

March 1, 2017 Meeting - Synopsis

Leonard Lightner, Tom Brodhead, Ray O'Connell, , David McGuire , Scott Holbert, Julio Guridy, Ce-Ce Gerlach, Alan Jennings, Scott Holbert – Solicitor's Office

Guridy noted information was posted on the website – he noted they asked the Solicitor's office to weigh in on the draft ordinance on inclusionary zoning.

Scott reviewed the LSR – the rezoning process, inclusionary zoning is legal, it would not impact development going on would be grandfathered if permits were granted, there is broad authority inclusionary zoning – the issue will be in the particulars – you will need an objective and ways to meet that objective. The details will need to be grounded in the actual facts in terms of what is going on in the City.

These was a discussion of who else might need to be at the table: developer, commercial lender, landlord association, real estate developer.

Suggestions: JB Reilly; Tom Williams, City Line; Neal Koplin; Nelson Diaz, Mark Jaindl

Guridy said he met with JB Reilly and said he would work with a task force.

Developer – Julio noted JB will meet as a separate tax force, Tom Williams from City Line,

Neal Koplin, commercial lending at National Penn, Regional President at Peoples Security

There was a discussion about how the focus of the committee – the focus would be on inclusionary zoning specifically and after moving that, move onto the general topic of affordable housing if need be.

Jennings noted that inclusionary zoning won't get you far enough into affordable housing – you might get 1 unit for every 10 units being developed; the bigger problem is with the condition of the housing – fire walls are nonexistent for example in many areas. I would argue we don't need more affordable housing just better housing; and we need to improve neighborhoods and perhaps inclusionary zoning might deal with the displacement that takes place. He noted he had 55 Allentown residents in their home ownership counseling program; and not one wanted to buy a house in the City because of their schools. The scope of the problem is a greater than inclusionary zoning.

ANIZDA after 1500 we will consider different type of housing;

Jennings concern that it doesn't go far enough – houses that don't have fire walls. Argues don't need more, need better and need to improve quality; noted school is the big issue; JB might give you 1 unit for every 10; got much bigger issues.

Inclusionary Zoning: describes variety of techniques to encourage or require developers to incorporate a certain percentage of affordable units in their development. As the point of inclusionary zoning is to find that balance which would include below market units and part of the market rates they develop. If you create too high a price, it will limit or prevent development.

It was noted the approach of ANIZDA was to develop at least 1500 market rate units; then look at affordable housing.

There was a discussion about an article/newspaper report about getting specifics on \$2.4m investment.

Guridy suggested everyone read through the material and see if we can come up with a second version of the ordinance; and we get some developers to review and come back to committee with that. The aim would be to meet again in three weeks after speaking to the developers.

I appreciate your perspectives. Although I have much more of a response to provide, I will wait until the meeting on the 29th to elaborate. Here are my thoughts:

- Most municipalities have a 10-20% requirement
- Incentives go beyond density bonuses and can include things like: square footage requirement accommodations, variances, fee waivers, expedited approval and other non-monetary incentives
- IZ will not solve the affordable housing issue, it will create mixed income communities where employees who serve your food can live in quality housing within walking distance to their jobs
- .
- Although some inclusionary ordinances are county, cities and boroughs have the legislative power to do so as well.
- Philadelphia has an incentive-based ordinance, which calls for setting aside 10 percent of a development's market rate units in exchange for building height and density bonuses.
- As of 2009 there were 12 ordinances in Pennsylvania
- For every study that states IZ doesn't work, there is one that states it does. It's about the details and implementation of the ordinance
- Other states have Inclusionary Zoning in their Municipal Planning Code, giving the municipalities the guidelines and expectations. Meanwhile, Pennsylvania's MPC does not explicitly mention IZ, which leaves it up to the boroughs and municipalities to initiate and draft legislation
- While opponents of IZ argue that it doesn't increase affordable housing and deters development, according to the National Housing Conference's (NHC) Center for Housing Policy, "The most highly regarded empirical evidence suggests that inclusionary housing programs can produce affordable housing and do not lead to significant declines in overall housing production or to increases in market-rate prices."

I encourage you all to check out this link: <http://www.citylab.com/housing/2016/06/what-we-know-about-inclusionary-zoning-thus-far/485072/>

I would like to hear from Mr. Reilly. Julio mentioned that he had a conversation with him and that Mr. Reilly had some ideas. I would like to hear those ideas from Mr. Reilly.

I would prefer to meet on the 29th and not to delay any progress further.

Another good read to click: <http://www.pressherald.com/2015/09/24/study-inclusionary-zoning-doesnt-stifle-development-raise-rents/>

Thank you all for your time and interest

Ce-Ce

[484-597-0354](tel:484-597-0354)

On Mar 21, 2017 5:30 PM, "Alan Jennings" <ajennings@caclv.org> wrote:

Don is right that there are no benefits under the NIZ to residential development. JB is a very smart developer and he knows that putting people with money on the street is an important part of making his developments work. Also, having commercial development on the first floor or elsewhere does kick in NIZ subsidies, which surely is the explanation behind Strata.

I think Don is also right that a 40% requirement is way over the top.

I would also argue that the NIZ subsidy is at least as lucrative as a density bonus as leverage for the affordable set-aside.

Unfortunately, as I indicated that the last meeting, I will be out of town and unavailable for the meeting next Monday.

Alan

From: Hanlon, Michael [mailto:Michael.Hanlon@allentownpa.gov]

Sent: Tuesday, March 21, 2017 6:57 AM

To: O'Connell, Raymond; Hendricks, Daryl; Guridy, Julio; David K. McGuire, Ph. D.; Cece Gerlach; Alan Jennings

Subject: Fwd: Review

Comments from Don. Don can't make meeting next Wednesday, here r his comments. Spoke to Tom Williams Jr who will make meeting. Should have changed the 40 percent requirement. Planning is not drafting anything. Alan can u verify that residential projects stand on their own, no tax return to set off development costs?

Sent from my Verizon Wireless 4G LTE DROID

----- Original Message -----

Subject: RE: Review

From: Donald Bernhard <dmbernhard2@gmail.com><mailto:dmbernhard2@gmail.com>>

To: "Hanlon, Michael" <Michael.Hanlon@allentownpa.gov><mailto:Michael.Hanlon@allentownpa.gov>>

CC:

Mike, I promised you some more detailed reactions, here they are:

1. The concept of inclusionary zoning is meant to be done on a regional basis with the objective of getting jurisdictions that have done nothing with affordable housing to do something, it is not intended to cram more affordable housing into the cities that are already doing more than their fair share. Another circumstance where it is applied is the red hot real estate markets like New York or San Francisco where rents are soaring and developers are eager to build as many new units as possible and can afford the set asides because of the enormous rents they get. That is not the market circumstance here.

2. The 40% suggested set aside is way beyond anything I have seen in other cities, even the overheated markets like NYC. Almost every example I have come across the suggested set aside is 10% and even that has engendered lengthy argument over whether or not it was an unfair burden that would result in no residential development occurring.

3. The NIZ offers very little benefit for residential development. These projects need to stand on their own and the NIZ dollars do not change the feasibility equation for residential projects.

4. Inclusionary zoning involves a carrot and stick approach, the carrot usually being a density bonus. That has no meaning here since the central business zone, (I think it is B-2 zone) already has no limits on the density of development, a developer can build as many units as they chose to and are willing to take the risk to build.

In other words, this ordinance is all stick and no carrot.

5. There is various housing policy research that suggests that set asides for low income people in large housing developments have not worked well for the low income residents. They have tended to feel isolated, excluded and generally not comfortable with their living circumstance.

6. Finally I do not think this is the best approach to get the private sector involved in the most effective manner in improving center city housing. Public private joint efforts to increase home ownership, to attract more responsible landlords to small properties are just samples of things that can produce better results. The most optimistic result for inclusionary zoning as suggested would produce just a few units of affordable housing and the almost certain real result is that it will assure that no new housing of any sort gets built in downtown Allentown.

I'm convinced based on conversations I've had that far more private investment can be attracted to this through a cooperative approach. I'd be glad to discuss some of those approaches and perhaps the housing committee of Upside Allentown is a forum for that.

Let me know if you have questions.

Donald Bernhard, CECd