



## Staff Report

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**TO:** Mayor and City Council  
**THROUGH:** Steve Powers, City Manager  
**FROM:** Lisa Anderson-Ogilvie, AICP, Interim Community Development Director

### **SUBJECT:**

Proposed Amendments to the Salem Revised Code (SRC) to allow multiple family residential use in publicly owned historic buildings in the Public and Private Health Services (PH) Zone. (Ordinance No. 11-17; Case No. CA17-04)

Ward(s): All Wards  
Councilor(s): All Councilors  
Neighborhood(s): All Neighborhoods

### **ISSUE:**

Should the City amend Salem Revised Code (SRC) Chapters 543 and 702 to allow multiple family residential use in publicly owned historic buildings in the Public and Private Health Services (PH) Zone?

### **RECOMMENDATION:**

Direct staff to schedule a public hearing before the City Council on Ordinance No. 11-17 for the purpose of amending Salem Revised Code (SRC) Chapters 543 and 702 to allow multiple family residential use in publicly owned historic buildings in the Public and Private Health Services (PH) Zone.

### **SUMMARY AND BACKGROUND:**

This code amendment allows multiple family residential use in publicly owned historic buildings within the PH Zone district. The code amendment will facilitate the Salem Housing Authority's proposed conversion of Yaquina Hall to 50 new apartment units on the Oregon State Hospital's former North Campus property. The proposed amendment will address the critical need for more affordable housing in Salem.

## **FACTS AND FINDINGS:**

### ***Procedural Findings***

1. Pursuant to SRC 300.1100, legislative land use proceedings include proposals to amend the City's land use regulations and involve the creation, revision, or implementation of broad public policy generally affecting a large number of individual properties. The final decision in a legislative land use proceeding is an ordinance enacted by the City Council.
2. Under SRC 300.1110(a)(2), legislative land use proceedings may be initiated by city staff by preparing an ordinance bill and placing the ordinance on the City Council agenda for first reading. The City Council may schedule a public hearing on the ordinance bill, may refer the ordinance bill to public hearing before the Planning Commission or Historic Landmarks Commission, as applicable, for its review and recommendation, may refer the ordinance to a subcommittee for further review, prior to holding a public hearing, or may decline to advance the ordinance to second reading.
3. City staff are conducting outreach at the North East Salem Community Association (NESCA) and Northeast Neighbors (NEN) regular meetings in April and May to explain the code amendment proposal and the Salem Housing Authority's plans for reuse of Yaquina Hall. NESCA and NEN are the two neighborhood associations located closest to the Yaquina Hall site. Because the code amendments apply to all PH-zoned land citywide, the public notice will also be provided to all other neighborhoods and advertised as required, should the City Council direct staff to schedule a public hearing on the matter. City staff will be available to speak at other neighborhood associations about the amendments prior to the public hearing if invited to do so by other neighborhoods.

### ***Proposed Code Amendments***

1. The Public and Private Health Services (PH) Zone implements the Community Services land use map designation of the Salem Area Comprehensive Plan. The PH Zone allows a variety of health service uses and other compatible uses. Single and multiple family residential uses, however, are not currently permitted in the PH Zone. Multiple family residential use is defined as three or more dwelling units on one lot, such as apartment buildings. Multiple family residential use is currently allowed in the Multi-Family Residential (RM) zones, and in a variety of other residential, commercial, and public zones across the city.
2. The code amendments propose to allow multiple family residential use as a permitted use with two limitations, which both serve important public purposes. First, the multiple family residential use must be a conversion or rehabilitation of a historic contributing building or local historic resource, which encourages the preservation of Salem's historic buildings. Second, the multiple family residential use must be owned and managed by a public agency or a public/private partnership, which will serve to provide more affordable housing in Salem.
3. There are approximately 1,864 acres of PH-zoned land throughout the City. These sites

include large state-owned properties such as the State Penitentiary, Oregon State Hospital, the North Campus formerly used by the Oregon State Hospital (including Yaquina Hall), Salem Hospital, the former Hillcrest Youth Correctional Center, and several other large and small, publicly and privately owned, tracts of land mainly in the south east of the City. The only historic contributing buildings or local historic resource properties currently existing on PH-zoned lands are within the Oregon State Hospital campus, North Campus, and State Penitentiary sites. Only Yaquina Hall is currently vacant and available for conversion to multiple family residential use.

4. The code amendments also propose to exempt Multiple Family Residential use in the PH Zone from Multiple Family Design Review because under the proposed amendment, all multiple family residential use will have to be within a historic building, which will already require historic design review. Historic design review requirements will ensure high quality design for multiple family residential development allowed in the PH Zone. Multiple family design review is mainly intended for newly constructed apartments and would not make sense for historic building conversions. In some cases, multiple family design standards conflict with historic design review requirements. For reuse of historic buildings for multiple family residential, historic preservation design requirements are more applicable and beneficial for residents and the community than the multiple family design standards.

### ***Findings Addressing Approval Criteria***

1. SRC 110.085 establishes the following approval criteria which must be met in order for a code amendment to be approved:
  - a) The amendment is in the best interest of the public health, safety, and welfare of the City.

**Finding:** The City of Salem is currently facing a critical need for more affordable housing. The Salem Housing Authority provides housing assistance to low and moderate income families through a variety of programs, but currently has a client wait list of approximately 8,600 households. In order to help address some of this need for more housing, the Housing Authority proposes to acquire the historic Yaquina Hall on the former North Campus of the Oregon State Hospital and convert the building into 50 apartment units. Multiple family residential uses such as apartments are not currently permitted under the PH zoning of the North Campus. The code amendment would allow multiple family residential use in the PH Zone, thereby facilitating the creation of 50 new affordable housing units to help address the great need for more housing in Salem. The code amendment is also narrowly crafted to ensure that only publicly owned and managed housing will be allowed in the PH Zone, and only when located in existing historic structures. The requirement to be located in a historic building will ensure that the Yaquina Hall project and any other projects allowed under the proposed code provision will have the dual function of providing housing for the community and preserving Salem's valuable historic resources. Therefore, the proposed code amendment is in the best interest of the public health, safety, and welfare of the City.

- b) 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.

*Consistency with Salem Area Comprehensive Plan*

SACP Section II (A)(3)(h) Community Services Plan Map Designation

*This designation includes sites and facilities for uses such as health and medicine, religion, education, culture, government, including cemeteries, airports, and waste disposal.*

**Finding:** The stated purpose of the PH Zone is to implement the Community Service Plan Map designation “through the identification of allowed uses and the establishment of development standards,” which generally include “. . . a variety of public and private health service uses, together with a limited variety of other compatible uses.” The proposed code amendment allows publicly owned and managed housing in historic structures in the PH Zone. This type of housing is comparable in visual and traffic impacts to other typical PH Zone permitted uses such as health care facilities and institutional facilities. Therefore, the proposal is consistent with the purpose of the Community Services designation and PH Zone, to allow a limited variety of health services-compatible uses.

SACP Section IV (N)(10) Historic Sites and Structures

*The historic, cultural and architectural character of structures identified in the National Register of Historic Places and structures designated as historic buildings pursuant to the City’s land use shall be preserved. Preservation is achieved by limiting those uses that conflict with the historic resource, identified to be building alteration and demolition. The City’s land use regulations the process for alteration/demolition review and limitation, as well as the procedure for making additional designations.*

**Finding:** The adaptive reuse of historic buildings is an important way to ensure that Salem’s historic properties are preserved and maintained. Salem Housing Authority’s proposed reuse of Yaquina Hall on the former Oregon State Hospital North Campus is a great example of adaptive reuse of a significant historic building. The proposed code amendment will facilitate the residential use of Yaquina Hall, and thereby allow the Salem Housing Authority to invest resources into the preservation and remodel of the building, in accordance with the historic design review standards.

SACP Section IV (E) Residential Development Goal

*GOAL: To promote a variety of housing opportunities for all income levels and an adequate supply of developable land to support such housing.*

And

SACP Section IV (E)(5) Subsidized Housing

*Subsidized housing shall be provided at a variety of locations within the urban area.*

**Finding:** The proposed code amendment will allow the development of at least one affordable housing project of 50 units in Yaquina Hall, to be owned and managed by the Salem Housing Authority. The code amendment is focused enough to ensure that only publicly owned and managed housing, such as a Salem Housing Authority affordable housing project, will be permitted in the PH Zone, consistent with the above goal and policy calling for housing for all income levels throughout Salem.

SACP Section IV (E)(6) Multi-Family Housing

*Multi-family housing shall be located in areas proximate to existing or planned transportation corridors, public facilities and services:*

*a. To encourage the efficient use of residential land and public facilities, development regulations shall require minimum densities for multiple family development zones;*

*b. Development regulations shall promote a range of densities that encourage a variety of housing types;*

*c. Multiple family developments should be located in areas that provide walking, auto or transit connections to:*

- (1) Employment centers;*
- (2) Shopping areas;*
- (3) Transit service;*
- (4) Parks;*
- (5) Public buildings.*

**Finding:** Policy IV(E)(6) sets forth siting standards for multiple family residential development in Salem. The proposed code amendment will allow multiple family residential use, with certain limitations, on all PH-zoned land in the City. The limitations require public ownership and management and the reuse of historic buildings. Not all PH zone districts across the City contain historic buildings qualifying for multiple family use under the new provisions. The PH-zoned lands that potentially qualify for multiple family residential use under the new provisions are generally larger institutionally owned properties well served by transit, shopping areas, urban amenities, and employment opportunities.

*Consistency with Statewide Planning Goals*

Goal 5 - Natural Resources, Scenic and Historic Areas, and Open Spaces

To protect natural resources and conserve scenic and historic areas and open spaces.

And

Goal 10 - Housing

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

**Finding:** The proposed amendments allow publicly owned and managed multiple family

residential use in historic buildings in the Public and Private Health Services (PH) Zone as a permitted use where multiple family residential use is currently prohibited. This proposal will provide safe, affordable, publicly owned and managed housing for the community while also preserving Salem's valuable historic resources. Allowing multiple family residential use in the PH Zone will also help address Salem's need for more multiple family dwelling units identified in the recently completed Housing Needs Analysis. Therefore, the amendments will further the purposes of both statewide planning Goal 5 (Historic Preservation) and Goal 10 (Housing).

Bryan Colbourne, AICP  
Planner III

**Attachments:**

1. Ordinance No. 11-17
2. Exhibit 1 to Ordinance No. 11-17