



Staff Report

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TO: Mayor and City Council

FROM: Kristin Retherford, Interim City Manager

SUBJECT:

City Council Work Session with Marion and Polk Counties, the Salem Area Mass Transit District, and the Salem-Keizer School District to discuss Salem's housing needs.

Ward(s): All Wards

Councilor(s): All Councilors

Neighborhood(s): All Neighborhoods

Result Area(s): Good Governance; Safe and Health Community; Welcoming and Livable Community.

SUMMARY:

The Work Session will focus on Salem's housing needs. Panelists will discuss their experience with developing subsidized, affordable, and market-rate housing, as well as factors that impact housing affordability.

ISSUE:

Share information and discuss Salem's housing needs with area civic leaders including the boards of Marion and Polk Counties, Salem Area Mass Transit District and Salem Keizer School District.

RECOMMENDATION:

Information and discussion.

FACTS AND FINDINGS:

On April, 18, 2022, the Salem City Council hosts a Work Session to discuss the Salem area's housing needs. Marion County Board of Commissioners, Polk County Board of Commissioners, Salem Area Mass Transit District Board of Directors, and the Salem-Keizer School District Board of Directors have been invited to participate.

Panelists presenting information on the topic will address their experience with developing subsidized, affordable, and market-rate housing in Salem and factors that impact affordability. A glossary of housing-related terms is attached (Attachment 1).

Broad interest in housing topic. In addition to providing the broader community notice of and information about the Work Session, staff invited a broader group of stakeholders to listen in and live stream the Work Session. Specifically, announcement of the meeting was provided to local housing and service providers, including the Mid-Willamette Valley Community Action Agency; nonprofit housing and service providers; Salem's Planning Commission; neighborhood associations in Salem; urban renewal advisory boards; Pacific Source, Salem's Coordinated Care Organization; and the Mid-Valley Homeless Alliance. This is in compliance with House Bill 4006, which requires certain cities (including Salem) to hold public meetings to discuss causes, barriers, and possible solution to rent burdens within the City (see below).

More than 25% of households spend more than 50 percent of their income on rent. On Friday, April 1, 2022, Salem received notice from Oregon Housing and Community Services of its designation as being severely rent burdened. This means, of the nearly 27,000 households who are renting housing, more than 7,100 (or 25.85%) spend more than 50 percent of their income on rent. House Bill 4006, passed in the 2018 Oregon Legislative Session, specifies the definition of severely rent burdened as meaning that *over 25% of the population is spending more than 50% of income on rent*. This list is based on the most recent ACS data (2020).

Next steps for Salem: Housing Production Strategy. As a follow on to the upcoming adoption of the comprehensive plan update, Our Salem, staff will begin work on a Housing Production Strategy. House Bill 2003 requires cities over 10,000 population to adopt a Housing Production Strategy following the adoption of their Housing Needs Analysis, which is anticipated to occur with adoption of Our Salem. For Salem, this Housing Production Strategy will be due in 2025. The report must outline a list of specific tools, actions, and policies that the city plans to take to address the housing need, facilitate the production of needed housing, and achieve fair and equitable housing outcomes.

BACKGROUND:

Salem City Council recognizes housing affordability and homelessness as critical problems in our community. Homelessness in Salem is a complex problem that requires long-term, committed partnerships with public and non-profit agencies and organizations across Marion County and Polk County. Many non-profit, private, and government organizations have joined together in seeking proactive solutions. The City is actively working with partners to meet needs and reduce hardship resulting in homelessness of our residents and families with children.

Salem is also working to increase access to affordable housing for those at-risk of becoming homeless by designating more land for multi-family housing development and offering incentives to close gaps in financing. This work helps to develop the supply of housing and housing options that is affordable and accessible for current and future generations. Providing more affordable housing in our community is critical.

Most recently, the State Legislature passed [House Bill 2001](https://olis.leg.state.or.us/liz/2019R1/Downloads/MeasureDocument/HB2001/Enrolled) [<https://olis.leg.state.or.us/liz/2019R1/Downloads/MeasureDocument/HB2001/Enrolled>](https://olis.leg.state.or.us/liz/2019R1/Downloads/MeasureDocument/HB2001/Enrolled) in 2019 to help increase housing choices and housing supply in Oregon. Salem enacted changes to zoning - effective March 2022 - to allow duplexes, triplexes, quadplexes, townhouses, and cottage clusters in single-family areas.

Attachments:

1. Glossary of terms used in financing affordable housing.