

Adopt the Salem Housing Needs Analysis

Adoption of the Salem Housing Needs Analysis (HNA) involves adopting the document as a support document to the Salem Area Comprehensive Plan. This revision is a major Comprehensive Plan amendment.

Substantive Findings

Major Comprehensive Plan Amendment

SRC 64.020(f)(1) establishes the following approval criteria for major Comprehensive Plan amendment to be approved:

- A. The amendment is in the best interest of the public health, safety, and welfare of the City.*
- B. The amendment conforms to the applicable statewide planning goals and applicable administrative rules adopted by the Department of Land Conservation and Development.*

A. Best interest of the public health, safety, and welfare of the City

The updated Salem Area Comprehensive Plan (Comprehensive Plan) is intended to guide future growth and development in line with the community's vision while aiming to ensure orderly and efficient development meets the community's needs. Part of meeting the community's needs is ensuring there is enough land designated for housing on Salem's Comprehensive Plan Map to meet future population and housing needs. The HNA provided the analysis needed to determine if Salem's portion of the urban growth boundary it shares with Keizer (Salem area) does indeed meet future housing needs. The HNA, completed at the end of 2014, determined that the Salem area has enough land designated to meet the need for single-family detached housing through 2035, but it has a projected 207-acre deficit for land designated for multifamily housing (2,897 dwelling units).

The City of Salem used the HNA as a factual basis to propose changes to the Salem Comprehensive Plan Map – and the implementing Salem zoning map – to redesignate and rezone land to accommodate the amount of multifamily housing needed through 2035 (see discussion below). Salem's projected need for housing through 2035 is therefore met within the Salem area, and this allows the City to adopt the HNA as a support document to the updated Comprehensive Plan. (The redesignating and rezoning of land is being proposed concurrently with the adoption of the HNA. The Comprehensive Plan is also being proposed to be amended concurrently.)

SRC 64 defines a support document as “a policy guide for a comprehensive plan function or area.” Adopting the HNA as a support document allows the City to rely on it and use it to help inform future policy and land use decisions related to housing. For example, the HNA outlines the mix of different housing types needed to accommodate the growing population, including the different levels of affordability needed through 2035. The City will use this information to continue to support and encourage development of the types of housing needed in Salem. Adopting the HNA as a support document – and amending the code to reflect that in SRC 64 – is therefore in the best interest of the public health, safety, and welfare of the city.

In addition, if adopted as a support document, the City will use the HNA to develop a Housing Production Strategy as required by HB 2003. Using the HNA as a framework, the Housing Production Strategy will outline what actions the City will take to promote the development of needed housing. All of this work stems from the HNA, so adopting it as a support document is in the best interest of the city.

B. Conforms to the applicable statewide planning goals and applicable administrative rules adopted by the Department of Land Conservation and Development

The proposed amendment to adopt the HNA as a support document to the Comprehensive Plan – and amending the code to reflect that in SRC Chapter 64 – is consistent with and conforms to the Statewide Planning Goals and applicable administrative rules as described below. In addition, the Oregon Department of Land Conservation and Development (DLCDD) has reviewed the changes proposed through the Our Salem project and has submitted a letter of support dated March 8, 2022. The letter specifically notes that the “proposal documents have resulted in addressing all identified housing needs...”

Goal 1: Citizen Involvement

To develop a citizen involvement program that ensures the opportunity for citizens to be involved in all phases of the planning process.

Finding

Staff conducted a variety of public engagement activities to ensure the public had the opportunity to be involved in the preparation of the HNA. A 21-member Advisory Committee – comprised of two City Councilors, two Planning Commission members, neighborhood association board members, community organization representatives, and representatives from the development, finance, and affordable housing industries – was formed to review project materials and advise City staff throughout the course of the project. The committee met seven times, and the public was invited to attend the meetings and provide input.

The City also created a project website that was regularly updated with project materials and sent emails about project updates and upcoming meetings to more than 1,500 interested parties. Other public engagement activities included staff presentations about the project to community organizations, a survey on potential housing strategies, social media, and articles in City newsletters. In addition, the process to adopt the HNA as a support document to the Comprehensive Plan requires public notice and affords the public an opportunity to review, comment, and take part in the approval process. The proposed amendment to the Comprehensive Plan therefore conforms with this goal.

Goal 2: Land Use Planning

To establish a land use planning process and policy framework as a basis for all decisions and actions related to use of land and to assure an adequate factual base for such decisions and actions.

Finding

The HNA, with its findings on Salem’s long-term housing needs, provides the City with a factual basis for policy decisions and land use decisions related to housing and residential land. The City used the HNA to update the Salem Area Comprehensive Plan, including the Housing goals and policies. For example, there is a goal that calls for providing a supply of residential land that accommodates the amounts and types of housing needed to meet the population forecast for the Salem Urban Area. There is also a goal that calls for providing opportunities for housing that are affordable to current and future residents of all income levels. Supportive policies include promoting low-income and workforce housing and encouraging housing that lowers the combined housing/transportation cost burden for people in Salem. These policies directly advance the recommendations in the HNA, which found that Salem has a substantial need for affordable housing. The HNA specifically recommended increasing opportunities for development of affordable housing

The City’s update to the Comprehensive Plan Map is also based on the HNA and its findings. The HNA determined that Salem’s portion of the Urban Growth Boundary (UGB) has a demand for 7,299 dwelling units on land designated Multi-Family Residential between 2015 and 2035. The HNA also determined, based on the Buildable Lands Inventory (BLI), that there was a projected deficit of 207 acres of land designated as Multi-Family Residential (or 2,897 dwelling units). To help address this projected deficit, the HNA recommended redesignating or rezoning land to multifamily. The City implemented this recommendation, using data in the HNA, and redesignated land to Multi-Family Residential to meet the projected housing needs in Salem’s portion of the UGB (see Goal 10 finding below). Adopting the HNA therefore supports the City’s land use planning framework and complies with this goal.

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.

Finding

The HNA recommends evaluating tools to increase redevelopment activity and mixed-use development. It specifically calls out commercial areas and redeveloping industrial areas as Salem’s primary redevelopment opportunities for mixed-use development that includes multifamily housing. The City has implemented this recommendation by redesignating and rezoning land for mixed use development and revising regulations – such as parking requirements – to encourage redevelopment and mixed-use development. Promoting mixed-use development and redevelopment not only expands opportunities for more housing but also promotes the integration of commercial uses in mixed-use areas. This supports and is consistent with this goal to provide adequate opportunities for a variety of economic activities in the State, including in Salem.

Goal 10: Housing

To provide for the housing needs of citizens of the state.

OAR 660-008-000 Purpose

This chapter states in part that “the purpose of this division is to ensure opportunity for the provision of adequate numbers of needed housing units, the efficient use of buildable

land within urban growth boundaries, and to provide greater certainty in the development process so as to reduce housing costs.”

OAR 660-008-0010 Allocation of Buildable Land

This section states in part: “The mix and density of needed housing is determined in the housing needs projection. Sufficient buildable land shall be designated on the comprehensive plan map to satisfy housing needs by type and density range as determined in the housing needs projection.”

Finding

The proposed amendment adopts the HNA as a support document to the Salem Area Comprehensive Plan. The HNA was prepared for the City of Salem by EcoNorthwest in compliance with Goal 10, ORS 197.296, and OAR 660-008, as they existed when the City’s Post Acknowledgement Plan Amendment (PAPA) was filed the State for the adoption to the HNA. Completed in December 2014, the HNA included a Residential Buildable Lands Inventory (BLI) and analysis of Salem’s housing needs between 2015 and 2035.

The HNA used a population forecast that was based on Marion County’s adopted population forecast and Keizer’s adopted population forecast for 2032 (see HNA for details). The population forecast in the HNA showed that Salem’s portion of the urban growth boundary (UGB) was expected to grow from 210,035 people in 2015 to 269,274 people in 2035, adding 59,239 people over the 20-year period. That was the population forecast at the time the City submitted its PAPA to DLCD to adopt the HNA on October 22, 2015, and the City adopted that population forecast into the Salem Area Comprehensive Plan in 2015 as part of the adoption of the Salem Economic Opportunities Analysis.

The HNA determined that Salem’s portion of the UGB has a projected 1,975-acre surplus of land for single-family detached housing (9,131 dwelling units) and a projected 207-acre deficit of land for multifamily housing (2,897 dwelling units). That projected deficit was specific to land designated as Multi-Family Residential on the Comprehensive Plan Map.

ORS 197.296(2) states that local governments must demonstrate that its comprehensive plan provides “sufficient buildable lands within the urban growth boundary established pursuant to statewide planning goals to accommodate estimated housing needs for 20 years...” If an HNA determines that there is a projected deficit of buildable land, a local government must amend its urban growth boundary to include sufficient buildable land and/or amend its comprehensive plan, regional framework plan, functional plan, or land use regulations to include new measures to remedy the identified deficit. As mentioned above, Salem’s HNA identified a projected deficit of land in the Multi-Family Residential designation.

In a letter dated November 4, 2014, DLCD stated that LUBA – in DLCD v. City of McMinnville, 41 Or LUBA 210 (2001) – has “affirmed the position that cities with population greater than 25,000 that are subject to the provisions of ORS 197.296 must not only conduct a housing needs analysis pursuant to ORS 197.296(3), but must also simultaneously address a significant deficit in the supply of buildable residential land within the UGB by adopting one or more of the actions described in ORS 197.296(6) and (7) to remedy the identified deficit.” The City, therefore, could

not adopt the HNA without meeting the projected need for housing. In the same letter, DLCD strongly urged “the council to adopt both the analysis and recommended implementation measures concurrently to be in compliance with Goal 10, and ORS 197.296.”

Since the HNA was completed and conceptually accepted by the Council in 2015, the City has been working to address Salem’s housing needs through a variety of ways. For example, the City began allowing accessory dwelling units (ADUs) in 2017, and then in 2019, the City waived system development charges for ADUs for five years – through June 30, 2024.

The City also updated Salem’s design regulations for multifamily housing in 2020 as a follow-up to the HNA and the projected need for more multifamily housing. The code update specifically removed barriers to the development of multifamily housing by providing greater flexibility in how multifamily design standards can be met, reducing the number of design standards that apply to small multifamily housing projects, simplifying regulations for three- and four-unit projects, and reducing parking requirements for multifamily projects of all sizes. Earlier this year, the City adopted code changes to implement HB 2001.

To further ensure compliance with Goal 10 and the associated administrative rules, the City has tracked building permit data and redesignated land to Multi-Family Residential to accommodate its projected housing needs as outlined in the HNA.

Specifically, the City reviewed the BLI, which relies on building permit data through the end of 2013. Then the City applied building permits issued since the beginning of 2014 through June 30, 2021 to that BLI data. Any property that was previously considered buildable in the HNA – either as vacant or partially vacant – but had since had a building permit issued on it (through June 30, 2021) was no longer considered buildable.

In addition, the City is redesignating more than 300 acres of land to Multi-Family Residential concurrently with the adoption of the HNA. That resulted in a total of 369 acres of buildable land designated as Multi-Family Residential. The HNA determined that land designated Multi-Family Residential has a capacity of 14 units per gross acre. (That is a conservative assumption, given that the City is increasing the minimum required density in the Multiple Family Residential-II zone to 15 units per acre concurrently with the adoption of the HNA, and recent multifamily projects have been approved at higher densities.) Using the 14 units per gross acre assumption, the 369 acres of buildable Multi-Family Residential designated land has a capacity of 5,166 multifamily units.

The City also examined the number of dwelling units needed in the Multi-Family Residential designation by 2035. That need, determined in the HNA, was 7,299 units for the 20-year period between 2015 and 2035. Based on building permit data, the City approved permits for 3,192 multifamily dwelling units between the beginning of 2015 and June 30, 2021. That reduces the amount of multifamily dwelling units needed in the Multi-Family Residential designation to 4,107 units.

The result of this analysis is that the City has met its projected need for multifamily dwelling units on land designated as Multi-Family Residential on the Salem Area Comprehensive Plan

Map. Specifically, Salem’s portion of the UGB has a capacity for 5,101 multifamily units on Multi-Family Residential designated land, which can accommodate the remaining 4,107 needed multifamily housing units on Multi-Family Residential designated land (see table below). *(This analysis has been updated to reflect recommended map changes since the Planning Commission public hearing in March and April of 2022.)*

Multi-Family Residential Designated Land

	Multifamily Units	Source
Demand in HNA	7,299	HNA
Multifamily units approved between 2015 and June 30, 2021	3,192	Building permits
Remaining demand through 2035	4,107	
Capacity on buildable land designated Multi-Family Residential	5,101	GIS analysis
Surplus	994	

In addition, the City’s reviewed the BLI data related to buildable land designated as Single-Family Residential and Development Residential on the Comprehensive Plan Map. This was done to ensure there is enough land in Salem’s portion of the BLI to meet the projected demand for single-family housing despite the HNA showing a surplus of single-family land.

Specifically, the HNA found that Salem’s portion of the UGB has a projected surplus of 1,975 acres of land designated Single Family Residential (SF) and Developing Residential (DR), which can accommodate 9,131 more units than are projected to be needed through 2035. (The projected demand from 2015 to 2035 was 13,792 units, and the capacity in the SF and DR designations was 22,923 units, according to the HNA.)

The City’s analysis – which included looking at building permits issued between the beginning of 2015 and June 30, 2021 and considering changes to the Comprehensive Plan Map designations that are proposed concurrently with the adoption of the HNA – showed that there are 1,179 buildable acres on land designated as SF and 2,417 buildable acres on land designated as DR (or split-designated SF and DR). The HNA determined that the land designated SF has a capacity of 5.6 units per gross acre and land designated DR has a capacity of 4.3 units per gross acre.

Based on those density assumptions, the buildable land designated SF and DR has the capacity 16,995 units. This capacity exceeds the projected demand in the HNA of 13,792 units. Between 2015 and June 30, 2021, building permits were issued for 2,603 single-family units, so part of that projected demand has already been met. The capacity on land designated SF and DR can also accommodate the 903 single-family detached units that the HNA assumed would be accommodated in areas designated for mixed-use uses (e.g., land designated Mixed Use and zoned either Fairview Mixed-Use or Neighborhood Center Mixed Use). The City is therefore continuing to meet its needs for single-family dwellings.

Adopting the HNA as a support document to the Comprehensive Plan is therefore consistent with Goal 10 and the associated administrative rules cited above.

The City of Keizer completed a draft of its own separate Housing Needs Analysis in August of 2021, and that analysis determined that in Keizer's portion of the UGB, there is a projected deficit of 177 dwelling units in the Low Density Residential (LDR) Comprehensive Plan designation and a projected deficit of 219 dwelling units in the Medium Density Residential (MDR) Comprehensive Plan Designation.

According to Keizer's draft HNA, the assumed density in the LDR designation (outside of the River Cherry Overlay District) was 5 units per gross acre, and the assumed density in the MDR designation (outside of the River Cherry Overlay District) was 4.2 units per gross acre. Those density assumptions are similar to those assumed for the capacity in the DR and SF designations in Salem's HNA: 5.6 units per gross acre in the SF designation and 4.3 units per acre in the DR designation.

As mentioned earlier, the DR and SF designations have a capacity for 3,203 dwelling units in addition to those needed to meet the projected demand in Salem's portion of the UGB. (That additional capacity for 3,203 units is conservative because it assumes no building permits were issued for single-family units between 2015 and June 30, 2021 to reduce the overall demand since the HNA was completed.) That additional capacity can accommodate the projected deficit in dwelling units in the LDR and MDR designations in Keizer's HNA: 396 dwelling units. Therefore, Keizer's projected deficit of land for dwelling units in the LDR and MDR designations can be met in Salem's portion of the UGB.

Goal 14: Urbanization

To provide 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.

OAR 660-024-0050 Land Inventory and Response to Deficiency

This section state in part: "If the inventory demonstrates that the development capacity of land inside the UGB is inadequate to accommodate the estimated 20-year needs determined under OAR 660-024-0040, the local government must amend the plan to satisfy the need deficiency, either by increasing the development capacity of land already inside the city or by expanding the UGB, or both, and in accordance with ORS 197.296 where applicable."

Finding

The HNA seeks to ensure that there is sufficient land within Salem's portion of the UGB to meet housing needs over the next 20 years. Together with the Salem Economic Opportunities Analysis, the HNA establishes the fact that the existing amount of land within Salem's portion of the UGB is sufficient to meet housing needs over the 2015-2035 planning period, and therefore a UGB expansion is not needed. The HNA also specifies, however, that there is a projected deficit of Multi-Family Residential land and a projected surplus of single-family land, so it recommends strategies to meet that multifamily housing need within Salem's portion of the UGB.

The recommendations, as mentioned above, include redesignating or rezoning land for multifamily housing, evaluating tools to increase redevelopment, increasing land for multifamily housing in single-family designations, lowering barriers to multifamily development, and increasing opportunities for affordable housing development. The City has implemented many of the recommendations, including redesignating and rezoning land to satisfy the projected deficiency, consistent with OAR 660-024. Specifically, this largely included redesignating buildable land from Developing Residential or Single Family Residential to Multi-Family Residential; the City also redesignated land to Mixed Use. These redesignations – and associated rezonings – increased the development capacity for housing within Salem’s portion of the UGB. The projected population in Salem’s portion of the UGB through 2035 can therefore be accommodated within Salem’s portion of the UGB. Adopting the HNA as a support document to the Comprehensive Plan is therefore consistent with this goal and the administrative rule cited above.

Goals 3, 4, 5, 6, 7, 8, 11, 12, 13, 15, 16, 17, 18 and 19
Not applicable to this proposed amendment

Public Testimony

Public testimony on the proposed amendments was received both prior to and at the Planning Commission public hearing. **Exhibit 1** summarizes and addresses those public comments.