

ATTENDANCE

Planning Commission

Kate Domico, Chair
Bill Steudler, Vice-Chair
Brian Rater, Secretary
Richard Schmidt, Alt. Secretary
Robert Prosek
Harry McAllister

Township Staff

Douglas Erickson, Township Manager
Stephen Casson, Township Engineer/Dir. Public Works
Paul Christner, Asst. Twp. Eng./Asst. Dir. Public Works
Ken Soder, Zoning Officer
Greg Garthe, CRPA
Nicole Harter, Public Works Secretary

Audience

Linda Marshall, Centre County Planning and Community Development Office
Jim Payne, Resident
Marianne Hogg, Resident
Rana Glick, Resident

1. **CALL TO ORDER – ORGANIZATIONAL / REGULAR MEETING**
The January 14, 2019 organizational and regular meeting was called to order at 7:00 PM by the Chair, Ms. Kate Domico.
2. **ITEMS OF CORRECTION**
There were no additions or deletions to the agenda.
3. **ORGANIZATION**
 - a. Election of Officers: Mr. Bill Steudler made a motion to retain the officers from 2018. The motion was seconded by Mr. Harry McAllister. The motion passed with a 6-0 vote.

3. **ORGANIZATION (cont.)**

b. Meeting Dates: The Planning Commission reviewed the following meeting dates.

REGULAR MEETING	WORK SESSION
January 14, 2019 (1)	
February 4, 2019	February 11, 2019
March 11, 2019 (2)	March 18, 2019
April 1, 2019	April 8, 2019
May 6, 2019	May 13, 2019
June 3, 2019	June 10, 2019
July 1, 2019	July 8, 2019
August 5, 2019	August 12, 2019
September 9, 2019 (3)	September 16, 2019
October 7, 2019	October 14, 2019
November 4, 2019	November 11, 2019
December 2, 2019	December 9, 2019
January 13, 2020 (4)	
(1) Second Monday due to Supervisors Meeting (2) Second Monday due to Spring Break (3) Second Monday due to Labor Day (4) Organizational Meeting for 2020	

Mr. Richard Schmidt made a motion to approve the meeting dates for 2019 as submitted. The motion was seconded by Mr. Bill Steudler. The motion passed with a 6-0 vote.

c. Selection of Representative to the Centre Regional Planning Commission: Mr. Bill Steudler made a motion to appoint Mr. Brian Rater as the primary representative in 2019 for the Centre Regional Planning Commission and noted that he could serve as the alternate representative. The motion was seconded by Mr. Richard Schmidt. The motion passed with a 6-0 vote.

4. **APPROVAL OF MINUTES**

Meeting minutes from the October 1, 2018 combined Regular Meeting and Work Session were brought before the Planning Commission for approval. Due to lack of agenda items, the Commission did not meet in November or December.

Mr. Harry McAllister made a motion to approve the meeting minutes as submitted. The motion was seconded by Mr. Robert Prosek. The motion passed with a vote of 6-0.

5. **PUBLIC COMMENTS**

There were no public comments at this point in the meeting.

6. STATUS ON PENDING ITEMS

Ms. Domico asked Mr. Garthe to review the pending work task items, since the Planning Commission had not met in several months.

7. REPORTS

The members asked staff for an overview on the Matter of Record regarding changes to the Gray's Woods master plan.

8. OTHER BUSINESS

There was no other business brought before the Planning Commission.

9. ADJOURN – REGULAR MEETING

The meeting was adjourned at 7:10 PM.

PATTON TOWNSHIP PLANNING COMMISSION WORK SESSION

1. CALL TO ORDER – WORK SESSION MEETING

The January 14, 2019 work session meeting was called to order at 7:12 PM by Chairman, Ms. Kate Domico.

2. POTENTIAL APPROACHES TO AFFORDABLE HOUSING IN PATTON TOWNSHIP

Ms. Domico noted that the Board of Supervisors has charged the Planning Commission (PC) with exploring possible means of addressing housing affordability in Patton Township. There are affordable housing provisions included in several of the Township's zoning districts, but the Board would like the PC to recommend potential means of addressing the issue more comprehensively in the Township.

The Township Manager suggests that the Planning Commission consider the following approach:

- Review/define the need for affordable housing in Patton Township
- Collect information and review programs from other communities
- Consult with key personnel and stakeholders in the affordable housing arena
- Work with developers and builders to understand the impacts and/or constraints that come with affordable housing programs
- Analyze how various programs would work in the Township and predict outcomes

Affordable housing is a complex and multi-faceted issue that does not have a "one size fits all" solution. Accordingly, the goal is to begin a discussion by reviewing some background information on the housing affordability challenges and needs in the Centre Region. Ms. Linda Marshall, Centre County Senior Planner/Housing Coordinator, is present to provide additional insight and take questions from PC members.

2. POTENTIAL APPROACHES TO AFFORDABLE HOUSING IN PATTON TOWNSHIP
(cont.)

Background Information

Mr. Greg Garthe noted that local documents and studies have indicated that the Centre Region's work force has a great need for affordable housing. Many individuals that are employed in the State College area cannot afford to buy or rent a home close to their job, but at the same time they cannot qualify for federal housing subsidy programs administered by the US Department of Housing and Urban Development (HUD) that are intended to serve "vulnerable" populations, including disabled persons, the elderly, and those who meet a very specific definition of "low-income". Examples of such programs include Section 8 and HOME. Those who do not meet the HUD definition of low-income are ineligible for federal subsidy programs.

The PA Municipalities Planning Code (MPC) generally reflects the HUD methodology, but provides a slightly broader definition that includes moderate income individuals and families.

LOW- TO MODERATE-INCOME PERSONS

One or more natural persons or a family, the total annual adjusted gross household income of which is less than 100% of the median annual adjusted gross income for households in this Commonwealth or is less than 100% of the median annual adjusted gross income for households within the metropolitan statistical area (MSA) or, if not within the MSA, within the county in which the household is located, whichever is greater.

However, in order to qualify for HUD programs, a household must meet the definition low-income, which means the family earns no more than 80% of the area median income (AMI). The AMI is calculated by HUD and based on the median income of the Metropolitan Statistical Area (MSA). HUD updates the income guidelines annually and adjusts the figures for different family sizes to determine eligibility for some of their programs. The 2018 AMI for a family of our in the State College MSA, which includes all of Centre County, was \$82,400.

In addition, HUD considers housing to be "affordable" if the occupants are spending no more than 30% of their income on housing costs, and those spending more than that amount are termed "cost-burdened".

The MPC is consistent with the HUD methodology and provides the following definition:

AFFORDABLE

With respect to the housing unit to be occupied by low- to moderate-income persons, monthly rents or monthly mortgage payments, including property taxes and insurance, that do not exceed 30% of that amount which represents 100% of the adjusted gross annual income for households within the metropolitan statistical area (MSA) or, if not within the MSA, within the county in which the housing unit is located, divided by 12.

A commonly used lending convention is that a household can afford to purchase a home that costs three times its annual income. Using that standard, a family of four making **\$82,400** could afford a home costing approximately **\$247,200**. This is far below the average sale price of a single-family home in the State College Area School District, which was nearly **\$325,000** in November 2018.

2. **POTENTIAL APPROACHES TO AFFORDABLE HOUSING IN PATTON TOWNSHIP (cont.)**

Mr. Garthe indicated that there are a number of documents and studies that have been prepared to shed light on the local housing affordability challenges and suggest strategies for addressing the issue in the Centre Region. Some of these resources are listed in the table below:

DOCUMENT/STUDY	SOURCE	DATE
<u>Centre County Affordable Housing Needs Assessment</u>	Centre County	2005
<u>Homes Within Reach Toolkit</u>	Centre County Affordable Housing Coalition	2006
<u>Centre County Housing and Land Trust Housing Market Study</u>	Centre County Housing and Land Trust	2011
<u>Centre Region Comprehensive Plan (Chapter 6 – Housing)</u>	Centre Regional Planning Agency	2013
<u>Centre Region State of Housing Report</u>	Centre Regional Planning Agency	2016

The major findings and common threads of these documents include:

- When housing prices rise faster than incomes, an affordability gap is created. Such a gap exists in Centre County where housing values have been increasing without an equivalent rise in wages and income.
- Unquestionably the greatest housing affordability problems in are in the Centre Region, where approximately 60% of the County’s population resides.
- Those who are most in need of affordable housing include low- and moderate-income workers between the ages of 24 and 55 years old, female-headed households, the elderly, people with disabilities, and homeless families and individuals.
- There are a number of housing programs in the County that assist “vulnerable populations,” but localized definitions of affordability, such as municipal median family income, could be more appropriate to provide additional opportunities for workforce members that do not qualify for federal programs administered by HUD.
- The largest percentage of residents in the who are cost-burdened are renters.
- Many people find less expensive housing outside the Region but then spend a significant part of their income on transportation costs. The combined cost of housing plus transportation factors into affordability.
- Affordable housing is crucial to the long-term viability of an adequate labor force for the retail and service industries, manufacturing, schools, hospitals, and others.
- Neighborhood opposition, lack of public support, and misconceptions about affordable housing are common, but according to the majority of studies, it does not have a negative impact on the value of surrounding market-rate homes.
- The existing housing supply in the Centre Region is not fulfilling the demand of all consumers across the economic scale. An increased supply and variety of housing types is needed.

2. **POTENTIAL APPROACHES TO AFFORDABLE HOUSING IN PATTON TOWNSHIP (cont.)**

- Optimal locations for affordable housing include areas with public sewer and water service and a range of transportation options, including public transit.
- The high cost of land in the Region (when compared to outlying areas) is perhaps the most significant factor contributing to increased housing costs.
- Local developers have indicated that construction costs, development-related fees, and municipal regulations such as excessive parking, landscaping, and open space requirements are impediments to building affordable housing.
- Local developers have indicated that density bonuses, in and of themselves, are an insufficient incentive for the creation of moderately priced dwellings. The economic reward associated with the ability to spread the cost of land acquisition, approvals and permitting across a larger number of dwelling units is insufficient to counterbalance their losses on the moderately priced units.
- There are wide range of planning tools municipalities can use to facilitate the provision of affordable housing. These can be mandatory or voluntary, and both types present opportunities for cooperation and partnerships.

Existing Housing Services in Centre County

Mr. Garthe noted that there are a number of agencies and organizations that provide housing resources and assistance in the county. The Centre County Affordable Housing Coalition, in partnership with the Centre County Commissioners, maintains a comprehensive guide; [Housing Services in Centre County: A Guide to Emergency, Transitional, and Permanent Affordable Housing](#) (4th Edition – 2018).

The entities listed in the guide focus on six primary areas of housing support:

- Permanent Housing
- Permanent Supportive Housing
- Transitional Housing
- Housing Support Services
- Emergency Shelter & Crisis Intervention
- Outreach Assessment & Referral

Any zoning requirements that Patton Township develops through its state-enable regulatory authority would be intended to facilitate the construction of permanent affordable housing. The development requirements would be specified in the zoning code, but the administrative tasks, such as tenant searches and income qualification, would need to involve partnerships with housing developers and one or more agencies or organizations currently providing housing support services in Centre County. Patton Township currently has a partnership with the Centre County Housing and Land Trust for the housing in the Commercial Transitional (CT) zoning district, behind the Trader Joe's Plaza.

**2. POTENTIAL APPROACHES TO AFFORDABLE HOUSING IN PATTON TOWNSHIP
(cont.)**

Ms. Domico asked whether HUD's definition of "affordable" related to monthly living expenses included utility expenses. Ms. Linda Marshall, Senior Planner/Housing Coordinator with the Centre County Planning and Community Development Office indicated that those costs would be considered as part of affordability for renters and not homeowners by HUD. She also noted that homeowners' association dues/condominium fees would be counted as part of the monthly expenses for homeowners.

Mr. Rater commented that there is a very high rental occupancy rate in the Centre Region. There have been a substantial number of apartments built in the area in the last 10 years, and this may drive up the vacancy rates, which may drive monthly rents downward. Some of the new complexes located in downtown State College may "pull" students there, resulting in rental availability of units located elsewhere. It is basically a matter of supply and demand, and rents for aging units with less amenities will likely decrease in order to maintain occupancy. The rental market will probably become more affordable, although the homebuyers' market is likely to continue to get more expensive.

Mr. Rater also suggested that development-related fees, such as sewer or water tap fees, may be a barrier to affordability in the Region. Mr. Garthe noted that the Centre Region COG Transportation and Land Use Committee had a discussion on that topic in November 2018, and that the agenda item from that meeting was attached for the Planning Commission's information. He noted that the municipal authorities were not willing to waive fees, but may consider accepting the fees from a third party, such as an affordable housing fund, non-profit, or private source.

Ms. Domico asked if there was a recommended percentage of housing within a community that should be "affordable." Mr. Erickson noted that there is not any specific standard, but ideally, a community has a mix of housing types that are affordable to all income levels. He also mentioned that lenders typically consider a home to be affordable if it costs approximately three times the buyer's annual income.

Ms. Marshall indicated that a typical student rental complex only needs a certain occupancy rate to remain viable, and that developers typically budget to account for the potential vacancy rate. There have been past efforts by the County to establish partnerships with owners of older apartment buildings in State College in an attempt to establish units that would be eligible to individuals and families that qualify for HUD subsidies. Mr. Rater indicated that this seemed like an opportunity for landlords to maintain occupancy of the units and receive consistent rent payments, while also benefiting those in need of affordable housing.

Ms. Marshall presented additional information to the Planning Commission and Township Staff and thoroughly reviewed different options for housing assistance. She reviewed Centre County's First-Time Home Buyer (FTHB) Program and specific program data for Patton Township, as well as the US Department of Agriculture Rural Development Program. She noted that, per PA Act 137 of 1992, the County Commissioners collect a fee each time a deed or mortgage is recorded in order to support the County's Housing Trust Fund, which is used to support the FTHB Program.

2. **POTENTIAL APPROACHES TO AFFORDABLE HOUSING IN PATTON TOWNSHIP
(cont.)**

Mr. Harry McAllister asked why there had not been developments with a large number of units in the Centre Region, with the exception of student apartments. He gave an example of developments by religious organizations. Mr. Erickson noted that federal regulatory changes in recent years have compelled lending institutions to require developers to complete projects within two years. Therefore, smaller projects are more likely to receive funding. Ms. Marshall agreed and noted that student projects are typically constructed very quickly compared to other types of residential projects.

Ms. Marshall suggested that the Planning Commission engage local developers, realtors, and lenders in any discussion of potential barriers to affordability in the Centre Region.

Mr. Erickson commented that housing affordability is a challenging problem to address, and that there are different approaches the Township could take. The “macro” approach would be to work to address the supply and demand of housing of various types and price points in the area. The “micro” approach would be to work with the County’s existing housing entities to identify the appropriate subsidy programs to meet local housing needs. As noted, there are a number of programs intended to support “vulnerable” populations, but we may need to focus any Township zoning efforts on those who do not qualify for those programs due to their income. The development of the project behind Trader Joe’s (Thompson Place) involved several partnerships and contributions of services from local private and public entities. The creation of the Commercial Transitional and Mixed-Use Overlay 2 zoning districts served as incentives for developers to provide affordable housing.

Mr. Rater stated that the Thompson Place project is good and it provides opportunities for some people to buy a home, but others might choose to purchase a home in Bellefonte or other outlying areas and commute because they own the land and can build equity, which is not possible with the land trust model. He noted that a 15 or 20 minute commute is not objectionable for many people coming to the Centre Region from other parts of the country, especially if it allows them to build equity in their property.

Mr. Steudler asked whether it might be possible to give developers an option to donate land to entities working to develop affordable housing in lieu of meeting a portion of their parkland requirements. Mr. Erickson noted that it could be a possibility, and that it is similar to what was done for the Thompson Place project. He also noted that the high cost of land in the Region was a challenge for entities like CCHLT and Habitat for Humanity, so land donations to such organizations are one option to make affordable housing possible.

The Planning Commission would like to look at similar municipalities that are also considering affordable housing and review their approach. Mr. Doug Erickson noted that Township Staff could also provide examples of smaller lot sizes, and resale values.

2. **ADJOURN**

The work session meeting was adjourned at 8:35 PM.