



Ways Municipalities Can Increase the Local Housing Supply and Reduce Housing Costs



Charlie Schmehl, cschmehl@urdc.com
Urban Research and Development Corporation

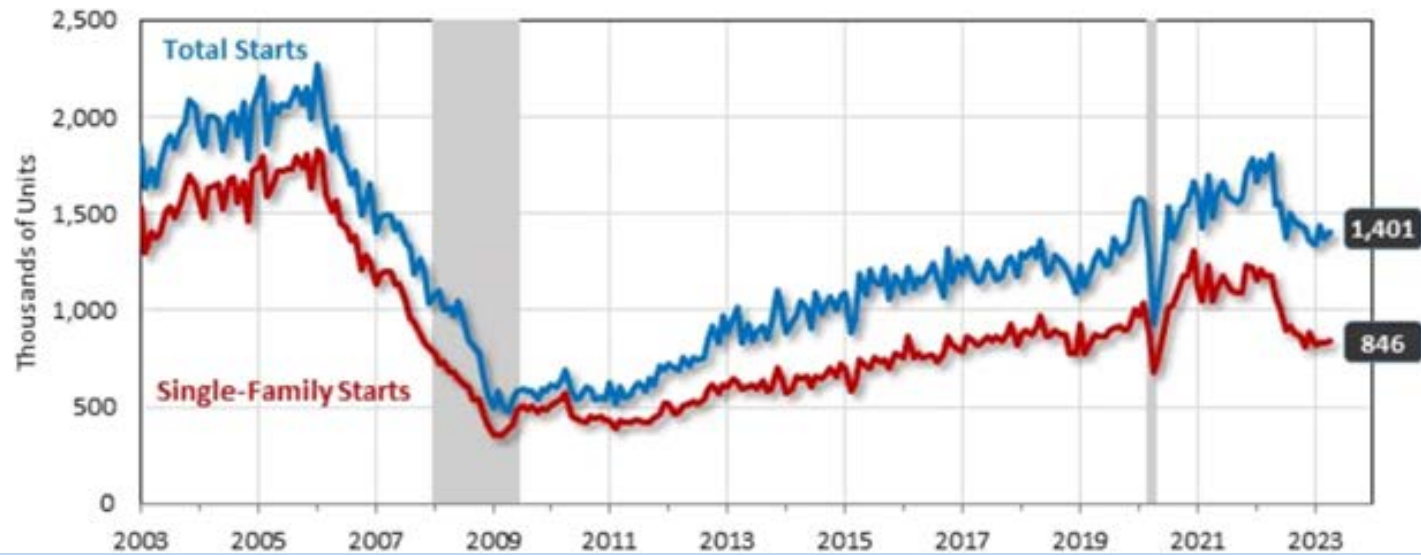
81 Highland Av., Suite 120
Bethlehem, Pennsylvania 18017 610-865-0701

Notes

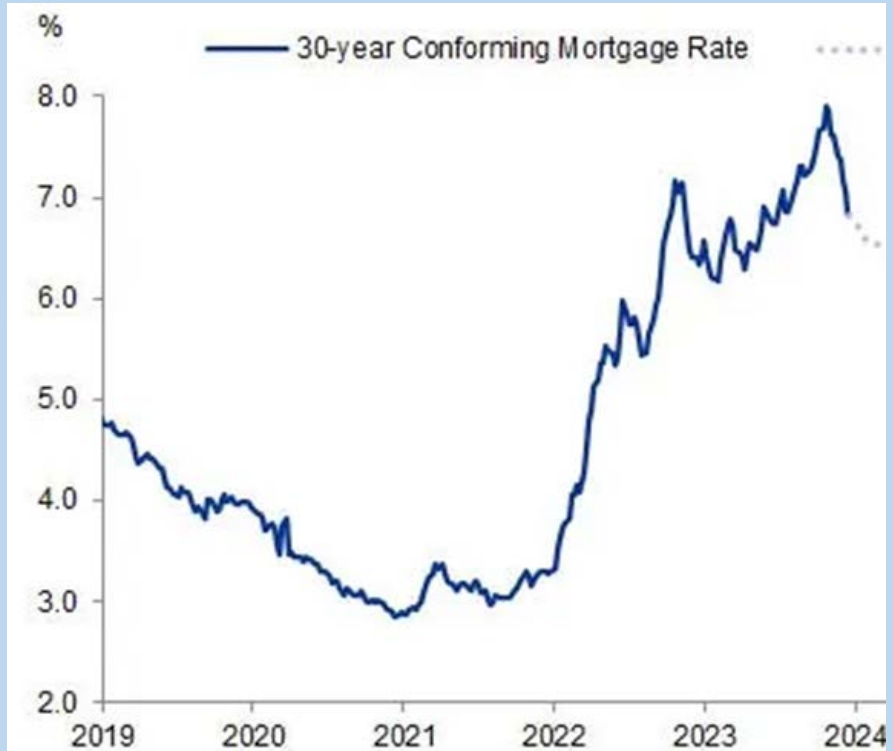
- This presentation is not intended to provide legal advice. Please consult with your Municipal Solicitor.
- This presentation does not directly address homelessness, persons threatened with homelessness, government-subsidized housing, or housing for persons with disabilities. Those are critical issues, but they are beyond this scope.
- Not every method is suitable for every community. This presentation offers a menu of options that are possible under current PA. law.

New Housing Units Started in the United States

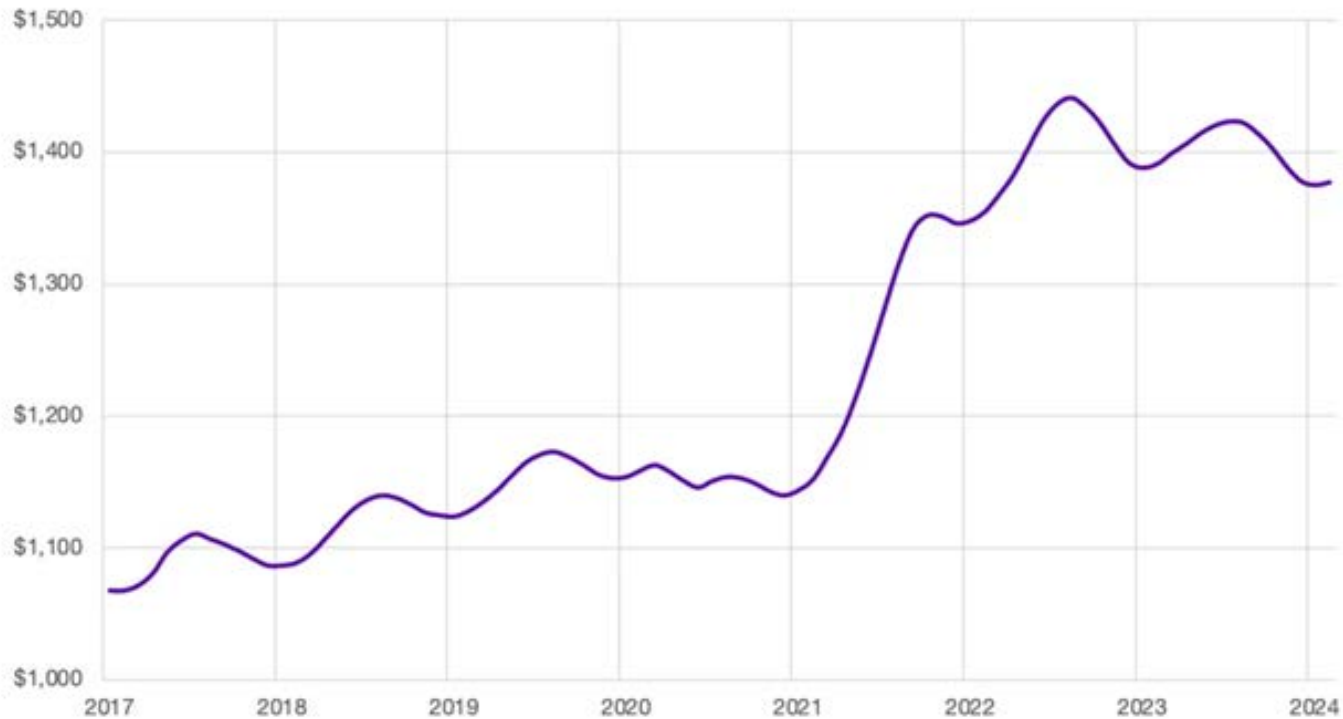
Seasonally Adjusted Annual Rate



We have a housing shortage mainly because housing construction did not keep up with demand after the 2007 crash. Now, the affordability crisis is becoming much worse because of rapidly increases in mortgage rates, for-sale housing prices, and for-rent prices. Household incomes have not kept pace with the increases.



United States Median Rent (2017 - Present)



Source: Apartment List Rent Estimates

Data Available: www.apartmentlist.com/research/category/data-rent-estimates

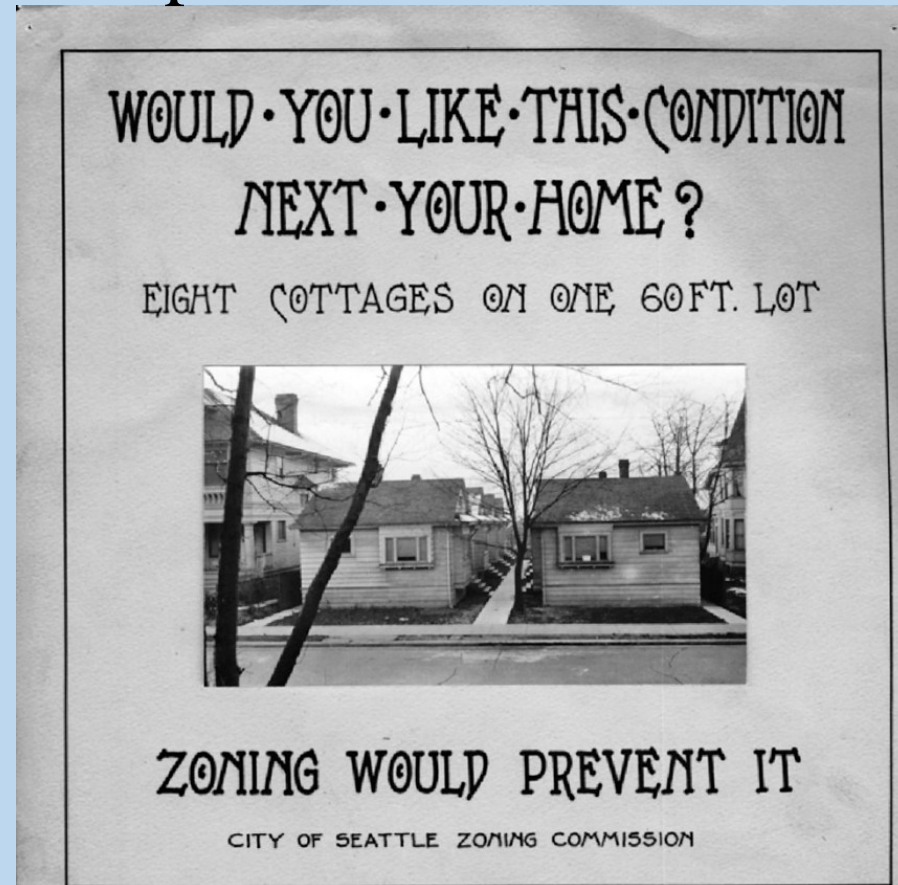
Apartment  List

- Many households are paying so much for rental housing that they could afford a mortgage, but they are not able to save sufficient funds for the settlement costs and downpayment, and have limited credit scores. As a result, they cannot build up equity, and their retirement situation is made more severe.
- Rental rates in many parts of PA. are higher than the national average.
- Many people are engaging in long commutes to find homes with mortgage payments they can afford, which is known as “Drive Until You Qualify.”

Neighborhood Opposition

Any proposal to make it easier to provide new housing is likely to experience resident opposition. Part of the problem is that municipal governments are often controlled by upper-middle-income owner occupants, and the voices of persons who want to move into the community are not heard at public meetings.

Many of the people opposing new housing would not be able to afford to buy their home in today's market.



Neighborhood Opposition

It is worthwhile to highlight that the children of many long-time residents cannot afford to live in their municipality.

“Preserving the character” of a neighborhood is often an overused term, and can be used to prevent reasonable infill development.

True concerns about historic neighborhood character can be addressed by using standards authorized under the “Traditional Neighborhood Development” section of the MPC, including controlling locations of garage doors and driveways and requiring front porches.

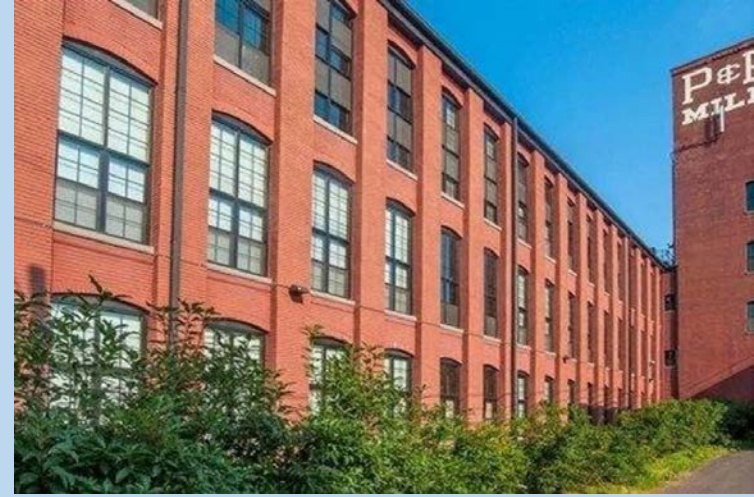
School costs are often used to try to stop new housing, even when the local district has excess capacity.



PUBLIC COMMENT

Never forget about the children

Substantial Growth Can be Accommodated in a Relatively Small Percentage of a Municipality



- In some communities, it is possible to accommodate much of the needed growth by redeveloping downtown parking lots, old mill buildings or outdated commercial strips with new apartments with first floor commercial uses.
- For example, Allentown has accommodated over 1,500 new apartments in the downtown (replacing many parking lots and 2 story buildings with 6 story buildings), and 1,200 apartments in conversions of old factories. This growth has not harmed existing residential zoning districts.
- Arlington VA accommodated thousands of new apartments by redeveloping an outdated commercial strip – without harming existing residential zoning neighborhoods.
- Alexandria VA accommodated 10,000 new apartments by redeveloping old rail yards and industrial areas that ran along transit lines and a busway – without harming existing residential neighborhoods or historic districts.

Use the Strong Demand for Apartments to Achieve Redevelopment Goals

Direct the demand for new apartments to outdated commercial strips, dying shopping malls and underused parking lots. Portions of shopping malls have been demolished and replaced with new apartments, such as at Granite Run in Del Co.

If first floor neighborhood-oriented commercial uses are required in order to build the upper story apartments, it will enliven commercial streets with new customers.

However, more intensive commercial uses (particularly late night uses and auto-related uses) should be separated from areas where residential development is desired.



Allow Conversions of Offices into Apartments

There is substantial vacant office space in many areas, particularly in larger downtowns. The work-from-home shift has reduced demand for office space. Municipalities should consider allowing conversions into apartments. The conversions work best for buildings that do not have wide floor plans, so that there is sufficient window space in each apartment. For that reason, the distance from an elevator bank to a window is important. In the 1990s, many older office buildings in Center City Phila. were converted into apartments with tax incentives, which helped to enliven neighborhoods. Also, allow a mix of apts. and offices in larger buildings.



Conversions of Older Industrial Buildings and Institutional Buildings into Apartments

Include zoning provisions that allow for these conversions. Often special exception approval is required to address issues of compatibility with adjacent uses. The ZHB can also be given authority to modify density, parking and dimensional requirements, without needing a variance.

Conversions in an industrial zoning district should be limited to sites next to residential districts, to avoid conflicts with other industries.

This is particularly useful to allow reuses of old churches, convents and schools, and to allow an industrial building next to a residential district to be converted into housing.

Dimensional Requirements



Setbacks, building coverages and impervious coverages should be reviewed to make sure they are not overly restrictive. Excessive dimensional requirements can also prevent routine expansions of an existing small home to accommodate a larger family.

Dimensional requirements can make it impossible to achieve the intended density of a site.

Extensive tree planting requirements are more valuable than a strict impervious coverage.

Upper Story Apartments in Old Buildings

It is often difficult to cost-effectively renovate upper story building space for new uses. Density requirements for apartments should not be overly strict, to allow reuse of old buildings.

If two or more adjacent buildings are linked together, they may be able to share a common elevator and a common fire stairwell, which may make the project cost-effective.

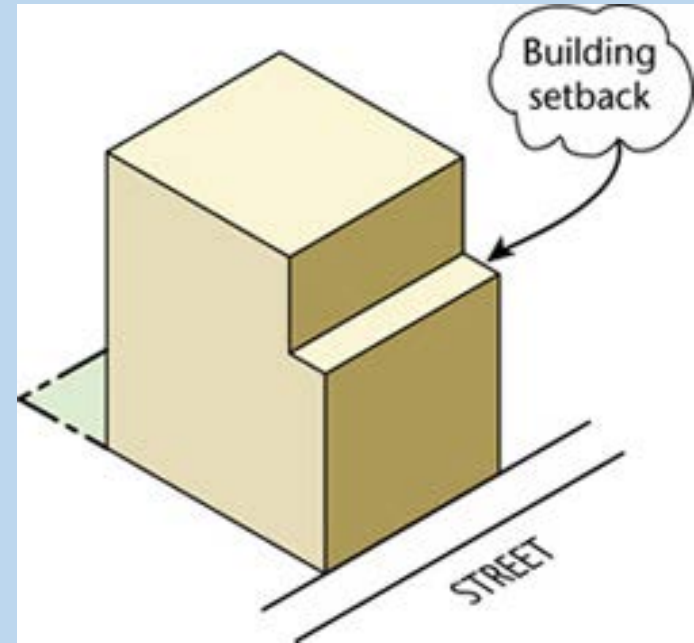
The Statewide Construction Codes offer some ability to approve alternative ways of meeting fire safety requirements in older buildings.

To make best use of this flexibility, it is valuable to have well-informed persons on the Construction Code Board of Appeals, and to encourage owners of older buildings to take advantage of that process.



Consider allowing an additional story in redevelopment areas. Too many municipalities are overly restrictive in heights, which can waste land in prime development areas. Allow flexibility in total height in feet to allow interesting architectural designs and higher quality interior spaces. Most mixed business/residential districts should allow 4 or 5 stories, particularly in areas that are not historic and not abutting single family neighborhoods.

If there is concern about sunlight reaching the sidewalk or compatibility with a historic street, the top floor can be required to be setback from the street.



Live Work Units

Live-Work Units should be allowed in mixed use areas. These uses allow a person to work and live in the same flexible space, without requiring a separation of the spaces. They do not have the limits on numbers of employees and customer traffic that apply to a home occupation. They do not include a maximum percentage of space that can be used for the business.

These uses are particularly popular with artists in older industrial buildings, but can also be useful for persons who operate a small office or who provide personal or business services.



Accessory Apartments

Many municipalities across the U.S. are relaxing regulations on accessory apartments. It is often controversial.

It is especially difficult to propose conversions of one family homes into two or more apartments in dense neighborhoods with existing parking problems and existing problems of property maintenance.



The following are options:

- Limiting the accessory unit to a relative who needs care and supervision. That option helps to avoid moving a relative into a personal care home.
- Limiting the unit to occupancy by a relative of the primary resident.
- Only allowing the unit if the primary dwelling is owner-occupied.
- Allowing any one to occupy the accessory unit.

Some communities limit the maximum size of an accessory unit, which is intended to make sure the unit is truly accessory, and which is also intended to limit the number of occupants.

Accessory Apartments (Cont.)



- For units limited to a relative who needs care, many municipalities require that the owner agree in advance to remove a detached modular unit or to convert an interior unit into part of the primary dwelling after there no longer is a relative who needs care.
- Many municipalities limit the accessory unit to being within the primary building, but some allow a detached modular cottage, which can be resold and moved after it is no longer used.
- Some municipalities allow a conversion of an accessory building or allow a detached garage to be built with a second story apartment.
- Some communities have pre-approved plans for an modular accessory unit, which are intended to offer an option to reduce costs.

Tiny Homes



Most units that are marketed as tiny homes are actually recreational vehicles that were never designed for year-round use. They have inadequate electrical systems, are not wind resistant, and have insufficient insulation.

If a unit does not meet the UCC or the HUD Manufactured Home Code, it cannot be used as a dwelling unit in PA.

There are some tiny homes that are designed to meet the HUD Code. If a community has a strict minimum floor area requirement, it should be removed. A 500 square foot minimum is appropriate for units that are not within an age-restricted building with shared services. However, smaller Micro-apartments have been built in larger cities.

Tiny Homes (Cont.)

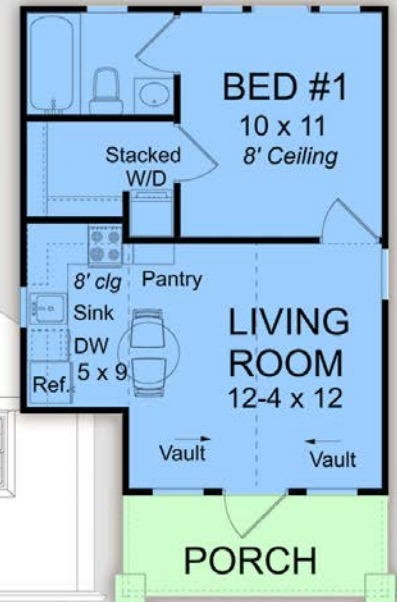
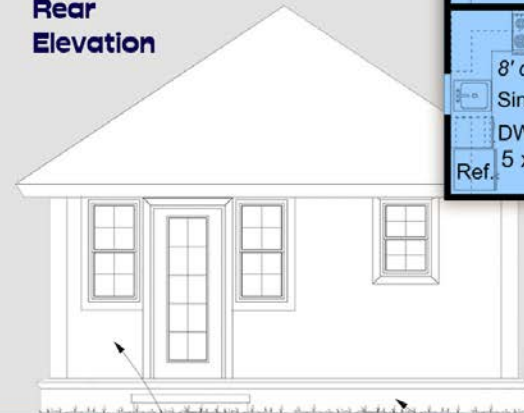
The Legislature should be asked to let municipalities adopt Appendix Q of the International Residential Code, which allows flexibility in loft bedroom space, which makes it easier to approve tiny homes.

There have been a few tiny home villages built across the U.S., including for homeless persons with a central shared services building. One is in Harrisburg. The use may be best addressed through a modified Manufactured Home Park standard in the zoning ordinance.



Total Living Area: 412 SQ FT
Dimensions: 18' W x 29' D
Bedrooms: 1
Bathrooms: 1

**Rear
Elevation**



Manufactured Home Parks



- The MPC requires that almost all municipalities provide opportunities for their “fair share” of the region’s needs for all housing types, including manufactured home parks, apartments and townhouses.
- Manufactured home parks have great potential to provide affordable housing, but very few new ones are being built in Pennsylvania. Instead, the existing parks are being bought up by large companies that are increasing rents.
- With the proper standards, manufactured home parks can be a great addition to a community. The maximum density should be 4 or 5 homes per acre, with requirements for street trees, walkways, paved private streets, and perimeter setbacks.
- It would be desirable over time to replace older fire-prone units with units that meet modern HUD manufactured housing codes. However, new units are often larger than older units and may have difficulties meeting current coverage and setback regulations. Flexibility should be provided in zoning to allow replacement of existing old homes with larger new homes. Homes that do not meet the 1976 HUD code should not be allowed to be newly placed.

Individual Manufactured Homes Must Be Allowed

Some outdated zoning ordinances still attempt to ban manufactured homes on individual lots. That is a violation of a PA. Supreme Court decision (Geiger v. N. Whitehall).



If there are concerns about the compatibility of a proposed manufactured home within a single family detached residential district, there can be reasonable zoning provisions.

For example, all homes can be required to have a perimeter foundation or an enclosure that appears to be a perimeter foundation, instead of metal skirting. All homes can be required to have the front door facing the street. All homes can be required to have a minimum width in a zoning district.

Side-by-Side Duplex Manufactured Homes

- This is a new type of manufactured housing product that has been approved by HUD and offers great potential to supply additional affordable housing units on less land. It involves one 15 feet wide manufactured home that is attached by a vertical fire wall to a second 15 feet wide manufactured home. The combined two unit building is as wide as a double wide. It could be particularly attractive to relatives who want to live next to each other, such as a family living in one unit and then renting the second unit to their adult children, parents or grandparents. It also would make it possible to achieve higher densities in manufactured homes parks.
- PA. law and local ordinances do not yet recognize this housing type. Currently, manufactured homes are defined as only including one dwelling unit, in a detached dwelling.
- It would be desirable to: a) propose an amendment to the PA. Municipalities Planning Code (MPC) to recognize these homes, and b) offer model language for municipalities so they could allow the homes.
- Examples of these homes are included on the following slide, which is provided courtesy of Cavco/Fleetwood of Rocky Mount, Virginia.

MORE HOMES FOR MORE PEOPLE

THE Anthem

DUPLEX SERIES



SINGLE WIDE THE SUGAR RUN



2 Bed
3 Bed



1 Bath
2 Bath



1178 Sq Ft
1178 Sq Ft



cavcoanthem.com



©2023 CAVCO INDUSTRIES INC. ALL RIGHTS RESERVED

Important: Because we continually update and modify our products, it is important for you to know that our brochures and literature are for illustrative purposes only. ILLUSTRATIONS MAY BE OF OPTIONAL NATURE. All the information contained herein may vary from actual homes we build. Dimensions, area, volume, weight and other material amounts from actual work to order or work. We reserve the right to make changes at any time without notice or obligation in price, subject, material, options, plans, features and models. Please check with your retailer for specific information about the home you are interested in.

Parking

In older mixed use areas, allow some flexibility in zoning to allow parking to be located on another lot within a specified walking distance. This allows the fullest use of the prime development sites. It also effectively helps to hide parking in less visible locations, including in the interior of blocks.

In selected areas, an applicant can be offered the option of paying a **fee-in-lieu** of providing all of their required parking spaces. The fees can then be used over time for the municipality to acquire, develop and/or lease public parking spaces within the area. A larger public parking area is much more efficient in layout and usage than many individual private parking areas.

To avoid **excessive parking requirements, consider** Inst. of Transp. Engineering data on average parking needs for various uses.

Many municipalities require excessive parking for studio and one bedroom apartments.

Also, give your ZHB ability to modify parking requirements because of

complementary shared use, and to approve applications to have a portion of required parking not be built immediately, unless it is shown to be needed based upon actual use.



Eliminate parking requirements in a major downtown, particularly near municipal parking lots or decks or where there is substantial on-street parking.

To **promote use of public transit**, consider increasing densities along major bus corridors or near rail stations.

Consider reducing parking requirements near rail stations. However, don't overestimate the distances that people will walk, without needing any off-street parking.



Mandatory Inclusionary Housing

- Inclusionary housing involves a certain percentage of the total housing units in any large new development being reserved for a certain maximum price and household income for for-sale units, or a certain maximum rental rate and household income for rental units.
- I do not recommend requiring inclusionary housing, but instead using incentives. Pittsburgh has a mandatory inclusionary housing zoning ordinance which is being challenged by a large consortium of developers. There is no legal authority in PA. for municipalities to directly regulate housing prices. A mandatory provision also could cause a reduction in total housing construction, or cause developers to shift to other municipalities.
- Pittsburgh's ordinance goes way too far stating that appliances, interior finishes and unit sizes of the lower cost units must be identical to market rate units. It also regulates the floor levels of the cheaper units.
- State College has a mandatory inclusionary program but it includes a fee-in-lieu provision that is easy to use. That fee is used to provide affordable housing in other locations. Also, State College has many graduate students who can easily meet the income eligibility.

Incentives for Inclusionary Housing

- Municipalities have a great deal of flexibility in offering incentives for inclusionary housing. These incentives most often include a higher density, but could also include a wider range of housing types, a taller height, or reduced parking.
- Bethlehem has targeted their LERTA tax abatement program towards new projects with Inclusionary housing, instead of offering the incentive to all new development within a specified land area. This is because there was plentiful demand for upscale apartments without needing incentives, but the economics did not work for affordable housing.
- With a density bonus, it is necessary to offer at least one additional market rate unit for each affordable unit. Otherwise, there is no real incentive.
- There are good sources online with model ordinances and alternatives designed for PA., including by the Lancaster Co. PC, the Lehigh Valley PC and the Centre Co. PC.

Conditional and Special Exception Approval

Processes are not only time-consuming and expensive for the applicants, but also municipal officials could often be making better use of that time.

Look at your zoning variance requests, and if a type of variance is always granted, then it should not need a variance.

If there are common conditions placed upon the approvals, they can instead be written into the ordinance.

Are you lonely?

Tired of working on your own?
Do you hate making decisions?

HOLD A MEETING!

You can —

- See people
- Show charts
- Feel important
- Point with a stick
- Eat donuts
- Impress your colleagues

A black and white illustration of a business meeting. A man in a suit stands on the right, pointing with a stick at a line graph on a screen. Two other people, a woman and a man, are seated at a table on the left, looking at the screen. The woman is wearing a patterned top, and the man is wearing a suit and tie. The screen shows a line graph with several data points and a title that is partially obscured but appears to say 'THE NEW STRATEGY'.

Reducing Delays and Streamlining Procedures

Delays in obtaining development approvals are a major factor in increasing housing prices. Municipalities can respond by the following, which are allowed by the MPC:

- Using the Hearing Examiner process for some Zoning Hearing Board and conditional use applications. One person is appointed to hear the testimony, and then the full board reads the transcripts and makes the decision. It makes it much easier to schedule hearings in a timely manner.
- Giving the Planning Commission or Planning Director authority to approval minor subdivisions and minor land developments, without needing governing body approval.
- Not requiring a preliminary approval for minor subdivisions and minor land developments.

Impact Fees

- There are two main impact fees that are allowed to be charged by municipalities in Pennsylvania: a) Transportation, and b) Recreation.
- Transportation Impact Fees are only allowed if the municipality complies with an extensive set of requirements in the MPC, including conducting major traffic studies. However, the MPC does allow a municipality to exempt affordable housing projects from the transportation impact fees.
- Recreation impact fees are allowed if there is mutual consent of the municipality and the developer to charge a fee in-lieu of requiring recreation land in a new development. The SALDO fee requirements could exempt small projects, such as the creation of 1 to 3 new housing units in an existing building. The municipality could also allow facilities in an affordable housing development to count towards the recreation requirement, such as a community room or playground for residents.

PA. Legislative Proposals to Address the Housing Crisis

- A variety of ideas are being discussed by the Legislature and interested organizations, including proposed mandates upon municipalities to make their zoning more permissive. Most of the bills are aimed towards municipalities of more than 5,000 population in growing counties.
- One idea is to require more residential districts to allow a wider mix of housing types.
- Another idea is to require municipalities to allow accessory apartments.
- One bill would offer a certification process to municipalities that offer wide housing opportunities, and give those municipalities preference in certain grants, such as for infrastructure improvements.
- Another option is to set housing growth targets for each county, and then have the county planning agencies determine where those housing units would be best located.
- There is discussion about ways any mandates might be enforced, such as providing authority to the PA. Attorney General to sue municipalities.
- One option is to use a system that has worked in a few western states that offers a menu of options to municipalities. A municipality would be able to choose 5 out of 10 different strategies to show they have met their fair share of housing needs.

Questions or Comments?

Charlie Schmehl, Urban Research and Development Corp.
81 Highland Av., Suite 120, Bethlehem PA 18017
610-865-0701, cschmehl@urdc.com

