

Description of Proposed Housing Production Actions

The City of Salem is working to develop Salem’s first Housing Production Strategy (HPS), which will outline the specific actions that the City plans to take to encourage housing development over the next six years. Staff has worked with a consultant team, ECONorthwest to develop a list of proposed housing production actions. The proposed actions are based on Salem’s housing needs, data analysis, and input from the community, Planning Commission, and City Council.

The proposed actions are grouped below into four categories: Regulatory, Financial, Land/Partnership, and Other Actions. Each proposed action is described below.

Regulatory Actions

Revise the zoning code to support housing development

- **Description:** Revise the zoning code to remove potential barriers to the development of housing, including multifamily, mixed-use, and middle housing.
- **Details and Context:** The City has updated the zoning code multiple times in recent years. The goal of many of the changes has been to promote housing development. This proposed action would continue the City’s efforts, as staff would holistically examine Salem’s land use regulations – including development and design standards – to determine if further refinements are needed to remove barriers to development. This code project would include engaging the community, researching other cities’ approaches to reducing code barriers, and examining requests for adjustments in Salem. Staff would also identify if code changes were necessary to encourage the development of small infill projects and housing for multigenerational families. Any proposed code amendments would go through the City’s public adoption process and require City Council approval before becoming effective.

Revise the zoning code to promote accessible housing

- **Description:** Revise the zoning code to incentivize or require the development of more accessible housing.
- **Details and Context:** The community has expressed a need for more housing units that are accessible for people with disabilities. Under this proposed action, staff would examine different ways in Salem’s zoning code to incentivize or require more housing to meet accessibility, Universal Design, or other similar standards. This could include decreasing setbacks, increasing maximum lot coverage standards, providing a density bonus, or making other regulatory changes to promote the development of more accessible units. It could also include requiring housing developments to include a certain percentage of accessible or adaptable units. These zoning incentives or requirements would go beyond minimum accessibility requirements in the State Building Code and could focus on housing types such middle housing units that are not subject to existing

State requirements. Any proposed code amendments would go through the City's public adoption process and require City Council approval before becoming effective.

Update the zoning code to preserve nonconforming housing

- **Description:** Update the nonconforming and continued use provisions of the zoning code to support the rebuilding of existing housing.
- **Context and Details:** The City has updated its zoning code and rezoned land across Salem over the years to address community needs and concerns. As the code has changed, some existing housing has become nonconforming, meaning it can continue to exist but cannot be rebuilt as is if destroyed. In recent years, the City has created continued use regulations, which allow existing uses that would otherwise become nonconforming to be legally continued, altered, and rebuilt, but those provisions only exist in new or recently-amended zones. Under this proposed action, staff would examine the City's nonconforming and continued use regulations to create consistency across zones and ensure that existing housing can be rehabilitated and rebuilt. This proposed change would help preserve naturally-occurring affordable housing and prevent displacement.

Improving the permitting process

- **Description:** Improve the permitting process by assigning a housing coordinator, increasing transparency of timeline and process, and other changes.
- **Context and Details:** The City has been working to improve the permitting process over the last couple years. Under this proposed action, the City would continue this work, focusing on how to clarify and streamline the permitting process, create greater transparency, and offer more assistance to developers. For example, housing developers have asked that the City create a single point of contact at the City that they can rely on to help usher them through the full permitting process. Under this proposed action, the City would expand the existing Project Coordinator role to include management of housing project coordination. Other improvements would include improving the Permit Application Center (PAC) portal to include all permit application types and guides that outline clear expectation for applicants.

Expand the Ready-Build program

- **Description:** Expand the City's ready-build program to include middle housing and/or more accessory dwelling unit (ADU) designs.
- **Context and Details:** The City has one set of building plans for a detached ADU that has been reviewed by City staff for compliance with the Building Code and can be downloaded by the community for free. Under this proposed action, the City would partner with architects, designers, and others in the development community to create additional ADU and/or middle housing designs that could then be provided to the community for free or at a reduced cost. In addition to

lowering the cost of developing housing, ready-build plans help expedite the building permit process.

Financial Actions

Create an urban renewal area in the north waterfront area

- **Description:** Create a new urban renewal area (URA) in the north waterfront area to support the development of housing and related infrastructure.
- **Context and Details:** The City has eight existing URAs, each established with specific goals and projects to improve blight. Under this proposed action, Salem would create a new URA to support the development of housing (including affordable housing) and related infrastructure in the North Waterfront area. As the downtown area of Salem becomes built out, there has been an enhanced interest in opportunities within the North Waterfront/North Downtown area. Last year, the Salem Urban Renewal Agency directed staff to draft a URA plan and boundary determination for a new URA in the North Waterfront/North Downtown area. Staff aims to provide draft documents to the Urban Renewal Agency later this year. The new URA could provide additional incentives to support the construction of housing, including affordable rent restricted housing. (Specifics would be determined at the adoption of the new URA plan by the Urban Renewal Agency.)

Expand the use of the Single Property URA program

- **Description:** Expand the use of the City's existing single property urban renewal area program.
- **Context and Details:** In 2020, the City created a single property URA program for affordable housing, which is a financial incentive in the form of a property tax rebate. The program has been used at Jory Apartments, which included 36 affordable apartments in exchange for a tax rebate. Under this proposed action, the City would expand the use of this URA program to encourage additional multifamily housing development to incorporate affordable units. Development agreements, which would require approval by the Urban Renewal Agency, would outline the affordable housing requirements and term limits of the rebate. Examples of affordable housing are as follows: Include rent at 80 percent of area median income or less, or cap annual rent increases to less than statutory requirements.

Create a new URA program for middle housing

- **Description:** Create a new URA program to incentivize the development of middle housing, which includes two-, three-, four-family housing as well as cottage clusters.
- **Context and Details:** The City began allowing middle housing in traditionally single-family areas in 2022. Middle housing diversifies the types of housing available in Salem, therefore offering residents more housing choices between a

single-family home and larger multifamily development. Under this proposed action, the City would create a new URA program to provide funding to support the development of middle housing within a newly-designated URA area(s). The program would focus on an area(s) – roughly 10 to 20 acres in size – where multiple, larger residential lots could support infill or redevelopment into more housing units. This program could be applied in different areas in Salem. Details of the program would be determined as the program was developed.

Revise the system development charges methodology

- **Description:** Revise the system development charges (SDC) methodology to promote the development of middle housing, smaller homes, and/or other housing types.
- **Context and Details:** SDCs are a financing mechanism for funding parks, transportation, water, wastewater, and stormwater systems that are needed to serve new developments. The City last updated its SDC methodology in 2019. Under this proposed action, the City would revise its SDC methodology, with a focus on updating SDCs for different housing types. This would include creating SDC rates for specific middle housing types, which were not allowed broadly in Salem when the last methodology update was done. This new SDC methodology project, expected to kick off this year, would also include potentially scaling SDCs to housing unit sizes (e.g., smaller homes have lower fees).

Create a new Multi Unit Housing Tax Incentive Program

- **Description:** Create a new Multi Unit Housing Tax Incentive Program (MUHTIP) area near corridors with frequent transit service.
- **Context and Details:** The City has had MUHTIP program located in and around downtown Salem since the 1970s, and it is intended to stimulate development of transit supportive, multiple-unit housing. The program allows up to 10 years of a tax exemption for residential multi-unit projects that provide at least one public benefit, such as recreational facilities, common meeting rooms, or day care facilities. In late 2021, the City added an affordability requirement to qualify for MUHTIP; projects with 50 or more units must provide at least 15 percent of units at rents affordable to households at 80% or less of the average median income. Under this proposed action, the City would create a new MUHTIP area to support housing development near frequent transit service, outside of the downtown core. For example, the City could establish a new MUHTIP area along Cherriots' Core Network. This is a network of bus routes where Cherriots has prioritized maintaining frequent service.

Provide homebuyer assistance

- **Description:** Provide homebuyer assistance such as downpayment assistance or closing costs.
- **Context and Details:** Under this proposed action, the City would help lower-income residents purchase homes by providing homebuyer assistance, such as

downpayment assistance or closing costs. Downpayment assistance would target specific household income levels, such as 60%-80% MFI and could include homebuyer education workshops to ensure participants understand long-term borrowing conditions. The City would contract with qualified nonprofit organizations to provide homebuyer assistance in the community. The program would likely be funded through federal HOME or Community Development Block Grant (CDBG) funds.

Land/Partnership Actions

Support permanent supportive housing

- **Description:** Provide support to developers or organizations to develop permanent supportive housing with on-site wrap around services.
- **Context and Details:** Permanent Supportive Housing (PSH) combines affordable housing with on-site wraparound services. It provides stability and support vulnerable populations, including individuals experiencing chronic homelessness. Sequoia Crossings, a 60-unit project, is an example of PSH in northeast Salem. Under this proposed action, the City will provide financial support to developers, organizations, or partners to develop permanent supportive housing with on-site wrap-around services. This could include providing funding for infrastructure improvements or development costs. Funding sources could include the City's Safety and Livability Bond and federal funding.

Expand access to areas of high opportunity

- **Description:** Expand access to areas of high opportunity by purchasing land or providing financial incentives for affordable or mixed-income housing near jobs, parks, transportation, and services.
- **Context and Details:** Dispersing the development of affordable and mixed-income housing throughout the City provides lower- and middle-income households opportunities to live in many parts of Salem and avoids concentrating affordable housing in one area. Increasing these types of housing in areas of high opportunity gives residents the chance to live near jobs, services, diverse transportation options, and amenities. Under this proposed action, the City would purchase land or provide financial incentives to support the development of affordable or mixed-income housing in areas of high opportunity. These areas could include the City's potential Walkable, Mixed-Use Areas, which include the north downtown area, downtown Salem, and inner West Salem. (The State is requiring the City to designate Walkable, Mixed-Use Areas – or Climate-Friendly Areas – under the new Climate-Friendly and Equitable Communities rules.)

Continue affirmatively furthering fair housing

- **Description:** Continue to partner with the Fair Housing Council of Oregon to conduct landlord trainings and investigate complaints.

- **Context and Details:** Affirmatively Furthering Fair Housing is intended to ensure that people from all backgrounds have access and opportunity to housing that they can afford. It is intended to eliminate housing discrimination, create inclusive communities, and reserve segregation. Under this proposed action, the City will continue to partner with the Fair Housing Council of Oregon (FHCO) to conduct landlord training about Affirmatively Furthering Fair Housing and investigate complaints. The City would also require recipients of federal funding and City grants or tax abatements to participate in FHCO training.

Support community land trusts

- **Description:** Provide financial or other support to organizations to develop community land trusts (CLTs).
- **Context and Details:** CLTs provide affordable homeownership opportunities for lower-income residents by separating the cost of land ownership from housing ownership. This model enables long-term affordability because a nonprofit organization or trust retains ownership of the land but sells the homes to individuals or families. The City has provided funding to the organization DevNW to develop Salem's first CLT, which includes 24 single-family homes and townhomes. Under this proposed action, the City would support the development of additional CLTs. This could include partnering with nonprofit organizations that develop CLTs on City-owned land, providing funding to organizations that develop and maintain CLTs, or supporting the conversion of existing Salem Housing Authority-owned properties into CLTs.

Other Actions

Fund infrastructure for housing

- **Description:** Plan for infrastructure improvements to support housing development and lobby the legislature for funding.
- **Context and Details:** Infrastructure improvements are often needed to support the development of housing, whether on vacant or underutilized sites. Addressing infrastructure needs can therefore facilitate housing development by reducing uncertainty and costs for developers. Under this proposed action, the City would identify priority areas where infrastructure investment is needed to support housing development. The City would also partner with State agencies and organizations to secure funding for large-scale infrastructure improvements. This would involve coordinating and aligning City lobbying efforts and applications for State funding with identified infrastructure needs to support housing development.

Advocate for manufactured home park residents

- **Description:** Advocate for changes in State law to protect residents of manufactured home parks from displacement.

Attachment 1

- **Context and Details:** There are roughly 30 manufactured home parks in Salem, serving roughly 3,000 people. They provide an opportunity for affordable homeownership, which cannot easily be replaced by other types of housing. Typically, residents own their homes but not the spaces or land on which they sit; the residents pay rent to the manufactured home park owners, who own the land. Under this proposed action, the City would advocate for changes in State law that provide greater protections for residents at risk of displacement from manufactured home parks. This could include advocating for stronger rent controls or a new requirement whereby tenants would get first right of refusal when a manufactured home park is put up for sale.

Raise awareness of existing programs

- **Description:** Raise awareness of existing State and local programs and resources that support the development of affordable housing.
- **Context and Details:** In recent years, the State has implemented many new rules and laws related to housing development, and the City has created new resources and regulations to promote housing development. It can be challenging for developers and the community to keep abreast of the new information and access relevant housing programs, incentives, and resources. Under this proposed action, the City would raise awareness of and encourage development of housing by providing information about: Vacant or public land to housing developers when opportunities arise, changes in State law and Salem regulations that support housing development, and City resources about affordable housing such as financial incentives and online mapping resources. For example, the City could create a webpage(s) dedicated to housing resources, laws, regulations, and programs.