

City of Lancaster: Interim Housing Strategy

Guiding Framework

I. Strategy Purpose

This housing strategy contains overarching quantitative policy targets, broad strategic goals, and key program tools for implementation of those goals over the next five (5) years. It is called an *interim* or *working* strategy because we view this effort as a foundation, which we will build upon and refine, especially during the Comprehensive Plan process, over the next one to two years. The strategy is not intended to be exhaustive, but rather shine a light on where we can and should focus our limited time, energy, and funds.

It is the intention of the City to increase the supply and diversity of housing in the city, with an emphasis on achieving affordable homes for both rent and purchase. “Achieving” affordable homes can take the form of producing affordable housing units in new buildings or finding ways to protect or redevelop affordable housing units that are in structures that already exist.

Housing development, as a practice, takes a great deal of time, painstaking effort, and financial capital, as well as effective coordination and collaboration with a variety of stakeholders. Therefore, we must plan and align our resources for maximum impact.

II. Market Context

Based on several indicators such as vacancy rates, housing price increases, and citizen input, we know the city needs more housing, serving a range of household types, income levels, and occupancy styles.

Preliminary analysis shows that housing cost burden is widespread across the income profile of residents (note: housing cost burden is defined as spending more than 30 percent of a household’s gross income on housing). This situation of housing cost burden is being driven by a shortage in housing supply and generally low incomes in the City of Lancaster. Further, we have learned that the City’s housing stock does not align with the current household composition of the city, meaning that most homes are single-family, multi-bedroom dwellings, while the majority of households are composed of one or two people.

Effective housing development also relies upon strong neighborhood design, including access to transportation, goods and services, employment, recreational amenities, and attractive public spaces. Mixed-income and mixed-use development have been identified as international best practice in promoting equitable and cohesive growth.

III. Equity Lens

We believe in affirmatively furthering fair housing and acknowledging the history of structural racism that has impacted where people live and what resources they have. This means, in part, addressing housing quality and choice throughout all areas of the city – with an emphasis on creating more housing options for disenfranchised populations, which disproportionately make up our low- and moderate-income households.

It means creating more pathways to homeownership in the southern quadrants of the city for existing residents and subsidizing additional affordable rental units (at different price points) in the northern quadrants of the city. It means striving for consistency in housing condition and quality across all quadrants.

Finally, it means an amplified focus on increasing household incomes. While that is not an explicit component of *this* housing strategy, it does factor in new, specific ways in the City’s Strategic Plan for 2022- 2025.

There is no silver bullet for solving housing challenges here in Lancaster, as we face what is a national crisis at the local level. As such, we need an integrated and iterative approach.

IV. Evidence-Based Decision Making

Housing is a serious public policy topic, which brings forth a range ideas, opinions, and emotions. The City is dedicated to better understanding the existing conditions and trends through research and analysis and making decisions based on that data.

The City has commissioned an initial study of affordable housing through the Center for Regional Analysis and will be conducting additional analyses through the Comprehensive Plan and beyond, initiating a cycle of more informed policies in the future. Periodic resources such as the American Community Survey and American Housing Survey will also be used to help provide a clearer, sustained picture of the housing situation in the City over time.

Further, the City will track metrics every year to evaluate how much progress is being made against our housing targets and what program tools are working well and which are not.

V. Partnerships

The City cannot tackle housing challenges alone. We work with a network of organizations and agencies to implement projects and programs. Our partners include governmental agencies and authorities, community and nonprofit housing development organizations, housing assistance and counseling organizations, neighborhood leaders and associations, private developers and property owners, and others.

We believe in building off a strong track record of communication and collaboration with and between these partners, in an effort to further coordinate impact, reduce competition for

resources, and expand our community’s capacity. Ultimately, it is our partners that actually build and renovate housing – so the City must ensure assets and funding are going to those partners with clear direction and parameters for development.

It is important to note in closing that attaining successful housing solutions for persons experiencing homelessness is an especially complex part of this puzzle and deserves its own dedicated strategy. Coordination of homeless service provision occurs primarily through the LancCo MyHome Coalition and County government. The City encourages a cohesive analysis and plan and wishes to be part of the team to determine and implement appropriate actions.

Quantitative Policy Targets

As determined in *Housing Availability in the City of Lancaster and Implications for Housing Affordability* by the Center for Regional Analysis, we know the City of Lancaster has a housing shortage estimated between 1,165 – 2,455 units across rental and homeownership markets. Based on this finding, and on known market conditions, the city will aim to meet the following, overarching targets by 2026.

- The City will facilitate the creation of 2,000 new housing units, with the goal of at least 15 percent affordable.
- The City will protect and improve 1,000 existing low- to moderate-income homes.
- The City will evaluate and address every rental housing unit in the City, with the goal that at least 85 percent are rated fair or good condition.

*Affordable housing units are defined as below 80 percent of the Area Median Income (AMI), according to U.S. Department of Housing and Urban Development calculations for the Metropolitan Statistical Area, which comprises the County as a whole. As a rule of thumb, City AMI is a little more than 60 percent of the County AMI.

Strategic Goals (& Program Tools for Implementation)

1. PRODUCE [*~2000 total units / 300 affordable*]

Produce housing units in new construction to meet demand and expand the number of available homes, both affordable and market-rate.

- a. Comprehensive Plan / Land Development / Zoning: Create land use rules that promote housing supply while balancing good design. Put more units in the right places, create more of the right-sized units, and focus on livability and walkability. Because land

development opportunities are limited, increasing housing supply depends upon repurposing and rehabilitating buildings, building up in height, and boosting density.

- b. Investment Capital: Create an urban environment that establishes a place where people want to live, work, and play and attracts investment capital to develop housing and mixed-use projects. Leverage financial tools like Local Economic Revitalization Tax Assistance (LERTA) and the City Revitalization and Improvement Zone (CRIZ) to help activate land development.
- c. Subsidy for Affordable Units: Realizing 15 percent of new units as affordable will require significant grant subsidy and/or low-cost financing. Use a combination of public and private funding sources to make affordable units within new land development economically feasible. Sources may include federal and state monies such as HOME, CDBG, NAP, PHARE, and ARPA monies, plus philanthropic or civic-oriented contributions.

2. PROTECT [*~14,000 units evaluated / 1,000+ improved*]

Protect, maintain, and improve the quality of existing housing to help keep households safe and affordable.

- a. Housing Inspections and Maintenance: Proactively protect properties and structures through systematic and complaint-based inspections and property maintenance actions. Hold all landlords accountable for providing safe and good-quality housing to their tenants. Update the City's Rental Property and Lead ordinances to focus resources and increase the number of inspections and incentivize rental housing upgrades where they are needed most. Boost landlord education efforts to foster a culture of commitment and compliance with City standards.
- b. Lead Remediation & Healthy Home Grants: Utilize the City and LGH lead programs to make as many homes lead safe as possible throughout the City, with a focus on the most under-served and vulnerable neighborhoods. Focus U.S. Department of Housing and Urban Development (HUD) funds on targeted Census tracts and LGH funds on other locations such as daycare facilities, Lancaster City Housing Authority properties, and low- to moderate income households in other tracts / quadrants.
- c. Critical Repair Grants and Loans: Provide financial support to low- and moderate-income homeowners to address costly repairs that can put families in jeopardy of harm or financial hardship when they face necessary fixes such as roofs, furnaces, utility lines, and home accessibility. Adapt the program to offer grants to households (versus loans) at or below 50 percent AMI.

3. ACQUIRE [*~200 units*]

Acquire properties and redevelop for the express purpose of neighborhood revitalization and affordability.

- a. **Redevelopment Authority of the City of Lancaster (RACL):** Partner with RACL to acquire blighted properties through the Property Reinvestment process. Move those properties into the hands of new owners who will redevelop for housing purposes. Rehabilitated RACL properties must be sold to families under 80% AMI who will occupy the home or rented to households below 60% AMI.
- b. **Land Bank:** Partner with the City's Land Bank to strategically purchase properties that can satisfy housing needs in the City. Offer those properties for sale first to Community Housing Development Organizations (CHDO), per established agreement. Coordinate a shared approach with the CHDOs to acquire for redevelopment.
- c. **City-Led Conversion:** The City will identify and oversee the purchase of select properties for affordable housing development and move those properties to housing developers, with deed restrictions or covenants that designate those properties for affordable or mixed-income redevelopment.
- d. **Transitional Facility:** In concert with the County and LancCo MyHome, identify and develop a permanent facility or facilities to provide transitional living housing and wrap-around services to meet the needs of those individuals moving from homelessness to a stable living situation, including an additional 40 units in the City.

4. INNOVATE [*~100 units*]

Innovate by exploring emerging housing design types, which may facilitate lower-cost housing units. Possibilities may include:

- a. **Home Sharing and Community Living Models:** Evaluate and where appropriate enable more flexible shared living arrangements, which may lend themselves, especially, to younger or older households who tend to have lower or fixed incomes.
- b. **Accessory Dwelling Units:** Ensure zoning and building codes encourage accessory dwelling units where feasible. Explore opportunities for community housing development organizations to build out ADUs and create wealth for low- to moderate-income households.
- c. **Tiny Homes:** Analyze square footage requirements and other rules to determine where smaller units may provide more options and meet specific demand in the market. Revise ordinances as needed.
- d. **Reduced Parking Requirements:** Implement reduced parking minimums in targeted areas, such as Downtown, on commercial corridors with bus transit service, and around the train station.

5. SUSTAIN *[# of households or persons served; \$ dispersed]*

Sustain and foster housing stability and neighborhood vitality.

- a. Safety Nets: Provide financial supports to prevent housing loss through programs such as Emergency Rental Assistance and Utility Assistance. Cover gap expenses for missed rent or utility payments to prevent residents from being evicted; couple with related capacity supports, such as case management, financial counseling, and/or job navigation as possible. Maintain the financial health of landlords to avoid hardship and property deterioration through the Emergency Assistance programming.
- b. Home Ownership Protections: Expand and explore programs to help low-income homeowners stay in their homes as they age and build equity, such as Low-Interest Home Loans and Façade Improvement Grants.
- c. Pathways to Home Ownership: Expand and explore pathways to help low-income residents purchase a home and build wealth, such as Down Payment Assistance, Live Near Your Work Grants and the Tenants Opportunity to Purchase Act (TOPA).
- d. Homeless Shelter: Contribute resources and support to help establish appropriate planning, funding levels, and program management with the County and LancCo MyHome ensure at least 100 quality, emergency shelter beds in the City, including 20-30 new shelter beds.

#	Strategic Goal	Program Tool	Implementers	Metric	[Target]
1.	PRODUCE	a. Comp Plan/ Land Development	City of Lancaster / LCA Land / Housing Developers Anchor Institutions	# of Housing Units % Affordable	2,000 15%
1.	PRODUCE	b. Investment Capital	Land / Housing Developers Property Owners Banks / CDFIs / LCA	Private \$ Invested	\$1B
1.	PRODUCE	c. Subsidy for Affordable Units	City of Lancaster Land / Housing Developers Foundations / CDFIs	# of Affordable Units	300
2.	PROTECT	a. Housing Inspections and Maintenance	Property Owners City of Lancaster	# of Units Evaluated # of Units Improved Condition-Fair or Good	14,000 1,000 85%
2.	PROTECT	b. Lead Remediation and Healthy Homes	City of Lancaster LGH-Penn Medicine	# of Units	700 460
2.	PROTECT	c. Critical Repair	City of Lancaster Nonprofit Service Providers	# of Units	200
3.	ACQUIRE	a. Redevelopment Authority of City of Lancaster (RACL)	Redevelopers Rehab Agents	# of Units	30
3.	ACQUIRE	b. Land Bank	Community Housing Development Organizations (CHDOs)	# of Units	20
3.	ACQUIRE	c. City-Led Conversion	Land / Housing Developers City of Lancaster	# of Units	80

3.	ACQUIRE	d. Transitional Facility	Lancaster County / LCMH Nonprofit Service Providers City of Lancaster	# of Units / Beds	40
4.	INNOVATE	a. Shared Living Models	Land / Housing Developers City of Lancaster	# of Units	60
4.	INNOVATE	b. Accessory Dwelling Units	Property Owners CHDOs Foundations / Philanthropists	# of Units	20
4.	INNOVATE	c. Tiny Homes	Land / Housing Developers City of Lancaster	# of Units	20
4.	INNOVATE	d. Reduced Parking Requirements	City of Lancaster	Parking Ratios	N/A
5.	SUSTAIN	a. Safety Net Assistance	Lancaster County Nonprofit Service Providers / Lancaster Equity (LE) Agencies	# of Households Served \$ Dispersed	TBD
5.	SUSTAIN	b. Homeowner Protections	Nonprofit Service Providers / LE Lancaster City Alliance (LCA) City of Lancaster	# of Households Served \$ Dispersed	250 / TBD
5.	SUSTAIN	c. Pathways to Homeownership	Nonprofit Service Providers / LE City of Lancaster	# of Households Served \$ Dispersed	200 / TBD
5.	SUSTAIN	d. Homeless Shelter	Lancaster County / LCMH Nonprofit Service Providers City of Lancaster	Total Beds New Beds	100 30