

TO: SSHAP Steering Committee Members
FROM: John Howell and Marty Kooistra
SUBJECT: Summary of Stakeholder Interviews and Focus Groups
DATE: October 2, 2020

For the past month we conducted more than twenty interviews, met with two City Council committees, and convened three focus groups that included a wide range of interested parties. We still have a few more interviews to complete, but we wanted to provide you with a summary of what we've heard thus far.

As you may recall from our earlier conversations, we asked participants questions about the affordable/attainable housing needs in their communities, the impediments to meeting those needs, the value of a formal collaboration, and whether there is interest in supporting a more formal collaboration. The attached document provides some detail about the range of comments we received, including some direct quotes from participants.

The following provides a summary of the high-level themes that emerged from the outreach. We look forward to discussing this with you next week.

- There is general interest in continuing to pursue collaboration, with a number of jurisdictions wanting to see what SSHAP would do to better understand the value to their community.
- The most common descriptions of needs included: addressing the need for missing middle housing, helping seniors stay in their homes, and housing for local workforce. Non-profit developers and community-based organizations have a great concern about the impacts at the end of the moratorium (for both renters and small landlords).
- There is strong interest (and some skepticism) among smaller communities about having an equal voice in decisions and an equitable sharing of resources.
- For many mid-sized and smaller communities affordable/attainable housing is not an issue of primary concern among local residents, although issues regarding increasing housing densities typically raise a lot of interest.
- Several cities said there are too few developers interested in building affordable/attainable housing. Developers (for-profit and non-profit) report that their lack of work in Pierce County is the result of project economics (a mismatch between household incomes and the cost of construction) and a lack of resources – both state and local funds/tax credits. “We follow the money.”
- Some cities expressed interest in pooling local public funding for development (1406 was suggested) for greater regional impact. Cities were encouraged to take advantage of a state home ownership program that provides down payment assistance.
- Several of the participants, including community-based organizations, stated that any collaboration must be created with a common set of values that include racial equity and social justice.

SSHAP Interviews & Focus Groups: Summary of responses to date

Summary date: 30 September 2020

Note: Italics and quotations around text indicate a verbatim quote.

Would your jurisdiction be willing to provide support for such a collaboration? Financial support or other types of support?

Focus Groups

- The most important thing is to **move forward with a racial equity framework**. *“Don’t know why we’d be having a collaborative effort if there isn’t agreement on racial equity as a shared value.”*
- Support depends on whether SSHAP governments **agree on shared values**. Without embedding the values about ending racism and resolving racial inequity, it’s too soon to support.
- Would like to see the governments **proceed with a collaboration**. *“Something needs to come out of this effort. “We need action, not just talk.”*
- SSHAP has **grown in their understanding** of affordable housing issues. They should 100% continue down this road. *“Give SSHAP lots of encouragement for converging. It wouldn’t have happened ten years ago. Thank them for the effort they are making.”*

Governments

- Would be **willing to contribute financial resources**. Would have to bring the council along. *“There is enough interest in SSHAP that we could support it. There would be some dollars that would go with it. As long as it doesn’t turn into a process-driven bureaucracy.”*
- There would be a **willingness to evaluate participation** in SSHAP. It will depend on how SSHAP is developed.
- Still looking to see **where the value is**.
- Right now we’re thinking about **in-kind contributions**. Not sure about the financial support. *“I’m generally supportive of formal collaboration, but I’m skeptical about how this could benefit East Pierce County.”*
- We **need a shared set of values in order to put money into a common pot**—values like equity, fair share, etc.
- **Monetary support is difficult now**.
- We would **want to be able to say we have a hand in/have our imprint on the final decision**—*“We would want to see ourselves in the decisions, in the policies.”*

If your jurisdiction were to participate in an inter-jurisdictional collaboration, what work or outcomes would you expect from that participation?

Focus Groups

- Incorporate SSHAP recommendations into **county and regional planning documents**: PSRC, Pierce County Cities & Towns Group, Pierce County Regional Council.
- Need a **resource to preserve units** that are naturally occurring. Could acquire existing housing cheaper than building new units. Need to grow the pie of funds. Could use 1406 money more flexibly to preserve existing housing. Need flexibility to move quickly.

- There is a **strong need for new local resources**. The 1406 money is the only recent source of capital that local governments have to use. Otherwise it's state and federal money. There's a need to create a local trust fund.
- A **regional pool of funds** would be helpful, but probably a tough sell. Without it, King County can dominate the trust fund assets. Pierce County has to figure out how it can compete with Seattle and King County. *"A county (King) with 30% of the population to get 90% of state tax credit resources (4% bond program) is not good policy."*
- We have to **intensify public education strategies**, including education about zoning policies to lower the cost to build. There is a great interest in homeownership at income levels below 80% AMI.
- **Homeownership** is one of the few ways we build wealth in this country. *"The steppingstone toward middle-class wealth has been removed if we can't build more ownership housing."*
- **Having a unified voice at the state** would be helpful to leverage more outcomes that support housing development.
- There are opportunities to work together to **reduce the time it takes to construct** affordable housing.
- There's a **lack of data** about who will be impacted at the end of the moratorium. Is there a way for a collaborative group to capture those data?

Governments

- A **partnership** is a means to do things that we can't do individually. *"Sharing resources for capital projects is what we need. Policy work and technical assistance would be okay, but the capital resources are what we really want."*
- **Create new or expanded sources of funds**. Determine how to collectively use, and leverage, 1406 funds. *"Pooled funds could go much further than small amounts of money being spent by individual jurisdictions."*
- Results: More foundations in the ground, **more units being built**.
- A **strategic plan** that would look long term at what it would take to put affordable and also attainable housing in Pierce County
- There is value in **regional collaboration**. *"There is value in collaboration, but it's hard to incorporate the perspective of smaller cities."*
- **Sub-regional approach**: The challenge with regional collaboration is that all the development occurs in one part of the county. If you create a model in Pierce County, you may want to break it down into sub-regions. You can't have all of the resources focused on one part of the county. It would have to address housing needs in East Pierce County. There would need to be regional equity. *"The worry is that SSHAP would become another layer of government we'd have to adhere to that would control the destinies of cities."*
- A strategy that **helps people stay in their homes**—allow somewhat higher incomes to take advantage of a tax break.
- **Local control** over decisions and actions.
- **There could be value in a more formal structure**, but it can't just be for the purpose of having another meeting. If the formal collaboration could direct money for this purpose, that would be of value.
- Affordable housing is a regional problem and collaboration is needed to address the issues. There's value in sharing information. We should be **sharing data and information across jurisdictions**.
- Response to **homelessness needs to be a regional conversation** and approach.

- It is much **more powerful in working with the state** if cities and the county came together. *“We are often splintered in our advocacy efforts.”*
- Agree on a **shared problem statement, shared values** and a common history that tracks housing affordability over time.
- We need **trusted voices and expertise** on these issues. A collaborative effort could provide that.

What do you see as the biggest affordable/attainable housing needs in your community, and throughout the county?

Focus Groups

- **Vulnerable communities are at risk.** Very concerned about what will happen when moratorium is lifted. Major impacts on renters and small landlords. Need assistance for both tenants and landlords. *“There is a potential eviction wave coming.”*
- There is a need to **address the missing middle housing**—duplexes, triplexes, condos, small units. Greater supply of these housing options could help first-time home buyers. *“We should be asking, ‘How can we help people afford housing during and after the pandemic?’”*
- The **need for affordable family housing is extremely high**—particularly in outlying areas. *“Never seen anything like it.”*
- There is a need for more housing **up and down the income scale** – create more supply.

Some Unintended Consequences

- Given the **extremely low interest rates**, people will be holding on to homes longer, resulting in less housing turnover.
- When the **moratorium ends**, concern that larger rental companies will raise rents.
- The pandemic is resulting in **a lot of properties coming on the market**. There are investment funds waiting to swoop in and purchase properties/units—which will move lots of units into speculative hands. This happened after the Great Recession—it’s going to happen again. Will remove “naturally occurring” affordable units from the market.

Governments

- We are faced with a **very high cost of housing**. It has been increasing at an inordinate amount. For people in poverty or working low-wage jobs, it’s hard for them to maintain housing—both in terms of homeownership and rentals.
- We’re seeing more and more people **move south from King County**. That increases demand and so increases prices.
- More and more **seniors are having time holding on to housing** because of increased taxes and expenses. *“We need to help seniors who want to stay in their homes.”*
- The issue is **homeownership**. There is a middle housing gap—very few starter homes or downsizing options.
- There is currently **no inventory of housing** out there. Need to develop more options for homeownership. There needs to be a mix of housing.
- The general **lack of affordable housing**. The challenge we have is that average income is high enough for the people who live here to afford housing, but the people who work here can’t live here. Workers have to commute into the city.
- **Rental housing assistance** is a big need.

- **Access to transportation** (particularly in East Pierce County communities). The transportation cost drives up the cost of housing.
- **Affordable dirt and the cost of bare land**—it's so expensive that affordable housing is beyond the reach of most people. It helps create very high home values in a number of communities.
- We don't have housing stock diversity. There is a big need for **missing middle housing**.
- The lack of affordable housing is creating a **rising homeless population**, and greater demand on services for the homeless

What is the level of public interest in addressing those issues?

Governments

- In a number of cities, it was described as **not a key issue**—not being a primary issue of concern.
- In some communities the **lack of affordable housing, lack of housing options**, and the increase in homelessness was described as an area of concern for the public and public officials.
- There is **often a strong outcry about raising density**. There are big concerns about impacts on traffic. There is public some support for new area plans or station area plan updates that will increase density.
- New **housing action plans** help build some public and council awareness
- The term **affordable housing is not well understood** and some residents believe there is a correlation with crime and lowered property values. *“Our constituents are not keen on increasing affordable housing or density.”*

What are the biggest impediments to meeting those affordable/attainable housing needs?

Focus Groups

- The primary problem is **lack of resources**. There's a lack of political will to create resources. Follow the money. *“Would love to do more but there needs to be resources. Cities and counties do their best, but without more resources there are limits on how much can be done.”*
- Have had a **hard time getting support** from city officials for affordable housing. Staff have been supportive but the negative feedback has been from elected officials.
- The primary reasons for not building in Pierce County are **mostly economic**. Incomes in Pierce County are 20% less than King County Construction costs are about 5% less than in King County *“Even with free land, it doesn't pencil. We can't get the same projects done without subsidy in Pierce County”*

Governments

- We need **housing diversity**—smaller homes and lots that will bring price points down. We need options for aging in place. We need more multifamily housing options. We need greater supply across the spectrum.
- Some cities report they have talked with developers about affordable housing development and there is a **lack of interest**. Developers have not wanted to take advantage of Multifamily Property Tax Exemption (MFTE). *“We don't have enough mission-based developers.” “Developers don't seem to be interested in building more affordable units.”*
- **Lack of public transportation**; congested traffic patterns.
- The **lack of public funding**.

- **Tax credits cannot be used outside of the urban core**, which drives all of the affordable housing towards Tacoma.
- **Lack of public interest and awareness.**
- Many governments mentioned the **high cost of land and the lack of available land.**
- **Not being eligible for MFTE** program because population is too small.

If your jurisdiction had additional staff or resource capacity, how could those needs be addressed?

Governments

- Try to seek developers that want to offer affordable housing. **Recruit developers** who might want to take advantage of the MFTE program.
- **Create density recommendations with housing requirements** (*i.e.*, affordable or senior housing). Look at regulations and zoning to find more creative solutions (ADU's, small lots, etc.).
- Having a **housing resource person** that understands the local community would be very helpful.
- Looking at it as a **subregional issue**—where there are large unincorporated areas next to cities, there needs to be coordination. Housing and transportation issues don't just fit into jurisdictional boundaries.
- Improvements to **permit processes.**
- **Legislative language and policy analysis** can be helpful. *"It could be helpful to have someone see the policies and programs that are working in one community and suggest that they could be useful in another community."* *"We would welcome support drafting and implementing policy if the direction were left up to our own planners."*
- Creation of and access to a **capital trust fund.**
- **Public outreach and education.**