

**AMENDMENTS TO THE UNIFIED DEVELOPMENT CODE
TO PROMOTE HOUSING DEVELOPMENT AND ADDRESS OTHER ISSUES**

(CODE AMENDMENT CASE NO. CA24-01)

Substantive Findings

SRC 110.085 establishes the following approval criteria which must be met in order for a code amendment to be approved:

1. *The amendment is in the best interest of the public health, safety, and welfare of the City; and*

Finding: The proposed code amendment is in the best interest of the public health, safety, and welfare of the City because it encourages the development of middle housing, multifamily housing, and mixed-use projects with housing. The Salem Housing Needs Analysis (HNA) determined that more multifamily housing is needed to meet Salem’s growing population. The proposed code amendment encourages housing development by streamlining the approval process for mixed-use buildings that cannot meet design standards in certain zones.

In addition, the proposed code amendment creates flexibility for housing developments by allowing such projects in the Portland-Fairgrounds Road Overlay zone and Capital Mall (PM) zone to deviate from density requirements through an adjustment or variance application. It also decreases the minimum lot size for two and three family uses in the Multiple Family Residential-II (RM-II) zone, and it allows single and two-family uses to be developed in mixed-use buildings in the Mixed Use-I (MU-I) and Mixed Use-II (MU-II) zones.

The proposed code amendment also allows accessory dwelling units to be developed with townhouses and codifies a new State law that requires cities like Salem to allow existing commercial buildings to convert to housing. In addition, the proposed code amendment removes discretionary approval criteria for subdivisions, partitions, and site plan review. This helps create more clarity in the approval process for housing projects.

2. *The amendment conforms with the Salem Area Comprehensive Plan, applicable Statewide Planning Goals, and applicable administrative rules adopted by the Department of Land Conservation and Development.*

Finding: The Salem Area Comprehensive Plan (Comprehensive Plan) is the long-range plan for guiding future growth and development in the Salem area. The Comprehensive Plan establishes a framework to guide all land use and related activities in line with the community’s vision, and it aims to ensure orderly and efficient development that meets the community’s needs. The Comprehensive Plan was updated by the City of Salem and acknowledged by the Department of Land Conservation and Development (DLCD) in August of 2022.

The proposed code amendment was reviewed for conformance with the applicable goals and

policies of the Comprehensive Plan. The following goals and policies relate to the proposed code amendment:

H1 Housing Choice Goal: *Promote a variety of housing options to meet the needs, abilities, and preferences of all current and future residents.*

H 1.1 Housing types: *A variety of housing types shall be allowed and encouraged throughout the Salem Urban Area, including single-family homes, accessory dwelling units, manufactured homes, townhouses, middle housing, and multifamily housing.*

The proposed code amendment encourages a variety of housing types – particularly middle housing, multifamily housing and mixed-use development – by removing potential barriers to development. For example, it allows developers of mixed-use developments in the West Salem Central Business (WSCB), Portland-Fairgrounds Road Overlay, Edgewater-Second Street Mixed-Use Corridor (ESMU), and South Waterfront Mixed-Use (SWMU) zones to apply for an administrative adjustment if their project cannot meet one or more design standards. Currently, such projects must go through a public hearing process if they cannot meet a design standard, which can add time, money, and uncertainty to the approval process. Currently, housing projects that cannot meet density standards in those zones are prohibited from applying for a variance or adjustment to those requirements. As mentioned earlier, the proposed amendment also creates flexibility for housing developments by allowing such projects in the Portland-Fairgrounds Road Overlay Zone and PM Zone to deviate from density requirements through an adjustment or variance application.

The proposed code amendment also encourages the development of middle housing in the RM-II zone by decreasing the minimum lot size for two and three family uses. Currently, an existing lot zoned RM-II must be at least 6,000 square feet in size to accommodate a two or three family use. Under the proposed amendment, a two family use could be developed on a 4,000 square foot lot, and a three family use could be developed on a 5,000 square foot lot. In addition, the proposed code amendment promotes multifamily development by codifying a State law that requires cities like Salem to allow existing commercial buildings to be converted into housing.

The proposed code amendment promotes the development of accessory dwelling units by allowing them to be built with townhouses, as opposed to only detached single-family housing as is permitted today. It also encourages the development of single-family and two-family housing in mixed-use buildings in the MU-I and MU-II zones. Currently, standalone single-family and two-family uses are largely prohibited in those two mixed-use zones, so this proposed code amendment expands the types of housing that are allowed in those two zones.

In addition, the proposed code amendment promotes the addition of housing in historic districts or historic buildings. It does so by allowing the development of housing – through new construction, additions or alterations – in historic districts or with historic buildings to go through an administrative approval process. This could streamline the review process, which currently requires a public hearing before the Historic Landmarks Commission (HLC). Under the proposed code amendment, an applicant could still choose to have their housing project go to the HLC.

H 2 Housing Affordability Goal: *Provide opportunities for housing that are affordable to current and future residents of all income levels.*

H 2.5 Regulations and incentives: *Regulations and incentives should be periodically updated to reduce the impacts that development standards, processes, and fees have on housing affordability, including parking requirements and tax relief programs.*

The proposed code amendment would reduce impacts of development standards, processes, and fees related to housing development in several ways. As mentioned earlier, adjustments would be allowed to design standards in certain zones. Under this proposed change, a project that cannot meet a design standard could apply for an administrative adjustment as opposed to being required to go through a public hearing process, which could add time, cost, and uncertainty to the project.

The proposed code amendment also creates an administrative approval process for new housing in historic districts or historic buildings, as mentioned above. In addition, the proposed code amendment removes discretionary approval criteria for subdivisions, partitions, and site plan review. This helps create more clarity in the approval process for housing projects, as the criteria refer instead to existing clear and objective standards in the UDC.

H 3 Land Supply Goal: *Provide a supply of residential land that accommodates the amounts and types of housing needed to meet the population forecast for the Salem Urban Area.*

The proposed code amendment would establish a minimum density of 15 units per acre in the WSCB zone, which is located in inner West Salem. This zone is intended to promote a walkable, vibrant, mixed-use center in West Salem. It allows a variety of housing, office, retail, recreation, and entertainment uses, and it allows buildings to be up to 70 feet tall. Establishing a minimum density in the WSCB zone ensures land in inner West Salem is used efficiently when accommodating housing. The proposed code amendment also increases the minimum density in the Central Business District (CB) zone from 20 to 25 units per acre. This further ensures land in Salem’s downtown is used efficiently.

H 3.3 Infill: *Infill housing should be encouraged to promote the efficient use of land and existing infrastructure as well as access to existing services and amenities.*

The proposed code amendment allows the development of single-family and two-family housing in mixed-use buildings in the MU-I and MU-II zones. Currently, standalone single-family and two-family uses are largely prohibited in those two mixed-use zones. While three-family uses allowed, it can make it challenging for smaller sites to accommodate that many housing units. By allowing single-family and two-family housing in mixed-use development in the MU-I and MU-II zones, smaller lots can accommodate housing, even if only one or two units. This promotes infill housing on smaller lots in Salem. The proposed code amendment also encourages infill development on townhouse lots by allowing accessory dwelling units to be built with attached townhouses. Currently, accessory dwelling units are only allowed with detached single-family housing.

H 3.4 Building reuse: *The City should encourage reuse of vacant buildings for shelters,*

residential uses, and mixed-use development to increase access to housing for all residents.

The proposed code amendment encourages the reuse of vacant buildings by implementing House Bill 2984. That bill requires cities with at least 10,000 people to allow existing commercial buildings to convert to residential uses. This proposed code amendment codifies this new State law – which became effective on January 1, 2024 – in Salem’s local code. This provides clarity to developers and staff alike.

H 4 Complete Neighborhood Goal: *Encourage housing that provides convenient access to jobs, services, and amenities that meets residents’ daily needs.*

H 4.1 Mixed use: *The development of housing should be encouraged in mixed-use areas to increase access to jobs and services and promote walkable, complete neighborhoods.*

The proposed code amendment encourages the development of housing in mixed-use areas to promote complete neighborhoods. It does this by streamlining the approval process for mixed-use projects in the WSCB, Portland-Fairgrounds Road Overlay, ESMU, and SWMU zones. As mentioned earlier, the proposed code amendment allows for mixed-use projects – and other types of development – that cannot meet one or more design standards in those zones to apply for administrative adjustments, as opposed to being forced through a public hearing process. This removes potential barriers to mixed-use developments that include housing.

In addition, as mentioned above, the proposed code amendment allows the development of single-family and two-family housing in mixed-use buildings in the MU-I and MU-II zones. Currently, standalone single-family and two-family uses are largely prohibited in those two mixed-use zones, so this proposed code amendment increases the types of housing that are allowed in mixed-use areas in Salem.

E 1 Economic Development Goal: *Strengthen and diversify the economy to enhance Salem’s economic prosperity and resiliency.*

E 1.11 Downtown: *Downtown Salem shall be enhanced as a regional destination and mixed-use center with diverse employment, shopping, and recreational opportunities.*

The proposed code amendment enhances downtown Salem as a mixed-use center by allowing small animal veterinary and grooming services in the Central Business (CB) zone. Currently, those services are prohibited. As more housing is built in downtown Salem, the need for services for people and their pets has arisen. Allowing veterinary and grooming services in the CB zones therefore helps support downtown Salem as a vibrant, mixed-use center.

CS 3 Historic Preservation Goal: *Identify, protect, and encourage the awareness and sensitive use of historic resources, places, archaeological sites and landscapes that contribute to the unique character and history of Salem.*

The proposed code amendment continues to preserve historic buildings and historic districts while streamlining the design review process for housing development. As mentioned earlier, it does this by allowing applicants of new construction, additions, and alterations of historic

buildings or those in historic districts to seek administrative approval, provided new housing units are created. Applicants of such projects can still choose to go through a public hearing process at the Historic Landmarks Commission.

The proposed code amendment also establishes design standards for gates and fences that provide security while still preserving and maintaining the character of buildings in the Downtown Historic Districts. It also creates design standards for canopy, awnings, and ground-floor windows in the Downtown Historic District that align with those in the CB district. This helps create consistency between the historic district and surrounding buildings in downtown Salem.

The proposed code amendment was also reviewed for conformance with the 2020-2030 Historic Preservation Plan, which is a support document to the Comprehensive Plan. The following goal in the Historic Preservation Plan is applicable to the proposed code amendment:

Goal 2: Streamline Historic Code: Criteria, Process and Enforcement

Under Goal 2, action item #6 *Improve and clarify code and education about design review process and criteria* is identified as *Strategy Two* in the HLC’s 2023 Work Plan. This action directs the HLC and historic preservation staff to work on improving and clarifying the historic code (SRC 230) as well as to develop educational materials to teach historic property owners and tenants about the historic design review process.

Design standards for storefronts within Salem’s Downtown Historic District currently exist in *SRC 230.040 Standards for historic contributing buildings in commercial historic districts(d) Storefronts* and *SRC 230.045 Standards for non-contributing buildings/structures in commercial historic districts (d)Storefronts*. The criteria include standards for materials and design, but do not currently include any criteria related to security gates or fencing.

Starting in 2023, the Historic Landmarks Commission reviewed multiple proposals for security gates/fencing within Salem’s Downtown Historic District and found that a lot of variation existed between the specific gates proposed. The HLC therefore identified the need to establish clearer criteria for security gates and fencing within Salem’s Downtown Historic District. The proposed code amendment establishes standards for security gates and fencing in Salem’s Downtown Historic District, complying with Goal 2 of the Historic Preservation Plan.

The proposed code amendment was also reviewed for conformance with the applicable Statewide Planning Goals and administrative rules adopted by the Department of Land Conservation and Development. The following goals are applicable to the proposed code amendment:

Goal 1 – Citizen Involvement: *To develop a citizen involvement program that insures the opportunity for citizens to be involved in all phases of the planning process.*

The process to adopt this proposed code amendment requires public notice and affords the public an opportunity to review, comment, and take part in the approval process. The City also held a webinar on the proposed code amendment in May to give the public an opportunity to learn about the proposed changes, ask questions, and provide input.

Goal 5 – Natural Resources, Scenic and Historic Areas, and Open Spaces: *To protect natural resources and conserve scenic and historic areas and open spaces.*

The proposed code amendment is consistent with the above goal because it continues to preserve historic buildings and historic districts while streamlining the design review process for housing development. As mentioned earlier, it does this by creating an administrative approval process for new construction, alterations, and additions to historic buildings or in historic districts that create new housing units.

The proposed code amendment also establishes design standards for gates and fences that provide security while still preserving and maintaining the character of buildings in the Downtown Historic Districts. It also creates design standards for canopy, awnings, and ground-floor windows in the Downtown Historic District that align with those in the CB district. This helps create consistency between the historic district and surrounding buildings in downtown Salem.

Goal 9 – Economic Development: *To provide adequate opportunities throughout the state for a variety of economic activities vital to the health, welfare, and prosperity of Oregon's citizens*

The proposed code amendment is consistent with the above goal because it allows more commercial services in downtown Salem. Specifically, it allows small animal veterinary and grooming services in the CB zone, which provides more economic opportunities in that area.

Goal 10 – Housing: *To provide for the housing needs of citizens of the state.*

The proposed code amendment is consistent with the above goal because it encourages the development of accessory dwelling units, middle housing, multifamily housing, and mixed-use projects with housing. As mentioned earlier, the HNA determined that more multifamily housing is needed to meet Salem’s growing population. The proposed code amendment encourages housing development by streamlining the approval process for mixed-use buildings with housing that cannot meet design standards in the WSCB, Portland-Fairgrounds Road Overlay, ESMU, and SWMU zones. It also creates flexibility for housing developments by allowing such projects in the Portland-Fairgrounds Road Overlay Zone and PM Zone to deviate from density requirements through an adjustment or variance application. In addition, the proposed code amendment allows accessory dwelling units to be built with townhouses, and it decreases the minimum lot size for two and three family uses in the RM-II zone, which provides more opportunities to develop those middle housing types in Salem.

Goal 14 – Urbanization: *To provide for an orderly and efficient transition from rural to urban land use, to accommodate urban population and urban employment inside urban growth boundaries, to ensure efficient use of land, and to provide for livable communities.*

The proposed code amendment conforms to this goal because it promotes the efficient use of land by helping accommodate Salem’s urban population within its portion of the UGB. It does this by establishing a minimum density in the WSCB zone. It also increases minimum density in the CB zone from 20 to 25 units per acre. These two changes ensure that land within that zone in the UGB is efficiently utilized. The proposed code amendment also promotes the development of higher-density housing, particularly middle housing, multifamily housing, and mixed-use projects with housing in different areas of Salem. In addition, it allows for more commercial uses – specifically veterinary and grooming services – in the CB zone, which supports a livable downtown Salem.

Oregon Administrative Rule 660-012-0320

OAR 660-012-0320 is the part of the State-mandated Climate-Friendly and Equitable Communities (CFEC) rules. They include land use requirements for climate-friendly areas, which are referred to as Walkable, Mixed-Use Areas (WaMUEs) in Salem. The City has identified the CB zone and WSCB zone as potential WaMUEs. To comply with the CFEC rules, WaMUEs must meet specific density requirements. At least one WaMUE that is a minimum of 25 acres must have a minimum density of 25 units per acre, while all other WaMUEs must have a minimum density of 15 units per acre.

The proposed code amendment would establish a minimum density in the WSCB zone of 15 units per acre, and it would increase the minimum density in the CB zone from 20 units per acre to 25 units per acre. These changes would bring the WSCB and CB zones into compliance with the density provisions in the CFEC rules for WaMUEs. (Additional code amendments are required to bring Salem’s code into full compliance CFEC. City staff intends to propose additional code amendments in the future.)