DATE:	November 26, 2024
TO:	Eunice Kim, City of Salem
FROM:	Beth Goodman, Jennifer Cannon, Ciara Williams, ECOnorthwest
SUBJECT:	Focus Group Summary of Input, Salem Housing Production Strategy

HPS Focus Group Objectives

As part of the City of Salem's Housing Production Strategy (HPS) project, focus groups have been held to engage key stakeholders and learn more about housing challenges and opportunities in the community. Two rounds of focus groups were held in late spring and fall 2024. These discussions will help the City develop actions that could be included in the HPS.

Project Purpose and Background

Salem is developing a HPS, based on Oregon requirements, with the purpose of identifying specific actions to address Salem's unmet housing needs. This plan will focus on actions that the City can implement. It will include actions to address unmet housing needs for low to middle-income households and homeowners and renters, and it will help increase housing stability and address needs for people with disabilities, people experiencing homelessness, and historically marginalized communities.

Focus Groups Description

The goals of the first round of focus groups (Spring 2024) and other outreach efforts were to engage community members and organizations that serve people who traditionally have not participated in housing strategy development and to focus on communities whose housing needs have not been sufficiently met. In particular, we gained an improved understanding of unmet housing needs for the following groups:

1. Low-income service providers, Focus Group 1 (Catholic Community Services, Family Promise, and Church at the Park)
2. People with Disabilities and service providers, Focus Group 2 (Shangri-La, Salem-Keizer Community Transition Program, Sunny Oaks, and Project Able,)
3. Communities of Color, Focus Group 3 (Farmworkers Housing Development Corporation, Salem for Refugees, Equity Splash, and Mano-a-Mano)
4. Willamette University students
5. Micronesian Islander Community
6. Confederated Tribes of the Grande Ronde Housing Department

7. Enlace Cross Cultural Community Development, Latino Community

A second round of focus groups were held in early October. The purpose of these focus groups was to gain an understanding of barriers to developing housing and possible opportunities to resolve these barriers from the following three groups:

1. Affordable housing developers and providers, Focus Group 1 (October 1st)
2. Market-rate developers, Focus Group 2 and 3 (October 2nd)
3. Homebuilders and realtors, Focus Group 4 (October 4th)

Focus Group Findings, Spring 2024

HOUSING NEEDS

- Diverse housing types are needed to accommodate families (including options for very large families), multigenerational households, housing needed for those with disabilities, and seniors (such as housing supporting communal living).
- The supply of affordable housing with supportive community and social services is inadequate compared to the demand for this type of housing (such as apartments and group homes). More workforce housing and affordable housing (moderate income to low income) located near transit service with accessibility features (single story) in non-hilly locations would help serve more populations with disabilities.
- Cohousing, cottage clusters, and single-story homes are needed where there is more of a connected community providing support for those isolated with disabilities. Complete neighborhoods and community spaces should be added to provide spaces for community members to connect.
- More acute housing crises response options should be considered such as transitional housing and one-time assistance for housing needs.
- Diverse housing options are needed to accommodate persons with disabilities, seniors, families, and students (e.g., large, multigenerational homes, first/single floor housing for seniors and people with disabilities, and smaller affordable units for students).
- Access to higher quality housing is needed especially for existing housing and rentals. Renters fear that reporting a quality, health, or safety issue with their housing situation will lead to retaliation from landlords. Substandard housing situations can arise for single-unit housing not subject to health and safety inspections.

BARRIERS TO ACCESSING AFFORDABLE HOUISNG

- Housing costs are too high for many income levels.
- The main barriers developers cited regarding affordable housing construction are related to permitting and grant requirements.
- Participants described hesitation about becoming landlords due to handling the responsibilities with maintaining affordable housing properties.
- Other recognized barriers include topography and housing located on hills, making it challenging for those with mobility issues and for transit service to access.

RENTAL

- Key barriers for rentals are related to unclear or a burdensome rules and rental application requirements and obstacles (e.g., rental and credit history, high security deposits, proof of not receiving child support, criminal history, language barriers).
- Affordable housing resources are targeted for low to moderate income earners (or poverty level) and do not help those in the mid income range.
- Participants pointed out how it was a barrier to require a monthly income that is three times higher than monthly payments up front during the application stage. Some properties require a fee for the application, first and last month's rent, and a deposit.
- High rents make it difficult to save for homeownership.
- Participants noted that affordable housing waiting lists are too long and too challenging to join.

HOMEOWNERSHIP

- Participants said that down payment assistance programs often require participants to be below the poverty line, which excludes those who do not quality but could still benefit. The lack of a downpayment is a financial barrier for homeownership.
- Need more info about available programs and resources, such as Habitat for Humanity's programs.
- Navigators/support staff should provide support in the homebuying process.
- Homes in a more attainable price range often need major repairs that render them unaffordable due to lack of funds for repairs.
- Homeowners who wish to make additions to the home to accommodate larger families have difficulty navigating the permitting process, and face both financial and language barriers in the process of upgrading their housing situation.

LOCATION OF HOUSING

- Need affordable housing near transit to access service, grocery stores, and retail.

- Need affordable housing in safe, complete neighborhoods with proximity to amenities and services. West and South Salem were mentioned as areas of the city that lacked affordable housing supply.
- Support for walkable neighborhoods with proximity to campuses (Willamette and Chemeketa) and employment.
- There is a desire to see diverse-income neighborhoods via distribution of affordable housing throughout Salem, not just in NE Salem.

HOUSING STABILITY

- Housing displacement can lead to the discontinuation or disruption of social and community services, which are geographically tied to Salem through the school district or other jurisdictionally tied service providers.
- The increasing cost of basic goods and services disproportionately impacts low-income earners.
- Rising rents are escalating displacement concerns.

CITY'S ROLE IN ADDRESSING UNMET HOUSING NEEDS

- Pursue options to increase non-profit and partner involvement in housing development such as with development fee waivers, increased partnership and communication with City of Salem, etc. Upgrade the housing waiting list system to transition to a real time process that has options to elevate urgent cases.
- Funding mechanisms that align with service provider needs, including operations, the costs associated with cleaning and transitioning units to the next tenant, and group property conversions into apartment style housing.
- Land banking to add affordable housing near transit and resources.
- Expand downpayment assistance programs to broaden reach to more income levels.
- Help connect residents to housing resources (rental assistance, utility assistance, etc.)
- Reduced barriers in permitting processes by providing services such as translation services and grants for home repairs and additions.
- Tenant advocacy/liaison to help eliminate fear of retaliation from landlords when reporting substandard housing situations.
- List of vacancies by housing needs: senior, student, ADA accessible, etc.

Focus Group Findings, Fall 2024

BARRIERS TO DEVELOPMENT OF HOUSING

Permitting Process and Requirements

- Long and uncertain timelines add risk and costly delays to projects. For example, clarity is needed regarding the timing and requirements for federally-required environmental reviews.
- Working and communicating with certain departments is challenging, particularly the lack of communication and coordinated responses between departments.
- Strict requirements add costs that reduce the funding available for high-quality housing (e.g., tree preservation code, design standards, stormwater requirements, public Right-of-Way infrastructure improvement requirements).

Land

- The remaining vacant land is constrained and complicated, heightening the existing challenges and pre-development costs.
- The environmental unknowns and risks of the available land in downtown Salem is causing developers to pass up on (re)development opportunities in prime areas.

Housing

- Participants felt middle housing doesn't pencil now, and there's no funding to support that type of development.
- Participants discussed how mixed-income development is not possible without a condo set up (only possible for market rate developers restricting some units with tax exemptions). In addition, establishing Homeowner Associations cost time and money, and they require education for the homeowners.
- Larger units that could accommodate multi-generational households aren't being leased up because they aren't affordable.

Permanent Supportive Housing (PSH)

- Development of additional PSH is limited by availability of transit-adjacent properties since almost all residents don't drive.
- It is difficult to staff PSH considering the amount of support needed, including double the number of staff and 24-hour staff.
- Public perception of PSH adds hurdles to getting it developed.

Senior and accessible housing

- Small lots are not conducive for single-level living. Salem's lots are often smaller because of the City's requirements and desires for density.
- Senior housing is expensive and labor intensive. Not many seniors in Salem can afford senior housing that is not a Medicare-supported building.

STRATEGIES FOR THE CITY TO CONSIDER

Land Readiness

- City-led site readiness initiatives such as an inventory of land with readiness levels, site remediation programs, and the sale of shovel-ready lots to developers.
- Alleviate pre-development costs and risks by reimbursing developers quickly and allowing payment timing flexibility for land readiness expenses.
- Explore an urban growth boundary (UGB) land swap to exchange hilly land in South and West Salem for flat land in East Salem.

Process Improvement Suggestions

- Set a fast, consistent approval timeline. Complete comprehensive reviews instead of preliminary reviews, allowing simultaneous review among various departments, and reducing/diminishing rounds of review.
- Establish a single point of contact with the City for large developments and improve the over-the-counter review process to reduce the points of contact.
- Create an early feasibility process between the City and the developer to review the anticipated requirements.
- Limit the site plan review to being Class 2 for housing projects.
- Clarify cottage cluster allowances and regulations around shared utility lines.
- Add definitions and intent to the planning codes.
- Create an avenue for developers to provide constructive feedback to City departments.

Flexibility

- Increase flexibility in adhering to design standards.
- Adjust expectations around variances since the remaining sites are complicated.
- Review and consider tree code changes to facilitate the development of more needed housing.
- Apply parking maximums on a site-by-site basis. Some sites need more parking because the topography affects biking and walking.
- Rezone industrial properties to mixed use, and explore a form-based code.

Incentives and Cost relief

- Provide System Development Charges (SDC) estimates for large projects, recalibrate SDCs, and remove SDC credit expiration dates.
- Consider providing forgivable loans since rebates and traditional loans are going to add costs that are passed down to homeowners.
- Explore operational funding for PSH and explore lease-to-own options.
- Vertical tax abatements were seen as a promising option.

- Expand MUHTIP to important corridors as opposed to just downtown.
- Reduce ROW improvement requirements.
- Incentivize multi-generational and accessible housing by waiving meter or utility fees, reducing setbacks, or expanding MUHTIP.

Education and Information

- Provide education to stakeholders on the development requirements, how to move though them quickly, and available incentives (technical assistance examples: guidance on single room occupancy developments and accessing federal funding).
- Provide public education on PSH and affordable housing to proactively align public perception with Salem's philosophy on housing.
- Create a resource that shows Salem's progress with adding affordable housing units, including how many more are in the pipeline to support advocacy efforts.[1]
- Convene partners and check in more regularly with the development community.
- Increase transparency by publishing scoring decisions for Requests for Proposals (land solicitations).

What is currently helping that should be continued?

- SDC waivers.
- Federal funding.
- City bond funding.
- Pre-app meetings.
- Flexibility with inspectors coming out on site.
- The MUHTIP credit is critical since it's the only funding source available to keep units in the 60-80% AMI range.
- Urban Renewal Area Grants.
- Local Innovation and Fast Track (LIFT) funds help build Affordable Housing in Salem.
- Subsidies for affordable housing are working for the market-rate developers providing subsidized units.

[1] Note: this tracking information will be made available with OHCS' current OHNA work.

Questions for Spring Focus Groups

1. ***Introduction:*** *Introduce yourself and please tell us about your organization and who you serve. Does your organization have programs/services directly related to housing needs?*

2. ***Needs:*** *We've heard from the community that there is a significant need for more affordable housing across Salem and a greater variety of housing types (including housing with supportive services, housing for multigenerational families, and housing for people with disabilities)?*
    - *What housing needs are the most significant in the community? What types of housing are most needed in Salem?*
    - *What other housing needs are you seeing now – or do you think are emerging in Salem? How has the availability of needed housing changed over the last decade?*

3. ***Rent:*** *We've heard that increasing rents have made it challenging for lower-income residents to rent a home. We've also heard that the need for security deposits and rental histories have made it challenging for some to rent a home.*
    - *Are these still barriers people face when trying to rent a home?*
    - *What other barriers are people facing?*

4. ***Ownership:*** *We've heard that homeownership is out of reach for many lower-income residents in Salem. Does this match your understanding? What are the biggest barriers people face when trying to buy a home in Salem? (e.g., education on home buying, credit score requirements, background check, down payment requirements.)*

5. ***Stability:*** *We've heard that there are concerns about displacement in the community as housing prices increase.*
    - *Is this a concern amongst people you serve? What specific challenges do people face when trying to stay in their homes?*
    - *If so, what types of expenses – in addition to increasing rents – are pushing people out of their homes?*
    - *What other barriers to people face when trying to stay in their existing housing?*

6. ***Location:*** *We've heard that the community would like to see more mixed-income neighborhoods in Salem; higher-density housing near transit service; and more mixed-use areas where people can live closer to shops, services, and amenities. Do these priorities still ring true for you and the people you serve?*
    - *What housing location features are most important to your clients? (Example housing location considerations: located in an area with easy access to a job, schools, grocery stores, healthcare services, childcare, transit, walking and biking trails, etc.)*

7. ***City's role:*** *What are the most important actions the City could take to help meet the community's housing needs?*

8. *Is there anything else you would like to share?*

Questions for Fall Focus Groups

1. ***Introduction:*** *Introduce yourself, and please briefly tell us about your organization and your experience in housing development in Salem.*

2. ***Barrier questions for the different interview groups***

    - ***Affordable housing developer questions:***
        - *What are the major barriers to develop affordable middle housing and multifamily housing in Salem?*
        - *How could the City help alleviate those barriers?*
            - *Are there different strategies that would encourage development of affordable rental housing versus affordable homeownership opportunities?*
        - *Would any of the following help:*
            - *Establishing more property tax rebates (single-property tax rebate)*

        - *Establishing a construction excise tax that would provide funding for affordable housing development*
        - *Making more City-owned land available for affordable housing development*
        - *Revising regulations/zoning*
        - *Partnering with Community Land Trusts*
        - *Providing downpayment assistance*
        - *Providing rental assistance*
        - *Making infrastructure improvements (such as North Downtown)*
    - *What can the City do to specifically incentivize the development of the following housing types:*
        - *Permanent Supportive Housing*
        - *Accessible housing*
        - *Multigenerational housing*

- ***Market-rate housing developer questions:***
    - *What are the major barriers to developing housing in Salem?*
        - *Are the barriers different for single family, middle housing, multifamily, and mixed-use development?*
    - *How could the City help alleviate those barriers?*
        - *Are there different strategies that would encourage development of rental housing versus homeownership opportunities?*
    - *Would any of the following help alleviate those barriers?*
        - *Creating a new property tax abatement like Vertical Tax Abatement to promote mixed-use development*
        - *Lowering System Development Charges for middle housing or smaller infill housing*
        - *Making infrastructure improvements*
        - *Revising regulations/zoning*
    - *What can the City do to specifically incentivize the development of the following housing types:*
        - *Accessible housing*
        - *Multigenerational housing*

3. ***Additional Opportunities:***
    - *What has the City done that has been most helpful in encouraging housing development? What should the City continue doing?*
    - *Of the different ideas that have been discussed today, what are the most important/top priority actions that the City could take in the next 6 years to help meet the community's housing needs?*

4. *Is there anything else you would like to share?*