



Recommendations of the Easton Affordable Housing Taskforce
March 9, 2022



Prepared for:

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REMIT

The primary focus of the Easton Affordable Housing Taskforce (AHT) is to address housing affordability for citizens earning up to 120% median household income (MHI).

TIMELINE

	September	Original mission given and parameters established.
2019	October-December	The AHT gathered data from multiple sources and identified a number of central obstacles to housing affordability. We also discussed other regional efforts into housing affordability and their successes/failures.
2020	January-March	The AHT met in small groups, pooling resources and areas of expertise to find answers to targeted problems. We began presenting our solutions in early March but were forced to pause our efforts under quarantine.
	January-May	The AHT interviewed local and regional developers, funding specialists from the county, and learned about some of our own upcoming housing projects. We began to see the tangle of housing needs, funding droughts, and competing local and regional interests not as individual problems to be solved but as a complex whole that needed to be addressed in its entirety.
2021	June-August	The AHT split into working groups centered a series of questions: <ol style="list-style-type: none">1. How do we help fund public sector/non-profit housing efforts aimed at our target demographic, support individual/neighborhood needs, and empower community-conscious developers/landlords?2. How do we partner with developers, housing authorities, and area non-profits to maximize efficiency and offer support?3. What kinds of programs and policies will empower our target demographic, incentivize developers, and provide a platform of stability and investment for decades to come?
	September	The AHT gathered together to pool its solutions and develop its recommendations and action plan.
	October	The AHT presented the first draft of their recommendations to Mayor Panto.
	December	Revisions were discussed and incorporated. Presentation to RDA board.
2022	January	Clarification of specific points with RDA Director Kingsley and Mayor Panto. City council presentation date set.

INTENDED OUTCOMES

The recommendations of this task force aim to:

- Provide citizens on the edge of homeownership the opportunity to do so.
- Provide necessary financial and practical guidance for homeownership and maintenance.
- Provide area stakeholders a hub for innovative funding mechanisms and collaboration opportunities.
- Engage landlords and incentivize the use of best practices, unit affordability, and even the transition of select properties towards a rent-to-own model.
- Engage regional private developers and incentivize the building of affordable units and/or the contribution of in lieu payments.



ALIGNMENT WITH EXISTING PLANS

The recommendations of this task force align with the following local planning reports:

Easton Comprehensive plan 2035 (February 2017)

Objective 1.3: Manage and reduce vacancy, underutilization and blight throughout the city	
1.3a	Prioritize development of vacant lots and rehabilitation/revitalization of vacant buildings throughout the City, and establish policies for neighborhood sustainability.
1.3b	Increase capacity to accelerate transformation of blighted properties.
1.3c	Conduct assessment and rehabilitation of the six housing projects in Easton and create more opportunities for affordable housing.
Objective 1.4: Discourage irresponsible development and renovation, and prevent deterioration of historic buildings	
1.4b	Explore City, State and Federal incentives for preservation of historic architectural character.

Objective 2.4: Improve access to and create new parks and open spaces	
2.4c	Revive and protect pocket parks within West Ward

West Ward Neighborhood Plan (April 2019)

Celebrate History + Diversity
The AHT recommendations do not specifically address actionable items under this heading but, rather, aligns with its guiding principles of fostering neighborhood identity and the promotion of local architecture to maintain the distinctive character of the West Ward's well-kept housing stock.
Expand Economic Prosperity
The AHT recommendations address two actionable items under this heading: 3) Establishment & Promotion of Live-Work Spaces and 4) Vacant & Commercial Locations Map .
Foster Strong Neighborhoods
The AHT recommendations do not specifically address actionable items under this heading but, rather, aligns with its guiding principles of addressing issues such as an aging and homogeneous housing stock, housing revitalization, and the development of new housing options. The AHT is also in agreement with the WWNP to improve safety, maintain affordability and build stronger social connections within its blocks through various housing initiatives.
Advance Equal Opportunity
The AHT recommendations do not specifically address actionable items in under this heading but, rather, they do align in their aim to empower local residents from historically disenfranchised backgrounds by providing financial and homeownership education, as well as business and real estate guidance through partnerships and original programming.

Additionally, the AHT has considered the scope of the state Department of Community and Economic Development's CDBG and HOME programs in the creation of its recommendations.

Finally, while outside of the original remit, the AHT advocates for the creation of a South Side plan akin to that of the West Ward Neighborhood Plan to showcase the culture and highlight the needs of the South Side. The AHT also recognizes the ongoing Choice Neighborhood Project and its forthcoming strategic plan, pledging ongoing support through the following recommended actions.



MOTIVATION

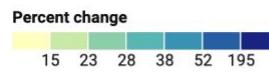
The housing affordability crisis is here. Mayor Panto recognized this upon formation of this task force but a global pandemic, quarantine, and rapid in-migration of wealthier property buyers has accelerated the need for a mitigating force on our housing market.

Eastonians can see the changing market first-hand, and reports from the Brookings Institute corroborate the fact that Americans have been slowly migrating from larger cities to smaller metropolitan areas like the Lehigh Valley for the past decade.ⁱ Northampton and Lehigh Counties alone have received thousands of new residents from the New York City and Philadelphia metropolitan areas between 2015–2019, numbers have grown exponentially during the pandemic.ⁱⁱ

Mounting interest in Easton specifically over the past decade has caused the average home price to spike by almost 90% and, as of June 2021, the average home was sold at nearly 103% of asking price.ⁱⁱⁱ The attractiveness of Easton and the Lehigh Valley has given rise to out-of-state developers gradually raising rental rates, which increased by nearly 11% in 2021. This inflation has put homeownership further out of reach for residents looking to move from renting to owning. Adding to this pressure, the LVEDC reports that the expansion of warehouse construction throughout the Lehigh Valley has forced residents interested in rural or township living to look to the cities for housing solutions.

In alignment with these statistics, the Greater Lehigh Valley Realtors Association has reported a nearly 20% drop in housing inventory from August to September 2021 and a rising number of first-time homebuyers returning to rental accommodations after being priced out of the market.^{iv} This coupled with an upward trend of older residents transitioning out of single family homes places our housing market at a crossroads, and we must choose a path that will encourage improved housing and neighborhood stability for the future.

Beyond the economics of a housing shortage, there is strong body of research from the past decade indicating that housing and neighborhood stability can lead to a host of benefits for adults and children. Ludwig et al (2012) identified quantitatively how housing and neighborhood improvements can lead to physical and mental health benefits among children and young adults over time.^v Chetty et al (2016) found connections between housing and neighborhood improvements and long-term education opportunities, income and wealth generation, and family stability. This study also points to the spread of benefits beyond the individual (home) to the neighborhood and even community at large over time.^{vi} Mixed income neighborhoods with access to essential goods and services promote a higher quality of life for a majority of residents. The AHT is motivated to act by the state of our current housing market and the potential economic gains and community benefits of housing stability. Supporting the following affordable housing recommendations will lay the foundation for a richer, safer, and more robust future for Easton.



Change in Northampton County median home sale price, 2010-20

Map: Sara Satullo for lehighvalleylive.com | Source: Greater Lehigh Valley Realtors Assn.



RECOMMENDATIONS

We aspire to form a housing development corporation that will work alongside a hybrid community bank affiliate within the community and with community partners to provide greater housing affordability in Easton.

The goals of this entity are:

1. Increase the rate of homeownership by neighborhood over time for families making up to 120% MHI.
2. Expand access to and maintain the volume of affordable housing opportunities for families at or below 80% MHI.
3. Gather and provide education and support to new and existing homeowners and landlords.
4. Gather and become a repository for various financial mechanisms.
5. Work with private developers to create a culture promoting mixed-income neighborhoods over time.

1. Increase the rate of homeownership by neighborhood over time for families making up to 120% MHI.

- a. We recognize the financial obstacles related to first-time home buyers, notably regarding down payments and closing costs. Therefore, in conjunction with a community bank affiliate this entity will develop assistance programs akin to those of past organizations that no longer operate in Easton, such as a second mortgage for said costs.
- b. In cooperation with a newly formed RDA land bank, this entity will buy up targeted, blighted properties and vacant land in the pursuit of offering thoughtful solutions to affordable housing that both keep with the aesthetic of their respective neighborhoods and are attractive to families.
- c. This entity will work closely with landlords aiming to transition rental units to rent-to-own opportunities using deconversion grants and other tools when available.
- d. In partnership with a community bank this entity will use tailored financial tools to support homebuyers who would be considered “un-bankable” by other institutions.
- e. This entity will employ innovative marketing tools and assistance packages to reduce barriers to homeownership for the historically underserved.

2. Expand access to and maintain the volume of affordable housing opportunities for families at or below 80% MHI.

- a. As this entity invests in and develops properties, it will prioritize the creation of multi-bedroom affordable options for families.
- b. This entity will employ innovative marketing tools and assistance packages to reduce barriers to homeownership for the historically underserved.
- c. This entity will work closely with the city of Easton on blight mitigation strategies to meet these concerns quickly and efficiently.
- d. This entity will expand upon existing grant and loan programs for landlords and homeowners, targeting holistic property maintenance.
- e. This entity will work closely with property management firms to begin engaging out-of-state owners.
- f. Alongside a community bank this entity will offer financial tools to encourage the development and retention of affordable housing year-over-year.



RECOMMENDATIONS, cont'd.

- 3. Gather and provide education and support to new and existing homeowners and landlords.**
 - a. Alongside a community bank this entity will provide financial literacy programs.
 - i. Incentives could be offered to clients who engage with the full regimen of courses.
 - ii. Various credit counseling services could be made available through the community bank for present and future clients.
 - iii. Business development financing programs could be made available alongside area partners (CoC) to produce smarter and more successful new businessowners.
 - b. This entity will provide homeownership skills programs aimed at demystifying everything that goes into proper home maintenance.
 - c. This entity will develop and maintain a detailed map of potential development sites, in conjunction with neighborhood stakeholders.
 - d. This entity will support landlords and homeowners through relief packages relating to code violation mitigation and renovation setbacks.
 - e. This entity will work with neighborhood stakeholders to develop and maintain a detailed map of essential goods and services, aiming to promote an array of live/work spaces that promote a higher quality of life.
- 4. Gather and become a repository for various financial mechanisms.**
 - a. As a partner with a community bank, this entity will be able to seamlessly offer qualified clients and partners access to attractive financing only available to this kind of financial institution.
 - b. Additionally, this entity will streamline as many financial tools as possible from the municipal, county, and state levels to provide “gap” funding for clients and partners.
 - i. An exhaustive catalog will be created, maintained, and disseminated.
 - c. This entity will also write grant proposals for unconventional additions to the funding pool.
- 5. Work with area private developers to create a culture promoting mixed-income neighborhoods over time.**
 - a. This entity will work with the city to develop a policy of in-lieu contributions towards affordable housing.
 - b. This entity will develop relationships with all area developers and realtors to provide guidance on neighborhood needs, based on detailed surveys conducted with neighborhood partners.
 - c. This entity will aim to funnel our private sector partners towards its financial incentives in an effort to help them better understand our residents and what we can offer to encourage the proliferation of affordable units in Easton.



ACTIONABLE ITEMS

- Establishment of the HDC with a hybrid community bank affiliate
 - With an initial outlay of \$200,000 from the Affordable Housing Program line item of Easton's ARPA budget, and matching contributions from partner banks and employers, the process of forming the 501c2 can begin immediately with members of the AHT serving as its first governing board. Staff can be hired to begin developing programs and taking on projects from the RDA land bank as well as assisting Neal Koplin and bank partners with the formation of the hybrid community bank and its physical location in either the South Side or West Ward.
- Creation of a Land Bank at the RDA
 - With a contribution of \$1,000,000 from the Blight Elimination/Owner-Occupied Façade Grants line item of Easton's ARPA budget, the RDA will generate a Land Bank by acquiring blighted and vacant properties throughout the city. The RDA will have a MOU with the forthcoming HDC that these entities will work collaboratively on these and future projects. The RDA and HDC will deposit land into the bank when appropriate and both entities, along with other stakeholders, will have representation on the Land Bank board.
- Creation of a renovation fund
 - With a contribution of \$1,000,000 from the Affordable Housing Program line item of Easton's ARPA budget, the HDC will establish a renovation fund to rehabilitate properties from the land bank and begin generating its own capital to be reinvested back into the creation of more affordable housing options.
- Creation of remediation and deconversion funds
 - With a contribution of \$300,000 from the Affordable Housing Program line item of Easton's ARPA budget, the HDC will establish a fund for landlord remediation incentives in pursuit of greater collaboration and an overall increase of quality, affordable rental stock throughout the city.
 - With a contribution of \$200,000 from the Deconversion Grants line item of Easton's ARPA budget, the HDC will establish a fund for the transition of rental properties into owner-occupied housing options to support its mission to increase owner-occupancy per neighborhood, over time.
- Taking on first projects
 - With a contribution of \$209,000 from the Blight Elimination/Owner-Occupied Façade Grants line item of Easton's ARPA budget, the RDA will acquire the former Porter School location on the South Side. As the HDC is being established the RDA will perform all ground and soil remediation to make the property "shovel-ready."
 - With a contribution of \$1,000,000 from the Affordable Housing Program line item of Easton's ARPA budget, the RDA will acquire the property at 145 S. 11th Street in partnership with the HDC. Alongside the RDA and other public sector partners and with patient capital from contributing employers and banks the HDC will develop the property to quickly increase affordable housing capacity.



CONCLUSION

It became clear to the AHT early in this process that housing affordability is only part of the housing crisis we face. Issues beyond the remit of the task force like generational poverty, systemic inequity, lack of employment options, and a host of other contributing factors will continue to plague cities like ours for the foreseeable future. However, we believe that creating an entity that can operate on behalf of our demographic, acting as a conduit between public sector, private sector, and non-for-profit interests, can produce an outcome that everyone can be proud of. The deeper cultural and systemic problems associated with affordable housing cannot be solved overnight, but this is the first step in overcoming one large challenge in the hope that our empowered residents might help us overcome the rest.



References

- ⁱ <https://www.brookings.edu/research/even-before-coronavirus-census-shows-u-s-cities-growth-was-stagnating/>
- ⁱⁱ <https://www.lehighvalleylive.com/news/2021/09/how-many-people-moved-to-the-lehigh-valley-from-nj-ny-elsewhere-new-numbers-are-out.html>
- ⁱⁱⁱ <https://www.lehighvalleylive.com/news/2021/07/these-charts-show-how-crazy-the-lehigh-valley-real-estate-market-has-gotten.html>
- ^{iv} <https://www.lehighvalleylive.com/allentown/2021/09/lack-of-inventory-market-frenzy-forcing-more-lehigh-valley-residents-into-renting-realtors-say.html>
- ^v Ludwig, J., Duncan, G. J., Gennetian, L. A., Katz, L. F., Kessler, R. C., Kling, J. R., & Sanbonmatsu, L. (2012). Neighborhood effects on the long-term well-being of low-income adults. *Science (New York, N.Y.)*, 337(6101), 1505–1510. <https://doi.org/10.1126/science.1224648>
- ^{vi} Chetty R, Hendren N, Katz LF. The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment. *Am Econ Rev*. 2016 Apr;106(4):855-902. doi: 10.1257/aer.20150572. PMID: 29546974.