ORDINANCE NO.

FILE OF CITY COUNCIL

BILL NO. 63 - 2026

SEPTEMBER 2, 2026

AN ORDINANCE

Amending the Allentown City Code by adding Chapter 653, Workforce Housing to promote the development of workforce housing in the City of Allentown by requiring certain multifamily housing projects benefiting from public funding or tax incentives to include housing units affordable to moderate-income households.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF ALLENTOWN:

SECTION ONE: That the City Council adopts the following as Chapter 653 Workforce Housing:

Chapter 653 Workforce Housing

Purpose.

The purpose of this article is to promote the development of workforce housing in the City of Allentown by requiring certain multifamily housing projects benefiting from public funding or tax incentives to include housing units affordable to moderate-income households.

Definitions.

AFFORDABLE — Housing for which an occupant is required to pay no more than 30% of their gross household income for total housing costs, including rent or mortgage payments, utilities, and any applicable fees. This standard shall apply to all units designated as Workforce Housing under this article. Housing affordability shall be determined based on verified gross annual income at the time of initial occupancy and recertified annually.

APPLICABLE DEVELOPMENT — Shall mean any multi-unit new construction or renovation which is covered by this article as set forth in § 176-3. Each Development

shall be treated as a standalone entity even if multiple Applicable Developments are owned by the same entity.

CITY — Shall include the City of Allentown, as well as any affiliated entity or partnership entity so designated by City Council via resolution to perform tasks on its behalf as required by this article.

OWNER — Shall mean the entity in control and operation of development to which this article is applicable. Any transfer or conveyance of an applicable development shall not remove the obligations or applicability of this article to said development.

MEDIAN INCOME--Shall mean the median total gross household income for the City of Allentown as determined by the most recent American Community Survey (ACS) or US Census.

WORKFORCE HOUSING — Residential units that meet the above definition of "affordable" to households based on the following income-based guidelines:

· Studio/efficiency units should be affordable to households making no more than 75% of the median income

· One-bedroom units should be affordable to households making no more than 80% of the median income

· Two-bedroom units should be affordable to households making no more than 90% of the median income

· Units with three or more bedrooms should be affordable to households making no more than 95% of the median income These units are intended to serve moderate-income individuals and families who are essential to the local economy, but who are often priced out of market-rate housing and are ineligible for traditional low-income housing programs.

Applicability.

This article applies to all any new multifamily housing developments within the City of Allentown containing 10 or more dwelling units, that also:

A. Utilizes any form of public funding, including but not limited to the Redevelopment Assistance Capital Program (RACP); and/or

B. Participates in the Local Economic Revitalization Tax Assistance (LERTA) program or any equivalent local or state tax incentive program;

C. Receives or benefits from any other form of tax incentive specifically awarded to the Applicable Development, from the state or City; or

D. Acquire or utilizes any publicly owned or controlled land, which shall include land owned or controlled by any municipal agency or partner. This requirement shall not apply if the acquiring entity seeking to develop said land paid a fair market price in an open, arm's length transaction.

Workforce housing requirements

All developments within the City of Allentown, that mean the applicability standards established above, shall provide Workforce Housing units as follows:

A. Set-aside requirement. A minimum of 25% of the total dwelling units in a qualifying project shall be designated as Workforce Housing. The 25% should be split between the unit types constructed in proportion to their composition of the development. For example, a development with 40 studio units, 80 one-bedroom units, and 40 two-bedroom units should provide 10 studio units, 20 one-bedroom units, and 10 two-bedroom units of Workforce Housing. If necessary, this number shall be rounded up to the nearest whole number. In the event the total unit number of any given Applicable Development changes prior to the issuance of the final certificate of occupancy, this set-aside requirement shall also be recalculated. These designated units will reflect the size, quality, and character of the overall Applicable Development's unit composition. The specifics of the designation will be set out for each Applicable Development within the agreement discussed in § 176-5.

B. Income eligibility. Each such designated Workforce Housing unit shall be affordable and reserved for individuals or households whose annual income is no more than 80% of the City’s Median Income for a one-bedroom apartment or no more than 90% of the City’s Median Income for a two-bedroom apartment. The income eligibility shall be confirmed annually as set forth below. Should a tenant who previously qualified for Workforce Housing no longer qualify, at the time of lease renewal, such tenant may elect to renew their lease but at market rates or vacate. If the tenant renews at market rates, the Owner shall designate the next comparable unit that comes available as a replacement Workforce Housing unit within that Applicable Development.

C. Distribution and integration. Workforce Housing units required under this section shall be, to the extent feasible, proportionally distributed, comparable in size, design, appearance, and quality, and offered concurrently with the lease-up of market-rate units.

Administration and compliance.

The City, or its designated agent, shall enter into a formal agreement with each Owner governing the operation of this program for each Applicable Development, and this agreement shall set forth the specific terms for that Applicable Development to allow the

City and Owner to adapt to any unique circumstances present within each Applicable Development. Such agreements shall include, at a minimum, the following elements:

A. City shall be responsible for:

(1) Verifying tenant income eligibility for each Workforce Housing Unit at initial lease and annually thereafter, using documentation standards consistent with the thresholds described above.

(2) Ensuring compliance with the 20-year affordability requirement as set forth below;

(3) Assessing and collecting any in-lieu fees as set forth in § 176-8.

(4) Enforcing penalties, which shall be set forth within each agreement or elsewhere within this article.

(5) Maintaining a list of income-eligible applicants for Workforce Housing Units and, upon notice from the Owner, refer qualified applicants promptly. Applicants will be selected from this list on the basis on when their application was approved. If no referral is made within 30 days, or if the City notifies the Owner that is has no referrals, the Owner may lease the unit to another qualified household sourced independently subject to the City's confirmation of eligibility.

(6) The Redevelopment Authority shall be overall responsible for overseeing and implementing the provisions of this article.

B. The Owner shall be responsible for:

(1) Providing annual reports to the City containing unit pricing and occupancy rates (for Workforce and market-rate units).

(2) Developers shall submit a Workforce Housing Marketing Plan, approved by the City, no later than 90 days prior to initial lease-up. This plan shall include targeted outreach to moderate-income households and comply with all federal and state fair housing laws.

(3) Notify the City at least 60 days before initial lease-up of any Workforce Housing Units or prior to any future known vacancy thereof and cooperate with the City in placing referred tenants.

(4) Maintain all records related to tenant income eligibility, marketing, and lease-up for a period of at least 20 years and make such records available to the City upon request.

(5) Ensure that Workforce Housing Units remain compliant with the affordability and eligibility requirements outlined in this article throughout the required term.

(6) Ensuring all Workforce Housing Unit tenants have signed leases which include all terms of the Owners standard leases but also provides notice that the Workforce Housing rate is subject to income verification and the potential for rental reversion to market rates, upon renewal, if the tenant no longer qualifies.

Duration of affordability requirements.

The designation of Workforce Housing Units, and the associated income eligibility requirements, shall remain in effect for a period of 20 years from the date the project receives its initial Certificate of Occupancy.

In-lieu fee option.

A. Owners who choose not to designate the required 25% of units as Workforce Housing Units shall be required to pay an in-lieu fee of $30,000 per unit not designated.

(1) Example: A 100-unit development must designate 25 units. If the Owner chooses to designate zero units, a fee of $750,000 (125 x $30,000) is due.

(2) In the same example, if the Owner chooses to designate ten units, the fee would be $450,000 (15 x $30,000) for the remaining fifteen units.

B. The in-lieu fee shall be reviewed every five years by City Council and may be adjusted by resolution to reflect changes in inflation or construction costs. Adjustments shall be based on the Consumer Price Index for All Urban Consumers (CPI-U), U.S. City Average, as published by the U.S. Bureau of Labor Statistics, or another index of construction costs deemed appropriate by the City. Any such adjustments shall apply to all applicable developments including those already making payments under this article.

C. All in-lieu fees shall be collected and by the City of Allentown Finance Department in an account properly designated and to be used for the development, rehabilitation or other suitable workforce housing project.

Use of in-lieu fees.

All in-lieu fees collected shall be deposited into a dedicated fund, administered by the City, to support the development, preservation, and accessibility of workforce and affordable housing projects and initiatives within or otherwise supporting City residents.

Severability.

If any section, clause, or provision of this article is held invalid, the remainder shall remain in full force and effect.

SECTION TWO: That this Ordinance takes effect ten (10) days after final passage.

SECTION THREE: That all Ordinances inconsistent with the above provisions are repealed to the extent of their inconsistency.