



The Pennsylvania Commonwealth Exchange

Introduction

ULI Philadelphia and ULI Pittsburgh, in partnership with the Terwilliger Center for Housing, hosted the first Pennsylvania Commonwealth Exchange, a two-city convening focused on housing solutions. The Terwilliger Center for Housing, based out of ULI's headquarters in Washington, D.C., partners with district councils by providing funding to help preserve existing housing stock and accelerate housing production.

A cohort of participants spent two days in each city, engaging in shared learning and dialogue. The goal was to explore local challenges and exchange practical strategies to increase housing supply across the Commonwealth. By connecting two different markets operating under the same set of statewide policies and regulations, the Exchange aimed to identify actionable opportunities for impact.

Attendees participated in and led a series of panel conversations and tours, sharing their local expertise and diverse perspectives with fellow participants, followed by workshops facilitated by ULI staff.

The first Exchange was held in Pittsburgh from June 25–27, 2025. Panel discussion topics included regional approaches to housing; neighborhood stabilization and blight remediation; modular and construction technologies; and local, state, and federal trends in housing policy. Tours included a walking tour of [East Liberty](#), showcasing the role of strong community leaders and organizations in stabilization and antidisplacement efforts, and [Morningside Crossing](#), an adaptive reuse project that converted a former school building into a mixed-use senior housing and community center.

The second convening was held in Philadelphia from September 10–12, 2025. Panel discussion topics included capital markets and a pro forma analysis example that demonstrated how well-meaning incentives to spur affordable unit production can fall short of making these projects financially feasible; office-to-residential conversions; policies to preserve missing middle and naturally occurring affordable housing; and transit-oriented development in the suburbs. Participants toured [17 Market West](#), an office-to-residential conversion in Center City, [Ardmore](#), a Philadelphia suburb that exemplifies transit-oriented development, and [Cricket Flats](#), one of Ardmore's newest multifamily

buildings next to transit. From the roof of Cricket Flats, participants could see the site of a future affordable housing development for seniors, which will expand Ardmore’s relatively limited affordable housing stock.

This white paper is intended to be a targeted, glanceable resource listing the challenges and opportunities for both preservation and new housing construction, as identified by participants. The paper is organized into sections highlighting the challenges and opportunities for preservation and production in three key areas: finance, land use, and partnerships.

Pittsburgh

Preservation Challenges

Finance

- High barriers to entry for small-scale developers and a lack of funding mechanisms to support them make development, operations, and compliance very difficult.

Land Use

- Limited funding mechanisms and low staff capacity for land banks often lead properties to sit vacant for long periods, an unintended consequence of a burdensome disposition process that results in blighted, uninhabitable structures that require intensive remediation.

Partnerships

- Neighborhood stabilization projects like the [East Liberty](#) redevelopment require 20 to 30 years of intense community engagement, stewardship by community leaders, and City funding and responsiveness that can be hard to replicate.

Preservation Opportunities

Finance

- Expand [statewide](#) and local incentives for homeowners and small-scale landlords to make basic system repairs to their homes, preventing blight by keeping those units in the market.
- Establish a land bank fund at the local or state level to limit funding instability and reduce legal costs. See [Ohio’s Welcome Home Ohio Program](#).

- Increase the [Pennsylvania Historic Preservation Tax Credit](#), as it can make a significant difference in financing and public support for adaptive reuse conversions.

Land Use

- Improve the efficiency of [existing land bank legislation](#) by allowing land banks to purchase vacant homes before they deteriorate.
- Enforce code violations against absentee owners and speculative investors that sit on blighted properties.
- Reduce barriers to conservatorship to help preserve affordable housing, prevent displacement, and get properties back on the tax rolls. Highlight and replicate the work of [Rising Tide Partners](#).

Partnerships

- Replicate [East Liberty's model](#) of predevelopment financing and asset-based community engagement to support the preservation and rehabilitation of blighted areas of the city.

Challenges to Increasing Supply

Finance

- The financial incentives in Pittsburgh's programs to encourage affordable development are too small to offset the additional costs, so developers don't build affordable units.
- The regulatory environment, building code requirements for affordable units, and administrative and program costs make affordable housing development much more expensive per unit relative to market-rate development.
- Funding sources for affordable development are limited to Low-Income Housing Tax Credits (LIHTC) and a few scattered sources, making subsidized small-scale development financially infeasible.
- Funding for housing development and leadership at the federal level is scarce and unpredictable, requiring states and localities to take responsibility for addressing supply challenges and fill funding gaps.

Land Use

- Fragmented, inconsistent, and outdated zoning ordinances across the 129 zoning codes in Allegheny County make regional planning difficult and increase costs and complexity for developers.

- Limited transit infrastructure and the low cost of parking—just \$41 per year for on-street residential permit parking—and lack of parking enforcement discourage transit use. Public concerns about parking dominate development discussions and are used to block new housing development.

Partnerships

- Housing supply and affordability are a recognized issue in the Pittsburgh region, but there is a lack of understanding of the consequences of failing to build or comprehensive efforts to advance change. Incentivize partnerships to develop systems surrounding housing and build political will through coalitions dedicated to advancing housing affordability.
- Regional Community Organizations (RCOs) are very powerful and can organize to advance or block housing development. Pittsburgh’s high barriers to RCO formation and overlapping boundaries can prevent marginalized communities from participating while prioritizing the voices of organized opposition.

Opportunities for Increasing Supply

Finance

- Provide predevelopment funding for initial project feasibility studies.
- Set property taxes at the time of site plan approval to provide greater certainty for equity funders and increase predictability for developers.
- Evaluate existing tax abatement and incentive programs, and create new, financially feasible programs that incentivize developers to build all types and classes of housing (affordable, market-rate, and luxury).
- Create new funding mechanisms for small-scale developments and those outside the scope of LIHTC.

Land Use

- Reform zoning laws, streamline site plan approvals, provide predictable property tax assessments, expand by-right development (especially for affordable projects funded by LIHTC), enforce penalties for jurisdictions that delay by-right approvals, align affordable timelines with market-rate projects, address restrictive measures like floor/area ratio and minimum lot size requirements, and align sources of funding to reduce the development process timeline and increase predictability for developers.
- Expand and set clearer rules determining by-right development. Allow developers to build within preset guidelines, increasing predictability.

- Build public support for transit-oriented development and educate communities about the importance of discussing housing and transit in the context of one another.
- Advocate for form-based code to support more flexible and context-sensitive development.
- Create data dashboards to help rural communities understand growth trends and the risks of not building.
- In Pennsylvania, laws against exclusionary zoning state that municipalities must [allow all land uses in their zoning](#). However, the amount of each land use (number of residential units, square feet of warehouse space, etc.) that can or must be provided is not clearly defined, with each municipality adjudicating whether they have provided enough of a given land use through the court system. At a state level, the Commonwealth should formally clarify and specify the process and expectations that guide municipalities in determining their “fair share” of each specific land uses, limiting exclusionary zoning and promoting equitable housing distribution.

Partnerships

- Connect the challenge of housing affordability to the impact on all citizen’s lives and wellbeing by making it personal and helping them understand why they should care. Leverage bipartisan political will to address housing supply and affordability.
- Build municipal staff capacity to streamline permitting and zoning review. Consider replicating strategies such as [Montgomery County Planning Commission’s free zoning audits](#), shared planning contracts, and the idea of a state-level representative to increase capacity in understaffed municipalities.
- Advance regional planning and housing strategy through advocacy groups such as the [Allegheny Conference](#) and the [Lehigh Valley Planning Commission](#). Consider using the [Lehigh Valley Housing Supply and Attainability Strategy](#) as a blueprint for regional strategy in Allegheny County.
- Replicate effective housing policies having a real impact, such as Bethlehem’s [Alley House Program](#), which helps homeowners build accessory dwelling units in exchange for offering them at affordable rates.
- Partner with community groups that have neighborhood buy-in to shape projects that are appropriately scaled and locally supported.
- Partner with universities to develop affordable student housing, moving students onto campus and freeing housing in surrounding communities.
- Develop a playbook for small-scale and modular developers to reduce barriers to entry and risk of failure.

Philadelphia

Preservation Challenges

Finance

- Strong financial incentives to preserve affordable units and stabilize the supply of affordable properties are lacking. Rising property taxes make preservation of naturally occurring affordable housing (NOAH) difficult, and expiring subsidies on LIHTC properties could contribute to a loss of affordable units.

Land Use

- Philadelphia began office-to-residential conversions in the 1990s, so the easiest conversions have already been done. The remaining office stock is harder to convert, and available properties are difficult to come by.

Partnerships

- City programs that support tenants and the local development community to preserve existing housing stock are underfunded and underutilized.

Preservation Opportunities

Finance

- Create targeted taxes and financial incentives to preserve affordable properties.
- Consider a [land-value tax](#) that disincentivizes property owners from sitting on vacant properties by increasing their tax burden. Modeled after [Philadelphia's Doors and Windows Ordinance](#), this tax could take the form of a daily fine for property owners who let their buildings sit vacant if a certain percentage of the block is occupied.
- Support landlords, homeowners, and renters by creating more sustainable funding mechanisms for effective but underfunded programs such as [Basic Systems Repair Program](#), [Rental Improvement Fund](#), [Eviction Diversion Program](#), and other programs within the [Neighborhood Preservation Initiative](#) and [H.O.M.E. Initiative](#) to prevent NOAH properties from falling into disrepair and being taken off the market.
- Provide technical assistance and grants to small-scale landlords to assist with repair and stabilization programs and streamline access to subsidies.
- Strengthen community development corporations (CDCs) by offering grants and technical support to CDCs and nonprofits. Replicate or advance the efforts of [Jumpstart Philly](#) to provide funding for rehabilitating deteriorating properties.

Land Use

- Strengthen land use tools such as affordability covenants and community land trusts to purchase and preserve affordable properties.

Partnerships

- Partner with organizations such as [Rebuilding Together](#), other community groups, and affordable housing developers to repair and stabilize NOAH units.
- Replicate the Philadelphia Housing Authority’s acquisition model, which acquires expiring tax credit or market-rate properties, rehabilitates them, and operates them profitably—creating a revolving fund for new affordable housing.
- Collaborate with City Council members to understand local needs and tailor programs and community engagement programs.

Challenges to Increasing Supply

Finance

- Rising construction and financing costs have made it increasingly difficult for new housing projects to pencil out. Multifamily debt costs have doubled, construction financing is scarce, and labor shortages in the construction industry and expensive materials further inflate development budgets, shrinking already tight margins.
- For suburban projects, few practical incentives exist for market-rate developers to include affordable units in their projects. Even well-intentioned incentives such as density bonuses can trigger additional parking requirements, threatening the project’s financial feasibility.

Land Use

- Regulatory barriers and zoning constraints limit new housing development. Complex, fragmented zoning codes and slow approval processes make it difficult to build new housing quickly and affordably. Many available sites are zoned for industrial use, requiring variances to build housing.
 - Parking minimums and density restrictions undermine project feasibility, especially in suburban locations.
- Limited infrastructure investment creates perceived and actual gaps in infrastructure that discourages new housing development. NIMBY (not in my backyard) opposition to new housing is often rooted in fears about inadequate infrastructure, and failure to fund critical infrastructure projects intensifies these fears.

Partnerships

- There is both a fundamental misunderstanding of development math and public distrust of developers. There are times when developers present their financial models to help community members and public sector stakeholders understand the math; there is deep-seated mistrust and belief that developers inflate their costs out of greed. This skepticism and view of developers as the villain stalls projects and reduces support for zoning changes.
- City Councilors can exercise a considerable degree of discretion, effectively delaying or denying approval for projects and making it challenging for developers to create projects with predictability, clarity, or consistency across different council districts.
- While often well intentioned, policies that delay or limit housing production in the name of protecting neighborhood character can prevent any housing from being built, exacerbating supply shortages and accelerating affordability challenges for existing residents.
- Fragmented planning processes make regional planning and coordination between transit agencies, city departments, and developers confusing and inconsistent, delaying the possibility of transit-oriented development and other strategic projects.

Opportunities for Increasing Supply

Finance

- Create practical incentives that meaningfully change the development math for market rate developers to add affordable units in their buildings.
- Increase the cap for the [Pennsylvania Historic Preservation Tax Credit](#), providing meaningful incentives for the rehabilitation of historic properties into new housing supply.
- Promote innovative housing designs, shared spaces, and modular construction techniques that blend with neighborhood aesthetics. Use zoning bonuses to incentivize these models.

Land Use

- Streamline approvals, remove regulatory barriers, and reform zoning to unlock increased housing development.
 - Implement fast-track permitting for affordable and workforce housing, reduce discretionary reviews, and remap zoning to allow for higher density, especially near transit.

- Align density bonuses with reduced parking requirements for affordable and workforce housing near transit. Remove regulatory barriers that require additional parking with density bonuses, which kills many projects.
- Remove parking minimums in dense, walkable communities near transit, and reduce parking requirements elsewhere.
- Invest in public infrastructure and transit-oriented development.
 - Make a transformative investment in public transportation that increases the frequency, quality, and cleanliness of service, and prohibits bad behavior on buses and trains and in stations.
 - Coordinate with the City and transit agencies to align land use with operational needs and affordability goals. Prioritize the development of new housing on underutilized, publicly owned land close to transit and provide zoning incentives to make the development feasible.
- Use Open Streets initiatives as an opportunity to demonstrate to community members and business owners that temporarily or permanently pedestrianizing strategic corridors can increase foot traffic to businesses and foster a greater acceptance of appropriate density.

Partnerships

- Support workforce development by funding training programs, apprenticeships, and career pathways for young people to enter construction trades. Partner with unions, schools, and developers to build a skilled workforce.
- Connect policymakers and practitioners to ensure that policies meant to incentivize housing production are having the intended impacts.
- Help shift the narrative about housing development. Help community members understand that developers are not enemies and see the benefits of density. Educate the community on the consequences of failing to provide a range of housing options, including stagnation, falling property values, empty neighborhoods, and vacant buildings.
 - Consider change management strategies to help community members overcome fears about change and see the value and importance of new housing development. Communities, public sector officials, and developers need to work together to build trust and advocate for positive community change.
 - Use development math to communicate the cost of regulatory barriers to communities and public sector officials. Partner with the public sector and trusted community organizations to share the burden of educating the public on development fundamentals and helping them to trust the information.

PENNSYLVANIA COMMONWEALTH EXCHANGE – OPPORTUNITIES

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