsuperscript{11} Lehigh County Department of Mental Health, 2014.
\textsuperscript{13} Lehigh County Department of Mental Health, 2014.
\textsuperscript{14} Northampton County Mental Health, 2014.
Health Choices Program includes a Reinvestment Plan. Progress on efforts to pursue housing initiatives spurred by community engagement efforts in 2007 have led to several Requests for Proposals (RFPs) between 2008 and 2011, including one for supported housing and psychiatric rehabilitation and one for an adolescent crisis residential program.\(^\text{15}\)

Based on a discussion with Northampton County Mental Health staff, the reinvestment plan to be submitted later this year aims to add housing for an additional 25 persons. In general, finding and providing sufficient affordable housing for persons with mental illness, especially severe mental illness, is a challenge. Often these individuals generate little to no income, and wait times to receive subsidies for housing can last more than a year. As identified by staff, the greatest need is for housing for individuals transitioning in or out of extended acute care or long-term supportive residences back into the community. In both cases, the type of housing most beneficial is housing that provides supervision but less supportive care.

In addition to county-wide efforts, both Lehigh County and Northampton County have a number of Local Housing Options Teams (LHOT). LHOTs are coalitions of stakeholders in mental health and housing interested in expanding services to increase affordable housing for persons with mental health issues and the homeless.\(^\text{16}\) In 2005, efforts by the LHOTs in both counties were working to support the development of a Fairweather Lodge facility in Northampton County. The Fairweather Lodge model is a group living space for persons with serious mental illness who receive supportive services and are given the opportunity to work through group employment.\(^\text{17}\) Lehigh County is also hoping to add a Fairweather Lodge in the near future through conversion of an existing facility.\(^\text{18}\)


\(^{18}\) Lehigh County Department of Mental Health, 2014.
Special Needs Populations - elderly

The counties of Lehigh and Northampton both own nursing homes for the elderly. Northampton County owns and operates Gracedale, a long-term care facility on a 365 acre property in Nazareth, Pennsylvania.\textsuperscript{19} Lehigh County operates two nursing homes for elderly Lehigh residents, Cedarbrook Allentown and Cedarbrook Fountain Hill in Bethlehem. These facilities provide both short and long-term care.\textsuperscript{20} While the counties provide these facilities for residents, the Area Agency on Aging in each county provides a wide range of services and information for aging adults with the primary goal of increasing and maintaining independence of area residents as they age. Agencies in both counties provide a variety of services to enable county residents to age in place. Based on 2011 data provided for the Lehigh County Area Agency on Aging 2012–2016 Four Year Plan, approximately 2,400 consumers receive some form of in-home services in Lehigh County.\textsuperscript{21} This is a substantial increase in consumers from the 1,500 reported in An Affordable Housing Assessment of the Lehigh Valley in Pennsylvania in 2007.

In addition, the agencies operate the OPTIONS program, which provides an assessment of need and determines mutually acceptable community-based, long-term care such as adult day care, in-home health care, personal care and personal emergency response systems. This program is funded primarily by the Pennsylvania State Lottery. While there are no income requirements for participants, there is no cost associated with this program for persons making 125% of the federal poverty level or below. For those making more than 125% of the federal poverty level, a sliding fee scale is applied based on income. Currently there are 60 customers on the waiting list in Northampton County. According to staff at the Northampton County Area Agency on Aging, the number on the waiting list should diminish due to increased funding from the upcoming 2014–2015 annual state budget.

The Family Caregiver Support Program, or Pennsylvania Caregiver Support Program, provides vouchers for approved out-of-pocket expenses for qualified primary caregivers that meet income-based program eligibility requirements in both Lehigh and Northampton counties. Reimbursements can be up to $200 per month, and under special circumstances, up to $500 per month. In addition, if qualified, the program may provide up to a $2,000 one-time grant to help with home modification expenses.\textsuperscript{22}

Northampton County there are currently 16 individuals on the waiting list. Due to anticipated increases in funding sources this year, it is estimated that the number of consumers on the waiting list will be reduced to 10 to 12 individuals.

The Pennsylvania Department of Aging Waiver Program is a Medicaid program that provides funds to enable aging adults to continue to live in their homes and communities in Lehigh and Northampton counties. Waivers can be used for a variety of services including counseling, companionship, respite and adult daily living. Recently a new income eligibility requirement was added. The individual applying for the program must meet an asset requirement as well as make $2,163 or less per month in gross income. There is no waiting list for this program. Additional funding availability has allowed for a proposal to allocate funds to this program to serve an additional 1,500 consumers throughout the state.

The major housing needs for aging persons in the Lehigh Valley continue to include affordable assisted living and subsidized housing units. The need for affordable units increases for persons who have limited incomes. Development that utilizes HUD Section 202 and Low Income Tax Credits can help make developing affordable senior housing units more feasible.

In the past, Northampton County discussed the possibility of exploring shared housing for a small number of elderly individuals, especially those who need Long-Term Structured Residences (LTSR), mental health residential treatment facilities with treatment and specialized programming in a controlled environment with a high degree of supervision. According to the Northampton Area Agency on Aging staff, while there is still interest in this concept, no action has been taken to pursue it as a viable living alternative.

**Special Needs Populations - physically disabled**

To accommodate persons with physical disabilities, modifications are often required if housing was not originally constructed for that use. This can be particularly true for persons with physical disabilities living independently in rental housing. Changes to rental units must often be negotiated with landlords, who may be reluctant to allow more visible alterations. The Lehigh Valley Center for Independent Living works to help educate landlords on the benefits of renting to a person with disabilities and other aspects of the Americans with Disabilities Act of 1990.

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Identifying a sufficient supply of housing that is already accessible is a challenge. However, since the 1991 adoption of the final Fair Housing Accessibility Guidelines, federal law requires that new construction or major renovations of any building with four or more units contain accessible units. However, there are exceptions to this, such as when topography imposes extra costs to provide accessibility for two story buildings without elevators.\textsuperscript{26} However, finding accessible units is often the best choice for persons who require substantial modification to a traditional unit. While the Lehigh Valley Center for Independent Living had a home modification program prior to 2007, it has since become infeasible. According to the staff of the Center for Independent Living, the greatest challenge to modest home modifications is cost. Little funding is available for these home improvements. Many clients are referred to local service organizations or scouting groups who can provide materials and labor to make the modifications at little to no cost to the resident.

One organization that has an active home modification program for persons with disabilities in both Lehigh and Northampton counties is the Self-Determination Housing Project of Pennsylvania, Inc. (SDHP). Through the PA Accessible Housing Program, SDHP collaborates with regional organizations that provide home modification from assessment to construction management to qualified grant recipients with permanent disabilities. Applicants for home modifications must meet income qualifications in addition to having a permanent disability. Funding for the modifications comes from the Pennsylvania Department of Community and Economic Development. Currently, there is a waiting list for the PA Accessible Housing Program of approximately one year.\textsuperscript{27}


INTRODUCTION

This chapter addresses the existing market climate for affordable housing within the Lehigh Valley, focusing on the 12 housing subareas identified for this effort. Virtually all markets have certain issues regarding housing affordability. However, it is imperative to quantify and qualify the supply and demand of housing at various income levels to define an improved course of action for the Lehigh Valley Planning Commission (LVPC), its member jurisdictions and its implementation partners.

HOUSING TERMINOLOGY

A housing affordability analysis compares the ability of households of a given geography to pay for housing as compared to the cost for housing within that same geographic area. There is no greater misunderstanding than with the term “affordable housing.” Affordable housing is often interpreted as another way to say “subsidized housing” or “public housing.” While subsidized housing and public housing are components of affordable housing, they do not make up its entirety. It is easy to see why there is confusion and misinterpretation of the term, as there is no single definition of the term that is applied universally throughout the United States. However, it is important to define this and other housing terminology prior to engaging in an assessment of data. Within the context of the Regional Housing Plan, the following terms and their definitions will be applied throughout this effort:

• Affordability – Affordability is an individual household’s reasonable ability to pay for housing. Ownership affordability is based on HUD requirements (30% of income) and current, local lending practices for Federal Housing Administration (FHA) and conventional loans and the requirements related to those loan packages. The FHA requirements represent the “worst case” scenario as those households would be the most restricted in ability to pay (larger mortgage due to lower down payment and primary mortgage insurance requirements). FHA lending establishes a maximum of 28% for debt to income, effectively making the HUD 30% threshold a nominal rate that has been adjusted slightly to accommodate lending standards. For conventional financing, the 30% HUD threshold is slightly lower than lending standards and was applied to the calculations.

Maximum affordable rental costs were based on a similar approach to for-sale housing. Since utility costs cannot be accurately known across the Lehigh Valley relative to market rental rates, the traditional 30% HUD cost burdened threshold was adjusted to 28% to account for utility costs to determine affordability.

• Area Median Income – Area median income, or AMI, is defined as the median income for a given region. The AMI is officially established by HUD each year and varies widely based on the geographic market. The Lehigh Valley is part of the Allentown-Bethlehem-Easton, PA HUD Metro Fair Market Rent (FMR) Area, which had an AMI of $58,700 in fiscal year 2012. AMI adjusts
Chapter 6
Housing Affordability Analysis

Condominium Units
for household size from the two-person household AMI initially calculated to represent the entire area.

- **Condominium Ownership** – A type of housing ownership in which a building or development contains individually owned apartments, detached or attached units with joint ownership of any common grounds and passageways.

- **Cost Burdened** – Households that pay above the defined thresholds for affordability regardless of income.

- **Extremely Low Income** – Defined by HUD as households earning below 30% of AMI.

- **Fee Simple Ownership** – A type of housing ownership in which the owner possesses all rights to the building and grounds apart from any government restrictions. For county assessment purposes, all housing ownership not defined as condominium is fee simple.

- **Housing Affordability** – Affordable housing is the overarching term used to describe all housing priced at a level that will not cause a given household to become housing cost burdened.

- **Low Income** – HUD places a limit on the income thresholds for the "Low Income" classification, in terms of qualifying for certain HUD grants and funding programs. HUD defines the "Low Income" classification as up to 80% of the local AMI or 100% of the national AMI, whichever is lower, for the purposes of public housing and Section 8.

- **Market Rate Affordable** – Market rate affordable is housing that receives no public subsidy, but is naturally affordable to households earning below 80% of AMI for rental and 120% of AMI for ownership.

- **Market Rate Housing** – Market rate housing is housing that receives no public subsidy. This includes all units not affordable to households earning below 80% of AMI for rental and 120% of AMI for ownership.

- **Moderate Income** – Defined for this effort as households earning below 100% of AMI. Moderate income is defined differently for certain HUD agencies.

- **Very Low Income** – Defined for this effort as households earning below 50% of AMI.

- **Workforce Housing** – Workforce housing is the overarching term used to describe all housing priced to persons with incomes ranging from 60% to 80% of AMI for rental and 80% to 120% of AMI for ownership units.
Chapter 6
Housing Affordability Analysis

Single Family Attached Homes
To begin the analysis, RKG Associates collected income threshold data from HUD. The 2012 HUD defined area median income for a two-person household in the Lehigh Valley was $58,700 as shown in Figure 66. HUD provides income thresholds for different household sizes to calculate eligibility for specific programs based on income. Because of limitations in the way data is collected and released to the public by the Department of Commerce, a true 100% accounting of households by size and income is not possible. To overcome this situation, the analysis was carried out utilizing a single-income/cost scale. For the purposes of this analysis, RKG Associates used the two-person household thresholds to define affordability. This was done because it closely reflected the average household size in the Lehigh Valley (2.54 persons per household in 2010) and it offered a more conservative affordability calculation. Utilizing the larger three-person threshold would have overstated the required income in each threshold, thus creating a greater presence in the lower income groups.

RKG Associates collected the U.S. Census Bureau’s American Community Survey (ACS) data on households by income within the Lehigh Valley. All of the households in the Lehigh Valley (and subsequently in the 12 individual study areas) were parsed utilizing the two-person income thresholds. The total number of households in each study area represents the total current demand later in this analysis.

### Figure 66

HUD Income Thresholds, Maximum Monthly Rental Price and Maximum For-Sale Housing Price | 2-Person Households, Lehigh Valley; 2012

<table>
<thead>
<tr>
<th>Income Group</th>
<th>Income</th>
<th>Rental Price</th>
<th>Conventional Mortgage</th>
<th>FHA Mortgage</th>
</tr>
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<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Fee Simple</td>
<td>Condominium</td>
</tr>
<tr>
<td>10% of AMI</td>
<td>$5,870</td>
<td>$137</td>
<td>$20,900</td>
<td>$0</td>
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<tr>
<td>Extremely Low (30%)</td>
<td>$17,610</td>
<td>$411</td>
<td>$62,700</td>
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<tr>
<td>Very Low Income (50%)</td>
<td>$29,350</td>
<td>$685</td>
<td>$104,500</td>
<td>$83,200</td>
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<tr>
<td>Low Income (80%)</td>
<td>$46,960</td>
<td>$1,096</td>
<td>$167,200</td>
<td>$145,800</td>
</tr>
<tr>
<td>100% of AMI</td>
<td>$58,700</td>
<td>$1,370</td>
<td>$209,000</td>
<td>$187,700</td>
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<tr>
<td>120% of AMI</td>
<td>$70,440</td>
<td>$1,644</td>
<td>$250,800</td>
<td>$229,500</td>
</tr>
</tbody>
</table>

Rental Housing Price Thresholds

The rental affordability thresholds are defined as the maximum amount of rent a household should pay per month. HUD has established a standard for determining the appropriateness of rent compared to the occupants’ income level. Households paying more than 30% of their gross income for rent are considered to be cost burdened. As stated previously, this analysis uses a more conservative 28% threshold to account for utilities. Following this metric, a two-person household earning 80% of the local AMI could spend approximately $1,096 per month, while the same household earning 100% of the local AMI can “afford” a $1,370 per month rent without being considered cost burdened. The two-person household income by AMI and corresponding rent threshold to avoid cost burdening are also shown in Figure 66.

Ownership Housing Price Thresholds

The calculations of affordability thresholds for ownership units are more complex. Unlike rental housing, where cost burden is a direct relationship to one’s income level, ownership affordability is influenced by a series of individual and market factors including:

**INDIVIDUAL VARIABLES**

- Income level
- Credit rating
- Down payment amount

**MARKET VARIABLES**

- Unit type
- Purchase price
- Lending institution

As such, there is no “true” benchmark to determine affordability, because the many factors that affect affordability are constantly changing with market conditions. However, for the purposes of this analysis, calculations were made of “typical” ownership purchase scenarios to parse out the Valley’s ownership housing stock. Two mortgage types were used. Conventional mortgages are those arranged through standard banking terms. Mortgages arranged through the Federal Housing Administration (FHA) process have lower down payment requirements but, therefore, higher monthly costs. The first step in the calculations was to divide the ownership stock into four categories: 1) conventional fee simple buyer, 2) conventional condominium buyer, 3) FHA fee simple buyer, and 4) FHA condominium buyer. Data from local lending and insurance entities was used to determine current market costs for acquiring home loans for both condominiums and fee simple properties (single family detached, semi-attached, and row home units). To estimate a range of affordability, calculations were made for the affordability thresholds assuming
all buyers had the minimum means and resources to purchase a home required by current market conditions (defined as FHA buyers). The same calculations were performed as if all potential buyers met the requirements for the most advantageous loan vehicles (defined as conventional buyers). For conventional mortgages, the 30% HUD standard was slightly more restrictive than lending requirements and was used in the affordability calculations. As stated previously, this nominal rate has been adjusted to 28% to account for FHA requirements.

The most noticeable difference between the two loan scenarios is the down payment requirement, which is currently 20% for conventional loans and 3.5% for FHA loans. Using these two approaches, RKG Associates applied “real world” values for other payment factors such as the interest rate, homeowners’ insurance costs, and Private Mortgage Insurance costs (for FHA loans). For condominium units, the Valley-derived condominium fee was utilized ($150 per month). The $150 estimate is at the middle of the range of condominium fees based on RKG Associates’ research. Based on these assumptions and calculations, a two-person household earning 80% of the AMI ($46,950) can afford a $141,000 fee simple home using an FHA loan, and a $167,200 home using a conventional loan as also shown in Figure 66. In terms of condominiums, this same household can afford a $123,000 home using an FHA loan and a $145,800 home using a conventional loan.

The analysis was completed using both the conventional mortgage and FHA mortgage assumptions to provide a range of potential affordability within the market. Although there is about a 60/40 split for 2012 in terms of conventional/FHA loans in the Lehigh Valley, data regarding income splits are not available. It is impossible to determine which households will use an FHA mortgage and which will use a conventional mortgage. To this end, the analysis is not intended to be a 100% accounting of supply and demand. Rather, it provides a reasonable perspective on the relative ability to pay for its residents and the cost of the housing available in the Valley.

**GEOGRAPHIC BOUNDARIES AND PRICE THRESHOLDS**

The housing affordability analysis was performed at two distinct geographic levels. First, the analysis focused on the Lehigh Valley as a whole. This analysis provided a “baseline” measurement to show how the entire region performs in terms of existing demand for housing and the cost of that housing. Second, the analysis was performed at a submarket level. RKG Associates and the LVPC staff utilized the 17 distinct submarkets established by the Lehigh Valley Association of Realtors (LVAR) as a starting point, and combined similar submarkets to determine the final 12 study areas as shown in Figure 67. The LVAR submarkets follow school district boundaries, which were identified as one of the predominant influences on market pricing and activity within the Lehigh Valley.
Figure 67 - School District Groupings
ANALYSIS COMPARISON

The housing affordability analysis presented here and the jobs-housing balance analysis presented in Chapter 7 both compare ability to pay with housing costs, but there are a number of similarities and distinctions to understand. The housing affordability analysis, similar to the jobs-housing balance, is based on bringing together a number of data sources that are calculated and maintained by different entities. These sources do not align perfectly, requiring the LVPC and RKG Associates to make judgments on how to apply the information. As a result, the analysis is not intended to be a 100% accounting of actual market conditions. For example, household income data is not tracked by local AMI thresholds. RKG had to calculate demand based on interpolating within income groups whose range falls on either side of a threshold value (i.e. the 80% of AMI income of $46,950 falls in the middle of the ACS $45,000 to $49,999 income group).

The housing affordability analysis is a much cleaner assessment, however, than the jobs-housing balance because the geography is well understood using school district boundaries, all households are included in the analysis regardless of income, and all workers are accounted for in the ACS household income data. The more complicated jobs-housing balance analysis is described fully in Chapter 7. Ultimately, it is important to understand that the housing affordability analysis and the jobs-housing balance analysis assess similar issues (income versus housing cost appropriateness), but with different areas of focus. This is done to provide multiple perspectives on the same issue: the type and cost of housing that is needed to better serve the workers and residents of the Lehigh Valley.
CURRENT DEMAND

The demand for housing was assessed using income by household size data from the U.S. Census Bureau ACS data. This information was used to determine the current number of households within each area median income (AMI) threshold range.

It is important to note that the demand data does not include households that currently do not live in the Lehigh Valley. The Regional Housing Plan first seeks to serve those households already living in the region and to understand their needs relative to affordable housing. Any additional demand beyond current Lehigh Valley residents will only increase any potential shortage of affordable housing.

Based on the income thresholds established for this study, households earning above 120% of AMI, or $70,440, constitute 40% of the 245,592 households within the Lehigh Valley as shown in Figure 68. That this is the largest share of Lehigh Valley households is not surprising given that the median income defined as 100% of AMI has half of incomes higher and half lower, and 120% of AMI is only one income band higher. Similarly, about 40% of all incomes are below 80% of AMI. As shown in Figure 69, of those households earning below 10% of AMI ($58,700), the 50% to 80% range accounts for the largest portion with more than 40,800 households. Households earning below the ‘extremely low’ HUD designation of 30% of AMI ($17,610) account for 13% of all households, or roughly 31,800 households. Those households most at risk (below 10% of AMI) account for more than 7,700 households.

The distribution of households by income is uneven within the 12 study areas, primarily for the lowest earning households in the Valley. The Allentown and Bethlehem Study Areas account for 35.8% of all households in the Lehigh Valley at 43,089 and 44,922 households, respectively, as shown in Figure 69. However, they constitute a much higher proportion of the lower income households, totaling 60.6% of all households earning below 10% of AMI and 52.1% of all households earning between 10% and 30% of AMI. The Easton-Wilson Study Area is the only other study area that has more than its proportionate share of the below 10% group. This finding corroborates anecdotal information provided by numerous community contributors to this effort that there is insufficient modest priced housing outside the urban centers in Allentown, Bethlehem and Easton.
Figure 68 - Housing Demand by Income

Sources: Lehigh County, Northampton County and RKG Associates, Inc.
### Figure 69

**Current Housing Demand by Income Threshold and Study Area**

**Lehigh Valley; 2012**

<table>
<thead>
<tr>
<th></th>
<th>Maximum Income</th>
<th>Northwestern Lehigh</th>
<th>Parkland</th>
<th>East Penn Salisbury</th>
<th>Saucon Valley</th>
<th>Southern Lehigh</th>
<th>Northern Lehigh</th>
<th>Whitehall Coplay</th>
<th>Catasauqua</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Up to 10% of AMI</strong></td>
<td>$5,870</td>
<td>114</td>
<td>234</td>
<td>399</td>
<td>142</td>
<td>130</td>
<td>375</td>
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<td></td>
</tr>
<tr>
<td><strong>10% to 30% of AMI</strong></td>
<td>$17,610</td>
<td>342</td>
<td>1,262</td>
<td>1,497</td>
<td>931</td>
<td>506</td>
<td>1,400</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>30% to 50% of AMI</strong></td>
<td>$29,350</td>
<td>452</td>
<td>1,602</td>
<td>2,171</td>
<td>1,186</td>
<td>656</td>
<td>1,957</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>50% to 80% of AMI</strong></td>
<td>$46,960</td>
<td>688</td>
<td>2,488</td>
<td>4,021</td>
<td>1,584</td>
<td>978</td>
<td>3,553</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>80% to 100% of AMI</strong></td>
<td>$58,700</td>
<td>443</td>
<td>2,036</td>
<td>2,766</td>
<td>1,234</td>
<td>446</td>
<td>2,085</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>100% to 120% of AMI</strong></td>
<td>$70,440</td>
<td>418</td>
<td>1,737</td>
<td>2,286</td>
<td>1,462</td>
<td>477</td>
<td>1,832</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Over 120% of AMI</strong></td>
<td>N/A</td>
<td>3,211</td>
<td>11,068</td>
<td>13,113</td>
<td>7,165</td>
<td>1,917</td>
<td>5,936</td>
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<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>N/A</td>
<td>5,668</td>
<td>20,427</td>
<td>26,254</td>
<td>13,703</td>
<td>5,109</td>
<td>17,138</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Sources:** HUD, U.S. Census Bureau and RKG Associates, Inc.
CURRENT HOUSING SUPPLY

The supply side analysis focuses on the type and price of housing that exists within the Lehigh Valley and the 12 study areas. The analysis inventoried all ownership and rental housing (both market rate and subsidized). This analysis primarily used four data sources: 1) the property assessment databases from Lehigh and Northampton counties to understand the number and assessed value of ownership housing, 2) the sales analysis performed by the LVPC to determine market value for ownership units, 3) U.S. Census data on housing units to determine the number of rental units by study area, and 4) a rent survey performed by RKG Associates to understand rent levels by bedroom count within the Valley. The data was parsed by unit type (for traditional ownership units) and bedroom count (for traditional rental units). The results of this effort were compared against the results of the demand analysis detailed in the last section to determine existing surpluses or shortages of housing for the Lehigh Valley population.

Ownership Housing Units by Type

Based on the Lehigh and Northampton County property assessment databases for 2012, there are 200,336 traditional ownership housing units within the Lehigh Valley as shown in Figure 70. Nearly 70% of these units are classified as single family detached housing units. This finding is not surprising, given the prevalent development pattern that has been implemented throughout most of the Lehigh Valley. Single family attached units (i.e., townhouses, row homes and duplexes) account for just over 25% of ownership units. Condominium and mobile home units, traditionally the most affordable ownership housing, constitute less than 6% of the overall marketplace.

Diversity in ownership housing varies greatly between the 12 study areas. Single family detached housing units constitute the majority of ownership housing in each of the study areas except for the Allentown Study Area (36.1% of all traditional ownership units). Additionally, the portion of the single family detached housing unit majority ranges from 64% (Easton-Wilson) to 92% in the Nazareth Study Area.

Ownership housing diversity is greatest in and proximate to the cities with the Allentown, Whitehall-Coplay-Catasauqua, Bethlehem and Easton-Wilson Study Areas having the lowest concentrations of single family detached housing (as a percentage of traditional ownership units). Condominium development is concentrated in East Penn-Salisbury, Bethlehem, Easton-Wilson and Saucon Valley-Southern Lehigh Study Areas, while mobile homes are more concentrated in those study areas furthest from U.S. 22. This finding is consistent with general development patterns, as the U.S. 22 corridor tends to have a higher intensity of development within the Lehigh Valley.
## Housing Affordability Analysis

### Housing Units by Type and Location
**Lehigh Valley; 2012**

<table>
<thead>
<tr>
<th>Housing Type</th>
<th>Lehigh Valley</th>
<th>Northwestern Lehigh</th>
<th>Parkland</th>
<th>East Penn Salisbury</th>
<th>Saucon Valley</th>
<th>Southern Lehigh</th>
<th>Northern Lehigh</th>
<th>Whitehall Coplay</th>
<th>Catasauqua</th>
<th>Allentown</th>
<th>Northampton</th>
<th>Bethlehem</th>
<th>Nazareth</th>
<th>Easton</th>
<th>Wilson</th>
<th>Bangor Pen Argyl</th>
</tr>
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<tbody>
<tr>
<td><strong>UNIT COUNT TOTALS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single Family Detached</td>
<td>137,528</td>
<td>4,895</td>
<td>15,227</td>
<td>17,064</td>
<td>11,504</td>
<td>3,402</td>
<td>8,145</td>
<td>9,605</td>
<td>11,265</td>
<td>22,271</td>
<td>8,295</td>
<td>15,780</td>
<td>10,095</td>
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<tr>
<td>Single Family Attached</td>
<td>51,312</td>
<td>276</td>
<td>2,634</td>
<td>4,607</td>
<td>975</td>
<td>753</td>
<td>3,977</td>
<td>16,889</td>
<td>2,637</td>
<td>9,427</td>
<td>675</td>
<td>7,286</td>
<td>976</td>
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<tr>
<td>Condominiums</td>
<td>7,988</td>
<td>11</td>
<td>736</td>
<td>2,146</td>
<td>796</td>
<td>0</td>
<td>241</td>
<td>72</td>
<td>286</td>
<td>2,071</td>
<td>0</td>
<td>1,604</td>
<td>25</td>
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<tr>
<td>Mobile Homes</td>
<td>3,508</td>
<td>251</td>
<td>1,323</td>
<td>656</td>
<td>106</td>
<td>383</td>
<td>193</td>
<td>37</td>
<td>286</td>
<td>1</td>
<td>35</td>
<td>44</td>
<td>193</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Ownership Units</td>
<td>200,336</td>
<td>5,433</td>
<td>20,120</td>
<td>24,473</td>
<td>13,381</td>
<td>4,538</td>
<td>12,556</td>
<td>26,603</td>
<td>14,474</td>
<td>33,770</td>
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<td>24,694</td>
<td>11,289</td>
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<td>Efficiency</td>
<td>1,739</td>
<td>0</td>
<td>30</td>
<td>66</td>
<td>36</td>
<td>31</td>
<td>10</td>
<td>550</td>
<td>46</td>
<td>557</td>
<td>14</td>
<td>377</td>
<td>26</td>
<td></td>
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<td></td>
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<tr>
<td>1-Bedroom</td>
<td>25,774</td>
<td>72</td>
<td>1,387</td>
<td>1,407</td>
<td>740</td>
<td>465</td>
<td>2,152</td>
<td>8,281</td>
<td>605</td>
<td>6,084</td>
<td>670</td>
<td>2,758</td>
<td>1,155</td>
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<tr>
<td>2-Bedrooms</td>
<td>15,737</td>
<td>100</td>
<td>978</td>
<td>1,150</td>
<td>284</td>
<td>255</td>
<td>1,649</td>
<td>4,230</td>
<td>573</td>
<td>3,045</td>
<td>487</td>
<td>1,734</td>
<td>649</td>
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<tr>
<td>3+Bedrooms</td>
<td>12,774</td>
<td>150</td>
<td>761</td>
<td>881</td>
<td>404</td>
<td>168</td>
<td>899</td>
<td>3,985</td>
<td>532</td>
<td>2,616</td>
<td>341</td>
<td>1,431</td>
<td>603</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Total Rental Units</td>
<td>56,024</td>
<td>322</td>
<td>3,156</td>
<td>3,504</td>
<td>1,464</td>
<td>919</td>
<td>4,710</td>
<td>17,046</td>
<td>1,756</td>
<td>12,902</td>
<td>1,512</td>
<td>6,300</td>
<td>2,433</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### SHARE OF UNIT COUNT

<table>
<thead>
<tr>
<th>Housing Type</th>
<th>Lehigh Valley</th>
<th>Northwestern Lehigh</th>
<th>Parkland</th>
<th>East Penn Salisbury</th>
<th>Saucon Valley</th>
<th>Southern Lehigh</th>
<th>Northern Lehigh</th>
<th>Whitehall Coplay</th>
<th>Catasauqua</th>
<th>Allentown</th>
<th>Northampton</th>
<th>Bethlehem</th>
<th>Nazareth</th>
<th>Easton</th>
<th>Wilson</th>
<th>Bangor Pen Argyl</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Family Detached</td>
<td>68.6%</td>
<td>90.1%</td>
<td>75.7%</td>
<td>69.7%</td>
<td>86.0%</td>
<td>75.0%</td>
<td>64.9%</td>
<td>36.1%</td>
<td>77.8%</td>
<td>65.9%</td>
<td>92.1%</td>
<td>63.8%</td>
<td>89.4%</td>
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</tr>
<tr>
<td>Single Family Attached</td>
<td>25.6%</td>
<td>5.1%</td>
<td>14.1%</td>
<td>18.8%</td>
<td>7.3%</td>
<td>16.6%</td>
<td>31.7%</td>
<td>63.5%</td>
<td>18.2%</td>
<td>27.9%</td>
<td>7.5%</td>
<td>29.5%</td>
<td>8.6%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Condominiums</td>
<td>4.0%</td>
<td>0.2%</td>
<td>3.7%</td>
<td>8.8%</td>
<td>5.9%</td>
<td>0.0%</td>
<td>1.9%</td>
<td>0.3%</td>
<td>2.0%</td>
<td>6.1%</td>
<td>0.0%</td>
<td>6.5%</td>
<td>0.2%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mobile Homes</td>
<td>1.8%</td>
<td>4.6%</td>
<td>6.6%</td>
<td>2.7%</td>
<td>0.8%</td>
<td>8.4%</td>
<td>1.5%</td>
<td>0.1%</td>
<td>2.0%</td>
<td>0.0%</td>
<td>0.4%</td>
<td>0.2%</td>
<td>1.7%</td>
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<td></td>
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</tr>
<tr>
<td>Total Ownership Units</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
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<td>100.0%</td>
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<td></td>
</tr>
<tr>
<td>Efficiency</td>
<td>3.1%</td>
<td>0.0%</td>
<td>0.9%</td>
<td>1.9%</td>
<td>2.5%</td>
<td>3.4%</td>
<td>0.2%</td>
<td>3.2%</td>
<td>2.6%</td>
<td>4.3%</td>
<td>1.0%</td>
<td>6.0%</td>
<td>1.1%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1-Bedroom</td>
<td>46.0%</td>
<td>22.3%</td>
<td>44.0%</td>
<td>40.2%</td>
<td>50.5%</td>
<td>50.6%</td>
<td>45.7%</td>
<td>48.6%</td>
<td>34.4%</td>
<td>47.2%</td>
<td>44.3%</td>
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</tr>
<tr>
<td>2-Bedrooms</td>
<td>28.1%</td>
<td>31.1%</td>
<td>31.0%</td>
<td>32.8%</td>
<td>19.4%</td>
<td>27.7%</td>
<td>35.0%</td>
<td>24.8%</td>
<td>32.6%</td>
<td>28.3%</td>
<td>32.2%</td>
<td>27.5%</td>
<td>26.7%</td>
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</tr>
<tr>
<td>3+Bedrooms</td>
<td>22.8%</td>
<td>46.6%</td>
<td>24.1%</td>
<td>25.1%</td>
<td>27.6%</td>
<td>18.3%</td>
<td>19.1%</td>
<td>23.4%</td>
<td>30.3%</td>
<td>20.3%</td>
<td>22.5%</td>
<td>22.7%</td>
<td>24.8%</td>
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</tr>
<tr>
<td>Total Rental Units</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
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<td>100.0%</td>
<td>100.0%</td>
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<td></td>
</tr>
</tbody>
</table>

Sources: Lehigh County, Northampton County, U.S. Census Bureau and RKG Associates, Inc.
Rental Housing Units by Bedroom Count

The U.S. Census identifies approximately 56,000 traditional rental units in the Lehigh Valley as shown in Figure 70.1 One bedroom units constitute the largest share of the total, at 46.0% of the rental supply. This finding is consistent with typical rental housing development patterns. However, almost 23% of the Valley’s traditional rental supply contains three or more bedrooms, which is substantially higher than typical levels (between 5% and 10% of the total). This finding is due, in part, to the prevalence of subsidized housing within the Valley, which contributes almost 1,300 units with three or more bedrooms. Despite this, the private sector also produces a substantial amount of larger rental units, as there are more than 11,400 market rate units with three or more bedrooms. The Allentown and Bethlehem Study Areas contain a majority of the Valley’s traditional rental housing supply. These two study areas account for almost 30,000 of the Valley’s 56,000 traditional rental supply, or almost 54%. The next highest concentration is in the Easton-Wilson Study Area (6,300 units). This finding is consistent with historic development patterns, as Allentown and Bethlehem have a more urban character that is conducive to multifamily development.

Despite the concentration of rental housing, the distribution of traditional rental units by bedroom count is fairly consistent throughout each of the study areas. Most study areas, including the Allentown Area, generally follow the Valley-wide averages by bedroom count. The two notable differences are in the Northwestern Lehigh and Northampton Study Areas, where they have a higher concentration of 3+ bedroom units (46.6% and 30.3%, respectively) than the Valley as a whole. However, the Northwestern Lehigh Study Area has very few traditional

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1 For the purposes of this analysis, traditional rental units are defined as those structures with three or more housing units. While the Census data indicates there is substantial conversion of traditional ownership units for rental in the Lehigh Valley, it is not possible to identify those that have been converted with any accuracy. As a result, traditional ownership units were tracked as potential owner-occupancy in the supply analysis despite their current occupancy level.
rental units, and the distribution of units can be more easily influenced by a few properties.

**Ownership Housing Values**

The Lehigh Valley has concentrations of traditional ownership housing in two distinct price ranges. The highest concentration is for housing units priced for those jobs with the highest incomes in the Lehigh Valley as shown in Figure 71. Approximately 33% of all traditional ownership units are priced above the 120% of AMI affordability threshold. There is a smaller but substantial concentration for those jobs that earn between 50% and 80% of AMI (homes valued between $88,200 and $141,000 for fee simple properties and $70,100 and $123,000 for condominiums with FHA financing). The traditional ownership units available to the households earning at or below 50% of AMI are concentrated in single family attached housing (i.e. townhouses, row homes and duplexes) and mobile homes as shown in Figure 72.

Based on conversations with Lehigh Valley Association of Realtors members, the distinction of “markets” in the Lehigh Valley generally falls between the more established housing stock (built prior to 1990) and the stock built in the past two decades. As it was explained, the construction of Interstate 78 made the Lehigh Valley a more viable residential location for people that worked in northern New Jersey/New York City. These households have a greater ability to pay due to factors such as higher income levels (for commuters) and greater existing home equity (for commuters and retirees). Effectively, this migration established a second market in the Valley. It is important to note this distinction should not be construed as absolute, as there are households that cross over the markets. However, the influence of this paradigm shift is attributed to be one of the two most influential market factors that changed development trends and price points (the well noted easing of lending standards of the early 2000s being the other).
### Figure 71

**Total Housing Units by Affordability Threshold (FHA Mortgage)**

**Lehigh Valley: 2012**

<table>
<thead>
<tr>
<th>FEE SIMPLE HOUSING UNITS</th>
<th>MAX HOUSE PRICE</th>
<th>Lehigh Valley</th>
<th>Northwestern Lehigh</th>
<th>Parkland</th>
<th>East Penn Salisbury</th>
<th>Saucon Valley</th>
<th>Southern Lehigh</th>
<th>Northen Lehigh</th>
<th>Whitehall-Canfield</th>
<th>Catasauqua</th>
<th>Allentown</th>
<th>Northampton</th>
<th>Bethlehem</th>
<th>Nazareth</th>
<th>Easton</th>
<th>Wilson</th>
<th>Bangor</th>
<th>Argyl</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 10% of AMI</td>
<td>$17,900</td>
<td>1,641</td>
<td>120</td>
<td>663</td>
<td>368</td>
<td>59</td>
<td>250</td>
<td>116</td>
<td>44</td>
<td>10</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10% to 30% of AMI</td>
<td>$53,600</td>
<td>3,635</td>
<td>56</td>
<td>552</td>
<td>242</td>
<td>24</td>
<td>111</td>
<td>111</td>
<td>2,086</td>
<td>128</td>
<td>88</td>
<td>23</td>
<td>54</td>
<td>143</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30% to 50% of AMI</td>
<td>$88,200</td>
<td>13,680</td>
<td>93</td>
<td>266</td>
<td>483</td>
<td>65</td>
<td>524</td>
<td>678</td>
<td>7,964</td>
<td>356</td>
<td>2,036</td>
<td>62</td>
<td>890</td>
<td>263</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>50% to 80% of AMI</td>
<td>$141,000</td>
<td>47,667</td>
<td>516</td>
<td>1,837</td>
<td>3,896</td>
<td>1,221</td>
<td>1,342</td>
<td>4,353</td>
<td>11,526</td>
<td>2,934</td>
<td>9,245</td>
<td>1,659</td>
<td>6,570</td>
<td>3,188</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>80% to 100% of AMI</td>
<td>$176,300</td>
<td>33,672</td>
<td>714</td>
<td>2,800</td>
<td>4,195</td>
<td>2,247</td>
<td>891</td>
<td>3,283</td>
<td>2,018</td>
<td>2,364</td>
<td>6,043</td>
<td>1,664</td>
<td>4,049</td>
<td>2,504</td>
<td></td>
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<tr>
<td>100% to 120% of AMI</td>
<td>$211,600</td>
<td>28,534</td>
<td>800</td>
<td>3,017</td>
<td>3,730</td>
<td>2,211</td>
<td>636</td>
<td>1,725</td>
<td>1,057</td>
<td>3,261</td>
<td>5,089</td>
<td>1,658</td>
<td>3,655</td>
<td>1,695</td>
<td></td>
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</tr>
<tr>
<td>Over 120% of AMI</td>
<td></td>
<td>63,496</td>
<td>3,123</td>
<td>10,249</td>
<td>9,413</td>
<td>6,741</td>
<td>784</td>
<td>2,049</td>
<td>936</td>
<td>5,135</td>
<td>9,198</td>
<td>4,537</td>
<td>7,886</td>
<td>3,466</td>
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<tr>
<td>CONDOMINIUM HOUSING UNITS</td>
<td></td>
<td>7,988</td>
<td>11</td>
<td>736</td>
<td>2,146</td>
<td>796</td>
<td>0</td>
<td>241</td>
<td>72</td>
<td>286</td>
<td>2,071</td>
<td>0</td>
<td>1,604</td>
<td>25</td>
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<tr>
<td>Up to 10% of AMI</td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>10% to 30% of AMI</td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>11</td>
<td>0</td>
<td>0</td>
<td>12</td>
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<td>0</td>
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</tr>
<tr>
<td>30% to 50% of AMI</td>
<td>$35,300</td>
<td>44</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>50% to 80% of AMI</td>
<td>$70,100</td>
<td>91</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>30</td>
<td>7</td>
<td>49</td>
<td>0</td>
<td>0</td>
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<tr>
<td>80% to 100% of AMI</td>
<td>$123,000</td>
<td>1,422</td>
<td>0</td>
<td>20</td>
<td>265</td>
<td>213</td>
<td>0</td>
<td>96</td>
<td>19</td>
<td>43</td>
<td>704</td>
<td>0</td>
<td>38</td>
<td>24</td>
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<tr>
<td>100% to 120% of AMI</td>
<td>$158,300</td>
<td>1,863</td>
<td>11</td>
<td>273</td>
<td>502</td>
<td>81</td>
<td>0</td>
<td>4</td>
<td>12</td>
<td>21</td>
<td>532</td>
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<td>227</td>
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<tr>
<td>Over 120% of AMI</td>
<td>$193,600</td>
<td>1,506</td>
<td>0</td>
<td>186</td>
<td>523</td>
<td>67</td>
<td>0</td>
<td>47</td>
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<td>26</td>
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<td>295</td>
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<td>RENTAL HOUSING UNITS</td>
<td></td>
<td>3,252</td>
<td>0</td>
<td>257</td>
<td>856</td>
<td>432</td>
<td>0</td>
<td>94</td>
<td>38</td>
<td>155</td>
<td>467</td>
<td>0</td>
<td>983</td>
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<td></td>
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<tr>
<td>Up to 10% of AMI</td>
<td>$137/MONTH</td>
<td>7,195</td>
<td>0</td>
<td>38</td>
<td>355</td>
<td>128</td>
<td>137</td>
<td>241</td>
<td>2,172</td>
<td>245</td>
<td>2,622</td>
<td>131</td>
<td>924</td>
<td>202</td>
<td></td>
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<tr>
<td>10% to 30% of AMI</td>
<td>$41/MONTH</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30% to 50% of AMI</td>
<td>$685/MONTH</td>
<td>4,202</td>
<td>12</td>
<td>237</td>
<td>206</td>
<td>117</td>
<td>74</td>
<td>330</td>
<td>1,388</td>
<td>85</td>
<td>1,004</td>
<td>97</td>
<td>483</td>
<td>169</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>50% to 80% of AMI</td>
<td>$1,096/MONTH</td>
<td>29,083</td>
<td>161</td>
<td>1,854</td>
<td>1,807</td>
<td>766</td>
<td>476</td>
<td>2,736</td>
<td>8,012</td>
<td>816</td>
<td>6,299</td>
<td>815</td>
<td>3,136</td>
<td>1,305</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>80% to 100% of AMI</td>
<td>$1,370/MONTH</td>
<td>12,053</td>
<td>113</td>
<td>793</td>
<td>865</td>
<td>353</td>
<td>181</td>
<td>1,078</td>
<td>3,577</td>
<td>462</td>
<td>2,329</td>
<td>359</td>
<td>1,358</td>
<td>585</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>100% to 120% of AMI</td>
<td>$1,644/MONTH</td>
<td>3,472</td>
<td>36</td>
<td>233</td>
<td>270</td>
<td>99</td>
<td>51</td>
<td>323</td>
<td>991</td>
<td>147</td>
<td>645</td>
<td>109</td>
<td>397</td>
<td>171</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Over 120% of AMI</td>
<td></td>
<td>19</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>2</td>
<td>6</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Housing Units</td>
<td></td>
<td>256,360</td>
<td>5,755</td>
<td>23,276</td>
<td>27,077</td>
<td>14,945</td>
<td>5,457</td>
<td>17,266</td>
<td>43,649</td>
<td>16,230</td>
<td>46,672</td>
<td>16,517</td>
<td>30,994</td>
<td>13,722</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sources: Lehigh County, Northampton County and RKG Associates, Inc.
The estimated values of traditional ownership units within the Lehigh Valley are consistent with typical suburban development patterns. Single family detached housing is predominantly valued at the highest end of the region’s market. Single family detached housing constitutes a very small portion (10.8%) of all traditional ownership units affordable to persons earning below 30% of AMI, but accounts for no less than 78% by income band of all ownership units priced affordably for households earning above 80% of AMI as shown in Figure 72. In contrast, single family attached housing units account for approximately 28% of units priced at the lowest end and less than 20% by income band of ownership units priced for households earning above 80% of AMI. Almost all of the mobile homes in the Valley are priced affordably to households earning below 30% of AMI. In fact, only 257 of the 3,500 mobile homes are priced above 50% of the AMI threshold.

**Figure 72 - Breakdown of Ownership Housing by Type; FHA Mortgage Assumptions Lehigh Valley; 2012**

Sources: Lehigh County, Northampton County and RKG Associates, Inc.
Figures 73 to 78 detail the breakdown of ownership housing by type by affordability bands for each of the study areas. The figures reveal that study areas generate substantial variations in housing type by affordability threshold depending on which study area is being considered. For example, while mobile homes constitute the largest share of ownership housing affordable at 30% of AMI, this is not the case in the three urban study areas (Allentown, Bethlehem and Easton-Wilson). This finding is consistent with the more urban environment of these study areas. Even within these study areas, there are variations due to development patterns. In Allentown, the most affordable stock is almost exclusively single family attached units as shown in Figure 73. In comparison, the Bethlehem Study Area is about one third single family detached with the remaining single family attached, and the Easton Study Area features all four housing types in this income band. Despite the individual variations at each affordability threshold, the general pattern in housing type remains consistent. There is greater choice (in terms of housing type) at the lower end of affordability and very little choice (almost exclusively single family detached) at the upper end, meaning people with money are demanding very little attached housing.

It should be noted that the variety in choice should not be interpreted as substantial availability. As seen in Figure 71, the concentration of units is at the highest end of earnings (above 100% of AMI) and between 50% and 80% of AMI. The diversity in housing type is relative to the total count for a specific study area by type. Considering quantity and type simultaneously exacerbates the challenge since housing diversity diminishes above 80% of AMI, where more than 132,000 of the 200,336 traditional ownership units are priced.

These findings create some challenges to delivering appropriately priced housing within the Valley. At a base level, persons earning at the highest levels in the Lehigh Valley have little choice in terms of unit type. As a result, households earning higher incomes that do not desire a single family detached house are competing with others for these units or need to “buy below” their ability to pay. When this happens, it removes supply from the market for those households at lower income levels, cascading down to those households with the least ability to pay.
Figure 73 - Breakdown of Ownership Housing by Type by Study Area; Up to 30% of AMI FHA Mortgage Assumptions; 2012

Sources: Lehigh County, Northampton County and RKG Associates, Inc.
Figure 74 - Breakdown of Ownership Housing by Type by Study Area; 30% to 50% of AMI FHA Mortgage Assumptions; 2012

Sources: Lehigh County, Northampton County and RKG Associates, Inc.
Figure 75 - Breakdown of Ownership Housing by Type by Study Area; 50% to 80% of AMI FHA Mortgage Assumptions; 2012

Sources: Lehigh County, Northampton County and RKG Associates, Inc.
Figure 76 - Breakdown of Ownership Housing by Type by Study Area; 80% to 100% of AMI FHA Mortgage Assumptions; 2012

Sources: Lehigh County, Northampton County and RKG Associates, Inc.
Figure 77 - Breakdown of Ownership Housing by Type by Study Area; 100% to 120% of AMI FHA Mortgage Assumptions; 2012

Sources: Lehigh County, Northampton County and RKG Associates, Inc.
Figure 78 - Breakdown of Ownership Housing by Type by Study Area; Over 120% of AMI FHA Mortgage Assumptions; 2012

Sources: Lehigh County, Northampton County and RKG Associates, Inc.
Rental Housing Values

Unlike traditional ownership units, the Lehigh Valley traditional rental housing market (multifamily properties) is concentrated at the lower end of the occupation group income levels. Over 72% of all rental units are affordable to a household earning below 80% of AMI, with 52% priced for households that fall within 50% to 80% of AMI. However, the data indicates there are no market rate rental units priced for households earning below 30% of AMI. From Figure 71, only subsidized housing units (7,195 in total) are available to these households. The U.S. Census’ Comprehensive Housing Affordability Strategy (CHAS) data corroborates these findings, as 2010 CHAS data for the Lehigh Valley shows almost no vacancy below 30% of AMI and a high incidence of cost burdening for units priced to 50% of AMI. Conversely, there are few traditional rental units priced appropriately for households earning above the area median income. As seen in Figure 71, approximately 3,500 of the 56,024 traditional rental units are priced above the AMI rent threshold for a two-person household ($1,370 per month). Less than 0.1% of units are priced for households earning above 120% of AMI.

From Figure 79, the breakdown of rental pricing by bedroom count is consistent with national averages. In general, the larger units (from a bedroom count perspective), have higher asking monthly rents. The subsidized housing available in the Lehigh Valley provides some variety of units (subsidized units represent 100% of those priced affordable to households earning below 30% of AMI), with slightly less than 40% being 2- or 3+ bedroom units. However, market rate housing provides much less variety at the lowest and highest ends. Units priced between 30% and 50% of AMI are almost exclusively efficiencies or 1-bedroom units. There is some variety between 50% and 100% of AMI, but very few 1-bedroom or efficiency units exist that are priced for households earning above 100% of AMI.
The variation in rental housing breakdown between the affordability analysis study areas and the Valley as a whole is less pronounced than detailed in the ownership assessment. While there are some minor differences in these areas, the trends generally follow those of the regional market, with the variety of unit sizes declining as monthly rent costs increase. The market share for efficiency and 1-bedroom units declines to almost zero above the 100% of AMI price threshold.

It is important to restate that the number of units priced at the higher end and the variety of those units by bedroom type substantially decline. Less than 20 units were identified as being priced above 120% of AMI. These findings indicate that persons (or households) with higher incomes have very little choice to find an apartment that allows them to maximize their ability to pay. Even when they can find those units, they are forced into a larger unit regardless of their space needs. As a result, these persons are forced into three options: 1) rent a unit that does not allow them to maximize their ability to pay, 2) rent a unit that maximizes their ability to pay, but not necessarily fits their space need, or 3) find a traditional ownership unit in that price point to rent. In any of these scenarios, it places additional pressure on the market that adversely impacts other households seeking suitably sized and priced housing in the Valley. Regarding the issue of an individual or household maximizing their ability to pay, the analysis is based on the assumption that people will spend what they can reasonably afford to live in the nicest home or apartment that meets their needs. If there are no homes or apartments priced at their affordability level, they will pay less for the next best unit. These assumptions will be revisited in the discussion of results.
The downward pressure in the rental market is more harmful than the homeownership market because households at the lowest income levels tend to have the greatest barriers to homeownership (i.e. credit history, available down payment, etc.). If a lower income worker is creditworthy and has sufficient resources for a down payment, that individual retains the opportunity to buy or rent a property. Individuals without the credit history or down payment are limited to renting. As a result, there is little option for the latter other than paying for housing above the HUD defined threshold (becoming cost burdened) or find housing outside the Valley. The lack of market rate 2- and 3+ bedroom units priced below 80% of AMI exacerbates the challenge for modest income families that must rent.

The lack of availability and choice at the high end of the rental housing market could impact the attractiveness of the Lehigh Valley for persons who work here and/or potential new hires to companies that exist or are being recruited to the Valley. It is well documented that housing preference is shifting away from traditional homeownership suburban development towards more compact, pedestrian-oriented development. The economic downturn and its impacts on the local, regional and national housing markets have accelerated these shifts by necessity as much as preference. To these points, having insufficient options for housing, particularly rental housing that would appeal to younger and more mobile persons, could impact whether local workers remain living here or whether companies can be successful at recruiting new talent. In both cases, the lack of diversity could adversely impact the local jobs-housing balance.
HOUSING AFFORDABILITY ANALYSIS

This section details the supply-demand comparison for the housing affordability analysis. RKG Associates compared existing households’ ability to pay for housing against the relative cost of the housing that exists in the Valley. Areas where demand exceeds supply are considered to have a shortage of housing. Conversely, areas where supply exceeds demand are considered to have a surplus. It is important to note that having shortages or surpluses is not bad or good on its face value. Rather, the findings of the analysis have to be considered cumulatively to identify opportunities and challenges in promoting appropriate housing affordability.

The data presented in this section reflects the version of the analysis in which RKG used FHA mortgage assumptions, which simplifies the narrative for the reader (rather than going through multiple scenarios). While there is no way to model the purchasing/leasing habits of approximately 250,000 individual households, the FHA financing scenario reflects a more conservative result, as purchasing power is less for households without the minimum down payment. To this point, the results discussed in this section reflect a more realistic picture of supply and demand, particularly for lower income households.

Lehigh Valley Totals

The Lehigh Valley has a surplus of housing units. There are approximately 10,800 more housing units than households within the Valley. This finding is consistent with regional vacancy rates. In fact, not having a surplus of housing is considered unhealthy for a market, as it restricts access and mobility of households. However, the balance of housing supply and ability to pay is not linear. As seen in Figure 80, the existing housing within the Lehigh Valley does not correspond with existing households’ ability to pay. Households below 50% AMI and above 120% AMI are underserved (shortage), while households earning between 50% and 120% of AMI are over served (surplus).

While modestly priced ownership housing and subsidized rental units can accommodate market demand for the lowest income households (under 10% of AMI), there is a net shortage of over 32,000 housing units for those households earning between 10% and 50% of AMI. The cumulative gap for households earning below 30% of AMI, the most susceptible to rental cost burdening, is over 19,300 alone. Interestingly, households earning over 120% of AMI are also underserved by more than 31,000 housing units.
It is important to note that it is unreasonable for the Lehigh Valley communities to actively pursue all existing unmet demand. At a base level, that would create a substantial vacancy within the Valley. More specifically, there are reasons other than ability to pay that influence housing choice. To these points, the housing affordability analysis is more valuable as a tool to identify areas of specific need and opportunity. The following summary of findings is framed in this context.

**Figure 80**

**Housing Affordability Analysis; FHA Financing Lehigh Valley; 2012**

<table>
<thead>
<tr>
<th>Income Level</th>
<th>Demand</th>
<th>Supply</th>
<th>Surplus/ (Shortage)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Maximum Income Level</td>
<td>Total Demand</td>
<td>Fee Simple Units</td>
</tr>
<tr>
<td>Up to 10% of AMI</td>
<td>$5,870</td>
<td>7,746</td>
<td>1,641</td>
</tr>
<tr>
<td>10% to 30% of AMI</td>
<td>$17,610</td>
<td>24,069</td>
<td>3,635</td>
</tr>
<tr>
<td>30% to 50% of AMI</td>
<td>$29,350</td>
<td>29,019</td>
<td>13,680</td>
</tr>
<tr>
<td>50% to 80% of AMI</td>
<td>$46,960</td>
<td>40,873</td>
<td>47,687</td>
</tr>
<tr>
<td>80% to 100% of AMI</td>
<td>$58,700</td>
<td>23,623</td>
<td>33,672</td>
</tr>
<tr>
<td>100% to 120% of AMI</td>
<td>$70,440</td>
<td>21,950</td>
<td>28,534</td>
</tr>
<tr>
<td>Over 120% of AMI</td>
<td>NC</td>
<td>98,312</td>
<td>63,499</td>
</tr>
<tr>
<td>Totals</td>
<td>NC</td>
<td>245,592</td>
<td>192,348</td>
</tr>
</tbody>
</table>

Source: RKG Associates, Inc.
The most vulnerable Lehigh Valley residents are the least served – The data indicates a theoretical surplus for households earning below 10% of AMI. This is mostly due to the 7,195 subsidized rental housing units in the Valley. Unfortunately, households earning below 30% of AMI also qualify for, and need, those units. In reality, the 12,495 housing units priced to this market are not sufficient to meet the need. RKG recognizes that a portion of these households may be retirees living on fixed incomes. However, the housing profile analysis and interviews with affordable housing developers and advocates indicate the need is greater than the supply. The effects of this situation are captured in the Census’ CHAS data, which indicates that 75% of renter households earning below 50% of AMI are cost burdened.

Households purchasing below their ability to pay at the highest end – It is common for households not to maximize their ability to pay. Even households that maximize their ability to pay at a given point will likely experience an increase in wages that allow for a greater housing cost, but oftentimes will not reallocate those wages to take advantage of that new income. That said, the apparent mismatch between income levels in the Valley and pricing of housing indicates that there either is insufficient choice for households seeking higher end housing or these households are simply choosing not to maximize their ability to pay, or both. In situations where households have high end incomes working in the New York/New Jersey or Philadelphia markets, they likely choose to pay somewhat less for housing than they could afford, in part, with a trade-off in higher cost commutes. The bottom line is that removing that stock from the next affordability threshold group only passes the burden of finding suitable housing onto those households. Ultimately, not having suitable housing for households at all income levels creates greater shortages for lower income households.

The lack of choice within the income thresholds compounds the challenges to finding suitable housing – As noted in this analysis, the apparent shortage of housing at either end of the income spectrum is one challenge for the Valley. The other is the lack of variety of housing at these levels. Most notably, the Lehigh Valley does not have many larger market rate rental units for modest income households (2- and 3+ bedroom units). Almost all of the affordable, larger rental housing stock is subsidized housing. Unfortunately, there is not enough subsidized housing for all households that qualify. Even if there were, this housing is not available to households that do not meet the income qualification but cannot afford rents above $1,000 per month. Likewise, the lack of diversity above 120% of AMI means households seeking alternatives to single family detached housing must buy below their ability to pay or consume housing that does not meet their preferences.
Study Areas

As noted throughout this chapter, the supply and demand characteristics of the study areas in the Lehigh Valley as a whole are not vastly divergent. The most notable difference is at the lowest end, where concentrations of mobile homes (in the more suburban study areas) and the presence of subsidized housing influence the balance of supply and demand. That said, there are unique characteristics and findings from the school district-based housing study areas that should be considered when establishing strategies for different areas of the Valley. The following narrative details these findings.

- **The unmet demand for housing below 50% of AMI is universal** – The need for additional housing at the lowest end exists in all 12 study areas. Households earning below 30% of AMI are underserved in all 12 study areas. The Northern Lehigh Study Area has the greatest balance, with a net shortage of only 137 units. The three urban core study areas have the greatest need despite also having the greatest supply. Allentown, Bethlehem and Easton-Wilson account for two-thirds of the unmet demand within the Valley. This finding indicates that having the highest supply has disproportionately attracted households with limited resources. As noted in the jobs-housing balance, the concentration of employment in these areas also factors into these decisions, as this proximity sometimes relieves the cost of owning a car. There is a shortage of housing for households that earn 30% to 50% of AMI in 11 of the 12 study areas as well, with Allentown being the exception. Regardless of the magnitude, this finding indicates that having a greater housing supply priced appropriately to the lower income groups is a challenge that transcends the Valley, not just one or two specific locations.

- **Unmet demand at the highest end is almost universal** – The analysis reveals that all but one study area has a shortage of housing priced affordably for households earning above 120% of AMI. The Saucon Valley-Southern Lehigh Study Area has a net surplus of eight units. As discussed above, the lack of sufficient higher end housing, particularly greater choice of housing at the higher end, combined with households simply choosing not to maximize their ability to pay, adversely impacts less affluent households below. The range of need varies by study area, but is highest in the urban study areas and study areas immediately surrounding the City of Allentown. Allentown (8,084 units), Bethlehem (7,327 units), Whitehall-Coplay-Catasauqua (3,792 units), Easton-Wilson (3,476 units) and East Penn-Salisbury (2,844 units) constitute approximately 80% of the unmet demand in this affordability threshold. The data indicates that the urban
and inner suburban neighborhoods need additional high end housing in addition to more modest priced units.

- **Solving the problems for the more affluent doesn’t solve the problems for the less affluent** – On the surface, the data may indicate that building more high end housing will vacate housing at the lower end, thus addressing the market needs. This is a dangerous, and incorrect, conclusion to draw. While relieving demand at the higher end will alter the supply-demand equilibrium in the lower threshold groupings, it will not make enough of a change to sufficiently “devalue” existing homes to levels that address the market’s need. The data does indicate that all Valley jurisdictions have unmet need at the lowest end, and this need almost certainly will require public/private partnerships to be addressed. Simply put, the market will not sustain the development costs to price housing at or below 50% of AMI price points.

- **Solutions will need to vary by study area (and community)** – Although the needs are similar for each study area, the potential solutions most likely will differ. The housing profile section and RKG Associates’ extensive outreach within the Lehigh Valley community reveal that there will need to be a variety of options and alternatives presented to engage the LVPC’s member communities. For example, increased density can reduce housing costs by spreading fixed land and development expenses over a greater number of dwellings. However, the extent that increased density is realistic varies from community to community. To this point, higher density may translate into townhouses in some areas and apartments/condos in others. There are other factors that are considered and discussed further in the strategic plan as well.

**HOUSING PRICE PER SQUARE FOOTAGE**

The affordability analysis of the current housing units in the Lehigh Valley for existing households does not account for the condition of those housing units. While a traditional ownership unit may be priced appropriately, the condition of the unit may limit the use and desirability of the unit long-term. To better understand the condition of the traditional ownership units in the Lehigh Valley, RKG Associates used the assessed building value per square foot as a proxy for condition given the correlation between the assessed value of an ownership unit and the property’s condition. The assessed building value per square foot was compared to the average value per square foot for the Lehigh Valley for the same property type. These two values were then compared and each traditional ownership unit was assigned a category based on its percentage of the Lehigh Valley average. For instance, if a single family detached housing unit had an assessed building value per square foot of $30.00, it was approximately 30% of the Lehigh Valley average and was placed within the 25% to 50% of average value category. The smaller the percentage of the Lehigh Valley average the housing unit is, the more likely the unit will be in deteriorated condition. To further understand
the impact of condition on housing affordability, the value per square foot comparison was made for the housing units within each income group (30% of AMI or less, 30% to 50% of AMI, 50% to 80% of AMI, 80% to 100% of AMI and more than 100% of AMI). Figure 81 shows the Lehigh Valley average assessed building value and the associated condition categories.

Figure 81

<table>
<thead>
<tr>
<th>Traditional Ownership Unit Condition Classifications</th>
<th>Maximum Average Value/Square Foot</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Under 25% of Average Value</td>
</tr>
<tr>
<td>Single Family Detached</td>
<td>$25.22</td>
</tr>
<tr>
<td>Single Family Attached</td>
<td>$16.43</td>
</tr>
<tr>
<td>Condominium</td>
<td>$25.14</td>
</tr>
</tbody>
</table>

Source: RKG Associates, Inc.

The analysis of traditional ownership unit condition across the Lehigh Valley shows that the condition of the housing stock generally improves as the household income increases, as seen in Figure 82. More than half of all ownership units affordable to households below 50% of AMI in the Lehigh Valley are in poor condition and have a value per square foot under 50% of the Valley average of $100.89 per square foot for single family detached units, $65.71 per square foot for single family attached units and $100.57 per square foot for condominiums.

For households earning between 50% and 80% of AMI in the Valley, the largest concentration of housing stock is at 75% of the average value or higher, indicating a significantly improved condition over the lower income housing stock. For households earning above 100% of AMI, almost all of the units have at least 75% of the per square foot average value, with the majority of units above 100% of the per square foot value.

At a local level, the Allentown Study Area has the greatest share of its housing at prices that are at the maximum level of affordability for households earning from 10% to 80% of AMI. Similarly, the Bethlehem Study Area has the greatest share of its housing that is priced at the maximum level of affordability for households earning between 30% and 100% of AMI. These two study areas have concentrations of fee simple ownership units, single family attached or detached housing, that make up the largest number of units at these thresholds. Therefore,
given the prevalence of poor condition units for households earning below 50% of AMI, these more urban study areas have the greatest number of poor condition houses for these income groups when compared to the other ten study areas. It is understood that the above analysis can’t yield a perfect assessment of housing condition. Other factors, like housing location, significantly affect housing cost and skew the results. The analysis yields a general sense, however, of how housing condition relates to income bands across the Valley.

**FUTURE HOUSING DEMAND GROWTH**

As seen in Chapter 5, development activity for traditional residential ownership units slowed over the last decade. Between 2011 and 2013, 720 single family detached units, 185 single family attached units, no condominiums and 394 apartments were approved for development. Except for single family detached units, this represents a decline from the 2008 to 2010 period when 679 single family detached units, 861 single family attached units, 102 condominiums and 545 apartments were approved. The activity for both these periods is substantially less than the 2005 to 2007 period, with 3,991, 3,191, 601 and 1,321 units approved for single family detached, attached, condominiums and apartments, respectively. According to the March 2014 LVPC Annual Subdivision and Building Activity Report, 2013 proposed and approved residential development for the Lehigh Valley is as follows:

- **Proposed Residential Development**
  - Single Family Detached – 351 Units
  - Single Family Attached – 165 Units
  - Condominiums – 0 Units
  - Apartments – 1,493 Units

- **Approved Residential Development**
  - Single Family Detached – 360 Units
  - Single Family Attached – 98 Units
  - Condominiums – 0 Units
  - Apartments – 341 Units

While the above list is not exhaustive, it represents most of the residential development in the Lehigh Valley. From a traditional ownership perspective, approved residential developments suggest that similar if not slightly greater development activity will occur in the next year if these approved developments are built within the year. Proposed developments reflect a similar number of units for single family and condominium development as those approved for 2013. In either case, based on this data, the number of units to be developed in the near future in the Lehigh Valley is minimal and does not reflect a substantial increase in activity, certainly not reaching the levels seen prior to 2008. Conversely, approved and proposed

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apartment developments suggest that there may be an increase in activity in rental residential unit development over the next few years.

**REDEVELOPMENT IMPACTS ON FUTURE HOUSING DEMAND**

Redevelopment and new development will both need to occur in order to meet the growing demand for housing over the next three decades. Redevelopment is most likely to occur in the urban areas of the Lehigh Valley on properties with high densities or to those in poor condition. In these situations, redevelopment can often limit housing options for households with low incomes as housing previously affordable is replaced with newer, higher priced housing stock through conversion and demolition.

The analysis of housing affordability in the Lehigh Valley indicates that households most in need of additional housing choices are those earning less than 50% of AMI and those earning more than 120% of AMI. While households earning higher incomes can afford market rate housing, especially those units developed on existing medium to low density suburban and rural vacant parcels, those earning less than 50% of AMI (very low to extremely low income households) will be cost burdened to do so. Currently, most housing in the Lehigh Valley is priced at a level that is affordable for households earning between 50% and 120% of AMI as shown in Figure 80. Therefore, households earning less than 50% of AMI will find it difficult to afford housing that will most likely be developed on urban, high density parcels.

Similarly, the analysis of housing condition in the Lehigh Valley reveals that there is a correlation between the condition of the housing stock and the household income level. The lower the household income, the greater the number of poor condition homes within the affordable housing stock. Redevelopment of poor condition properties often leads to the replacement of lower value units with market rate units. Here, too, households earning less than 50% of AMI will find that the housing stock previously affordable to them is now valued above their threshold.

Therefore, redevelopment efforts that typically include conversion and demolition or other new construction efforts are more likely to add to the existing over-supply of market rate housing while eliminating housing that was previously affordable for the lowest income households. To meet the housing needs of these households in the Lehigh Valley, subsidies or incentives will be needed to ensure that new development and redevelopment do not leave this portion of the population that has the greatest need with the fewest options.
Chapter 7
Jobs-Housing Balance
INTRODUCTION

The purpose of a jobs-housing balance analysis is to determine if an adequate supply of suitably priced housing exists to support the jobs base of a given area when compared to the wage rates of those jobs. In other words, are the wages offered at area businesses in balance with real estate costs of ownership and rental housing in proximity to those businesses?

If there is balance, it means that workers could choose to live near where they work. Shorter commutes translate into less time and expense for work travel and provide more travel options. If there is not balance, it means longer commutes are necessary with some workers required to look outside the Lehigh Valley for housing. From either a local or regional perspective, the jobs-housing analysis can integrate objectives and actions related to housing, land use, transportation and infrastructure systems in a more comprehensive manner that allows decision-makers to consider how all of these factors work together to create more jobs and economic opportunities.

The primary objectives of this analysis are as follows:

- Identify job centers within the Lehigh Valley for comparison to corresponding housing supply areas;
- Determine if the wages paid within these job centers are adequate to support the cost of purchasing or renting housing within a desirable commuting time/distance;
- Identify at which income levels housing shortages may exist within these housing supply areas;
- Identify regulatory and market conditions that may be contributing to supply side issues and recommend actions to address these conditions; and
- Provide policy recommendations as to how the Valley can incorporate the findings of this analysis into its strategic planning efforts regarding land use, housing and infrastructure improvement.
The “live/work” decision can greatly impact household earning potential, monthly housing costs, school choices and general quality of life. Accordingly, the locational relationship between jobs and housing is not defined by municipal boundaries, but rather the distance relationship between employment centers and affordably priced housing, along with a variety of other factors including personal choice. People do not always let commuting distances dictate where they live. People with financial means have considerably greater housing choices and may often live farther away from their job if they can reduce their housing costs, place their children in a better school system or meet some other personal objective. Conversely, people of lesser financial means have more limited jobs-housing choice and the work commute decision may be based on walking or biking distance or transit availability if a personal vehicle isn’t available. Furthermore, competition for affordable housing for working households is not only internal; these households must compete with
those households that seek residence in that area but do not
work (i.e. retiree households). Therefore, the findings and
conclusions presented in this analysis must be considered with
these realities in mind. The methodology and approach used
to conduct this analysis is based on what might be termed an
“optimum geographic relationship” between job and housing
locations.

It is important to emphasize that other factors besides price
influence individuals’ housing decisions. The LVPC recognizes
that many persons working in the Lehigh Valley will continue
to choose to live away from their job (either elsewhere inside
or outside the Valley) even if price appropriate housing is
available. The jobs-housing balance analysis will identify, by
income and geography, where workers do not have sufficient
housing choices. The results can inform policy judgments
regarding efforts needed to accommodate these workers by
enhancing housing opportunity.

**BENEFITS OF JOBS-HOUSING BALANCE**

The jobs-housing balance analysis complements the housing
profile and housing affordability analyses presented in the
last two chapters by offering a different perspective on
housing need, location, suitability and opportunities. At a
basic level, the jobs-housing balance analysis focuses on a
unique geographic area from the other analyses using the
region’s existing employment centers. Other characteristics
of this study augment previous findings and influence the
recommended outcomes of this effort.

The jobs-housing balance analysis provides insight into a
number of community quality-of-life issues that go beyond
housing affordability and supply. Because a jobs-housing
balance analysis focuses on the relationship between jobs
(regardless of where workers currently reside) and housing
(located within a preferred distance of those jobs), it can
identify potential challenges and solutions to changes in
commuting patterns/time, increased use/value of non-
automobile transit systems, or strategies to attract new
housing development and jobs in certain areas. This analysis
addresses:

- **Income(price comparisons for local workers** –
  Identifying potential areas/income levels where existing
  housing supply cannot accommodate the Valley’s labor
  force

- **Housing type assessments by price point** –
  Revealing housing choice within each income grouping
  by type (i.e. single family), tenure (ownership vs. renter)
  and size (rental units by bedroom count)

- **Access and transportation efficiency** – Analyzing the
  supply/demand equilibrium along the Valley’s LANta
  system bus routes

It is important to understand that both the housing affordability
analysis detailed in Chapter 6 and the jobs-housing balance
analysis focus on all market supply and demand levels, not just
those households at or below 100% of area median income
(AMI) levels. Within this portion of the Regional Housing Plan,
the LVPC has sought to understand the needs of all workers
in the Valley, from the lowest wage occupations to the highest.
To this end, all workers in the Valley can be affected by an
imbalance of housing. For example, a lack of housing choice at
the highest end of the working spectrum would limit the choice
of those workers to either: a) live elsewhere and commute
to work, or b) acquire housing that does not maximize their
ability to pay. In both cases, all Valley workers and residents
are impacted. If the person chooses to live away from his/
her job, it creates additional congestion on the Valley’s road
network. If the worker opts to “buy down,” it reduces the
supply/demand equilibrium for the workers who cannot price
compete because of lower salaries. As noted with the housing affordability analysis, the numeric analysis conducted for the jobs-housing balance is based on equating wages to the maximum mortgage or rent affordable for that wage to find any imbalances. In the market, however, people do not always buy or rent the most expensive housing they can afford. Therefore, the numbers must be viewed with the market realities to establish policy moving forward.

That said, those workers at the highest end have choices. Workers at the lowest end may not. To this point, the jobs-housing balance provides insight into the potential challenges persons working at the most modest income jobs face when wanting to live close to their jobs. In these cases, the inconvenience of the commute (and being subject to traffic congestion) is not the only “cost” for these persons. Increased travel distance can require them to own and maintain a vehicle and/or incur higher operating costs (i.e. more gas, more frequent maintenance) for their vehicle, resulting in a decrease in ‘take home’ wages. Given the growing cost of automobile ownership and fuel prices, the impact of a long commute can be substantial for these occupational groups.¹

The jobs-housing balance exposes locations and price points where the demand for housing exceeds the supply, forcing those workers to seek housing elsewhere, consume housing below their ability to pay, or consume housing above their ability to pay based on the U.S. Housing and Urban Development (HUD) cost burdened thresholds. In each of these three choices, there are direct, measurable impacts that improving the balance of housing and income can address:

- **People living closer to work** – Providing access to price-appropriate housing close to the job can reduce commuting time (increasing leisure time), reduce commuting costs (increasing net compensation), reduce traffic congestion, and reduce automobile emissions.

- **Consuming less housing below the ability to pay** – Having fewer workers consuming housing below their ability to pay can increase the supply available to workers/households with less financial means and reduce housing price stress in the market.

- **Reducing cost burdened households** – Acquiring housing above the recommended HUD cost burdened threshold can create higher incidents of foreclosure/housing stress, can impel deferred/insufficient maintenance, can cause accelerated maintenance issues and reduce ability to consume goods and services. Reducing the number of households in this circumstance can lessen the negative stressors on individuals and society.

¹ The jobs-housing balance focuses on working households with employment in the Valley. While non-working households are counted in the demand numbers, the assessment does not focus on supply/demand equilibrium for these households. That assessment is addressed as part of the affordability analysis presented in Chapter 6.
The many ways of measuring jobs-housing balance are evident from a review of previously conducted studies in other parts of the country that used several alternative approaches to provide some proportional measures or desired ratios of jobs to housing units. For the most part, these analyses have used existing political boundaries such as towns or counties to define the job centers and/or housing support areas. However, while people and businesses do make location decisions based on political boundaries, regional growth and development patterns often cross political boundaries in a way that blurs their significance. For example, the dynamic regional employment growth occurring in the northern and western suburbs of Philadelphia is perhaps less a function of the planning exploits of individual communities and more the result of having Interstate 476 and the Pennsylvania Turnpike running through the region. With this perspective as a starting point, this report defines the job centers and housing support areas on the realities of infrastructure and land use with the goal of formulating results that can more readily promote sustainable planning. Ultimately, five job centers, along with their corresponding housing support areas, were defined for this analysis along with three study areas defined by LANta bus routes.
In conjunction with defining the geographic parameters of this analysis, suitable data sources also had to be selected, compiled and integrated in a manner that would yield realistic results upon which to base future decision-making. There are four main categories of data that were integrated in creating the analysis: 1) local area job counts, 2) wage rates applicable to area job occupations, 3) the cost/value to purchase for-sale housing in the Valley, and 4) monthly lease rates for the region’s rental housing supply.

**Job Count Data**

Local area employment totals by industry sector were obtained from the U.S. Census Bureau’s ‘On The Map’ application, which provides access to the Longitudinal Employer-Household Dynamics (LEHD) data. The LEHD data is a collaborative effort between the U.S. Census Bureau and the U.S. Bureau of Labor Statistics (BLS) to provide employment information at a very small level of geography—the census block. Access to employment information parsed to such a refined level allows it to be re-aggregated for nearly any geographic area of analysis. This made it possible to gather employment data for job center areas defined for this analysis that did not correspond to typical political boundaries.

The employment data represents covered employment information gathered as part of the Unemployment Insurance (UI) program. Therefore, some jobs are excluded that are not part of the UI including self-employed and those in the military. Data used in the model was from 2010, and it is classified based on the two digit North American Industry Classification System (NAICS) in 20 categories as listed in Figure 83.

**Figure 83**

<table>
<thead>
<tr>
<th>NAICS Industry Sectors</th>
<th>SOC Occupation Groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accommodation/Food Services</td>
<td>Computer, Engineering, and Science</td>
</tr>
<tr>
<td>Administration</td>
<td>Construction and Extraction</td>
</tr>
<tr>
<td>Agriculture</td>
<td>Education, Legal, Community Service, Arts</td>
</tr>
<tr>
<td>Arts, Entertainment, and Rec</td>
<td>Farming, Fishing, and Forestry</td>
</tr>
<tr>
<td>Construction</td>
<td>Healthcare Practitioners and Technical</td>
</tr>
<tr>
<td>Educational Services</td>
<td>Installation, Maintenance, and Repair</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>Management, Business, and Financial</td>
</tr>
<tr>
<td>Health Care and Social Assistance</td>
<td>Office and Administrative Support</td>
</tr>
<tr>
<td>Information</td>
<td>Other Services</td>
</tr>
<tr>
<td>Management of Companies</td>
<td>Production</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>Protective Service</td>
</tr>
<tr>
<td>Mining</td>
<td>Sales and Related</td>
</tr>
<tr>
<td>Other Services</td>
<td>Transportation and Material Moving</td>
</tr>
<tr>
<td>Professional, Scientific, Tech</td>
<td></td>
</tr>
<tr>
<td>Public Administration</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td></td>
</tr>
<tr>
<td>Retail Trade</td>
<td></td>
</tr>
<tr>
<td>Transportation/Warehousing</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td></td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td></td>
</tr>
</tbody>
</table>

Self-employed workers account for a significant and growing portion of total employment, therefore employment counts must be adjusted upwards to account for these additional workers. The IRS provides a total number of returns filed for nonfarm sole proprietorships (based on 2010 returns), grouped by the standard NAICS industry categories. This data allows for a reasonable estimate of self-employed workers in the study area by apportioning the number of self-employed jobs per NAICS industry...
category as a share of total employment. These totals are added to the local employment base data previously obtained. This adjusted pool of industry employment data can then be classified by Standard Occupational Classification (SOC) as described in the next section.

Part-time employment was not considered for this analysis, as it was assumed those jobs are not the primary employment for the head of household. While this case may be shifting in the future, it was determined that including part-time jobs would skew the findings of the jobs-housing balance analysis by overestimating household earnings at the lowest levels. Military employment was not considered either, given the Lehigh Valley does not have a large military presence.

**Occupational Jobs**

The jobs information needed to be converted into occupational groups to apply a wage/income level to each job for comparison to housing costs. Neither LEHD nor NAICS provides such a direct conversion. Therefore, estimates were made of the job occupations in each of the 20 industry sectors, based on the Lehigh Valley BLS Standard Occupational Classification (SOC) distribution for each respective industry. The SOC defines hundreds of job categories from generalized to very detailed, and provides, based on national averages, the occupational mix of jobs in each industry sector. For example, for an industry in the Manufacturing sector with 100 employees, the SOC data can be used to estimate how many of the total are management, office workers, maintenance personnel, truck drivers, etc. This information can then be used to estimate wages/income for all businesses in a job center. Although the SOC estimates may not be an exact representation of the distribution of occupations by industry in the Lehigh Valley, they are considered to provide a reasonable surrogate and the best available data for this methodology.

Thirteen (13) occupational groups were chosen from the SOC data to make reasonable income categories to evaluate housing. Figure 83 shows the industry sectors and the occupations. It is important to note these groupings were based on income similarities, and not on job-related data (i.e. white- versus blue-collar or occupation type).
**Occupational Wage Rates**

Wage data used in the analysis comes from the annual Occupational Employment Statistics Survey for 2010 in the Lehigh Valley area compiled by the Pennsylvania Department of Labor & Industry. This data was then adjusted to year 2012, based on the Consumer Price Index (CPI) rates, to provide a more accurate comparison to housing costs, which were also based in year 2012. Ultimately, a median wage rate for each of the 13 occupational groups was established for comparison to area housing costs.

In an effort to simulate actual market conditions, RKG Associates had to make assumptions about the impact of multiple-income households. It is not correct to assume all households are single-income. To this point, this report also considers the potential that some households would have more than one wage earner and more potential income to use towards housing costs. Based on a comparison of total workers (including self-employed workers) to all households in the Lehigh Valley, it was estimated that each household has, on average, 1.17 workers. This measure was applied for the primary analysis. RKG also calculated the ratio of total workers to the households identified as having at least one worker. When zero-worker households were removed, the ratio of workers per household increased to 1.40. RKG Associates applied the fraction of a worker to the overall median wage rate for the Lehigh Valley to proxy the additional spending potential for each of the 13 occupational groups. Therefore, the income analysis was evaluated for single-income plus both 1.17 and 1.40 workers per household to help evaluate the spectrum of market possibilities. Figure 84 shows the single-income median wage by occupation. For the 1.17 and 1.40 workers per household, $5,634 and $14,086, respectively, would be added to the single incomes.

Note that this analysis based on median wage per occupation clearly is different than the wage structure for the housing affordability analysis in Chapter 6 based on actual household incomes. An actual wage is not available for each job so the median is applied. This key point will be revisited in the discussion of results.
For-Sale Housing Costs and Housing Supply

A number of data sources can effectively measure the cost of for-sale housing (which includes single family detached, single family attached, mobile homes, and condominiums) in the Valley. However, only the property assessment records provide the opportunity to examine the value of every residential property by housing type. Therefore, assessment data for Lehigh and Northampton counties was used to estimate the supply of for-sale housing units that were affordable at each of the occupational groups noted previously. Lehigh County completed a property revaluation in 2012, meaning that values in the database should represent 100% of market value, and thus, reflect potential purchase prices. However, Northampton County has not updated its assessment values recently and do not reflect current market values. Therefore, a sale-to-assessed value analysis was conducted for properties in this county based on recent sales for 2009-2011. The differential in sale values to assessed values was used to adjust the assessed values in the property assessment records to estimate a current market value for use in the analysis.

### Figure 84

**Single-Income Median Annual Wage by Occupation 2012 CPI Adjusted**

<table>
<thead>
<tr>
<th>Occupation Group</th>
<th>Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Services</td>
<td>$22,600</td>
</tr>
<tr>
<td>Farming, Fishing, and Forestry</td>
<td>$25,588</td>
</tr>
<tr>
<td>Sales and Related</td>
<td>$26,250</td>
</tr>
<tr>
<td>Transportation and Material Moving</td>
<td>$31,147</td>
</tr>
<tr>
<td>Office and Administrative Support</td>
<td>$31,953</td>
</tr>
<tr>
<td>Production</td>
<td>$34,747</td>
</tr>
<tr>
<td>Protective Service</td>
<td>$35,736</td>
</tr>
<tr>
<td>Installation, Maintenance, and Repair</td>
<td>$44,141</td>
</tr>
<tr>
<td>Construction and Extraction</td>
<td>$44,801</td>
</tr>
<tr>
<td>Education, Legal, Community Service, Arts</td>
<td>$50,607</td>
</tr>
<tr>
<td>Healthcare Practitioners and Technical</td>
<td>$62,777</td>
</tr>
<tr>
<td>Computer, Engineering, and Science</td>
<td>$67,604</td>
</tr>
<tr>
<td>Management, Business, and Financial</td>
<td>$77,111</td>
</tr>
</tbody>
</table>

Although other types of residential units, such as duplexes, may also be owner-occupied, they represent an extremely small percentage of ownership units and did not have reliable sales and value data to establish credible market values. To this end, duplexes were apportioned based on the value breakdown for single family attached units.

A combination of HUD requirements and current local banking requirements to qualify for a home loan determined affordability for for-sale housing. Since it is not possible to determine whether each household would qualify for conventional loans or Federal Housing Administration (FHA) loans within the different occupational groups, RKG calculated the affordability for both. The FHA calculations represent the “worst-case scenario,” as those households would be the most restricted in ability to pay (larger mortgage due to lower down payment and primary mortgage insurance requirements). HUD specifies a maximum of 30% of income devoted to housing costs to avoid being cost burdened. FHA lending specifies a maximum of 28% for debt to income, making the HUD threshold a nominal value that has been adjusted in the calculations to accommodate lending practices. For conventional mortgages, the HUD 30% standard was applied to the calculations since it was slightly more restrictive than lending requirements. Four financing options were considered: conventional fee simple, conventional condominium, FHA fee simple and FHA condominium. The differences among these methods were related to minimum down payment (20% for conventional and 3.5% for FHA), mortgage insurance required for FHA financing, and monthly maintenance fees for condominium units. The maximum purchase prices used in the analysis for the single-income, FHA mortgage for fee simple and condominiums are shown in Figure 85.
## Figure 85
**Maximum Purchase Price of For-Sale Housing and Maximum Monthly Rental**

**Single Income Assumption**

<table>
<thead>
<tr>
<th>Occupation Group</th>
<th>FHA Mortgage</th>
<th>Maximum Monthly Rental</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fee Simple</td>
<td>Condominium</td>
</tr>
<tr>
<td>Other Services</td>
<td>$67,890</td>
<td>$49,870</td>
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<tr>
<td>Farming, Fishing, and Forestry</td>
<td>$76,870</td>
<td>$58,850</td>
</tr>
<tr>
<td>Sales and Related</td>
<td>$78,860</td>
<td>$60,830</td>
</tr>
<tr>
<td>Transportation and Material Moving</td>
<td>$93,570</td>
<td>$75,540</td>
</tr>
<tr>
<td>Office and Administrative Support</td>
<td>$95,990</td>
<td>$77,960</td>
</tr>
<tr>
<td>Production</td>
<td>$104,380</td>
<td>$86,360</td>
</tr>
<tr>
<td>Protective Service</td>
<td>$107,350</td>
<td>$89,330</td>
</tr>
<tr>
<td>Installation, Maintenance, and Repair</td>
<td>$132,600</td>
<td>$114,570</td>
</tr>
<tr>
<td>Construction and Extraction</td>
<td>$134,580</td>
<td>$116,560</td>
</tr>
<tr>
<td>Education, Legal, Community Service, Arts</td>
<td>$152,020</td>
<td>$134,000</td>
</tr>
<tr>
<td>Healthcare Practitioners and Technical</td>
<td>$188,580</td>
<td>$170,560</td>
</tr>
<tr>
<td>Computer, Engineering, and Science</td>
<td>$203,080</td>
<td>$185,060</td>
</tr>
<tr>
<td>Management, Business, and Financial</td>
<td>$234,680</td>
<td>$216,420</td>
</tr>
</tbody>
</table>

Source: RKG Associates, Inc.
Rental Housing Costs and Housing Supply

The for-sale housing supply analysis provided the basis for the affordable rental analysis. Wage income levels for the 13 occupational groups determined affordability, but maximum cost burden was set at 28% of monthly income using a slight adjustment to the HUD 30% threshold to account for utility costs. Both single- and multiple-income household rental affordability are defined. Single-income data by occupation is shown in Figure 85.

Estimating the total rental housing supply and costs in the Valley was based on two primary data sources: the U.S. Census Bureau’s American Community Survey (ACS) block group data and a rental cost survey of 125 apartment complexes in Lehigh and Northampton counties. The rental cost survey, which was conducted for this analysis in March of 2013, defined average lease rates for rental units in the Valley based on bedroom count (i.e. efficiencies, 1- to 3+ bedrooms). However, since the rent survey represented only a sampling of total units available in the Valley (approximately 77% of the total supply), this data had to be extrapolated to the full supply of available units. ACS data and the 100% count of housing in the 2010 Census provided the total rental counts. Single family homes recorded by the Census as being rental units were removed from the rental pool since they were already being counted in the for-sale housing supply. Adjustments were also made in the count of rental units to ensure that all rent subsidized housing, such as those operated by the local housing authorities, were reflected in the lowest cost lease rate category.
Analytical Approach

As contrasted with the housing affordability analysis that has available data sources to relate household income directly to housing cost, the jobs-housing balance requires a series of analyses designed to serve as a window into reality and evaluate sustainability objectives. A brief summary of the analytical variations is provided here with a more complete discussion later in the chapter.

- To acknowledge that household incomes are based on a variety of wage structures, the analysis includes versions based on single-income households and two variations of multiple-income households.

- To acknowledge that a mix of conventional and FHA mortgages is used, an analysis was performed using each financing technique.

- To acknowledge the geographic implications of the data, the analysis was conducted at the Lehigh Valley level, job center level and LANta transit route level.

- To acknowledge possible different sustainability objectives, analyses were conducted looking at different levels of housing demand such as: 1) simply those who work in the Lehigh Valley, or 2) all residents of the Valley, plus all workers.

Each assumption adds value to the overall jobs-housing balance analysis leading to a thorough evaluation of policy objectives to be discussed later.
DEFINING THE GEOGRAPHIC BOUNDARIES

Measurement of the jobs-housing balance in the Lehigh Valley was predicated on defining job centers and their housing support areas and then determining if there was sufficient housing at suitable price points that were affordable to area workers. There is no standard definition for what constitutes a job center since it will vary significantly from one region to the next. Generally speaking, they are considered to represent a concentration of jobs at high density relative to their adjoining area.

A majority of the Valley’s employment base is concentrated in businesses located along the major transportation corridors of Route 22, Interstate 78, and the Pennsylvania Turnpike as shown on Figure 86. This data, which was derived from the LEHD employment counts at place of work, along with similar data contained in the Lehigh Valley Planning Commission’s transportation model, provided the basis for delineating job center areas. While the Route 22 corridor as a whole could easily be viewed as a job center, there would have been little value in matching housing to this broad geographic area since the housing support region would have extended across the Valley from end to end. Since a major goal of this analysis is to support sustainability principles, it was determined that the job centers and their support areas for housing and infrastructure needed to be smaller and better defined.

Given that objective, five job centers were established: three major and two minor ones as shown on Figure 87. These five centers account for approximately 94% of total jobs in the Valley. The three major job centers have at their cores the following municipalities: 1) Upper and Lower Macungie-South Whitehall, 2) Allentown-Bethlehem City, and 3) Easton-Bethlehem Twp.-Nazareth. These three areas contain a majority of the Valley’s existing employment and are expected to absorb most of its projected growth as well. The remaining two job centers, 4) Bangor-Pen Argyl, and 5) Walnutport-Slatington, are relatively small by comparison but were considered to have a significant enough concentration of jobs that were separate from the other three as to warrant independent examination.
Figure 86 - Jobs Per Census Block
Figure 87 - Jobs-Housing Balance Job Centers
The five job centers combined with reasonable commute distances defined suitable housing support areas. Again, with the goal of promoting sustainability concepts, it was concluded that housing should be evaluated within a fifteen minute drive time of the job centers so as to minimize commuting time. This could help to reduce impacts on roadways and infrastructure, potentially reducing congestion and its associated environmental impacts, reduce land use impacts associated with sprawl, and promote quality of life for Valley households and workers. Ultimately, RKG Associates, the LVPC, and the steering committee agreed upon boundaries for the corresponding “housing sheds” that reflected a collection of criteria, including the existing urban growth boundary, proximity to transportation routes and a goal of reducing the average drive time in the Valley (among others). Also, these housing sheds encompassed enough land to feasibly support a housing supply large enough for each job center. A smaller boundary was used for Job Centers 4 and 5 given their smaller job concentration, physical size and transportation infrastructure. Maps depicting each job center and its corresponding housing shed are presented in Figure 88.

As seen in Figure 89, there is overlap in the respective housing sheds. This circumstance was unavoidable given the three primary job centers directly abut each other. If left unadjusted, the housing units located in the “overlap areas” would have been counted more than once when measuring the jobs-housing balance for each job center. The LVPC and RKG Associates worked together to identify a method to eliminate this “double counting” to assure the housing count integrity in the analysis. The end result was a supporting housing stock that proxies the preference workers likely will have to locate closer to their place of employment, all other factors being equal. The LVPC and RKG Associates recognize that this approach simplifies housing choice beyond the typical factors weighed in such decisions. However, the distance to job factor is the most prominent factor that has a measurable value.
Figure 88 - Jobs-Housing Balance Individual Housing Sheds

Job Center 1 + Housing Shed 1
Job Center 2 + Housing Shed 2
Job Center 3 + Housing Shed 3
Job Center 4, 5 + Housing Shed 4, 5

Sources: LVPC, RKG Associates, Inc.
Figure 89 - Jobs-Housing Balance Combined Housing Sheds

Sources: LVPC, RKG Associates, Inc.
Given the emerging research in linking housing and transportation costs to determine cost burdening for individuals, the LVPC and RKG Associates recognize the value of understanding the jobs-housing balance along Lehigh and Northampton Transportation Authority (LANta) dedicated bus routes. Similar to the job center analysis, the transit area analysis focuses on identifying gaps in housing price/income levels for those jobs with convenient transit access. In short, understanding the potential to connect housing policy to local workers, their jobs, and their ability to pay for housing offers the Valley’s governments the opportunity to reduce commuting times while increasing commuting choice. For the purposes of the jobs-housing balance analysis, job data was collected within ½ mile of a LANta bus line. The analysis was performed within the transit areas in each of the three primary job center housing sheds as shown on Figures 90 to 92.

It is important to note that the transit area analysis focused solely on jobs and housing units within the ½ mile radius of the transit line. The transit area boundaries do overlap, meaning the results of each transit area analysis cannot be summed to create a cumulative number. Rather, the transit area analysis intends to show the relative balance of jobs and housing for the transit corridors in each of the corresponding housing sheds.
Figure 90 - Transit Area 1
Figure 91 - Transit Area 2

Sources: LVPC, RKG Associates, Inc.
Figure 92 - Transit Area 3
EMPLOYMENT ANALYSIS - DEMAND SIDE

To understand the total demand for housing in the Valley, the demand analysis for the jobs-housing balance includes three distinct groups that account for housing demand locally: 1) all jobs within the Lehigh Valley regardless of where the employee currently lives, 2) Lehigh Valley residents that work outside Lehigh or Northampton County, and 3) Lehigh Valley households with no workers. The data analysis methodology ensured that those residents who live and work in the Valley were not double counted. The following assessment details the employment numbers for the Valley as a whole, each of the five job centers and each of the three transit areas.

**Total Employment**

Based on data collected from the U.S. Census’ Longitudinal Employer-Household Dynamics (LEHD) and the U.S. Internal Revenue Service Statistics of Income Data, the Lehigh Valley had approximately 275,261 jobs in 2010. Total job flow data for the Lehigh Valley is shown in Figure 93. Employment by industry sector is shown in Figure 94.

Based on Bureau of Labor Statistics’ (BLS) occupational data for the Lehigh Valley, RKG Associates was able to classify the industry-based employment levels into the 13 occupational groups detailed in the methodology section and shown in Figure 95.

---

2 The IRS data provided estimates for sole proprietors in the Lehigh Valley, which are not included in the LEHD data.
Chapter 7
Jobs-Housing Balance

Figure 93 - Job Flows

Source: U.S. Census Bureau and RKG Associates, Inc.

Figure 94

<table>
<thead>
<tr>
<th>Description</th>
<th>Jobs</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, Forestry, Fishing and Hunting</td>
<td>521</td>
<td>0.2%</td>
</tr>
<tr>
<td>Mining, Quarrying, and Oil &amp; Gas Extraction</td>
<td>430</td>
<td>0.2%</td>
</tr>
<tr>
<td>Utilities</td>
<td>1,124</td>
<td>0.4%</td>
</tr>
<tr>
<td>Construction</td>
<td>8,854</td>
<td>3.2%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>28,075</td>
<td>10.2%</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>12,382</td>
<td>4.5%</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>31,667</td>
<td>11.5%</td>
</tr>
<tr>
<td>Transportation and Warehousing</td>
<td>13,609</td>
<td>4.9%</td>
</tr>
<tr>
<td>Information</td>
<td>4,493</td>
<td>1.6%</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>11,580</td>
<td>4.2%</td>
</tr>
<tr>
<td>Real Estate and Rental &amp; Leasing</td>
<td>2,269</td>
<td>0.8%</td>
</tr>
<tr>
<td>Professional, Scientific, and Technical Services</td>
<td>11,721</td>
<td>4.3%</td>
</tr>
<tr>
<td>Management of Companies and Enterprises</td>
<td>9,597</td>
<td>3.5%</td>
</tr>
<tr>
<td>Administration &amp; Support; Waste Management &amp; Remediation</td>
<td>18,987</td>
<td>6.9%</td>
</tr>
<tr>
<td>Educational Services</td>
<td>29,300</td>
<td>10.6%</td>
</tr>
<tr>
<td>Health Care and Social Assistance</td>
<td>49,300</td>
<td>17.9%</td>
</tr>
<tr>
<td>Arts, Entertainment, and Recreation</td>
<td>3,816</td>
<td>1.4%</td>
</tr>
<tr>
<td>Accommodation and Food Services</td>
<td>21,228</td>
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</tr>
<tr>
<td>Other Services</td>
<td>8,889</td>
<td>3.2%</td>
</tr>
<tr>
<td>Public Administration</td>
<td>7,443</td>
<td>2.7%</td>
</tr>
<tr>
<td>All Jobs</td>
<td>275,261</td>
<td>--</td>
</tr>
</tbody>
</table>

Sources: LEHD and RKG Associates, Inc.

Figure 95

<table>
<thead>
<tr>
<th>Occupation Group</th>
<th>Average Income</th>
<th>Jobs</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Services</td>
<td>$22,600</td>
<td>50,453</td>
<td>18.3%</td>
</tr>
<tr>
<td>Farming, Fishing, and Forestry</td>
<td>$25,588</td>
<td>599</td>
<td>0.2%</td>
</tr>
<tr>
<td>Sales and Related</td>
<td>$26,250</td>
<td>28,603</td>
<td>10.4%</td>
</tr>
<tr>
<td>Transportation and Material Moving</td>
<td>$31,147</td>
<td>20,884</td>
<td>7.6%</td>
</tr>
<tr>
<td>Office and Administrative Support</td>
<td>$31,953</td>
<td>46,723</td>
<td>17.0%</td>
</tr>
<tr>
<td>Production</td>
<td>$34,747</td>
<td>19,283</td>
<td>7.0%</td>
</tr>
<tr>
<td>Protective Service</td>
<td>$35,736</td>
<td>4,318</td>
<td>1.6%</td>
</tr>
<tr>
<td>Installation, Maintenance, and Repair</td>
<td>$44,141</td>
<td>9,643</td>
<td>3.5%</td>
</tr>
<tr>
<td>Construction and Extraction</td>
<td>$44,801</td>
<td>7,881</td>
<td>2.9%</td>
</tr>
<tr>
<td>Education, Legal, Community Service, Arts</td>
<td>$50,607</td>
<td>28,628</td>
<td>10.5%</td>
</tr>
<tr>
<td>Healthcare Practitioners and Technical</td>
<td>$62,777</td>
<td>19,321</td>
<td>7.0%</td>
</tr>
<tr>
<td>Computer, Engineering, and Science</td>
<td>$67,604</td>
<td>12,996</td>
<td>4.7%</td>
</tr>
<tr>
<td>Management, Business, and Financial</td>
<td>$77,111</td>
<td>25,729</td>
<td>9.3%</td>
</tr>
<tr>
<td>All Jobs</td>
<td>275,261</td>
<td>--</td>
<td>--</td>
</tr>
</tbody>
</table>

Sources: LEHD and RKG Associates, Inc.
Employment by Job Center

Employment within the five job centers accounts for approximately 94% of all jobs in the Lehigh Valley (258,780 jobs). Job Center 2 (Allentown-Bethlehem) constitutes the largest share of all job centers, at 137,376 jobs (approximately 53%). In contrast, Job Centers 1 and 3 have a combined total of 116,122 jobs. As noted in the methodology section, Job Centers 4 and 5 have a comparatively small employment base compared to the other centers. Given the high capture of all jobs in the Valley, the combined employment by industry sector and occupational group closely reflects conditions for the Valley as a whole.

Employment by Transit Area

Employment along the transit lines accounts for a substantial portion of the region’s employment base. Transit Area 2 (Allentown-Bethlehem) totaled 182,920 jobs in 2010, or approximately 66.5% of all jobs. Because of the overlap of the transit areas, a total employment level for the entire transit system is not available. However, the transit lines are connected (within ½ mile) to most of the Valley’s jobs. The breakdown of employment by industry sector and occupational group is consistent with the regional levels. The data indicates that there has been a concerted effort to run transit lines to employment clusters within the Valley’s employment centers, and it has been largely successful.

Local Residents Working Elsewhere

The U.S. Census’ LEHD data enables the viewer to track where residents of a given area work and where workers in the same area live. The data reveals three groups: 1) persons that live and work in the same geographic area, 2) persons that live in a given geographic area but work elsewhere, and 3) persons that work in a given geographic area but live elsewhere. Based on the LEHD data, 103,667 or approximately 35.7% of all working residents in the Lehigh Valley travel outside Lehigh and Northampton counties for work as previously discussed in Chapter 4 and as shown in Figure 96. Also shown is the percent of local residents leaving the Valley for work for the job centers and transit areas.

In general, persons living on the southwestern side of the region (Lehigh County below Route 22) tend to stay
in the Valley for work. Job Center 1 (Upper and Lower Macungie-South Whitehall) has the lowest out-migration of workers, at slightly higher than 30%. In contrast, Job Center 3 (Easton-Bethlehem Twp.-Nazareth) and Job Center 4 (Bangor-Pen Argyl) have the highest out-commuting. These findings are consistent with the Valley’s transportation system, as Job Center 3 has interstate connection to the greater New York City employment center via I-78, and Job Center 4 has accessibility to employment centers to the north via Route 33 and Route 80 to New York City/New Jersey.

Similar to the job center findings, the likelihood of a Lehigh Valley resident commuting out of the Valley for work increases the further east they live. Most Lehigh Valley-New York City/northern New Jersey bus routes terminate before reaching downtown Allentown. Easton is the first stop when entering the Valley from the east (from the New York City/northern New Jersey area). The combination of direct car and mass transit access to this employment center has made the eastern part of the Valley more popular with out-commuters and in-commuters.
Non-Working Households

The final segment to be analyzed to understand total demand for housing in the Lehigh Valley is households with no workers. The first two demand sectors are related to those persons that have employment. This does not account for those persons living in the Lehigh Valley that do not have jobs (i.e. retiree households). According to the U.S. Census American Community Survey data, there were almost 65,000 households within the Lehigh Valley in 2010 that did not have any working members.

Unfortunately, these households cannot be tracked by income, as there is no job income being generated. However, the U.S. Census does track these households by whether they live above or below the defined poverty rate (a sliding scale based on number of persons in the household). According to the Census data, approximately 14,300 households with no workers live below the poverty line. The 50,300+ households above the poverty line are presumed to be retiree households living in the Valley. While there is no data available to confirm this empirically, interviews with local real estate professionals corroborate that the Lehigh Valley remains an attractive place for persons who have worked here and since retired and new retirees seeking to take advantage of the Valley’s relatively low cost of living and proximity to New York City, New Jersey and Philadelphia.

RKG Associates was able to track the data by job center as well. While each job center has some level of zero-worker households below the poverty line totaling almost 98% of the Valley’s zero-worker households in poverty, Job Center 2 (Allentown-Bethlehem) constitutes almost 75% of the Lehigh Valley total alone (10,647). This finding is significant and will be discussed in more detail later in this chapter.
Total Employment Demand

Figure 97 details the net job count in the Lehigh Valley for persons working and living in the Lehigh Valley, persons living in the Valley but working elsewhere, and persons working in the Valley but living elsewhere. For the Lehigh Valley as a whole, the highest concentration of potential demand is from persons working in jobs that pay 50% to 80% of the Lehigh Valley area median income (AMI) level3, which total 150,639 of the 378,928 jobs/workers. In total, jobs paying at or below the regional median income constitute almost 79% of the Valley’s total. Less than 80,000 of the employed persons in the Lehigh Valley work in an occupational group that has an average income above 100% of the AMI.

For the purposes of this analysis, RKG Associates used the two-person income thresholds for the Lehigh Valley as defined by the U.S. Department of Housing and Urban Development (HUD). While actual household size for the person in these jobs ranges greatly, data is not available to detail household size by income by place of employment. As such, RKG and LVPC needed to establish a baseline income (and corresponding housing value) level to perform the affordability analysis component of the Jobs-Housing Balance.

3 For the purposes of this analysis, RKG Associates used the two-person income thresholds for the Lehigh Valley as defined by the U.S. Department of Housing and Urban Development (HUD). While actual household size for the person in these jobs ranges greatly, data is not available to detail household size by income by place of employment. As such, RKG and LVPC needed to establish a baseline income (and corresponding housing value) level to perform the affordability analysis component of the Jobs-Housing Balance.

Figure 97

Total Employment Demand by Occupation Group Allocated by Income Range

<table>
<thead>
<tr>
<th>Occupation Group</th>
<th>Lehigh Valley</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up To Approximately 50% of AMI</td>
<td>108,586</td>
</tr>
<tr>
<td>Other Services</td>
<td>68,511</td>
</tr>
<tr>
<td>Farming, Fishing, and Forestry</td>
<td>843</td>
</tr>
<tr>
<td>Sales and Related</td>
<td>39,232</td>
</tr>
<tr>
<td>Up To Approximately 80% of AMI</td>
<td>150,639</td>
</tr>
<tr>
<td>Transportation and Material Moving</td>
<td>28,612</td>
</tr>
<tr>
<td>Office and Administrative Support</td>
<td>64,305</td>
</tr>
<tr>
<td>Production</td>
<td>27,216</td>
</tr>
<tr>
<td>Protective Service</td>
<td>5,952</td>
</tr>
<tr>
<td>Installation, Maintenance, and Repair</td>
<td>13,387</td>
</tr>
<tr>
<td>Construction and Extraction</td>
<td>11,167</td>
</tr>
<tr>
<td>Up To Approximately 100% of AMI</td>
<td>39,745</td>
</tr>
<tr>
<td>Education, Legal, Community Service, Arts</td>
<td>39,745</td>
</tr>
<tr>
<td>Up To Approximately 125% of AMI</td>
<td>44,396</td>
</tr>
<tr>
<td>Healthcare Practitioners and Technical</td>
<td>26,164</td>
</tr>
<tr>
<td>Computer, Engineering, and Science</td>
<td>18,232</td>
</tr>
<tr>
<td>Over Approximately 125% of AMI</td>
<td>35,562</td>
</tr>
<tr>
<td>Management, Business, and Financial</td>
<td>35,562</td>
</tr>
<tr>
<td>TOTAL EMPLOYMENT BASE</td>
<td>378,928</td>
</tr>
</tbody>
</table>

Sources: LEHD, U.S. BLS and RKG Associates, Inc.
Housing Analysis - Supply Side

The jobs-housing balance supply side analysis focuses on the type and price of housing that exists within the housing sheds that support Lehigh Valley’s job centers and transit areas. The analysis inventoried all ownership and rental (both market rate and subsidized) housing within the Valley and each subsequent housing shed. The assessment primarily used four data sources: the property assessment databases from Lehigh and Northampton counties to understand the number and assessed value of ownership housing, the sales analysis performed by the LVPC to determine market value for ownership units, U.S. Census data on housing units to determine the number of rental units by study area, and a rent survey performed by RKG Associates to understand rent levels by bedroom count within the Valley. The data was parsed by unit type (for traditional ownership units) and bedroom count (for traditional rental units). The results of this effort are compared against the results of the employment-by-wage analysis detailed in the last section to determine challenges/opportunities for enhancing the Valley’s jobs-housing balance.

Ownership Housing Units by Type

Based on the Lehigh and Northampton property assessment databases, there are 200,336 traditional ownership housing units within the Lehigh Valley as shown in Figure 98. More than 78% of these units are classified as single family detached housing units. This finding is

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Figure 98

<table>
<thead>
<tr>
<th>Housing Type</th>
<th>Lehigh Valley</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNIT COUNT TOTALS</td>
<td></td>
</tr>
<tr>
<td>Single Family Detached</td>
<td>156,869</td>
</tr>
<tr>
<td>Single Family Attached</td>
<td>31,971</td>
</tr>
<tr>
<td>Condominiums</td>
<td>7,988</td>
</tr>
<tr>
<td>Mobile Homes</td>
<td>3,508</td>
</tr>
<tr>
<td>TOTAL OWNERSHIP UNITS</td>
<td>200,336</td>
</tr>
</tbody>
</table>

| Efficiency              | 1,739         |
| 1-Bedroom               | 25,774        |
| 2-Bedrooms              | 15,737        |
| 3+Bedrooms              | 12,774        |
| TOTAL RENTAL UNITS      | 56,024        |

| SHARE OF UNIT COUNT     |               |
| Single Family Detached  | 78.3%         |
| Single Family Attached  | 16.0%         |
| Condominiums            | 4.0%          |
| Mobile Homes            | 1.8%          |
| TOTAL OWNERSHIP UNITS   | 100.0%        |

| Efficiency              | 3.1%          |
| 1-Bedroom               | 46.0%         |
| 2-Bedrooms              | 28.1%         |
| 3+Bedrooms              | 22.8%         |
| TOTAL RENTAL UNITS      | 100.0%        |

Sources: Lehigh and Northampton County Assessment Data and RKG Associates, Inc.

4 The Transit Area Housing Shed is the same boundary as the Transit Area Employment study area.
not surprising, given the prevalent suburban development pattern that has been implemented throughout most of the Lehigh Valley. Single family attached units (i.e. townhouses and duplexes) account for an additional 16%. Condominium and mobile home units, traditionally the most affordable ownership housing, constitute less than 6% of the overall marketplace.

Diversity in ownership housing varies significantly between the housing sheds. While single family detached housing units constitute the majority of ownership housing in each of the housing sheds and transit areas, Housing Sheds 1, 2 and 3 have a much higher concentration of single family attached units (33.5%, 33.3% and 27.3%, respectively) than Housing Sheds 4 and 5 (14.7% and 13.3%, respectively). Condominium development is almost exclusively in Housing Sheds 1, 2 and 3, reflecting the more urban environment of those housing markets. In fact, virtually all single family attached and condominium development exist in the five housing sheds, as opposed to areas in Lehigh County and Northampton County outside the five sheds.

**Rental Housing Units by Bedroom Count**

The U.S. Census identified approximately 56,000 traditional rental units as also shown in Figure 98. One

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5 For the purposes of this analysis, traditional rental units are defined as those structures with three or more housing units. While the Census data indicate there is substantial conversion of traditional ownership units for rental in the Lehigh Valley, it is not possible to identify those that have been converted with any accuracy. As a result, traditional ownership units were tracked as potential owner-occupancy in the supply analysis despite their current occupancy level.

bedroom units constitute the largest share of the total, at 46.0% of the supply. This finding is consistent with typical rental housing development patterns. However, almost 23% of the Valley’s traditional rental supply contains 3+ bedrooms, which is substantially higher than typical levels (between 5% and 10% of the total). This finding is due, in part, to the prevalence of subsidized housing within the Valley, which contributes almost 1,300 units with 3+ bedrooms. Despite this, the private sector has produced a substantial amount of larger rental units, as there are more than 11,400 market rate units with 3+ bedrooms.

Almost 99% of the Valley’s traditional rental units are located in the five housing sheds. Similar to the ownership discussion, this finding is consistent with the prevalent use of more traditional suburban development patterns outside the Valley’s historic urban core. Housing Sheds 1, 2 and 3 have most of the Valley’s traditional rental units, totaling 52,190 of the Valley’s 56,024 units. As noted, the private sector in the Lehigh Valley historically has recognized and met the demand for larger units.
Ownership Housing Values

Housing values attainable for households clearly varies on the basis of income and number of workers in the household. Assumed income is lowest for single worker households and grows as the workers per household increases. As previously stated, the analysis has been performed at single and different versions of multiple workers per household. Data tables will be presented for the average condition of 1.17 workers per household but results from all analyses will be discussed to report overall findings.

Based on the 1.17 worker per household methodology, the Lehigh Valley has concentrations of traditional ownership housing in two distinct pricing ranges. The highest concentration is for housing units priced for those jobs with the highest incomes in the Lehigh Valley (above approximately 125% of AMI) as shown in Figure 99. This finding appears to contradict the housing affordability analysis from Chapter 6 that identified a shortage of supply at the highest end. Only having median wage rates available creates this finding since half the workers make higher than median salaries. The 1.40 workers per household analysis is an attempt to deal with this issue by

Figure 99
Housing Unit Count Share of Lehigh Valley Total by Unit Type and Affordability Band
1.17 Workers/Household; FHA Mortgage

<table>
<thead>
<tr>
<th>Income Group</th>
<th>Lehigh Valley</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FEE SIMPLE HOUSING UNITS</strong></td>
<td>75.0%</td>
</tr>
<tr>
<td>Up To Approximately 50% of AMI</td>
<td>10.0%</td>
</tr>
<tr>
<td>Up To Approximately 80% of AMI</td>
<td>21.0%</td>
</tr>
<tr>
<td>Up To Approximately 100% of AMI</td>
<td>6.5%</td>
</tr>
<tr>
<td>Up To Approximately 125% of AMI</td>
<td>15.5%</td>
</tr>
<tr>
<td>Over Approximately 125% of AMI</td>
<td>22.1%</td>
</tr>
<tr>
<td><strong>CONDOMINIUM HOUSING UNITS</strong></td>
<td>3.1%</td>
</tr>
<tr>
<td>Up To Approximately 50% of AMI</td>
<td>0.0%</td>
</tr>
<tr>
<td>Up To Approximately 80% of AMI</td>
<td>0.6%</td>
</tr>
<tr>
<td>Up To Approximately 100% of AMI</td>
<td>0.3%</td>
</tr>
<tr>
<td>Up To Approximately 125% of AMI</td>
<td>1.0%</td>
</tr>
<tr>
<td>Over Approximately 125% of AMI</td>
<td>1.2%</td>
</tr>
<tr>
<td><strong>RENTAL HOUSING UNITS</strong></td>
<td>21.9%</td>
</tr>
<tr>
<td>Up To Approximately 50% of AMI</td>
<td>6.3%</td>
</tr>
<tr>
<td>Up To Approximately 80% of AMI</td>
<td>10.9%</td>
</tr>
<tr>
<td>Up To Approximately 100% of AMI</td>
<td>2.7%</td>
</tr>
<tr>
<td>Up To Approximately 125% of AMI</td>
<td>1.9%</td>
</tr>
<tr>
<td>Over Approximately 125% of AMI</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

Source: RKG Associates, Inc.
adding to household incomes. There is a slightly smaller concentration of housing priced for those jobs that earn between approximately 50% and 80% of AMI (between $110,000 and $150,000 for fee simple properties and $92,000 and $134,000 for condominiums). The traditional ownership units available to the occupation groups earning approximately at or below 50% of AMI are concentrated in single family attached housing (i.e. townhouses and row homes) and mobile homes.

Based on conversations with Lehigh Valley Association of Realtors members, the distinction of “markets” in the Lehigh Valley generally falls between the more established housing stock (built prior to 1990) and the stock built in the past two decades. As noted, the construction of Interstate 78 made the Lehigh Valley a more viable, and affordable, residential location for people that worked in northern New Jersey/New York City. These households typically have a greater ability to pay due to factors such as higher income levels (for commuters) and greater existing home equity (for commuters and retirees). Effectively, this migration has established a second market in the Valley. However, the influence of this paradigm shift was attributed to be one of the two most influential market factors that changed development trends and price points, the well noted easing of lending standards of the early 2000s being the other.

The estimated values of traditional ownership units within the Lehigh Valley are consistent with typical suburban development patterns. Single family detached housing predominantly is valued at the highest end of the region’s market. For example, single family detached housing units constitute approximately 15% of all traditional ownership units priced to be affordable for the lowest earning occupations (e.g. sales) as shown in Figure 100, despite totaling almost 70% of all traditional ownership units. In contrast, single family attached housing accounts for approximately 72% of units priced below 50% of AMI (sales). The remaining 13% are nearly all mobile homes, which accounts for almost all of the mobile homes in the Valley. This pattern reverses for the highest earning occupation groups (management, business and financial), where single family detached units account for approximately 92% of the traditional ownership supply (single family attached housing and condominiums account for the other 8%).
Figure 100 - Ownership Housing Supply by Occupation & Type

Sources: Lehigh County, Northampton County and RKG Associates, Inc.
The variety in choice should not be interpreted as substantial availability. As seen in Figure 99, the concentration of unit counts are at the highest end of earnings (above 100% of AMI) and between 50% and 80% of AMI. The diversity in housing type is relative to the total count for a specific housing or transit shed by type. When both quantity and type are considered together, the finding exacerbates the challenge, as housing diversity wanes at the 80% of AMI approximation, where more than 60% of the traditional ownership units are priced.

These findings create some challenges to delivering appropriately priced housing within the Valley. At a base level, persons earning at the highest levels in the Lehigh Valley have little choice in terms of type of unit. As a result, any households earning higher incomes that do not desire a detached house are competing for other types of units or are forced to “buy below” their ability to pay. When this happens, it removes supply from the market for those households at lower income levels, cascading down to those households with the least ability to pay. The open question, however, is whether the lack of variety is a weakness in the market or an accurate reflection of housing choice by these upper income workers. This will be explored further in the jobs-housing balance surplus and shortage discussion.

**Rental Housing Values**

Unlike traditional ownership units, the Lehigh Valley traditional rental housing market (multifamily properties) is concentrated at the lower end of the occupation group income levels. More than 78% of all traditional rental units, or approximately 44,000 of the Valley’s 56,024 total, are affordable to the occupation groups earning below approximately 80% of AMI (e.g. construction). Similar to the ownership housing findings, there is a large portion of the Valley’s rental housing priced between approximately 50% and 80% of AMI, however, there is no commensurate rental housing concentration at the highest end. In fact, less than 0.1% of all traditional rental units are priced above approximately 125% (management, business and financial) of the Lehigh Valley AMI as shown in Figure 99. The concentration of rental housing at the lower income requirement levels is due, in part, to the influence of the Valley’s approximately 7,200 subsidized rental housing units, which are counted in the lowest occupational grouping for the purposes of this analysis.

The breakdown of rental pricing by bedroom count is consistent with national averages. In general, the larger the unit (from a bedroom count perspective), the higher the asking monthly rent as shown in Figure 101. Of the approximately 16,100 rental units priced for occupation groups earning below 50% of AMI, more than 70% are efficiencies or 1-bedroom units. Over 56% of the 2-bedroom units and 100% of the 3+ bedroom units in this price range are subsidized housing units. Less than 1,100 of the approximately 3,800 2- and 3+ bedroom units in the Lehigh Valley priced at a rate below affordability for the lowest income groups are market rate units. The ratio...
Figure 101 - Rental Housing Supply by Occupation & Type

Sources: Lehigh County, Northampton County and RKG Associates, Inc.
changes substantially as the price point increases, as efficiencies and 1-bedroom units constitute less of the unit count of the higher cost occupations.

It is important to note that the number of units, as well as the variety, at the higher end substantially declines in terms of bedroom count. Less than 30 were identified as being priced above approximately 125% of AMI. These findings indicate that persons (or households) with higher incomes have very little choice to find an apartment that allows them to maximize their ability to pay. Even when they can find those units, they are forced into a larger unit regardless of their space needs. As a result, these persons are forced into three options: 1) rent a unit that does not allow them to maximize their ability to pay, 2) rent a unit that maximizes their ability to pay, but not necessarily fits their space need, or 3) find a traditional ownership unit in that price point to rent. In any of these scenarios, it places additional pressure on the market that adversely impacts other workers seeking suitably sized and priced housing in the Valley.

The downward pressure in the rental market is more harmful than the homeownership market from a jobs-housing balance perspective because workers at the lowest income levels have the greatest barriers to homeownership (i.e. credit history, available down payment). If a lower income worker is creditworthy and has sufficient resources for a down payment, that individual retains the opportunity to buy or rent a property. Individuals without the credit history or down payment are limited to renting. As a result, there is little option for these households other than find housing outside the housing shed/transit area or even outside the Valley. The lack of market rate 2- and 3+ bedroom units exacerbates the challenge for modest income families that choose or must rent.

The lack of availability and choice at the high end of the rental housing market could impact the attractiveness of the Lehigh Valley for persons who work there and/or potential new hires to companies that exist or are being recruited to the Valley. It is well documented that housing preference has been shifting away from traditional homeownership, suburban development towards more compact and pedestrian scale development. The economic downturn and the impacts to the local, regional and national housing market have accelerated these shifts (by necessity as much as preference). To these points, not having sufficient options of housing, particularly rental housing, that would appeal to younger, more mobile persons, could impact whether local workers remain living here or whether companies can be successful at recruiting new talent. In both cases, the lack of diversity could adversely impact the local jobs-housing balance.
JOBS-HOUSING BALANCE - LEHIGH VALLEY
WORKERS-ONLY DEMAND

Results of the jobs-housing balance are presented for two basic scenarios. First, looking at housing availability if the demand for housing is based solely on people who work in the Lehigh Valley. Stated otherwise, does the current Lehigh Valley housing supply provide appropriate choice by price for the 275,261 persons working here if they are not competing with any other persons for housing? Of course, the reality is that they are competing with non-working households and persons who live here but work outside the Valley. But, this scenario questions whether the people working here even have a chance to find price appropriate housing here. We know that there will be enough housing in total with this analysis because there are fewer people who work here but don’t live here than the reverse (88,764 versus 103,667). The question will be whether the price points are compatible. Presumably, it would be better if Lehigh Valley workers could all live here and may represent a sustainability goal or objective to consider. It further helps us evaluate the impact of choice, should we find there is suitably priced housing but workers choose to live elsewhere. We further have the opportunity to consider that goal or objective with finer-grained geography using the job centers with housing sheds and the transit sheds. The former helps evaluate the opportunity to provide a balance of jobs and housing within reasonable drive times, and the latter enables us to look at that relationship relative to areas proximate to LANta bus routes.

Second, looking at housing availability if the demand for housing is based on people who either work here or live here. This represents a much more difficult task, since clearly there isn’t currently enough housing for all of both workers and residents; this scenario keeps all current residents in their homes while still inflating demand from the 88,764 people who work here but don’t currently live here. This scenario is more
of a true analysis of the ability of current Lehigh Valley workers to live here given the actual competition they face for price appropriate housing. In terms of providing for this demand, the question will be discussed whether it’s important to Lehigh Valley housing policy makers to try to provide appropriately priced housing to meet this objective. Again, it would appear better from a sustainability perspective for all workers to be able to live here. The same question may then be asked as the analysis windows in to the job center/housing sheds and transit sheds.

A key factor to consider here is the fact that 103,667 residents of the Lehigh Valley work elsewhere. Some of these people no doubt work just minutes away from their homes at places across the Delaware River or north of the Blue Mountain or other areas just outside the Valley. Others, however, work much farther away from the Valley and require long commutes to work. The latter is not especially in keeping with sustainability objectives and, again, raises a policy consideration of whether providing “housing for all” is really the objective. In some ways it may be more appropriate to discuss how to provide suitable Lehigh Valley jobs for those residents so they don’t need (or choose) to work elsewhere. These policy issues will be discussed further subsequent to the review of results.
The data presented in these sections reflect the 1.17 workers per household multiple-income, FHA mortgage assumptions detailed in the methodology section. This was done to simplify the narrative for the reader (rather than going through four scenarios). While there is no way to model the purchasing/leasing habits of 300,000+ individual households, the multiple-income FHA financing scenario was chosen because it provides a relative “mid-point” scenario within the Lehigh Valley based on market assumptions.

**Lehigh Valley Totals**

Despite the net surplus of housing in the Valley (due to the removal of local non-working households and those households working outside the Valley), the data indicates there is insufficient housing supply for seven of the ten lowest earning occupation groups as shown in Figure 102. In fact, households earning below approximately 100% of AMI have a net shortage of approximately 39,200 units. In contrast, households earning above 100% of AMI have a surplus of approximately 60,300. The most substantial surplus is for houses priced at the top of the market (above 125% of AMI). In other words, the housing in the Lehigh Valley is not priced commensurate with the income levels of workers in the Lehigh Valley. If all worker households in the Valley chose to live in Lehigh or Northampton County, approximately 20% of those households would be cost burdened. This finding is consistent with anecdotal and socioeconomic data collected during this process, which indicates the Lehigh Valley has become more popular with workers and retirees from the northern New Jersey/New York/Philadelphia area attracted to convenient access, relative cost savings and the quality of life.

That stated, it is unreasonable for the Lehigh Valley communities to actively pursue all potential demand. Personal preference and individual choice oftentimes influence housing decisions as much or more than proximity to work. To this point, the jobs-housing balance analysis is more valuable to the Lehigh Valley Planning Commission and its member jurisdictions as a tool to identify areas of specific need and opportunity. The following summary of findings is framed in this context.

- **Unmet demand is greatest at the lowest end of the income spectrum** – The three occupation groups that fall below approximately 50% of AMI have a net shortage of about 28,000 housing units within the Valley. The “best case scenario,” multiple-income conventional mortgage assumptions, has a net shortage of more than 9,500 housing units for the Valley as a whole. This finding indicates that many of these households either live outside the Valley (in-commuters) or live above the HUD threshold for housing cost burdened (30% of gross income). Unfortunately, those households that have found lower cost housing outside the Valley end up with greater transportation costs due to their increased commute. In either case, there is a need for more modestly priced housing in the Lehigh Valley.
Unmet demand for higher income occupation groups limits supply for lower earning households – The fact that there is insufficient housing supply through the mid-range of income indicates the need for housing within the Valley goes beyond just more price appropriate housing at the lowest income thresholds. For example, the 50% to 80% of AMI group, which has the highest concentration of housing supply, has a net shortage of units for the demand within the market (approximately 10,500 units). However, the potential need is across most of the occupational groups, meaning the approach to create better jobs-housing balance will require a combination of housing types and price points.

The impact of non-working households intensifies need, especially at the lowest end – As noted earlier in this chapter, almost 65,000 households in the Lehigh Valley have no actively working household members. While the Census data does not provide income equivalencies for these households, the data identifies those living above and below poverty levels. The more than 14,300 reported to be living below the poverty line are below the 50% of AMI threshold, while the rest cannot be categorized as easily. Regardless, adding nearly 65,000 households to the demand side creates a net shortage of housing to about 44,000 households.

Households with no wage earners but above the poverty line use means other than income from a permanent job to live. The most common example is a retiree household, which uses resources such as savings, pensions, and Social Security.
Impacts of Alternative Household Income - Lehigh Valley Workers

Considering the housing supply deficits for incomes below 100% of AMI for the multiple worker per household analysis, it is not surprising that for the single-income household analysis the situation is even worse at incomes below the AMI. This is intuitively obvious that if all households were single worker households making the median wage for their occupation, not all would be able to find appropriately priced housing—there would be too much competition with each worker needing housing and incomes too low compared to the reality of a mix of single- and multiple-income households. The extra income assumed in the multiple worker household analysis could also represent people making above median wage for their occupation or additional part-time jobs that actually supplement household income but are not considered in this analysis.

Adjusting the multiple-income assumption in the jobs-housing balance to 1.40 workers per household has two substantial impacts. First, households have a greater ability to pay for housing due to the approximately $8,100 of additional income (over the 1.17 workers per household income). This makes the existing housing “more affordable” as housing values do not change from this multiplier. Second, it reduces the number of households needing housing, as the analysis adjusts the demand based on the number of workers per household. The cumulative effect is lower demand with greater ability to pay.

Based on these factors, the jobs-housing balance analysis for 1.40 workers per household is much more positive. On
the surface, the net demand totals 196,600 households, approximately 38,700 fewer than the 1.17 workers per household analysis for the Valley. This change impacts all of the occupation groups proportionately, as it is not possible to allocate the change by occupation/income. That said, the net supply of housing experienced a substantial shift in affordability, reallocating units into the occupation groups below 100% of AMI. Most notably, the Valley has a net surplus of nearly 25,000 housing units for households that earn less than 50% of AMI. This is the result of supplementing the income of all households, which makes the most substantial difference for the lowest income households. Two key takeaways from this are: 1) the significant positive impacts on housing affordability created by raising household income, especially at the lowest end, and 2) the significant positive impact of creating better paying jobs. Traditional ownership units accounted for only 57% of this increase despite constituting 80% of all units. As discussed previously, the rental housing market is much more sensitive to income/cost changes than the ownership market.
**Job Centers - Lehigh Valley Workers**

As noted earlier in this chapter, the supply and demand characteristics of the job centers to the Lehigh Valley as a whole are not vastly different. That said, unique characteristics and findings from the job centers will influence policy and implementation recommendations for those areas. The following narrative details those findings.

- **The need for additional housing below 80% of AMI exists in four of the five job centers** – The supply of housing valued to be affordable to the three occupation groups that fall below the 50% of AMI income threshold is not sufficient for the demand in Job Centers 1 through 4. Only Job Center 5 has sufficient housing for those households. Within the 50% to 80% of AMI group, conditions improve in the Valley, with only Job Centers 1 and 2 continuing to have a net unmet demand. The findings indicate that having greater housing supply priced appropriately to the occupation groups earning the least is a challenge that transcends the Valley, not just one or two specific locations.

- **Job Centers 1 and 3 have concentrations in the job centers’ most expensive housing** – Despite having comparatively smaller net housing supply levels than Job Center 2, Job Centers 1 and 3 have more housing priced above 125% of AMI (approximately 2,000 to 3,000 more units). As a result, the net surplus of housing is due to a high concentration of the most expensive housing. Within Job Center 1, the supply/demand equilibrium is almost balanced when the highest valued housing group is removed. Both job centers have unmet need for housing below 50% of AMI.

- **Job Center 2 has greatest diversity of price, but is the employment hub for the Lehigh Valley** – Job Center 2, which includes downtown Allentown, is the employment hub for the Lehigh Valley. Net need for housing within Housing Shed 2 (117,400 households) by Valley workers is greater than the other four job centers combined (103,800 households). However, the housing supply totals slightly more than 83,000. To this point, the worker households in Job Center 2 would need more than 30,000 new housing units in Housing Shed 2 just to accommodate their needs.

- **There is unmet demand in Job Center 2 at all income threshold groupings** – The impact of property conditions has made Housing Shed 2 the most diverse in terms of distribution of housing by cost. Housing demands are also evenly distributed among the various occupational groups, translating into unmet demand at all AMI income thresholds. In fact, there is an identified need of nearly 4,000 housing units for the top five occupation groups in Job Center 2, including units priced above 125% of AMI. To this point, the need for lower priced housing is only one component of the challenges Job Center 2 faces when trying to create greater balance between jobs and housing.
• **Job Center 3 has the best jobs-housing balance of the three larger job centers** – Similar to Job Center 1, the balance of jobs and housing in Job Center 3 is positive. However, the net need for housing is concentrated for occupation groups earning below 50% of AMI. The 50% to 80% of AMI group has a net positive supply/demand balance, unlike Job Centers 1 and 2. That said, Job Center 3 has a deficit of nearly 5,000 housing units for the six lowest earning occupation groups.

• **There is an overall small housing surplus for Job Centers 1 to 3 combined but mismatched affordability** – Shortages exist across the board for lower incomes, and the primary surpluses are at or above the highest income occupation. The latter is a function of using median occupational wages where it won’t be possible to simulate actual incomes associated with these households.

• **Job Centers 4 and 5 have greater housing supply than jobs/demand** – Due to the more suburban nature of Job Centers 4 and 5, there is a better correlation between jobs (income) and housing (cost) in these areas. In Job Center 5, 881 working households exist to consume more than 7,000 housing units. Simply put, Job Centers 4 and 5 are not job centers at all. However, Job Center 4 does have unmet need of approximately 400 units for the lowest income occupation group and households with no workers living below the poverty line. To this point, the need for better balance between jobs and housing is not unique to the predominant employment corridor in the Lehigh Valley.
Impacts of Alternative Household Income - Job Centers

For Job Center 1, even the single worker household analysis has a surplus of housing, but it is very poorly matched to income levels. Very large shortages exist below about 80% of AMI, and surpluses exist for higher priced housing.

For the Job Center 2 single-income household analysis, there is a very large overall shortage with about 90% of the shortfall below 80% of AMI. For Job Center 3, there is a very significant overall housing surplus of about 40% of demand, but still a shortage for incomes below 80% of AMI. These results support a conclusion that the housing sheds for Job Centers 1 and 3 partially fill the overall demands for Job Center 2, but not below 80% of AMI, where shortages exist throughout.

When applying 1.40 workers per household, removing working households and increasing the ability to pay for those remaining households substantially changes the jobs-housing balance equilibrium in each of the job centers. While a few individual occupation groups retain a deficit in housing (i.e. sales and related occupations in each of the five job centers), only Job Center 2 has deficits for entire income affordability thresholds. Interestingly, Job Center 2 has a net surplus for households earning below 50% of AMI in this scenario. This presumably is due to the relative presence of income-controlled housing and comparatively lower property values than other parts of the Valley. However, Job Center 2 has shortages in each of the other affordability bands in this scenario.
The takeaways from this effort are two-fold. First, the results of the analysis indicate that households that work outside the Valley and those that live in the Valley but do not work make up a substantial portion of the local market. Simply put, the outside pressures for housing in the Valley are prevalent. The reported influx of households from the east combined with the reported concentration of households that have retired and are choosing to age in place affect the Valley’s housing market. Second is that Job Center 2 has unmet need for higher end housing. Even when competition is pulled from the analysis, Job Center 2 has a net shortage of more than 16,700 housing units for households earning above 50% of AMI, with nearly 6,400 of that for households earning above 80% of AMI. The lack of effort to meet this demand indicates there are more substantive issues in Housing Shed 2 that dissuade the private sector from acting. The analysis indicates the lack of developable land (greenfields), existing property conditions, and the perceptions of schools are the biggest obstacles.

Unmet housing demands by job center and housing shed, in effect, identify shortcomes in the sustainability objective to live in close proximity to a job. The unmet demand will be resolved by workers living further away from their jobs, either in other housing sheds, other Lehigh Valley locations or outside the Valley.
JOBS-HOUSING BALANCE - ALL LEHIGH VALLEY RESIDENTS AND WORKERS

**Lehigh Valley Totals**

Adding the 88,600 households comprised of persons who live in the Valley, but work outside Lehigh and Northampton County, has a profound impact on the jobs-housing balance equilibrium. At a base level, the previous analysis net surplus of over 21,000 housing units becomes a net shortage of more than 67,500 units. Substantial residential development would need to occur to accommodate all potential market demand. As shown in Figure 103, the final analysis reveals that ten of the 13 occupation groups have deficiencies in affordable housing supply. The only income threshold groups with a surplus are the 100% to 125% of AMI group (healthcare and computer combined) and the over 125% of AMI group (management and “All Others” combined). This is partially explained by the fact that each occupation group is represented by its median and not the full range (thus limiting the top-end earners’ impact on the analysis). However, this finding amplifies the earlier sentiment about the desirability of the Lehigh Valley for retirees and out-commuters into the northern New Jersey/New York/Philadelphia areas.

It is worthwhile to reiterate that it is unreasonable for the Lehigh Valley communities to actively pursue all potential demand. As noted earlier in this section, personal preference and individual choice often influence housing decisions as much or more than proximity to work. To this point, the jobs-housing balance analysis is more valuable to the Lehigh Valley Planning Commission and its member jurisdictions as a tool to identify areas of specific need and opportunity. The following summary of findings is framed in this context.

- **Demand with all Lehigh Valley residents and workers intensifies shortage at the lowest end of earnings** – The cities of Allentown, Bethlehem and Easton offer lower income workers access to greater services and amenities than most of the surrounding area. To this point, they have become attractive “collector areas” for households earning at the lower end of the income scale. This analysis reveals the housing availability impacts for the substantial number of households that work elsewhere but live in the Valley. The three occupation groups that fall below approximately 50% of AMI have a net shortage of nearly 53,000 housing units (almost double the workers-only demand scenario from Figure 102) within the Valley. To this end, the analysis indicates that many of the Lehigh Valley worker households either live outside the Valley (in-commuters) or live above the HUD threshold for housing cost burdened (30% of gross income). Unfortunately, those households that have found lower cost housing outside the Valley end up with greater transportation costs due to
their increased commute. In either case, this analysis reinforces the need for more modestly priced housing in the Lehigh Valley.

- **Unmet demand for higher income occupation groups limits supply for lower earning households** – The analysis reveals an insufficient housing supply through the mid-range of incomes (50% to 100% of AMI) and indicates the need for housing within the Valley goes beyond just more price appropriate housing at the lowest income thresholds. The 50% to 80% of AMI group has almost as much unmet need (approximately 46,300 units) as the lowest earning occupation groups. They combine for a net shortage of more than 99,000 housing units (not including non-working households). Households earning below 100% of AMI constitute a shortage of just over 109,000 housing units in the Valley.
Impacts of Alternative Household Income - All Valley Residents and Workers

For the single-income analysis, the results are predictable that the demand is far too great with all workers requiring a separate household and incomes low across the board. There are very large shortages for incomes below 80% of AMI and a high number of units not affordable for any occupation.

Similar to the workers-only analysis, adjusting the number of workers per household for the multiple worker analysis to 1.40 workers per household has substantial impacts on the results. Unlike the workers-only analysis, the reduction in demand due to the higher incidence of multiple-income households has not created a net surplus. The Valley as a whole could not support all working households (either working here or living here and working elsewhere) if that was the market's preference. There are 14,200 more households than housing units in this analysis. That said, the most substantial finding from this effort is that the net 51,200 housing unit shortage for households earning below 50% of AMI becomes a net surplus of slightly below 4,300 units. As mentioned, this shift is due primarily to: 1) the decrease in net demand of more than 28.5% compared to the 1.17 workers per household analysis, and 2) the substantial increase in supply affordable to this income band due to the price sensitivity within the market (particularly for rental housing).

While the shift of supply benefited the occupation groups earning below 50% of AMI, the occupation groups earning between 50% and 100% got little relief. The net shortage for these groups totaled 42,500 housing units, as compared to a net shortage of 55,400 in the 1.17 workers per household analysis. This finding indicates that there is a concentration of housing at the 50% of AMI level, where market changes can influence the balance of income and housing. However, there is not a corresponding concentration at 100% of AMI. The analysis highlights the sensitivity of affordability at the lowest income occupations to an increase in household income. This strongly indicates the benefit provided if wages were increased.
Job Centers - All Valley Residents and Workers

- **Workers earning below 50% of AMI compete the most for affordable housing** – The supply of housing valued to be affordable to the three occupation groups that fall below the 50% of AMI income threshold is not sufficient for the demand in Job Centers 1 through 4. Only Job Center 5 has sufficient housing for those households. The findings indicate that supplying appropriate housing to the occupation groups earning the least is a challenge throughout the Valley, not just one or two specific locations.

- **As a whole, Job Center 1 has a net surplus of housing** – Although Housing Shed 1 has a slight surplus of housing overall under the 1.17 workers per household analysis, there is a near 12,000 unit deficit when housing units priced above 125% of AMI are excluded. Furthermore, the balance of jobs and housing is skewed to the higher income occupation groups. There is a net deficit of more than 17,000 units for the six lowest earning occupation groups. This finding is consistent with market conditions, as there are substantial manufacturing and warehouse/distribution jobs in Job Center 1, but few housing options for those workers. The greatest needs are for ownership housing priced between $100,000 and $140,000 and/or apartments priced between $850 and $950 per month. For the rental housing, 2- and 3+ bedroom units have the greatest demand. Unfortunately, the portion of Lehigh County outside the housing shed has very little modest priced housing, forcing these workers to live even further from their jobs.

- **Job Center 2 residents that work outside the Valley skew to the lower income groups** – Based on the occupation characteristics, persons that live in Job Center 2 but work outside the Valley are more heavily concentrated in jobs that pay below 80% of AMI than other job centers. This finding is not surprising, given the high concentration of affordably priced housing. Unfortunately, this finding also indicates that the job center with the greatest need (for local workers) is also the job center with the greatest internal competition. Job Center 2 has a net deficit of 30,250 units priced below 50% of AMI despite the Valley’s net surplus. In short, the data indicates that Job Center 2 has the highest concentration of lower paying jobs, creating substantial need. That said, the net 70,000+ shortage of units indicates strategies for Job Center 2 that focus on a mix of incomes are the most prudent to create a more effective jobs-housing balance equilibrium.

- **Job Center 3 has near equilibrium overall, but mismatches within the different occupation groups** – Similar to Job Center 1, the balance of jobs and housing in Job Center 3 is above equilibrium when income and price considerations are ignored. However, the distribution of supply and demand indicates there
is substantial unmet need at the lower income groups (15,400 units for the six lowest earning occupation groups) and a surplus of supply at the upper end of housing price/income level (24,700 units more than demand for the six highest earning occupation groups). When all three job center conditions are considered, it becomes apparent that higher income earners in Job Center 2 have the opportunity to find housing in the adjoining housing sheds (Sheds 1 and 3). However, lower earning households and those with no income and below the poverty line have very few options to avoid housing cost burdening anywhere in the Valley’s main employment centers.

- **Job Centers 4 and 5 have greater housing supply than jobs/demand** – Due to the borough-oriented nature of Job Centers 4 and 5, there is a better correlation between jobs (income) and housing (cost) in these areas. However, Job Center 4 does have unmet need of more than 1,300 units for the lowest income occupation group and households with no income living below the poverty line. To this point, the need for better balance between jobs and housing is not unique to the predominant employment corridor in the Lehigh Valley.

**Transit Areas**

The transit area analysis yielded similar findings for each of the three study areas. Most notably, LANta has effectively provided transit service near the majority of the Valley’s employment base. However, the finding that all three transit areas have a large unmet need for housing indicates that housing opportunities are not as clustered as job opportunities. Simply put, the suburban development patterns of the Valley have inhibited households’ ability to reliably use alternative methods of transportation to go to and from work. The fact that Transit Area 1 (59,054 unit shortage) has almost as much unmet demand as Transit Area 2 (62,172 unit shortage) despite a much smaller worker household demand (151,433 households and 199,060 households, respectively) indicates the availability of housing near transit routes is much less robust outside the downtown areas of Allentown and Bethlehem. To this point, there is need for greater housing activity along all of LANta’s bus lines, particularly away from the urban core.

It is important to note that the unmet need in the transit areas is highest for the lowest income occupation groups, but not exclusively for these groups. There is a net shortage of appropriately priced housing in each of the income groupings studied in this section. To this point, efforts to encourage additional housing development along transit routes within the Valley should incorporate a mix of housing types, sizes and prices. Not only would this approach address actual unmet needs for the Valley, it can create more stable and sustainable communities for the host municipalities.
Impacts of Alternative Household Income

For the single-income assumptions, Job Center 1 has an overall housing shortage and, of course, larger shortages at the incomes below 80% of AMI than the multiple-income analysis. Job Center 2 has an even larger single-income housing shortage, where less than 50% of demand is met and worse conditions for occupations below 80% of AMI. Job Center 3 has nearly equal overall supply/demand for the single-income analysis but split into large shortages below 80% of AMI and surpluses at higher incomes. When combined, there is a very large housing shortage of nearly one-third of demand.

For the 1.40 workers per household option, removing non-working households and increasing the ability to pay for those remaining households substantially changes the jobs-housing balance equilibrium in each of the job centers. While a few individual occupation groups retain a deficit in housing (i.e. sales and related occupations in each of the five job centers), only Job Center 2 and the three transit areas maintained net deficits for housing. Unlike the workers-only analysis, Job Center 2 did not have a net surplus of housing at the lowest income levels. This is not surprising, as the previous analysis did not consider existing residents who work elsewhere. As mentioned throughout the analysis, the addition of zero-working households has an impact on all job centers, particularly for the households earning below 50% of AMI (due to the zero income households under the poverty line).

The findings of this effort support the earlier findings from the Lehigh Valley workers-only analysis. However, the final analysis even further reinforces the importance for a concerted effort to accommodate the development of housing at all prices and types in Job Center 2. Simply put, Job Center 2 is on another level from the other job centers; it accounts for more demand of housing than the four other areas combined despite its slightly higher concentration of housing units. While Job Centers 1 and 3 were analyzed independently, it is obvious that they serve as part of Job Center 2’s Housing Shed in addition to serving their own employment needs.

However, Job Centers 1 and 3 can only provide relief at the highest income levels (where they have surpluses). Their respective shortage of housing at the lowest end only exacerbates the need for adequate housing for households earning below 100% of AMI, and particularly those earning below 50% of AMI. To this point, it is appropriate that the LVPC pursue policies and efforts to expand housing priced below $150,000 (ownership) and $950 per month (rental) in these areas to serve both their needs and to allow these areas to relieve the pressure in Job Center 2, similar to the way they do for upper income households.
JOBS-HOUSING BALANCE SUMMARY

For the scenario where housing demand is solely based on people who work in the Lehigh Valley, there is an overall surplus of housing—meaning that all Lehigh Valley workers have housing available. The housing, however, is largely mismatched in pricing with median occupational wages.

From a job center perspective, there also is a combined surplus of housing but a mismatch in pricing. This indicates that the housing sheds have sufficient housing for the demand within reasonable drive times but not at appropriate price points. Again, it is the occupations below 80% of AMI that have insufficient supply.

Using higher estimates of income per household (1.40 workers per household) has a dramatic positive influence on affordability below 100% of AMI and again, provides sufficient housing within reasonable drive times. It is clear that Job Center 2, with the largest demand by far, has an actual housing shed that extends into the housing sheds for Job Centers 1 and 3, and even beyond.

The overall analysis clearly indicates the need to provide additional housing at incomes below 80% of AMI or to supplement incomes to change housing affordability at the lower incomes. Apparent housing surpluses at the highest end (above 100% of AMI) are explained by using the median income methodology in the jobs-housing balance, whereby it’s not possible for household incomes to pay for the most expensive housing in the Lehigh Valley. This is the benefit of
having completed the housing affordability analysis detailed earlier that clearly shows that actual household incomes in the Lehigh Valley are more than sufficient to purchase the housing above 100% of AMI. Median wage earners, even when there are 1.40 of them per household, cannot afford the highest priced housing in the Lehigh Valley. This housing, however, is affordable to individuals earning wages well above median for his/her occupation or two-person, higher wage households.

For the scenario where housing demand is based on all workers and residents in the Lehigh Valley, there is an overall shortage of housing. This is an obvious overall conclusion since there are nearly 90,000 people who work here but don’t currently live here. This scenario reinforces the finding that people who work in the Lehigh Valley have difficulty competing for suitably priced housing in the Valley, given the competition from people that already live here but work outside the Valley. The price point most notably impacted with shortages in housing are below 80% of AMI. This reinforces the difficulty for workers in this income range to find suitable housing in the Lehigh Valley within suitable drive times of their jobs.
Chapter 8
Critical Influences on Housing Markets
INTRODUCTION

In addition to socioeconomic trends, development activity measures, and housing supply and demand equilibria, several other key factors can exert a particularly strong influence on a regional housing market, even if they do not directly relate to housing as a physical entity. Outside of market demand, the local regulatory environment has the greatest impact on housing development. Simply put, housing cannot be built where it is not allowed. From a more qualitative perspective, a number of factors influence housing choice, including perception of safety, school quality and the health of the environment. Lastly, many other agencies outside of the private sector real estate and development industry can effect changes to the market, largely through the provision of housing to those in need. These agencies can include other government organizations (local, state, national), nonprofits and private companies with a charitable arm or embedded mission to build affordable housing. This chapter discusses each of these factors as they relate to the Lehigh Valley housing market.

PUBLIC SAFETY

Public safety is a determinant of demand for housing. The Pennsylvania State Police maintains a database of all crime statistics reported at the municipal and county levels in the state. The crime rate of a geographic area is defined as the number of crimes per unit of population. Most crime reports, including those collected and reported by the State Police, use the rate of crimes per 100,000 resident population. For example, 50 crimes reported in an area with a population of 50,000 residents equals a crime rate of 100 per 100,000 residents, while 50 crimes reported in an area of 150,000 residents equals a crime rate of 33.3 per 100,000 residents. As a result, reliable comparisons can be made between geographic areas regardless of population.

As seen in Figure 104, Part 1 criminal offenses are crimes that are considered by law enforcement to be the most serious crimes that readily come to the attention of police and occur with a frequency great enough to be reported as a separate
classification. Part 1 offenses are used nationally as a basis for comparison of criminal activity. Murder and non-negligent manslaughter, forcible rape, robbery, aggravated assault, burglary, larceny-theft, motor vehicle theft, and arson comprise Part 1 offenses. Part 2 offenses encompass all other crime classifications and include 18 distinct categories of crime. The sum of the rates of Part 1 and Part 2 offenses equals the Crime Index for that area.

Lehigh County and Northampton County rank second and fourth, respectively, in overall crime rates in a ten-county region. The high Crime Indexes for the cities of Allentown and Bethlehem contribute to the high rates in the Lehigh Valley. Careful planning should emphasize safe locations for the development of new affordable housing, whether the units are privately-assisted or public housing.

### Figure 104

<table>
<thead>
<tr>
<th>Crime Rates per 100,000 Resident Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lehigh Valley, Pennsylvania; 2012</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2012 Population</th>
<th>Part 1 Offenses</th>
<th>Part 2 Offenses</th>
<th>Crime Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allentown City, PA</td>
<td>119,334</td>
<td>4,421</td>
<td>7,132</td>
<td>11,553</td>
</tr>
<tr>
<td>Bethlehem City, PA</td>
<td>75,388</td>
<td>2,906</td>
<td>6,083</td>
<td>8,990</td>
</tr>
<tr>
<td>Suburban</td>
<td>502,726</td>
<td>2,126</td>
<td>4,523</td>
<td>6,649</td>
</tr>
<tr>
<td>Lehigh Valley MSA*</td>
<td>697,448</td>
<td>2,603</td>
<td>5,138</td>
<td>7,741</td>
</tr>
<tr>
<td>Lehigh County, PA</td>
<td>349,497</td>
<td>3,115</td>
<td>5,191</td>
<td>8,306</td>
</tr>
<tr>
<td>Northampton County, PA</td>
<td>299,267</td>
<td>2,201</td>
<td>5,024</td>
<td>7,224</td>
</tr>
<tr>
<td>Monroe County, PA</td>
<td>168,798</td>
<td>3,039</td>
<td>5,524</td>
<td>8,563</td>
</tr>
<tr>
<td>Carbon County, PA</td>
<td>65,006</td>
<td>2,328</td>
<td>5,599</td>
<td>7,927</td>
</tr>
<tr>
<td>Schuylkill County, PA</td>
<td>147,063</td>
<td>1,777</td>
<td>5,053</td>
<td>6,830</td>
</tr>
<tr>
<td>Berks County, PA</td>
<td>413,491</td>
<td>2,531</td>
<td>4,499</td>
<td>7,031</td>
</tr>
<tr>
<td>Montgomery County, PA</td>
<td>808,460</td>
<td>2,037</td>
<td>3,851</td>
<td>5,888</td>
</tr>
<tr>
<td>Bucks County, PA</td>
<td>627,053</td>
<td>2,080</td>
<td>3,171</td>
<td>5,251</td>
</tr>
</tbody>
</table>

Sources: Pennsylvania State Police; RKG Associates, Inc.

* For the purposes of this study, the MSA only includes Pennsylvania counties (Lehigh, Northampton, Carbon)
QUALITY OF SCHOOLS

Public school quality is also a deciding factor in home purchases, particularly for households with school-age children. Districts with high quality schools are often the most sought-after areas in which to live. Schools of high quality continually attract new households to their respective municipality, leading to high demand for homes in the area and increasing property values.

Although quantifying the quality of education provided at schools is complex, the Pennsylvania Department of Education complies with the federal No Child Left Behind (NCLB) Act reporting requirements. In this way, the state can track and record the progress of individual schools and school districts against statewide targets and scores in graduation, reading and mathematics. These school district report cards are available from the Pennsylvania Department of Education and report on the status of each school in terms of making Adequate Yearly Progress (AYP).

For the 2011-2012 school year, the state targets and scores were as follows:

State Targets:

- A graduation rate of 85% for students successfully completing high school
- 78% of all students achieving a proficient score or higher in mathematics
- 81% of all students achieving a proficient score or higher in reading

Actual Statewide Scores:

- Graduation rate of 83%
- 74% of all students achieved a proficient score or higher in mathematics
- 71% of all students achieved a proficient score or higher in reading
- 61% of all schools met AYP targets

Figure 105 shows the graduation rates for each of the school districts located in the Lehigh Valley.

The Allentown, Bethlehem and Pen Argyl school districts were the only districts to fall short of the primary statewide graduation target. The Department of Education has set a statewide graduation target rate of 85%. Across the state, however, the actual graduation rate was 83%. Regionally, all other districts exceeded the statewide graduation rate.

The state target for achievement in mathematics is 78%, and 11 out of 17, or 65%, of Lehigh Valley school districts met or exceeded this benchmark. The state target for achievement in reading is 81%; seven out of 17, or 42%, of school districts met or exceeded this target.
Figure 105 - School District Report Cards

Graduation Rates
- 66% - 87%
- 87.1% - 92%
- 92.1% - 93%
- 93.1% - 95%
- 95.1% - 96%

Sources: LVPC, RKG Associates, Inc., PA Dept. of Education
Schools’ abilities to meet AYP targets also helped determine their scores. Statewide, 61% of all schools met their targets. In the Lehigh Valley, the following school districts met or exceeded this rate: Northwestern Lehigh, Parkland, Southern Lehigh, Salisbury Township, Nazareth, Saucon Valley and Wilson. On the other hand, the following districts had one or more schools that failed to achieve their targets for more than one year: Allentown (three schools), East Penn (one school), Whitehall-Coplay (one school), Bethlehem (one school), Easton (two schools), and Pen Argyl (one school).

Affluence is often viewed as an indicator of high quality schools. Many correlate higher income, higher housing values, and higher property values (thus, more tax revenue generated for school districts) with higher school test scores. To test this perception, the following indicators (in addition to graduation rates and test scores) were analyzed for the school districts that comprise the Lehigh Valley:

- Percentage of students enrolled in the Free/Reduced Lunch Program,
- Amount of instructional funds spent per student in each school district, and
- The median housing sales price by school district.

As seen in Figure 106, the amount of instructional funds expended per student equates to the degree of investment each school district is making. In 2011-2012, an average of $9,102 per student was spent across the state. In the Lehigh Valley, amounts spent per student ranged from as low as $8,642 in Whitehall-Coplay up to $12,834 in Salisbury Township. Good quality schools also can have a positive impact on residential property values. Since school-age children typically attend school in the school district in which they reside, higher quality schools will drive the demand for housing units in the school district. Increased demand for housing will result in higher housing values.

Generally, school districts with higher graduation rates and test scores typically had lower percentages of students in the Free/Reduced Lunch Program and higher housing sales prices, the former of which is seen in Figure 107. While there are a few very obvious correlations between affluence and school quality, several scenarios do not fit the perception. For example, Catasauqua had a higher rate of instructional expenditures per student accompanied by some of the lowest achievement scores in the Lehigh Valley, but graduation rates were nonetheless high. Northern Lehigh is in the top five for expenditures per student, but ranks in the bottom five in all other categories. Generally speaking, the top performing school districts ranked high in most categories, and vice versa, with a few notable exceptions.
Figure 106 - Educational Quality Indicators

Instructional Expenditures per Pupil

- $8,642.28 - $8,769.79
- $8,769.80 - $9,846.91
- $9,846.92 - $10,410.68
- $10,410.69 - $11,561.55
- $11,561.56 - $12,833.86

Sources: LVPC, RKG Associates, Inc., PA Dept. of Education, Demographics Now
Figure 107 - Students on Reduced Lunch Program

Percentage on Program
- 7% - 9%
- 9.01% - 16%
- 16.01% - 24%
- 24.01% - 29%
- 29.01% - 87%

Sources: LVPC, RKG Associates, Inc., PA Dept. of Education, Demographics Now
ENVIRONMENTAL FACTORS AND RESIDENTIAL DEVELOPMENT

Environmental issues associated with a potential residential site can appear to be a setback. Often referred to as brownfields, these parcels have or potentially have a hazardous substance, pollutant or contaminant as defined by the U.S. Environmental Protection Agency (EPA).\(^1\) In most cases, mitigation of these environmental issues must occur before residential development can take place. In some cases this may make development cost prohibitive; in other situations available subsidies can offset the cost of mitigation. The Lehigh Valley Land Recycling Initiative (LVLRI), created by the Lehigh Valley Economic Development Corporation, works to promote reuse of commercial and industrial properties that are underutilized. One objective of the initiative is to help developers and property owners identify sources of funding to pursue mitigation. The EPA is a substantial source of this funding, but there are a number of state-level programs and loans available as well.\(^2\)

To assess the impact that environmental concerns may have on potential residential development in the Lehigh Valley, RKG Associates used data provided by the Pennsylvania Department of Environmental Protection to identify locations of environmental issues and then compared these locations to parcels identified for potential residential development. Figure 108 shows the locations of potential environmental issues in the Lehigh Valley. A full discussion of the methodology used to select the residential development parcels can be found in Chapter 5, in the section titled “Potential Greenfield Residential Development” and through Figure 39.

The environmental issues in the Lehigh Valley that are the focus of this analysis are listed in Figure 108. Additional environmental issues beyond those listed were evaluated but were not included in this analysis because they were located outside the Valley. When applicable, permit sites were included in the analysis based on the potential impact of future activities that might produce environmental issues.

As seen in Figure 108, there are environmental issues throughout the Lehigh Valley with higher concentrations in the more urban areas of Allentown, Bethlehem and Easton. These areas have a particularly high number of petroleum and regulated hazardous material storage tanks due in part to the prevalence of gas stations in these communities. Additional concentrations of environmental issues are located in Emmaus, Whitehall, Slatington and Upper Macungie in Lehigh County and the Pen Argyl, Bangor and Wind Gap areas in Northampton County.

When compared to potential locations for residential development based on the standards depicted in Figure 39 from Chapter 5, less than 75 parcels are directly impacted by the presence or potential presence of an environmental issue scattered throughout the Lehigh Valley. Regardless of what

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the zoning regulations allow, environmental considerations may discourage developers from pursuing development with residential units on these sites. However, it is possible to encourage residential development in these areas if sufficient subsidies and incentives are available to make development viable.

**HOUSING DELIVERY SYSTEMS - PUBLIC/PRIVATE PARTNERSHIPS**

**Federal Entitlements**

The cities of Allentown, Bethlehem and Easton and the counties of Lehigh and Northampton are all Community Development Block Grant (CDBG) Program entitlement communities. The three cities receive funding from the HOME Investment Partnership Program and CDBG Program through the U.S. Department of Housing and Urban Development to support local housing efforts. The housing authorities of Lehigh County, Northampton County, Allentown, Bethlehem and Easton remain primarily focused on meeting housing needs of low income households. Housing authorities in the Lehigh Valley own and operate public housing for families, seniors and persons with disabilities, and they administer the Housing Choice Voucher program.

For fiscal year 2013, the City of Easton plans to use CDBG and HOME funding for housing counseling through the Community Action Committee of the Lehigh Valley (CACLV) and Neighborhood Housing Services (NHS).
and acquisition, disposition and rehabilitation efforts of residential properties by the Department of Community and Economic Development. As outlined in the Fiscal Year 2013 Annual Plan, similar efforts were completed in previous years. These previous activities included rehabilitation of renter-occupied, owner-occupied and vacant housing units using CDBG and Neighborhood Stabilization Program (NSP) funding and homeownership support through homebuyer counseling by CACLV.³

Proposed projects and activities to be funded by CDBG and HOME grants related to housing for the City of Allentown during fiscal year 2013 are similar to those of the City of Easton. Housing rehabilitation, acquisition and property maintenance are planned by the City and City Redevelopment Authority. Funding is also allocated for Housing Association and Development Corporation (HADC) activity to target properties in specific areas for rehabilitation and sale of housing units to low and moderate income households. Allentown is also continuing to assist affordable homeownership through housing and homebuyer counseling. Funding is also requested for lead-based paint removal grants for occupied homes and to continue to reconvert traditional ownership units from current multi-unit setup.⁴

The City of Bethlehem is focusing CDBG and HOME funding on similar housing efforts. For fiscal year 2013, the City is applying for federal funding to support owner-occupied housing rehabilitation efforts, to provide homeownership counseling through CACLV, to give housing assistance to persons with disabilities through the Lehigh Valley Center for Independent Living (LVCIL) and to fund a City employer-assisted housing program. Additional funding is also requested to add ten rental units to the existing 36 units in the Housing Development Corporation Mid-Atlantic’s development in the Morton and Hayes Street redevelopment area. The action plan also outlines funding to continue Habitat for Humanity’s homeownership efforts and to provide the Lehigh Valley Community Land Trust with funds to rehabilitate and sell one housing unit on Hayes Street.⁵

The Home Ownership Outreach Program (HOOP), which provides homeownership assistance, was a part of the annual plan for Allentown as early as 2007 and continues to be a part of the efforts funded by federal grant requests from Allentown, Bethlehem and Easton through 2013. This program is administered by NHS of the Lehigh Valley. It helps homebuyers qualify for their first mortgages and provides grants to assist with down payment and closing costs.⁶

In addition to encouraging development of affordable rental units through federal funding allocations, Low Income Housing Tax Credits are often used to subsidize the development as discussed above. The Lehigh Valley has 25 census tracts that are considered Qualified Census Tracts by HUD for both 2013 and 2014, seen in Figure 109. This is eight more census tracts than in 2006. Projects within these census tracts can qualify for additional tax credit eligibility within the Low Income Housing Tax Credits (LIHTC) program.\(^7\) In order to be designated as a Qualified Census Tract, at least 25% of the population must be in poverty, and at least 50% of householders must have an income less than 60% of the area median income.\(^8\)

Since 2007, both Lehigh County and Northampton County have received funding as entitlement communities. For fiscal year 2013, Northampton County proposes to use some of its funding for county-wide housing rehabilitation efforts. Additionally, the County plans on working with Catholic Charities to provide housing and utility assistance for both renters and homeowners.\(^9\) Similarly, Lehigh County proposes to use its fiscal year 2013 funds for housing rehabilitation efforts. The County also plans to fund the Lehigh Valley Community Land Trust’s housing acquisition efforts through the Community Action Committee of the Lehigh Valley.\(^10\)

**Nonprofit and Private Housing Assistance**

In addition to the efforts in the cities and counties of the Lehigh Valley, a number of nonprofit organizations and private developers work to assist residents in matters of housing access and affordability. In some cases they coordinate with these governmental entities, particularly when federal funding is involved. The following are nonprofit organizations active in affordable housing in the Lehigh Valley.

- **Alliance for Building Communities (ABC)** – ABC is a 501(c)(3) nonprofit agency with its home office located in downtown Allentown. In existence since 1975, ABC serves an area in northeastern Pennsylvania that includes Lehigh, Northampton, Berks, Carbon, Monroe and Schuylkill counties. The agency’s team consists of 20 to 23 employees and a volunteer board. ABC owns and operates low and very low income rental housing and senior housing throughout northeastern Pennsylvania. It also provides first time homebuyer assistance and housing counseling. ABC also pursues


Figure 109 - HUD Qualified Census Tracts
development and rehabilitation of properties for affordable housing. Between 2012 and 2013, ABC renovated, converted or rehabilitated six properties.\textsuperscript{11}

- Catholic Charities – This agency provides residents in the Lehigh Valley with educational services related to rental unit eviction and home equity conversion mortgages. Catholic Charities also provides housing and utility assistance for renters and homeowners.

- Community Action Committee of the Lehigh Valley (CACLV) – CACLV provides a variety of services to the residents of the Lehigh Valley. Housing related programming includes homeownership counseling to educate first time homebuyers and mortgage foreclosure counseling. CACLV also administers several programs that assist low income homebuyers and homeowners. CACLV is not a traditional development entity, but is an integral partner in low cost housing rehabilitation and preservation through the work and partnership efforts of its Sixth Street Shelter and Lehigh Valley Community Land Trust initiatives.

- Community Hope – This New Jersey-based nonprofit recently expanded its Hope for Veterans services from just Northampton County to both counties within the Lehigh Valley. The organization seeks to stabilize whatever housing situation a veteran is in, moving them from untenable housing into a stable place, or taking homeless veterans off the streets and into affordable housing.\textsuperscript{12}

- Easton Area Neighborhood Centers (EANC) - EANC works with low to moderate income individuals to provide utility assistance and rental assistance to prevent eviction.

- Habitat for Humanity – Habitat is an affordable housing builder for families with annual incomes between 35% and 60% of the median income for the Lehigh Valley. Families who move into Habitat homes are provided with homeownership and financial counseling. Founded in 1989, Habitat Lehigh Valley works by partnering with local businesses, individuals and faith-based groups to build and renovate housing for families in need in the Lehigh Valley. Currently, Habitat is implementing the “A Brush of Kindness” program (through its Neighborhood Revitalization Initiative), with a goal of improving 150 homes over a five-year period. Habitat anticipates building its 100th home in 2014.

- Housing Association and Development Corporation (HADC) – HADC is an affordable housing developer that


\textsuperscript{12} McEvoy, Colin. “Lehigh County to receive new services for homeless veterans,” The Express-Times, July 6, 2014.
completes new construction and rehabilitation projects. It was formed in 1978 as a faith-based initiative led by First Presbyterian Church of Allentown. The private, nonprofit organization works throughout central Allentown’s residential core but concentrates on the 24-square-block Jordan Heights target area. HADC also operates a number of multifamily buildings that accept Housing Choice Vouchers and offers project-based subsidized apartments for persons with disabilities. The agency operates entirely on contributed funds. Financial support is derived from the City of Allentown, Lehigh County, the State of Pennsylvania, and private foundations and corporations, including most of the region’s banks.

- **Lehigh Conference of Churches** – Responding to the call of Jesus Christ, the mission of The Lehigh Conference of Churches is to unite communities of faith as ecumenical partners. Putting their faith into action, they minister to and advocate for those in need and encourage all to reach their full potential. The Pathways Housing Program provides case management services for people transitioning out of chronic homelessness and meets basic needs for people living in poverty including rental assistance, rental subsidies, funds for furniture, toiletries, bus passes, shelter referrals, job and apartment search assistance, and referrals to other human service agencies.

- **Lehigh Valley Center for Independent Living (LVCIL)** – The fundamental mission of LVCIL is to empower persons with all types of disabilities to achieve independence in an inclusive community. Through a grant from the U.S. Department of Veterans’ Affairs, LVCIL has also provided the Supportive Services for Veteran Families program since 2012, to promote housing stability among very low income veteran families, providing case management, supportive services and possible short-term financial assistance. Eligibility includes households with a member with a disability whose incomes fall below 50% of the area median. Ideally, the households will have dependents under age 18, incomes below 30% of the AMI and at least one member served in the Iraq or Afghanistan conflicts.

- **Money Management International of Lehigh Valley (MMI)** – MMI provides a variety of credit and financial counseling and education services to the residents of the Lehigh Valley. They also have been approved by HUD to assist in foreclosure prevention.

- **Moravian Development Corporation (MDC)** – Initially founded to be responsible for managing apartments for the elderly, MDC focuses on developing housing for seniors and persons with special needs in Northampton County. MDC was founded in 1971 by the Bethlehem
Area Moravians, Inc. MDC currently owns a complex of four housing developments in downtown Bethlehem built from 1973 (Moravian House I) to 2007 (Moravian House IV). The complex totals 326 units, with 43 dedicated to persons who are disabled or physically impaired. MDC houses the Northampton County Department of Aging’s Senior Center of Bethlehem between Moravian House I and II.

- **Neighborhood Housing Services of Lehigh Valley (NHS)** – NHS is a community development organization led by residents and is part of the NeighborWorks America network. The organization provides a variety of homeownership and homebuyer programs, small loans for code abatement and alternate mortgage options for homeowners who cannot receive a mortgage through traditional channels. NHS also provides financial and housing rehabilitation counseling. Area revitalization efforts of NHS include buying and rehabilitating vacant and deteriorated properties for resale to first time homebuyers. Following up on work done in the 2007 Affordable Housing Assessment, this effort has confirmed that Neighborhood Housing Services remains focused on housing counseling, homebuyer training, and housing rehabilitation assistance. NHS supports the efforts of the other affordable housing developers listed above.

- **Pennrose Properties** – Pennrose Properties is a multifamily developer and residential property management company. Many of its properties accept Housing Choice Vouchers, and it has developed a number of senior and family affordable properties. Pennrose has developed more than 8,000 housing units throughout the Mid-Atlantic, including a number of mixed-use, mixed-income, senior and family affordable properties through partnerships with the public and private sector. Pennrose also offers property management and maintenance services for multifamily and mixed-use developments.

- **ProJeCt of Easton** – ProJeCt collaborates with the Easton Housing Authority on the Family Self-Sufficiency Initiative. This initiative provides a number of services to help families find employment, economic independence and become self-sufficient.

- **Valley Housing Development Corporation (VHDC)** – VHDC is the development nonprofit associated with the Lehigh County Public Housing Authority. Since 1982, it has developed over 1,300 apartments in Lehigh and Northampton counties. Approximately 85% of these units are age-restricted for seniors.
Past examples of these public/private partnerships include the Allentown Rescue Mission rental housing project and the Bethlehem YMCA rehabilitation project. Today, the Allentown Rescue Mission is no longer affiliated with rental housing, according to Mission staff. At the time of this report, no additional information was available. The Bethlehem YMCA project to rehabilitate and convert 65 units into 23 single room occupancy units, ten efficiency units and two emergency market rate efficiency units was completed in December of 2008. In 2009, residents began to move in, and the facility has been fully occupied with approximately four or five persons on the wait list since that time.

A more recent example of a planned, publically funded rental housing project is the rehabilitation of Cumberland Gardens in the Allentown 2013-2014 Action Plan for federal funding. This Pennrose Properties multifamily project uses both tax credit financing and federal funding. In its Action Plan, Allentown applied for an allocation of
$400,000 in federal funds for this project. Based on a review of the most recent federal funding Action Plans, Allentown is the only CDBG entitlement community currently planning on using federal funds for rental housing development.

**Act 137 Housing Trust Funds**

Based on authorization by the Pennsylvania State Legislature under Act 137, Lehigh and Northampton counties collect deed recording fees to apply to affordable housing efforts. The purpose of Act 137 is to provide a funding source to help increase affordable housing for households earning incomes less than the median income of the county.

The Housing Trust Fund in Lehigh County was enacted by ordinance in January 1996. Since 2008, the County’s Department of Community and Economic Development began working with the newly formed Lehigh County Affordable Housing Trust Fund Advisory Committee to allocate funds collected from recording fees based on new procedures related to accumulating and distributing funds. Instead of distributing funds to the county’s municipal redevelopment and housing authorities as was done prior to 2007, nonprofit organizations can now apply for funding through a grant application process. As noted in the 2012 grant application, applicants are scored based on the criteria below and to the extent the proposed project meets the goals of the Fund, including increasing homeownership, the number of affordable units and improving the condition of housing in the county.

The applicant criteria for Lehigh County include:

- Number of individuals or groups served
- Opportunities for long-term housing solutions
- Proven program management capabilities and past successes
- Programs for direct assistance versus administrative fees
- Projects that leverage additional funding

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Lehigh County geographic distribution capabilities

Ability to complete the project [in a timely fashion]

Lehigh County had sufficient funds through 2012 to hold the annual grant application process. In 2007, the fund balance was more than $1.6 million and diminished over the next few years to as low as approximately $340,000 in 2011, but increased to more than $600,000 by 2012. However, the advisory committee did not accept applications for 2013 in order to allow the funds to increase to sufficiently support grants in 2014. Based on conversations with county staff, the 2014 application process is scheduled to occur.

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16 Lehigh County Fiscal Office, 2014.
Similar to the Housing Trust Fund in Lehigh County, Northampton County’s Trust Fund is administered through the Department of Community and Economic Development in conjunction with the Affordable Housing Advisory Committee. This committee sets priorities for funding and approves requests for Act 137 assistance. Whenever possible, Northampton County will use Act 137 assistance to leverage other sources of funding. In the 2013 grant application, the advisory committee outlined its expectations for the use of the Housing Trust Funds, clearly prioritizing affordable housing:

“All projects funded under the Affordable Housing Program (AHP) must maintain or increase the availability of quality, affordable housing for residents of Northampton County whose annual incomes are below the median income for the County using the U.S. Department of Housing and Urban Development’s Section 8 Income Limits for 2012.”

Between 2006 and 2012, the committee met twice a year to discuss the fund balance and review applications. In general, the Northampton County Housing Trust Fund distributed between $400,000 and $600,000 each year between 2006 and 2009, except during 2007 when fewer funds were distributed. During this time, about 30% of awards went to nonprofits providing housing support services, and 70% were distributed to support housing development efforts. Recently, annual awards between 2011 and 2013 ranged from $15,000 to $130,000.

Examples of activities funded between 2011 and 2013 include the following:

- Catholic Charities: Emergency housing and utility assistance
- Community Action Committee of the Lehigh Valley (CACLV): Community Action Financial Services, Lehigh Valley Community Land Trust
• **Easton Area Neighborhood Centers**: Emergency housing services

• **Easton Redevelopment Authority**: Redevelopment project at 627 Ferry Street and the 600 Block of Pine

• **Easton Housing Authority**: 222 St. Joseph Street project

• **Neighborhood Housing Services**: Rehabilitation project

• **Victory Housing of Lehigh Valley**: Shelter operations

• **New Bethany Ministries**: Transitional housing operations

• **Valley Housing Development Corporation/Lehigh County Housing Authority**: 3rd Street Apartments project

Throughout this period, the first time homebuyer program, a priority for the Fund, steadily received funding. This continues to be the case even as the fund balance is anticipated to dwindle to $140,000 for 2014 after peaking at almost $1.6 million in 2007. The lack of funds for 2014 led the advisory committee not to accept applications for funding this year. When sufficient funds become available, the committee will reopen the application process.17

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17 Northampton County Department of Community and Economic Development (2014).
Employer-Assisted Housing Programs

Multiple prominent companies and institutions in the Lehigh Valley have attempted to institute employer-assisted housing programs, with mixed results.

Administered through NHS, in 2006 St. Luke’s Hospital committed to providing $15,000 annually, consisting of five loans of $3,000 each, to eligible employees. To qualify, the employees must meet the following criteria:

- Satisfactory employment status for one year,
- $1,600 in borrower’s own funds set-aside in an account for 90 days, and
- The purchase of a home in the Indian Hill section of Fountain Hill.

Loans provided by St. Luke’s are forgiven at a rate of 20% per year over a five-year period if the employee remains in good standing and is still living in the home. In addition to home loan purchase funding, Keystone Nazareth Bank & Trust (KNBT) provides $3,000 loans for façade and exterior repairs that are forgiven over a five-year period to qualified employees. Although the program is still in existence, a conversation with St. Luke’s Hospital Human Resources staff revealed that there was little interest in the program after it began, and the hospital did not actively market the program to employees. Since 2006, less than five employees have qualified and taken advantage of the program.

During the same period as the St. Luke’s employer-assisted housing program, Lehigh Valley Hospital offered a similar program. That program was terminated due partially to lack of interest.

For over a decade, Lehigh University has invested in the South Bethlehem community through its Home Buying Initiative, available to all benefits-eligible faculty and staff members working at least 75% of a full-time schedule. The programs include Home Purchase Support (forgivable loans of up to either $7,500 or $5,000, depending on the neighborhood) and Curb Appeal Support (up to $2,500 in loans for exterior home improvements). Approximately two to three households participate in the initiative each year.

Muhlenberg College encourages first-time homebuyers seeking to move within the Allentown Public School District with $1,000 toward closing costs, eligible to all full-time employees not already residing in Allentown. Now in its third year, the program has attracted three homebuyers.
ORGANIZATIONAL CAPACITY

To determine the degree to which affordable housing providers in the Lehigh Valley possess the ability to carry out their missions, planners evaluated their organizational capacity using three primary criteria. These included access to capital, staff size and rate of productivity. The following narrative provides a summary of this evaluation.

Access to Capital

Access to capital financing for pre-development costs enables a developer to perform a market study, conduct a Phase I environmental assessment and obtain site control in a timely manner. Without ready access to pre-development funds, developers are very limited in their ability to explore the feasibility of a project. Many of the development entities have access to capital for pre-development efforts, but at a relatively small scale. The combined average delivery of new construction and rehabilitation units for ABC, Habitat for Humanity, HADC, and MDC is less than 75 per year. To this point, the scale of these operations is not congruous to the identified need, evidenced through the housing affordability analysis in which Figure 80 shows a deficit of over 30,000 units for households earning below 50% of the AMI. Many of these organizations rely on grants, sponsorships and donations to implement affordable housing development and rehabilitation, meaning a portion of their respective access to capital is tied to the requirements of their grant programs.

Pennrose Properties has considerable resources for pre-development and site acquisition efforts (in context of the need within the Valley). However, Pennrose operates on a regional level, with projects in nine states. The impact of this is two-fold. First, Pennrose applies this capital across a much greater geographic boundary than the Lehigh Valley. This dilutes the amount available to pursue projects locally. Second, as a private company with considerable geographic breadth, Pennrose’s decision to partner is influenced by the relative level of return based on its entire company portfolio.
**Staff Size**

The number of staff dedicated exclusively to housing development indicates how much time and effort a developer can devote to creating new housing. A staff of several full-time employees working exclusively on locating sites and developing financing packages, as well as overseeing construction, enables a developer to focus on its mission to build housing. The staff levels for housing development for all the organizations fell below 20, with the majority less than ten. HADC has the largest staff level at 18, which includes the construction workers as well. Pennrose has greater numbers, but not all are dedicated to projects/working in the Lehigh Valley.

**Rate of Productivity**

Finally, the number of affordable housing units built or rehabilitated compared to the number of years of experience in affordable housing development indicates the level of productivity of a developer. The development entities dedicated to production in and around the Lehigh Valley area historically have produced between ten and twenty units annually (both new construction and rehabilitation). However, their focus has varied depending upon the mission. For example, HADC functions almost exclusively in one area of downtown Allentown, and, until recently, focused efforts on rehabilitating existing ownership units. Habitat for Humanity has the largest concentration of ownership construction units. MDC has produced the greatest number of units for persons with disabilities (outside the housing authorities).

Some of these entities produce housing on a regular basis, and some are more sporadic. These differences often are driven by the type of projects the organization specializes in. Those that are active in ownership rehabilitation and development have tended to produce at regular rates. Those that develop rental properties typically approach one to two projects at a time, delivering larger number of units more sporadically (i.e. Moravian).

As noted, Pennrose Properties is the highest performing organization, averaging over 300 units annually, though this total reflects more than just its efforts in the Lehigh Valley.
CONCLUSIONS

The development entities focusing on modest priced housing play a critical but comparatively small role in addressing housing needs within the Lehigh Valley. Removing Pennrose’s national development activity from the analysis, the regional entities have rehabilitated or constructed less than 65 units annually. When compared to the needs analyses from previous chapters, this activity is not commensurate with the existing or projected future need for housing affordably priced for the lowest earning households. Simply put, the resources and expertise dedicated to this effort are not sufficient to bring equilibrium to the Valley’s housing market. The private sector will need to become active participants for the Lehigh Valley to substantially reverse the imbalance of housing price to income.

That stated, the collective efforts of these organizations cannot be overemphasized. Most notably, these entities have effectively created complementary efforts that address a number of area market needs. While there is some overlap in mission, these groups generally have worked in parallel with one another. This is due, in part, to the depth and breadth of need in the Valley, which makes it easy to “spread out” the respective efforts. However, it was reported by many respondents that these groups have some level of interaction and communication.

These primary findings—on crime, schools, environmental degradation and partnering agencies—reinforce the need to establish a more formal, policy-based entity within the Lehigh Valley. On one hand, the goal of this entity is not to absorb or overshadow the existing institutions or development partners, but to complement and enhance their effort by bringing disparate research elements together. The consolidation of crucial details contained within this chapter can allow both civic leaders and housing consumers (both current and future) to make better-informed decisions. The market analysis reveals policy and regulatory changes that could motivate the private sector to be more actively engaged in addressing the need for modest priced housing in the Valley. At the same time, this plan recognizes that high demand in those areas that rate favorably for schools or public safety will inevitably push prices upward, resulting in diminished affordability.
Chapter 9
Strategic Housing Plan
A. Introduction

The Strategic Housing Plan proposes a series of specific actions to address unmet housing needs in Lehigh and Northampton counties.

Key Findings represent those aspects of the data collection and analysis from chapters 2 through 8 that present the most compelling issues to be addressed by the Strategic Housing Plan.

Overarching Housing Concerns are defined through an interpretation of key findings into distinct implementation issues or themes. They essentially serve as a response to the key findings, which in turn helped to generate any new goals, policies and implementation strategies. This interpretation resulted in four overarching concerns of housing Affordability (A), Variety (V), Distribution (D) and Condition (C). A minimum of at least one of the overarching housing concerns correlates to each of the different implementation strategies.

The Strategic Housing Plan takes the form of the LVPC Comprehensive Plan by expressing Goals, Policies and Implementation Strategies to meet identified housing needs. Inasmuch as the current LVPC Comprehensive Plan includes a housing element, the Strategic Housing Plan is a blend of existing and new goals, policies and implementation strategies. Each of the implementation strategies is linked to one or more overarching housing concerns by listing the A, V, D and C abbreviations from above. The implementation strategies identify the entity that should be responsible for implementation. For eight of the newly created strategies, there are example opportunities for the LVPC to have a significant role in implementation along with various partners and including an implementation timeframe. These are shown as “opportunity boxes” associated with specific implementation strategies.

Finally, the Strategic Housing Plan includes a discussion of the Implementation Organization to accomplish the recommendations that brings together the interests and expertise of the region’s housing, development and government communities.
The previous chapters in this report reveal a compelling narrative about the necessary actions to better accommodate housing demand in the Lehigh Valley. A summary of the key findings associated with each chapter of the Regional Housing Plan is provided below:

**Chapter 2 - Housing Matters**
- **Realtor observations.** The community meetings yielded responses from the Lehigh Valley Association of Realtors (LVAR), whose members noted that many buyers between the ages of 28 and 35 lack the necessary 20% down payment to initiate a mortgage. This could result in a huge portion of the young labor force either deferring homeownership or moving to a region where “starter homes” are more affordable.

- **LVPC Housing Survey results.** When asked about reasons influencing current housing choice, the most common responses across the three different survey methods were “better quality neighborhood” and “affordability”.

**Chapter 3 - Population and Household Trends**
- **Population change across all municipalities.** Over the period of 1980 to 2010, Lehigh Valley townships and boroughs had 87% of the population increase, while Lehigh Valley cities (Allentown, Bethlehem and Easton) had 13%. Thus, the more suburban areas surrounding the three cities have enjoyed the overwhelming majority of population growth, while the proportion of the Valley residing in the three cities decreased from 40% to 34% of the total.

- **Population change in the three cities.** Despite slower growth than the townships overall, all three cities in the Lehigh Valley grew in population from 2000 to 2010, with Easton at 2.1% and Bethlehem at 5.1%. Allentown added 11,400 persons at 11% growth, making it the fastest growing city in Pennsylvania during that decade.

- **Projected population change.** From 2010 to 2040, the two counties are anticipated to grow an additional 35%. Growth will keep housing as a primary issue.

- **Racial diversity.** In 1990, Lehigh Valley was 93% White, versus 82.4% in 2010. In 1990, African Americans comprised 2.2% of the population, versus 6% in 2010. The Hispanic share of the population shifted from 4.9% to 15% over the same period. The Lehigh Valley’s population is becoming more diverse.

- **Changing households.** In 1990, 28.2% of households consisted of nonfamilies; by 2010, that number had risen to 32%. A significant portion of those nonfamily households (80.4%) consists of persons living alone. This translates to a shift in the types of customers as well as the demand. Pre-
Key Findings

viously, the two-income households were buying the homes, but the market will react differently to a surge of single-income households.

Chapter 4 – Economic Profile

- **Wages.** At $44,826, Lehigh Valley average annual wages are 5% lower than the state as a whole ($47,035). A household needs both an income of a certain level and housing prices of a compatible level (with payments no more than 30% of wages) to avoid becoming cost burdened by housing. It’s hard to build wealth when the wages are low, but costs and debt are higher.

- **Industries in growth and decline.** Key growth sectors for Lehigh Valley jobs for 2002-2012 include healthcare and social assistance, management of companies, administrative, transportation and warehousing and accommodation and food services. Key Lehigh Valley job loss sectors for 2002-2012 include manufacturing, information, utilities, construction, real estate and other services.

- **Commuting patterns.** 64.3% of Lehigh Valley residents (186,497) work in the Lehigh Valley. 36% of Lehigh Valley residents (103,667) work outside of the Lehigh Valley, while 88,764 workers in the Lehigh Valley commute from homes outside the Lehigh Valley. Thus, the Lehigh Valley is a net exporter of labor. Among employees working in the Lehigh Valley, 67.8% live here, 28.7% commute from other locations in Pennsylvania and only 3.6% commute from outside Pennsylvania, contrasting sharply with the larger volume commuting to New York, New Jersey or other outside locations.

Chapter 5 – Housing Profile

- **Median gross rents.** Rents went up 11% in Lehigh County and 14% in Northampton County since 2000. This increase, against a backdrop of wages that are lower than the state average, will inevitably result in a greater proportion of lower income households becoming cost burdened. Many of the lowest income households lack access to financing and have no choice but to rent.

- **Regional housing comparison.** Despite the considerable rise in costs from 2000 to 2010, Lehigh Valley still has relatively low housing values and median gross rents when compared to New York City/Northern New Jersey and Philadelphia markets, with a housing stock of roughly the same age as the rest of the region. This distinction creates potential for Lehigh Valley housing to be attractive to workers in those markets.

- **Homeownership.** Rates for Lehigh County and Northampton County in 2010 were 67.8% and 72.8% respectively, comparable to the state homeownership rate (69.6%). Though the Lehigh Valley rate declined by 0.8% from 2000,
this decrease was less pronounced than the 1.7% noted statewide. Homeownership rates in the Lehigh Valley are higher in the townships at 84.9%, versus 50.1% and 64.4% in the cities and boroughs, respectively.

- **Housing types.** Single family dwellings remain the most popular housing type in the Lehigh Valley in 2010 at 80%, with single family detached at 57% and single family attached at 23% of all housing.

- **Demographics of tenure.** Homeownership for White households is 74.2%, while for African Americans, it’s 41.2%. Households of Hispanic ethnicity have a 39.6% homeownership rate. Homeownership rates in the Lehigh Valley for age 44 and younger have declined and rates for ages 45-64 have increased. This could substantiate the speculation from LVAR that younger households have trouble affording a mortgage.

- **Low income and cost burden.** The percentage of extremely low and very low income owners (less than 50% of MFI) that were cost burdened grew from 60.7% to 70.8% from 2000 to 2010. This includes 17,190 households in the Lehigh Valley. The percentage of low income owners (between 50-80% of MFI) that were cost burdened increased from 35.3% to 45.2% from 2000 to 2010. The percentage of extremely low and very low income renters (less than 50% of MFI) that were cost burdened increased from 66.2% to 75.1% from 2000 to 2010. This includes 23,560 households in the Lehigh Valley. The percentage of low income renters (between 50-80% of MFI) that were cost burdened increased from 25.9% to 41.6% from 2000 to 2010.

- **Housing condition.** Rental housing in the Lehigh Valley has a larger percentage of units that are older (over 50 years) and overcrowded than owner-occupied units. Cities typically have the highest overall numbers, but not necessarily percentages.

**Chapter 6 - Housing Affordability Analysis**

- **Affordability groups.** Households earning above 120% of AMI constitute 40% of Lehigh Valley households, with 50-80% of AMI the next largest at 16.6% of all Lehigh Valley households.

- **Housing types by affordability groups.** Single family detached provides 86% of all ownership units priced affordably to households above 80% of AMI. Single family attached has 38% of all units affordable at the lowest end (under 30% of AMI) but less than 10% of all units affordable to greater than 80% of AMI.

- **Rental supply and income.** 70% of rentals available to less than 50% of AMI are efficiencies or 1-bedroom. Conversely, very few 1-bedroom or efficiency units exist that are priced
Key Findings

for households earning above 100% of AMI. Thus, lower income families will likely have a difficult time finding suitable housing, forcing them to pick housing within a greater price range than they can reasonably afford.

- **Supply often does not meet demand.** For the Lehigh Valley and the school district study areas, unmet demand for housing less than 50% of AMI is universal. There is a shortage of housing for households that earn 30-50% of AMI in 11 of the 12 study areas. More than half of all households in this income range are cost burdened. There is a theoretical unmet demand for greater than 120% of AMI in 11 of the 12 study areas, with the exception of Saucon Valley-Southern Lehigh. As stated above, this really means that the higher earning households are spending less than 30% of their gross incomes on housing as a trade-off with costs of a commute outside of the Lehigh Valley. Relieving downward pressure by building higher quantities of expensive housing won’t solve the pricing problem at the lower end.

- **High income rental undersupply exacerbates low income undersupply.** Higher income renters who lack choice place downward pressure on the market. This is more harmful in the rental market than the ownership market because workers at the lower income levels have the greatest barriers to homeownership.

**Chapter 7 - Jobs-Housing Balance**

- **Income and commuting patterns.** Of the 378,928 persons working in the Lehigh Valley plus residents working elsewhere, 150,639 or 39.8% are in 50-80% of AMI. Persons in jobs below 100% of AMI constitute 79% of the total. Less than 80,000 of employed persons in the Lehigh Valley (21.1%) work in an occupation that is above the Lehigh Valley AMI.

- **Imbalance is sensitive to small income shifts.** Based on the Lehigh Valley workers-only demand, there is insufficient housing supply for seven of the ten lowest income occupations. If all worker households in the Lehigh Valley chose to live in the two counties, about 30% of those workers would be cost burdened. The impact of non-working households intensifies this need, especially at the lower end. Supplementing household incomes and reducing demand with 1.40 workers per household shows marked increase in housing affordability for the lowest income jobs—showing the sensitivity at the lower income occupations to affordable housing with relatively small income changes.

- **Greatest jobs-housing mismatch.** Job centers have very similar mismatches of wages to housing pricing in the Lehigh Valley overall. Job Centers 1, 3, 4 and 5 have an overall surplus of housing for the Lehigh Valley workers-only demand within reasonable commute times/distances. Job Center 2,
the largest of the job centers including Allentown and Bethlehem, has significant unmet housing demand within its defined housing shed, which could require longer commutes for many of its workers.

- **Regional transit and housing.** Transit area jobs-housing balance reveals that LANta has effectively provided transit service near the majority of the Lehigh Valley employment base. However, each transit area has a large unmet need for housing, meaning that housing opportunities are not as clustered as job opportunities. The Lehigh Valley suburban development pattern has inhibited households’ ability to reliably use alternative methods of transportation to go to and from work. Housing development along transit routes should incorporate a mix of housing types, sizes and prices to match demand.

- **Dependency on job centers outside the region.** Job center and transit center findings show a greater likelihood of Lehigh Valley residents commuting out of the Valley for work depending on how far east in the Valley they live. Most Lehigh Valley New York City bus stops terminate before reaching Allentown.

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- **Concentrations of crime.** Jurisdictions with significantly higher Crime Indexes will typically show significantly lower demand for housing, particularly for people with higher incomes who have the capacity to move to safer areas.

- **Affluence and school performance.** Generally, school districts with higher graduation rates and test scores typically had lower percentages of students in the Free/Reduced Lunch Program and higher housing sales prices. The districts with higher concentrations of lower income households typically had lower academic outcomes. During the 2011-2012 school year, only the Allentown, Bethlehem and Pen Argyl school districts fell short of the primary statewide graduation target.

- **Affordable housing provider capacity.** Existing public and private nonprofit housing developers do not have sufficient capacity in terms of access to capital, staff size and housing production to meet the Lehigh Valley needs for low and moderate income housing. The private sector needs to become more active participants for the Lehigh Valley to substantially change the imbalance of housing price to income.
C. Overarching Housing Concerns

The housing affordability and jobs-housing balance analyses reveal the overarching concerns associated with housing supply and demand that, along with the key findings, inform the goals, policies, and implementation strategies associated with the Strategic Housing Plan.

- **Affordability (A).** The housing affordability analysis and the jobs-housing balance analysis indicate that housing values in the Valley do not reflect local households’ ability to pay. The Lehigh Valley market is undersupplied in housing for the households earning less than 50% of AMI ($29,350), based on the housing affordability analysis, and even up to 80% of AMI ($46,960) from the more income conservative jobs-housing balance analysis. The total number of owner and rental cost burdened households under 50% of AMI is 40,750. The most vulnerable Lehigh Valley households are the least served, with large housing shortages below 30% of AMI ($17,610). This translates into many households at the lowest incomes being forced to pay above 30% of their gross income for housing, exceeding the threshold and becoming cost burdened. The alternative is to seek housing outside the Valley.

- **Variety (V).** The lack of variety of housing at either end of the income spectrum is an additional challenge for the Lehigh Valley. Most notably, the Lehigh Valley does not have many larger market rate rental units for modest income households (2 and 3+ bedroom units). Almost all of the affordable, larger rental housing stock is subsidized housing. Unfortunately, there is not enough subsidized housing for all households that qualify. Even if there were, this housing is not available to households that do not meet the income qualification for subsidized units but cannot afford rents above $1,000 per month. Likewise, the lack of diversity above 120% of AMI ($70,440) means households seeking alternatives to single family detached housing must buy below their ability to pay or consume housing that does not meet their preferences. Development trends for apartments indicate that the market will be building to this price range, however, not yet on-line at a sufficient level to provide greater diversity. The challenge related to downward market pressure is intensified when both volume and variety at the highest levels are considered. In addition, the overrepresentation of single family detached housing—as opposed to single family attached, multifamily or modular/mobile home—could force households into living environments that they otherwise would not choose or cannot truly afford.

- **Distribution (D).** Whether looking at the Valley as a whole, at a school district level or in terms of employment centers or as individual regions, the need for housing priced to working households earning below 50% of AMI ($29,350) is
universal. While the numbers presented in this report likely overstate demand, given the concentration of retiree or zero-worker households in the Valley, the fact remains that there is not enough quality, appropriately priced housing to accommodate the Valley’s employment base anywhere. In addition, the concentration of certain housing types with low demand (due to a combination of factors, including age, fewer amenities or poor condition) can result in inadvertent concentration of lower priced housing or low income households in few select places, particularly the cities and boroughs with older housing stock. Lastly, the disproportionate growth of low-density housing in the distant suburban townships—along with jobs clustered far from population centers—results in a persistent imbalance of jobs and housing across much of the Valley, coupled with a public transportation network that cannot fully meet the commuting needs for those individuals who cannot afford cars or cannot drive.

- **Condition (C).** While housing condition is not a widespread issue within the Lehigh Valley, those households most susceptible to cost burdening (earning below 50% of AMI or $29,350) are also most susceptible to substandard housing conditions. RKG Associates’ analysis indicates that more than half of single family detached houses affordable to persons earning below 30% of AMI ($17,610) can be considered in poor condition. About one-half of single family attached and 70% of condominium units affordable to this income group can be classified similarly. In contrast, about 90% of ownership units priced to households earning over 80% of AMI ($46,960) are valued at or above the regional average (on a per square foot basis). Anecdotal information provided by community stakeholders indicates condition issues are highly concentrated in specific neighborhoods, almost exclusively in the urban core area of the Valley. The overall cost of reusing existing housing stock serves to preserve the existing tax base and to offer a variety of housing types across incomes, while reducing overall land consumption and reducing the cost of development. Incentive-based zoning and development regulations, local historic districts and associated tax credits programs can effectively direct growth into areas where existing infrastructure, community facilities and services are readily available.
RKG Associates reviewed the stated housing goals, policies and implementation strategies in the LVPC *Comprehensive Plan The Lehigh Valley… 2030* in context of the findings from this analysis. Overall, RKG Associates found the Goals, Policies and Strategies still to be relevant for addressing the housing needs identified. The existing *Comprehensive Plan* Goals 1 and 2 are reworded but maintain the original intent. The findings of the analysis, however, lead to recommendations for more specific strategies moving forward. Presented below are the proposed housing Goals, Policies and Implementation Strategies. Also included with select *Actionable Strategies* (in green boxes) are the associated opportunities, partnerships and timeframes for more decisive implementation. It is noteworthy that policies and strategies for making improvements to the housing supply as described herein are directly related to income levels of Lehigh Valley households. Housing affordability at the lower end of household incomes is very sensitive to small increases in household income. This means that a combination of increasing housing supply in this price range and wage improvement strategies (skill development and job creation) together can make appreciable differences in affordability.

**Goal #1**

To strive for livable mixed income neighborhoods throughout the Lehigh Valley that collectively reflect the diversity of housing types, tenures and income levels of the region.

Although the wording of this Goal has changed slightly from the *Comprehensive Plan*, the Policies and Strategies promoting improved housing access and social/economic opportunity remain largely the same.

**Policies**

- To promote economic and social integration, residential communities should include a variety and mix of housing types and values.

- Housing type and location choices should be expanded in accord with the following principles:
  - A mix of housing types, sizes and prices to match needs should be located convenient to major employment centers, transit service, and goods and services to reduce needed commute time and cost.
  - Over-concentrations of low- and moderate-income housing in any one area of a jurisdiction should be avoided. New low and moderate income housing should be located in stable neighborhoods where social and economic integration is possible.
• New housing development should be sited and designed to be consistent with the goals and policies associated with areas recommended for urban development, rural development, natural resources protection and farmland preservation of the Comprehensive Plan.

Implementation Strategies

• Municipalities should provide for the basic forms of housing defined by the Pennsylvania Municipalities Planning Code (MPC) within appropriate areas based on the LVPC Comprehensive Plan and local comprehensive plans. These include the following: single family and two family dwellings, a reasonable range of multifamily dwellings in various arrangements, mobile homes and mobile home parks. Municipalities may provide for the entire range of housing types within their borders or may provide for these uses cooperatively with adjacent municipalities as part of the multi-municipal planning and implementation provisions of the MPC. (A, V, D)

• Municipalities should incorporate zoning provisions to encourage or require a mix of housing types compatible with job concentration within or in proximity to the municipality. (A, V, D)

• Counties, municipalities and financial institutions should explore opportunities to incentivize the creation of mixed income residential environments. (A)

• Actionable Strategy: Support existing downtown and neighborhood revitalization and brownfield redevelopment policies and programs that encourage higher density and mixed-use development to encourage mixed income housing and employment centers. (A, D, C)

  • Opportunity: The Lehigh Valley Planning Commission will support the region’s Neighborhood Partnership, Main Street, borough, city and suburban revitalization initiatives and programs like the Lehigh Valley Economic Development Corporation’s brownfield revitalization program to encourage the stabilization, clean-up, reuse and rehabilitation of vacant and underutilized buildings and lands for a variety of uses, including housing.

  • Partners Involved: Allentown, Bethlehem, Easton, boroughs, townships, LVEDC, CACLV

  • Timeframe: Ongoing

• LVPC reviews will support plans, ordinances and projects consistent with these policies. Changes will be recommended for plans, ordinances and projects that are not consistent. (A, V, D, C)
Goal #2  
To promote the creation of a range of housing types, prices and rents to foster culturally and economically diverse neighborhoods, which allow households to find new housing that meets changing needs within their existing community.

Like Goal #1, this Goal’s efforts to promote affordable housing remain essential, even if the wording has slightly changed. Both the housing affordability analysis and the jobs-housing balance analysis revealed the need for more housing at the lowest (under 50% of Area Median Income) income categories and a greater variety of housing at the highest (over 120% of Area Median Income) categories.

Policies

- Housing supply should be sufficiently diverse that all households, working or living in the Lehigh Valley, can own or rent at pricing appropriate for their incomes. Diversity in the rental market is particularly important, given that for the lower incomes renting may be the only current option.

- Housing supply and diversity should evolve to accommodate future housing demand, including changing household size and composition, changing race and ethnicity, increasing population of older persons, alternative housing types and evolving demands for ownership versus rental housing.

- Municipalities should consider the impact of regulations and fees in the balance between housing affordability and other objectives, such as environmental quality, urban design, maintenance of neighborhood character and the protection of public health, safety and welfare.

- The particular needs of disadvantaged segments of the population should be addressed. These segments may include the individuals with disabilities and/or cross-disabilities, veterans, the elderly and minority groups.

- The housing market should be open and free from discrimination based on sex, sexual orientation, race, age, national origin, familial status or disability. The strict enforcement of fair housing laws should be used in achieving this policy.

- Financial institutions doing business in the Lehigh Valley should assist with regional housing needs through the continued support of housing development corporations and the loan pool for the construction of rental housing for the low and moderate income people. A cooperative effort by local financial institutions in providing mortgage assistance for moderate income families for new and older housing units should be undertaken.

- Mobile homes and modular homes installed on permanent foundations should be allowed in the same districts and with the same requirements as other single family detached dwellings.
Implementation Strategies

- Municipalities should revise land development ordinances to eliminate provisions that unnecessarily increase costs of constructing new housing. Specifically, this can be addressed in the following ways:
  - Municipalities should use LVPC suggested ordinances dealing with subdivisions, mobile home parks and planned residential developments. (A, V)
  - Municipalities should follow suggested zoning standards for residential uses as contained in the LVPC Zoning Guide. (A, V, D, C)
  - Municipalities should adopt zoning ordinances in accord with lot sizes and densities shown in the Comprehensive Plan. (A, D, C)
  - The location of new residential areas should be consistent with the overall goals and policies of this Comprehensive Plan. Residential zones should be located in areas recommended for urban development in the Comprehensive Plan. (D)
  - Municipalities should ensure opportunities for the development or rehabilitation of homes with basic amenities or design features to guarantee housing for low income households or members of protected classes. (A, C)
  - The LVPC will support the efforts of area housing authorities, social service agencies, nonprofit organizations and housing development corporations when such efforts are consistent with the policies of this plan. (A, V, C)
  - LVPC reviews will recommend against excessive standards that will unnecessarily raise housing costs. (A)
  - LVPC reviews of land use regulations and comprehensive plans will advocate densities consistent with the Comprehensive Plan and the mobile home/modular home policies of this element. (A, V, D, C)
Goal #2 To promote the creation of a range of housing types, prices and rents to foster culturally and economically diverse neighborhoods, which allow households to find new housing that meets changing needs within their existing community.

- **Actionable Strategy:** Engage and educate the public, nonprofit and for-profit sectors on affordable housing needs and available programs to meet these needs. *(A)*
  - **Opportunity:** The Lehigh Valley Planning Commission will continue to publish the Annual Development and Building Activity report and augment the document with annual housing sales data. An LVPC event around the report will be part of community communication and dialogue on regional housing and associated development issues.
  - **Partners Involved:** Research and outreach organizations
  - **Timeframe:** Annual

- **Actionable Strategy:** Enhance and expand opportunities for nonprofit housing organizations to build capacity and collaborate with the private sector. *(A, V, C)*
  - **Opportunity:** The Lehigh Valley Planning Commission will support the creation of an affordable housing loan consortium bringing investors, financial institutions and private individuals together to pool resources and/or devise innovative strategies for developing housing at or below 50% of the Area Median Income to address the 40,750 existing owner and rental households that are cost burdened.
  - **Partners Involved:** Financial institutions, foundations, counties, investors, industry leaders, public and private housing developers, nonprofit housing organizations
  - **Timeframe:** 12-24 months

- **Actionable Strategy:** Increase direct outreach to municipalities on housing issues. *(A, V, D, C)*
  - **Opportunity:** The Lehigh Valley Planning Commission will engage the region’s municipalities and school districts on the region’s housing market, including the amount, location and form of revitalization, redevelopment and development. The LVPC will continue to provide tailored professional zoning and development guidance on housing needs and issues.
  - **Partners Involved:** Counties, nonprofit housing organizations
  - **Timeframe:** Ongoing
Goal #3  To promote and maintain suitable living environments and housing.

The retention of existing low priced housing units remains a key Strategy to building equilibrium for supply and demand among households earning below 50% of the Area Median Income. Housing stock affordable at the lowest levels is considered to be in fair or poor condition. Implementing a comprehensive housing rehabilitation and neighborhood stabilization effort is essential to preserve affordable neighborhoods while improving the quality of life for residents. Utilizing state and federal grant/loan programs with local matching funds will be necessary to enable existing rehabilitation groups to expand their efforts.

**Policies**

- Neighborhoods with substantial amounts of older housing and structures that require upgrading should be revitalized by cooperative efforts of public and private institutions.

- Adequate government services should support neighborhood rehabilitation programs. The scattered demolition of unusable units should be undertaken where appropriate to provide a decent living environment.

- Neighborhoods should be protected from adverse impacts, including environment impacts. Such impacts include, but are not limited to, noise, air pollution, visual blight, offensive odors, glare and vibrations.

- Infill and redevelopment should be encouraged through improved regulatory clarity and predictability.

**Implementation Strategies**

- Recognizing that access to capital has changed, financial institutions should explore innovative strategies of reinvestment in older residential neighborhoods. Financial institutions and existing housing development corporations should cooperate in increasing the availability of mortgage financing funds within these older areas. (A, V, D, C)

- Municipalities should make use of federal and state grant programs to accomplish housing rehabilitation. Specifically, communities should use the Community Development Block Grant programs, federal housing programs for rehabilitation of existing housing and neighborhood improvement programs administered by the Pennsylvania Department of Community and Economic Development. (C)

- Municipalities should establish thorough and workable code enforcement programs to improve areas with substantial amounts of older housing. Financial support for the improvements should include both private and public sector sources. (D, C)
Municipalities should seek to balance rental and home-ownership opportunities to provide multi-generational and multi-income neighborhoods in more homogenized communities and to stabilize suburban and urban high percentage rental neighborhoods. (A, V, D, C)

Municipalities should seek creative partnerships with the private sector, regional entities and other governmental bodies to support the preservation and improvement of existing housing stock. Development of targeted employer-assisted housing programs and utilization of county redevelopment authorities should be high regional concerns. (C)

Municipalities should adopt new or updated property maintenance codes to ensure that the existing housing stock and associated lands meet minimum public health and welfare standards. (C)

Municipalities should understand the number, concentration and dynamics of rental housing. Identification of rental housing units and maintenance of this information over time through registration, licensing and/or inspection programs will enable municipalities to establish landlord/tenant educational and other services to ensure that basic health, safety and welfare standards are met. (D, C)

Municipalities should encourage the maintenance and reuse of existing housing stock through creative zoning and development, local historic districts, historic tax credits, among other incentive-based regulatory opportunities, to maintain municipal tax bases and support the viability of existing communities. (V, D, C)

Municipalities and counties should inventory affordable housing units developed using public subsidies and develop an affordable housing preservation strategy. (A, D)

**Actionable Strategy:** Develop a strategic housing rehabilitation program. (C)

- **Opportunity:** The Lehigh Valley Housing Study (see Goal #5) should develop a model housing rehabilitation program translatable to urban, suburban and rural municipalities. The program should include a property maintenance toolbox and provide specific recommendations on aging-in-place, neighborhood stabilization and revitalization, façade improvements and housing stock preservation.

- **Partners Involved:** Allentown, Bethlehem, Easton, boroughs and townships, counties, nonprofit housing organizations

- **Timeframe:** 12-18 months

Municipalities should seek creative partnerships with the private sector, regional entities and other governmental bodies to support the preservation and improvement of existing housing stock. Development of targeted employer-assisted housing programs and utilization of county redevelopment authorities should be high regional concerns. (C)
Goal #4 To promote the orderly development of new, well-planned residential environments.

Similar to Goal #2, Goal #4 remains relevant within the Lehigh Valley given the market economics and social benefits of integrating communities and neighborhoods. The LVPC Comprehensive Plan urban development area provides the basis for municipalities inside the boundary to be more judicious with their development patterns than traditional single-use neighborhoods. This document’s analysis of property values, particularly land values, by unit type reveals that the average lot value for higher density development (e.g. townhouses, condominiums, etc.) is lower than for single family detached units, allowing for a lower housing entry price. Tools such as conservation design, traditional neighborhood development, cluster development and planned residential development encourage creative solutions to designing more integrated neighborhoods. These efforts will be most effective when tied to density bonuses or other financial and non-financial (e.g. regulatory) incentives that can help lower per unit prices.

Policies

- Encourage new residential neighborhoods in the areas recommended for urban development in this Comprehensive Plan.

- Developments should be located and timed to make maximum use of existing and future investments in services such as public sewer and community water facilities, adequate public roads and transportation systems, shopping facilities, police and fire protection, recreational opportunities, schools and social services.

- Encourage the utilization of innovative residential development techniques such as planned residential development, traditional neighborhood development, conservation design and cluster development to provide high quality residential living environments and minimize the impact of development upon the natural environment of the site.

- New residential development should not locate in areas where identified noises, odors, glares or vibrations exceed accepted standards such as those promulgated by federal agencies, unless the impacts can be remedied by construction, site planning or other techniques.

Implementation Strategies

- Municipalities should plan and budget for the orderly development of services, facilities and utilities as part of an overall capital improvements program to provide suitable areas for new residential growth. (V, D)

- LVPC reviews will support housing proposals in areas recommended for residential development. (D)

- LVPC reviews will consider noise in assessing the suitability of a site for residential development. (D)
Goal #4  To promote the orderly development of new, well-planned residential environments.

- The LVPC will support legislation which requires the coordination of development with the availability of adequate infrastructure. (D)
- The LVPC will encourage the adoption of cluster, conservation design, traditional neighborhood development and planned residential development provisions and their use where it would be consistent with the policies of this plan. (V, D)
- The LVPC will advocate workable legislation that enables the fair share of off-site infrastructure impact costs to be financed by the residential developer. Once workable legislation is in place, municipalities will be encouraged to use it to help finance needed off-site improvements. (D)

**Actionable Strategy:** Continue to promote density increases along commercial corridors. (D)

- **Opportunity:** The Lehigh Valley Planning Commission will coordinate with high-growth municipalities to refine or rework comprehensive plans, official maps, subdivision and land development ordinances, impact fees and other regulatory mechanisms to encourage and expedite housing development at densities appropriate to growth experienced or anticipated.
- **Partners Involved:** Counties, municipalities, nonprofit housing organizations
- **Timeframe:** Ongoing

**Actionable Strategy:** Monitor regional growth corridors and target municipal outreach to these communities. (D)

- **Opportunity:** The Lehigh Valley Planning Commission will continue to develop model ordinances relating to the region’s housing with a focus on design and density appropriate for new and existing development. Commercial corridors and districts, transit and community services access, multi-generational communities, mixed-use and multifamily housing will be primary focuses of the LVPC’s municipal assistance program.
- **Partners Involved:** Counties, municipalities, LANta
- **Timeframe:** Ongoing
Goal #5
To create an overarching consortium of housing interests to enhance regional coordination and effectiveness.

To implement the Strategic Housing Plan recommendations, a new organizational structure is necessary that brings together the interests and expertise of the region’s housing, development and government communities. To enhance regional coordination and effectiveness, this document recommends the creation of the Lehigh Valley Housing Study (LVHS) to spearhead and advocate for regional housing issues, including the quantity, quality and all-income appropriate units in proximity of the region’s employment centers.

Policies

- Housing production and sustainability are critical to the region’s economy and tantamount to the public health, safety and welfare. Monitoring of housing development patterns and production trends, encouragement of transit-oriented and mixed-use development, housing affordability and sub-regional needs are necessary work plan components of a regional housing consortium.

- Housing preservation, revitalization, advocacy and affordability in urban, suburban and rural communities are key to stabilization and growth during all periods of a community’s life cycle from high growth eras to times of population loss. Maintenance, promotion and access to housing are critical elements of a regional housing consortium’s agenda.

- Planning and the regulatory environment affect housing diversity, density and pricing significantly. Plans, policies and laws which ensure housing variety, concentration and access across all incomes are a primary focus of a regional housing consortium.

- Housing finance across varied market conditions has a significant impact on the regional, municipal and personal economies. Creation and support of public/private development finance, housing rehabilitation funds, homeownership counseling, among other housing finance opportunities, are essential areas of focus for a regional housing consortium.
Implementation Strategies

- **Actionable Strategy:** The Lehigh Valley Planning Commission should create a Lehigh Valley Housing Study to continually identify, monitor and, through the combined efforts of housing partners, coordinate the implementation of solutions to the region’s housing issues. (A, V, D, C)

  - **Opportunity:** The Lehigh Valley Planning Commission will establish a consortium of public, private and nonprofit housing entities to address the region’s jobs-housing imbalances, housing affordability, availability, condition and market. This regional housing consortium will consider all relevant aspects of the Lehigh Valley’s housing needs and issues as they relate to comprehensive regional planning.

  - **Partners Involved:** Counties, Allentown, Bethlehem, Easton, boroughs, townships, realtors, financial institutions, public and private housing developers, industry leaders, foundations, nonprofit housing organizations

  - **Timeframe:** Establish LVHS: 6-9 months Implement Solutions: 6 months-10 years

- The Lehigh Valley Housing Study should organize stakeholders around a comprehensive vision for the region’s housing. (A, V, D, C)

- The Lehigh Valley Housing Study should foster coordination and collaboration around the region’s complex and varied housing issues. (A, V, D, C)

- The Lehigh Valley Housing Study should advocate for equilibrium across all housing issues. (A, V, D, C)

- The Lehigh Valley Housing Study should develop and implement a singular, coordinated regional housing education, outreach and networking effort. (A, V, D, C)

- The Lehigh Valley Housing Study should provide an effective platform for regional housing resource development and management to grow competitiveness and eliminate duplication. (A, V, D, C)
E. Implementation Organization

Goals of Lehigh Valley Housing Study

The Lehigh Valley Housing Study is envisioned to be an overarching consortium of housing interests to accomplish the following:

- **Comprehensive Vision** – Only a few of the existing housing stakeholders are regionally focused and/or regionally coordinated. Having a single entity with decision-making representation from the existing public, private and nonprofit housing entities will foster a more holistic perspective of housing issues. This is particularly important given housing need/opportunity is not exclusively focused in the lower income groups or for households with special needs. Having broader perspective will enable more creative and integrated strategies.

- **Coordination** – Partnerships and relationships currently exist within the various stakeholders involved in housing development, preservation and rehabilitation. However, the depth and breadth of the housing market—and community—make it challenging to sustain and improve those relationships. Having a single entity that welcomes all perspectives on housing issues in the Lehigh Valley will improve coordination and collaboration.

- **Advocacy** – There are a number of entities within the Lehigh Valley that advocate for improving market/regulatory conditions, affecting housing equilibrium. However, these groups are focused on specific aspects of housing need and challenges, trusting other organizations to address other needs. A unified, singular housing coalition provides the benefit of “growing” the support base across all issues, while ensuring no issues go unaddressed/neglected.

- **Networking and Outreach** – While coordination is important as a standalone issue, it only addresses the interaction among the active housing stakeholders. Education, outreach and networking with the community, groups related to housing provision and outside housing entities is also important given the physical and financial challenges of creating supply/demand equilibrium for the Valley. A singular entity charged with developing and implementing a networking and outreach effort is a more effective and efficient approach.

- **Resource Development/Management** – The 2007 Affordable Housing Assessment noted that existing resources at the time were insufficient to meet all housing needs in the Lehigh Valley. Unfortunately, that condition has not changed. To this point, the LVHS provides a more effective platform to develop and foster new/enhanced regulatory, financial and technical resources within the Valley. For example, improving local networking can create partnerships that make the
Valley more competitive for state/federal grants. It also can lead to the reduction of duplication within the Valley which can save precious financial resources.

The Lehigh Valley Housing Study should include representation from all of the region’s most active and influential housing advocates, residential developers, homebuilders, planning commissioners, mortgage lenders and public housing administrators. The LVHS would provide the umbrella organization from which the Housing Study partners would push forward housing initiatives of regional importance.

**Directing the Lehigh Valley Housing Study**

The Lehigh Valley Housing Study should be coordinated and directed by the Lehigh Valley Planning Commission. The LVHS would benefit from the organization’s regional focus; its status as the Lehigh Valley Metropolitan Planning Organization (MPO); its depth of staffing resources and expertise in areas of regional planning, governmental relations and regulations, growth and sustainable development; and environmental issues. As a result, the LVPC would also expand its functional expertise in the area of regional housing issues and would begin tracking market data and reporting on regional housing activity to the housing community. RKG Associates believes this responsibility should be part of the LVPC for strategic reasons that include:

- **Objectivity** – The LVPC is well respected within the Valley, having served in this capacity for other regional planning issues (e.g. transportation). This is particularly important when addressing/working with elected bodies that live within the political realm. Having objective, professionally-trained leadership will benefit efforts to improve the housing supply/demand equilibrium.

- **Capacity** – The LVPC already has professional staff prepared and trained to provide the technical expertise needed to create fact-based, technical analyses/documents. The LVPC’s model ordinances are a direct example of in-house capabilities. While additional staffing is needed to augment subject-matter based expertise, the LVPC offers existing, readily available and highly capable support services to make the Housing Study’s efforts successful. RKG Associates believes the Housing Study professional staff should be part of the LVPC team, where professional and support services already exist. This is the most efficient approach.

- **History** – The LVPC’s MPO status is to address transportation issues on a regional scale. As noted above, the LVPC is well regarded in the community regarding its other regional efforts. Expanding the organization’s reach more directly into housing issues is a logical action as the LVPC
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represents all local and county government entities on
issues of land use, infrastructure, etc.

● Policy Development – The LVPC is uniquely qualified
to provide policy development and implementation assis-
tance for housing issues. A substantial part of the LVPC’s
mission is to develop and advocate for policies that im-
prove regional conditions and protect and grow the econ-
omy. The LVPC already offers services in comprehensive
and community planning, transportation planning, water
and sewer planning, open space planning and stormwater
management planning. On a local level, they review and
comment on community plans and even serve as staff for
those municipalities that do not have in-house expertise.
Coupled with the data resources, subdivision and land
development management and infrastructure network
planning and maintenance, the LVPC touches and affects
the main areas impacting housing policy and development.

Topics of Focus for Lehigh Valley Housing Study

The Housing Study would consist of housing-related profes-
sionals nominated by the LVPC and should include represen-
tation from the current Regional Housing Advisory Committee.
The Housing Study would meet at least quarterly to discuss
and plan regional housing initiatives. These housing profes-
sionals would provide their considerable expertise and housing
experience to the Housing Study, with the LVPC providing
professional staff support and day-to-day implementation. The
Housing Study members would work on issues through a com-
mittee structure to address global issues such as:

● Housing Production and Sustainability – focusing on is-
 issues related to housing development patterns, production
trends, transit-oriented development (TOD) and mixed-use
development, local housing needs, housing affordability
and pricing and quarterly market tracking and reporting.

● Housing Revitalization, Advocacy and Affordability –
focusing on the provision of affordably priced housing in
both urban and suburban locations, some publically subsi-
dized and other units through public/private development
partnerships. Housing rehabilitation and urban redevel-
opment in distressed neighborhoods will likely be a major
topic of discussion.

● Planning and Regulatory Environment – focusing on
increasing housing diversity, product type, housing density
and pricing in housing markets serving the Lehigh Valley’s
employment centers.

● Housing Finance & Program Funding – focusing on
issues related to public/private development finance for
housing development, housing rehabilitation funding, first
homebuyer homeownership training and credit counseling.
Implementation Organization

- **Housing Information, Data Analysis & Market Reporting**
  - The LVPC will continue to be responsible for assembling and reporting information about the region’s housing market to members of the community and newly created LVHS. The LVPC already serves as a repository for a variety of regional data such as building permit activity, population projections, home sales, comprehensive plans, zoning and regulatory codes and other information. RKG Associates would envision the need to provide housing practitioners, developers, builders, public officials and Realtors with current and comprehensive data to improve people’s understanding of the Lehigh Valley housing market. This information flow will keep practitioners current and help them evaluate changing needs and opportunities within the housing market.

The Lehigh Valley Housing Study would be supported by the Lehigh Valley Planning Commission because the city mayors from Allentown, Bethlehem and Easton and the county executives from Lehigh County and Northampton County are permanently represented on the LVPC Board. It is important that these chief executives be involved to stay current with the mission and initiatives being undertaken by the LVHS.

It is of note that the boroughs and townships are also represented on the LVPC and that the specific housing needs of all of the region’s communities are as significant a development discussion as the needs of the Community Development Block Grant entitlement communities.

Growing the existing LVPC structure to include the LVHS by adding other housing experts is critical to the efficiency and viability of the effort. A formal structure should be determined by the LVPC as part of its strategic planning effort in 2015.