

***Existing Conditions  
Report***



# Downtown Salem Action Plan

Existing Conditions Report  
Salem, Oregon

August 2010

LISTENING TO COMMUNITY  
GATHERING PERSPECTIVE



CITY OF *Salem*  
AT YOUR SERVICE



LELAND CONSULTING GROUP

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## Introduction

This Existing Conditions Report will serve as an Appendix to the future Downtown Salem Strategic Action Plan (the “Action Plan”). The Action Plan will identify specific actions and projects to guide spending priorities in the Riverfront-Downtown Urban Renewal Area (RDURA) over the immediate, short- and long-term timeframes and may identify priorities outside the RDURA for other actors to consider.

Projects, actions and conditions described in this report that pertain specifically to the RDURA will be identified as such. However, the report also examines market and conditions and development trends in the context of the broader Downtown Salem, a geographic area that extends beyond the boundary of the RDURA.

There are several reasons for evaluating and reporting on existing conditions in the study area:

- To learn from the past – namely the many studies and plans relevant to Downtown Salem that have already been completed and Vision 2020 activities that are currently underway;
- To confirm and validate existing visions for the future; and
- To create a solid baseline of information on which to build project and program recommendations, which will be integrated into the Action Plan. This information will be utilized extensively during the Action Plan workshop to be held in mid-August and early September 2010.

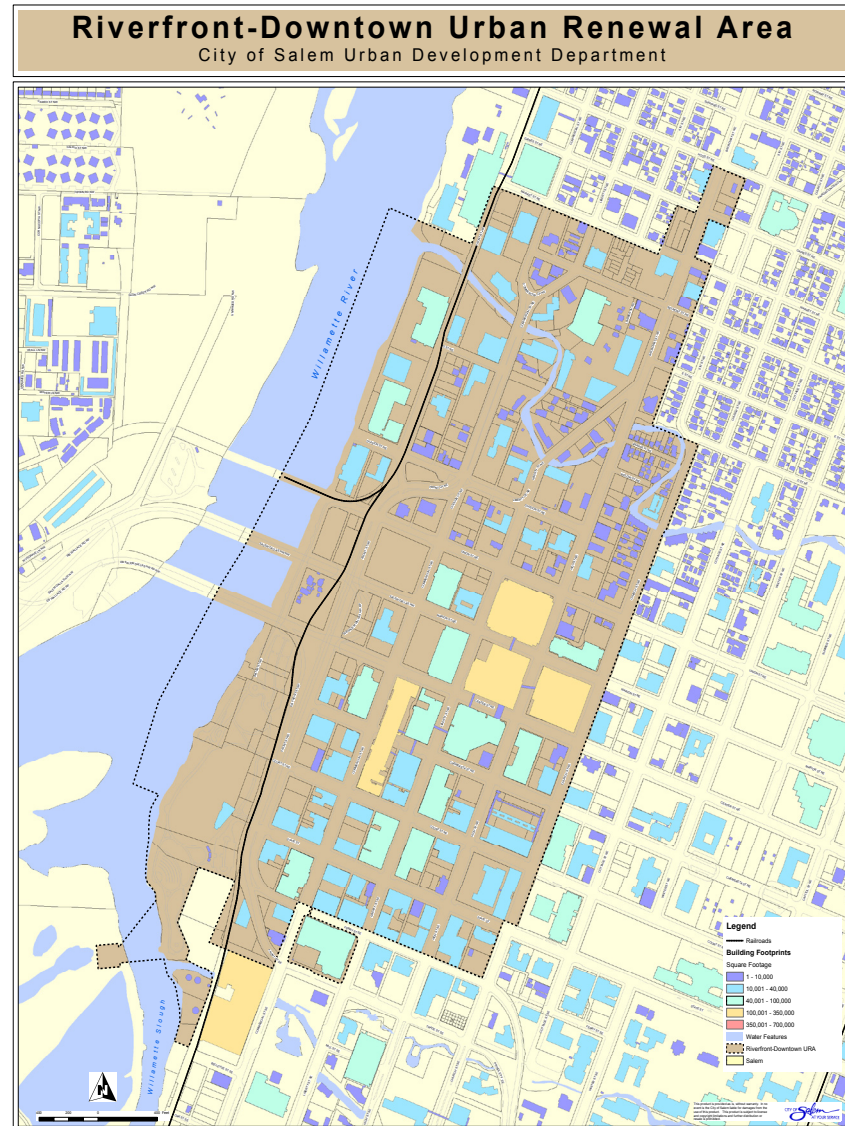
The report is organized into several sections:

- Policy Framework Review – A summary of existing plans, studies, and regulatory conditions;
- Stakeholder Interview Summary – A summary of comments and visions heard during the stakeholder interview process;
- Infrastructure Analysis – A summary of existing physical conditions related to utilities and transportation;
- Market Reconnaissance – Key demographic and market indicators affecting future opportunities; and
- Opportunities and Challenges – A summary of the implications of the findings from the preceding sections.

### Riverfront-Downtown Urban Renewal Area

The Riverfront-Downtown Urban Renewal Area boundary is shown in Figure 1. Originally adopted in 1976 and most recently amended in 2009, the Riverfront-Downtown Urban Renewal Plan and accompanying report identify revitalization goals and objectives for the RDURA as well as capital projects and programs that can be financed using increment revenues generated in the RDURA. The Downtown Salem Action Plan process will help identify and prioritize short-term, mid-range and long-range urban renewal project and program priorities.

Figure 1. Riverfront-Downtown Urban Renewal Area



Source: City of Salem

## Policy Framework Review

### Overview

During the past 35 years, Downtown Salem has been the subject of a broad range of planning and policy making activities. Each of the plans, policies and guiding documents created through these activities serves as a resource that identifies established community visions and expectations for how Downtown Salem should develop and evolve in the future. This section of the report evaluates the goals and objectives expressed through those plans so as to incorporate existing knowledge and not start anew from scratch. Moreover, these plans provide a robust starting point for the identification of specific projects and actions that should be included in the Action Plan.

### Vision 2020

In 2007, a group of Salem's large City Center employers initiated a discussion about the future of the City Center area, which includes several districts and planning areas such as the RDURA, North Downtown and the Edgewater/Wallace area of West Salem. Out of this discussion arose Vision 2020, a collaborative effort involving key community stakeholders, public officials, and leaders in the creation of a long-term community-defined vision for Salem's City Center.

Vision 2020 encompasses 24 projects under five broad themes:

- Create Places for People to Live and Gather.
- Preserve and Enhance the Look and Feel
- Create a Vibrant Destination
- Expand Options to Get About City Center
- Improve Connections to Parks, Creeks, and River

### Downtown Plans Review Summary

Vision 2020 activities set the stage for a 2009 effort, led by City of Salem Staff, to examine 20 existing plans and policies applicable to Downtown Salem. This review identified 11 planning goals for Downtown related to the vision described by Vision 2020. These include:

- Vibrant
- Array of Activities at All Hours
- Reliable Transportation
- Visually Appealing
- Connected to Bicycle and Pedestrian
- Unique/Easy to Find Gathering Place
- Historic/Artistic Character
- Year-Round Destination
- Safe for All Incomes
- Distinct Districts
- Accessible for All Ages

Figure 3 on the following page illustrates the extent to which existing plans and policies, related to the Downtown or a smaller geographic area within the Downtown, support Vision 2020 goals.

Figure 2. Vision 2020 - Vision Statement



In the year 2020, the City Center is a vibrant, regional, year-round destination for employees, visitors, and residents. The City Center is known for its historic and artistic character, and its unique and easy to find alley ways, plazas, and gathering places. A diverse array of shopping, dining, cultural activities, and entertainment attract people at all hours of the day.

The Salem City Center is welcoming, visually appealing, and accessible for all ages. Pedestrian walkways, bicycle paths and streets connect the adjoining neighborhoods to and from the City Center, Willamette River, meandering waterways, parks, green spaces, trails, and play spaces.

Served by high-quality and reliable transportation, the City Center is its own distinct neighborhood and a safe home to people of all income levels.

Figure 3. Vision 2020 Downtown Plans Review Summary

Downtown Plans Review Summary - Alignment to Vision 2020 Goals		Pringle Creek URA Plan (1971)	Riverfront Downtown Urban Renewal Plan (RDURA Plan) (1979)	CANDO Neighborhood Plan (1983)	Grant Neighborhood Plan (1986)	Salem Riverfront Master Plan (1989)	Core Area Housing Study (1999)	Broadway District Mixed-Use Development Project (1996)	Capitol Mall Area Plan (1997)	Riverfront-Downtown Core Area Master Plan (2001)	North Downtown Plan (2001)	Salem Transportation System Plan (Salem TSP) (1998, 2001)	Downtown Salem Parking Study (2001)	Parking Management Plan (2001)	Riverfront Park/Front Street Master Plan (2001)	Salem Core Area Housing Market Study (2002)	Central Salem Parking Study (2003)	Central Salem Streetcar Feasibility Study (2005)	Urban Land Institute (ULI) Report (2006)	South Waterfront Urban Renewal Area Plan (SWURA) (2007)	Salem Area Comprehensive Plan (amended 2009)	
<b>Vibrant</b>		●	●	●	●	●	●		●	●		●	●	●	●	●	●	●	●	●	●	●
<b>Array of Activities at All Hours</b>		●		●			●	●		●	●				●	●						
<b>Reliable Transportation</b>						●		●		●	●	●				●	●			●		
<b>Visually Appealing</b>			●		●				●		●	●			●						●	
<b>Connected to Bicycle and Pedestrian</b>			●		●										●						●	
<b>Unique/Easy to Find Gathering Place</b>			●		●			●	●						●						●	
<b>Historic/Artistic Character</b>			●		●			●	●	●												
<b>Year-Round Destination</b>					●				●						●							
<b>Safe for All Incomes</b>										●												
<b>Distinct Districts</b>							●		●													
<b>Accessible for All Ages*</b>																						

\*There were no projects aligning to this goal in the plans reviewed

Source: City of Salem and Leland Consulting Group

## Findings

As shown in Figure 2 above, several goals identified through Vision 2020 activities are well supported by plans guiding development in Downtown Salem and the RDURA. These include:

- **Vibrant.** A vibrant, invigorated Downtown is a common vision expressed in the vast majority of plans governing Downtown Salem. With the exception of the Salem Transportation System Plan (TSP) and the Capitol Mall Area Plan, all of the plans support projects intended to enhance vibrancy in Downtown Salem. Such projects include but are not limited to:
  - Housing development
  - Property rehabilitation/façade improvement programs
  - Enhanced parking
  - Wayfinding/signage and provision of public open spaces
  - Pedestrian oriented development and amenities
  - Encourage redevelopment with gap financing and rezoning where necessary
- **Array of Activities at All Hours.** Several plans include projects intended to encourage people to live, work, shop and recreate in Downtown Salem.
- **Reliable Transportation.** Several plans include projects that will promote convenient, multimodal access and circulation, including increased access to transit and a focus on alternative modes of transportation to the automobile.

- **Visually Appealing.** Seven plans include projects that will facilitate ongoing efforts to create a visually appealing atmosphere that is conducive to shopping, entertaining, living and working in Downtown Salem.

## Zoning

The RDURA features multiple zones, overlay zones, and planning districts, each subject to distinct land use and development provisions, design guidelines, and streetscape and lighting standards.

Land use and development policies and plans reviewed by the consultant team include:

- Salem Revised Code – General Zoning Provisions
- Development Design Handbook – Elements of the Handbook relevant to Downtown Salem include:
  - Core Area Development Design Guidelines and Standards
  - Historic Resources
  - North Downtown Planning District
  - Broadway/High Street Overlay Zone
  - Riverfront Overlay Zone

Development in areas subject to multiple layers of regulatory requirements can be costly and challenging.

Specifically, the following zoning designations are present in the RDURA.

- Central Business District
- General Commercial
- Neighborhood Commercial
- Commercial Office
- Retail Commercial
- South Waterfront Mixed Use
- Public Service
- Duplex Residential
- Multiple Family High-Rise Residential
- Multiple Family Residential 2
- Single Family Residential

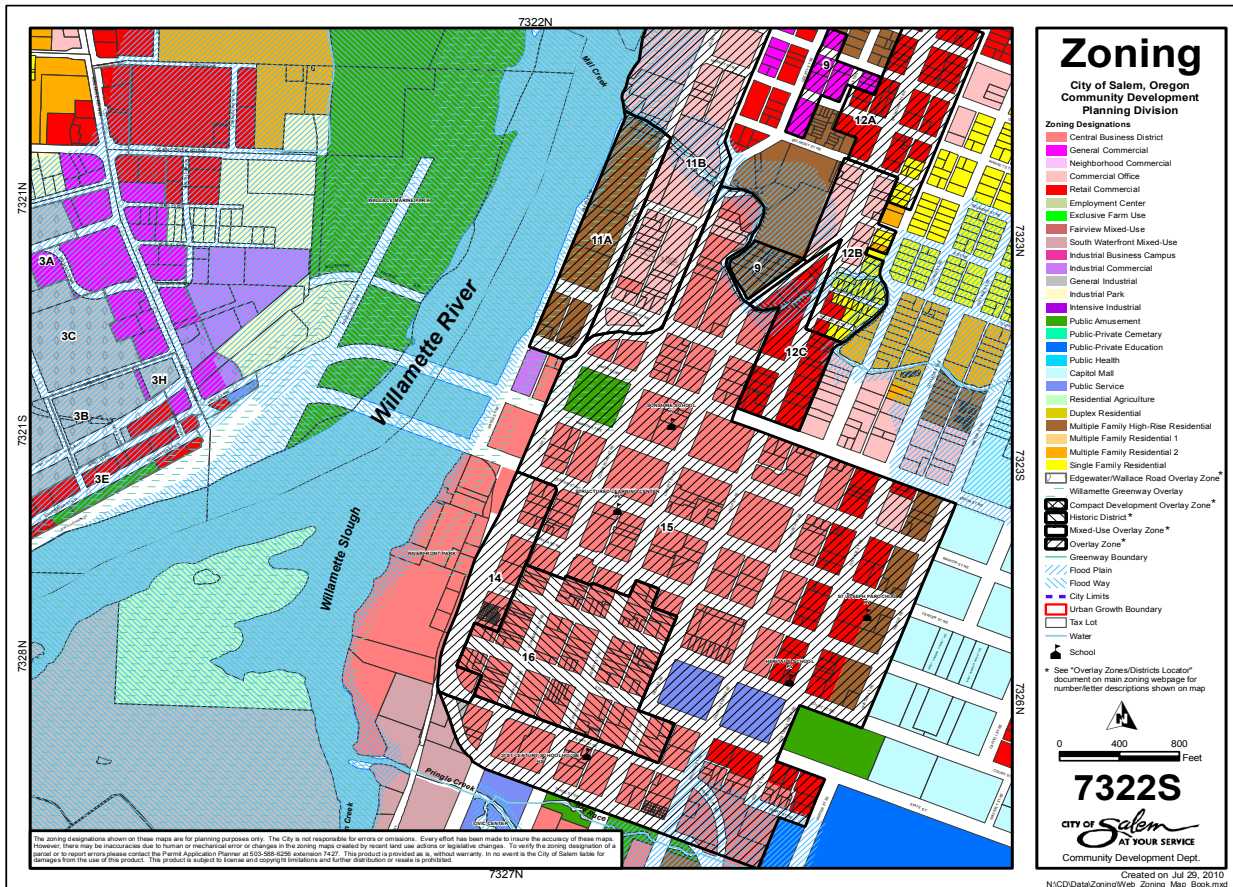
Additionally, the following overlay zone designations are present in the RDURA.

- Riverfront Overlay Zone
- Commercial/High Density Residential Overlay Zone
- Broadway/High Overlay Zone
- Front Street District
- General Office/Retail District
- Salem Downtown Historic District

## Downtown Zoning

Figure 4 shows existing zoning designations within Downtown Salem. As previously noted, the downtown area contains property within multiple zoning and overlay zone designations.

Figure 4. Downtown Zoning Map



Source: City of Salem



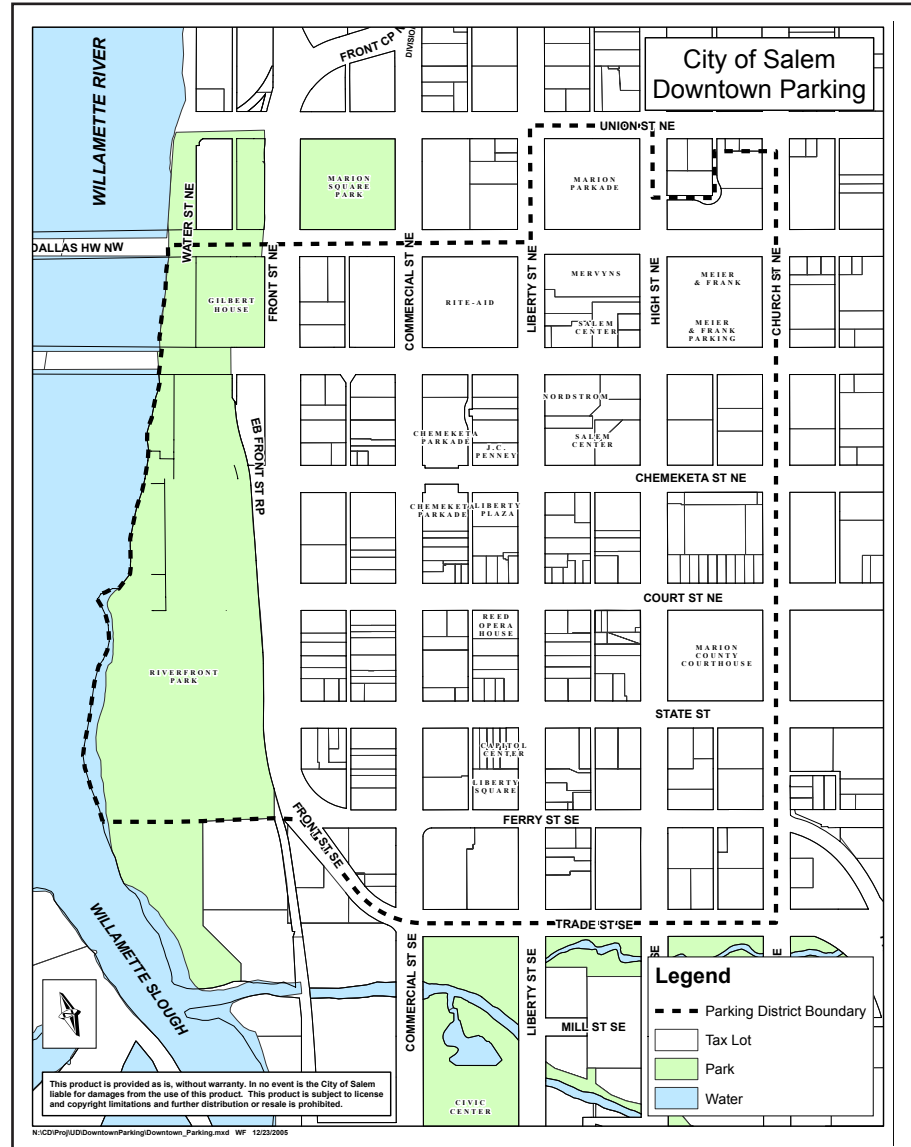
### Special Downtown Districts

The RDURA encompasses or overlaps with a range of special districts. Planning and development in these districts is subject to multiple layers of regulations and guidelines.

### Downtown Parking District

The Downtown Parking District is a special taxing district managed by the City of Salem. The District is designed to provide free customer parking in the three City-owned parking structures by assessing a size and use-based fee on businesses and permitting employees parking for a fee. Its boundary is significantly smaller than that of the RDURA - the focus of this effort. For the most part, however, the two districts share the eastern boundary of Church Street.

Figure 5. Downtown Parking District Map

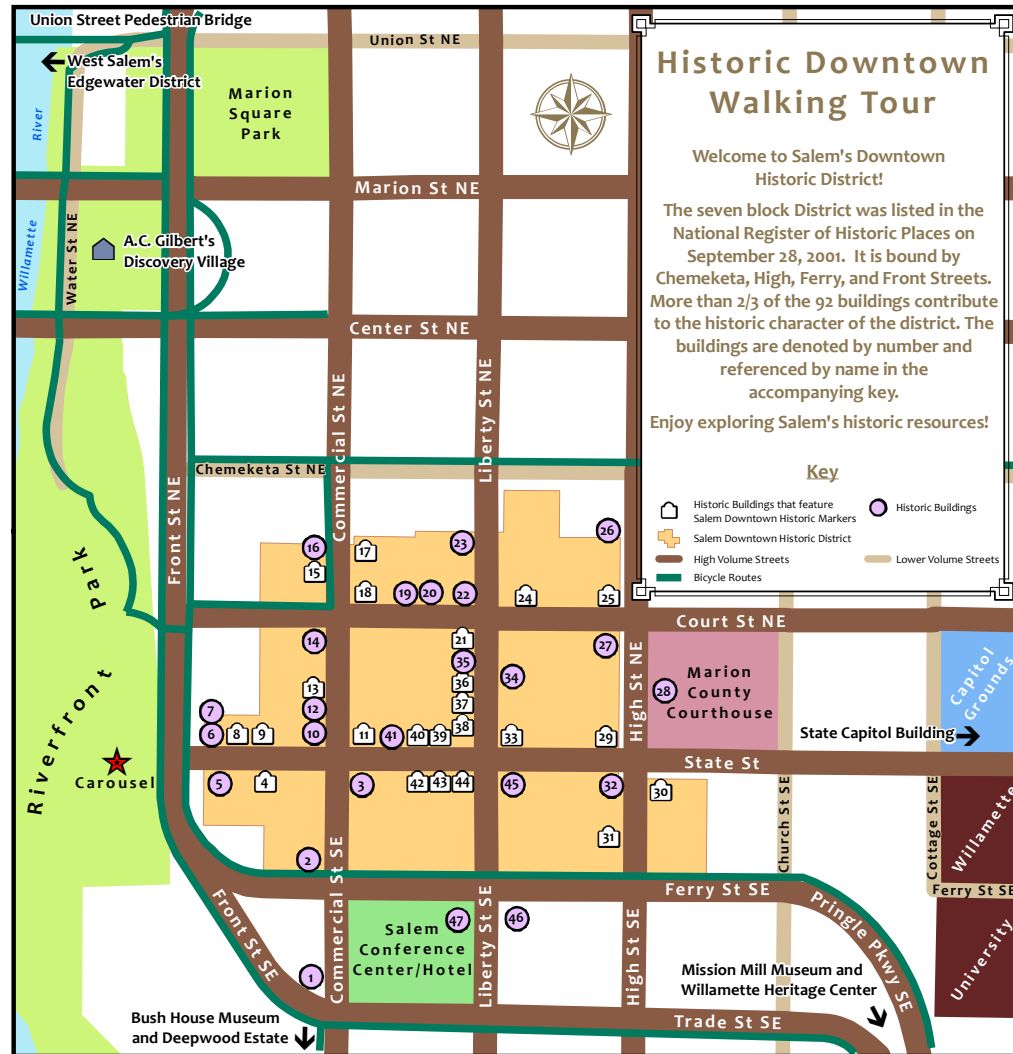


Source: City of Salem

### Historic District Boundary

The Salem Downtown Historic District is shown in Figure 6. The Historic District occupies the southern most portion of the RDURA and is largely contained within a nine-block area bounded by Chemeketa Street to the north, Front Street to the west, Ferry Street to the south and High Street to the east. Several historic buildings listed in the National Register of Historic Places are located in the District, as shown in Figure 5, the Historic Downtown Walking Tour Map. Modification to these buildings is restricted by the National Park Service in an effort to maintain the historic character of the District.

Figure 6. Historic Downtown Walking Tour Map

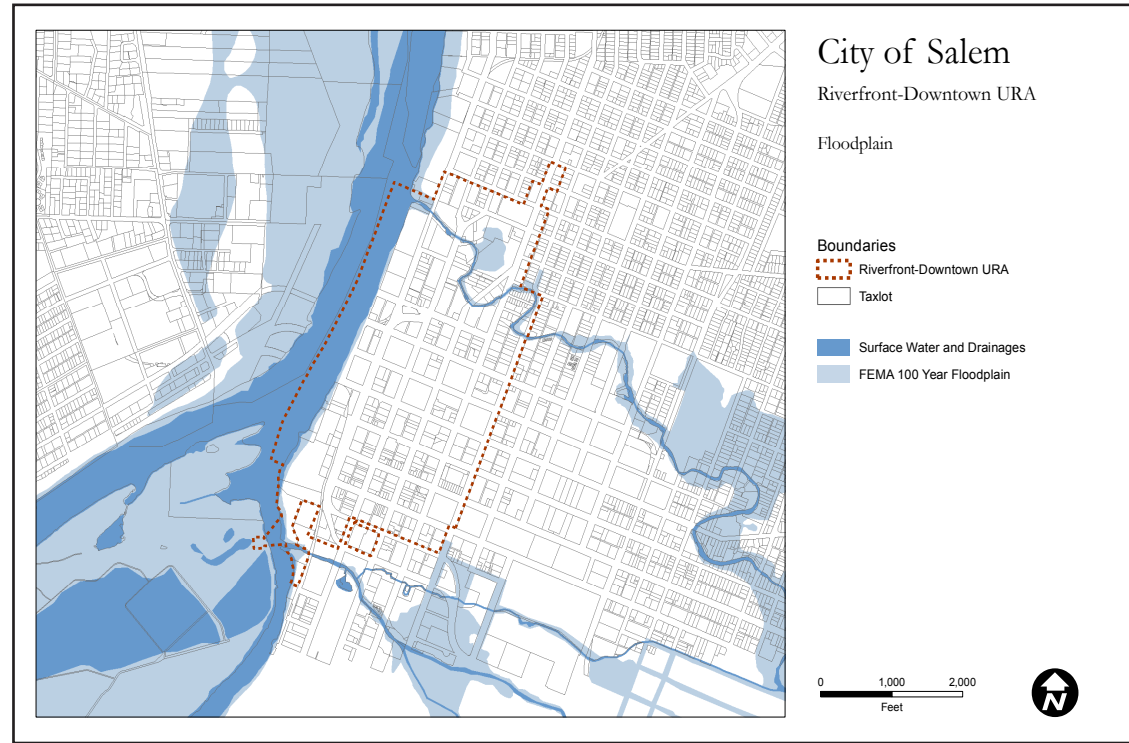


Source: City of Salem

### Flood Plain Map

A map identifying the location of the flood plain and flood way is shown in Figure 7. Development in the flood plain and flood way is restricted. Some parcels in northern part of the RDURA, primarily on the north side of Mill Creek, are located in the flood plain. Therefore, the uses and types of development that may occur on these parcels may be constrained.

Figure 7. Flood Plain and Flood Way Map



Source: City of Salem

# Stakeholder Interview Summary

## Overview

The consultant team conducted confidential stakeholder interviews with a broad range of community stakeholders. Selected with input from City staff, the interviewees included development and real estate professionals, business and property owners, major employers and institutions, business and political leaders, residents, Neighborhood Association chairs, and others. The interviews, which included one-on-one interviews as well as small group interviews, were primarily conducted on site at the City of Salem's Urban Development offices in May 2010.

A summary of preliminary findings and key issues and ideas that arose during the stakeholder interviews was presented to Downtown Advisory Board (DAB) members on June 24, 2010. After the presentation, DAB members were invited to comment and provide additional input. The following is a summary of the key findings and themes heard during the interviews. The comments are organized into broad categories and are further broken down within each category. This summary represents strictly what was heard – some of these ideas may be accurate while others may merely be perceptions.

Stakeholder interviews confirmed the Vision 2020 views and desires for Downtown Salem, including the desire to attract more housing, entertainment, retail and restaurants and ensure convenient access to parking. The role of the Historic District as a brand/identity for

Downtown Salem and the need to continue to promote and enhance downtown marketing efforts were also confirmed through the interviews.

## Housing

Housing is a central theme that arose during the stakeholder interviews and is generally recognized as a key element of a healthy downtown. However, there is some variation among interviewees' opinions regarding specific housing market opportunities.

### Existing Conditions

- Existing rental housing in Downtown Salem has a low vacancy rate, but supply is fairly limited.
- Recent condominium projects in Downtown Salem have fared poorly and experienced low absorption rates. Possible reasons for poor performance may include:
  - Lack of quality design and development standards and inadequate attention to detail.
  - Poor location.
  - Unfavorable market timing (i.e., completed during the height of the recession).

### Market Potential

- There is market potential for multifamily housing in Downtown Salem, which should be the focus early on.

- Converting vacant/underutilized upper stories to apartments is a good strategy for creating new multifamily units and reducing blight.
- The cost to build multifamily is lower than ownership housing.
- Wait until after the multifamily rental market builds momentum and “proves” the housing market before building condos and other types of for sale housing.
- Ownership housing must meet the highest standards and quality to succeed.
- Parking is critical: adequate parking must be provided for residential projects to succeed.
  - Several interviewees noted that “self parked” housing projects in Downtown Salem won't pencil without financial assistance from the City.
- There is a strong consensus that workforce housing is a critical need.
- State workers, Salem Hospital workers, and students and staff of Willamette University are target groups for housing.
- Community education about the assets and benefits of living downtown is needed.

## Location

- Interviewees expressed strong support for housing in the North Downtown area and along the north riverfront (north of the Marion/Center Bridges).
  - The North Broadway development (David Glennie’s project) is widely viewed as a success and a good prototype for future housing and mixed use development in the North Downtown.
  - Proximity to the railroad is a barrier for riverfront housing along Front Street due to potential noise and safety issues.
  - Some interviewees feel zoning along the north riverfront, which requires ground floor retail, will inhibit development.

## Retail

Like housing, a thriving retail environment is viewed as one of the essential elements of a successful downtown. Several key themes, including the desire for more diverse restaurant/entertainment options and the notion that Downtown Salem has a relatively healthy retail market today, arose from the interviews.

## Existing Conditions

- A relatively successful restaurant cluster has emerged at the south end of Downtown on State and High; home to La Capitale, Pita Pit, a sushi restaurant, and a tapas restaurant.
- Downtown features a number of successful

“mom and pop” and boutique retailers. These independent retailers and stores with a local flavor make downtown shopping a unique experience.

- A lot of Salem residents have never shopped Downtown – there is a lack of public awareness of retail opportunities Downtown.
  - The City should do a better job of promoting Downtown retail.
  - Some interviewees feel organized events should have stronger connections to retail/shopping opportunities Downtown. Others feel that events are not a direct retail promotion and are intended to promote interest in Downtown and draw more visitors, which should result in increased sales.
  - There appears to be a disconnect between retailers and groups organizing Downtown events.

## Challenges and Key Issues

- Parking: convenient access to parking is critical for retail. Some stakeholders believe the two-hour parking limit is too short.
- National retailers and credit tenants don’t typically locate in Downtown Salem; the market is not there. Most nationals prefer to locate on the I-5 corridor:
  - Do not lose Nordstrom – one of few national retail anchors located in Downtown Salem.
  - Competition: Woodburn Company Stores and Lancaster Mall.

- Most businesses don’t “need” to be Downtown; there needs to be a compelling reason for them to want to locate there.
- Suitable space: older real estate and historic buildings can be difficult and costly to renovate for retail use.
- Hours of operation: limited and/or inconsistent hours of operation were cited as a problem by several interviewees. Most retailers, including many restaurants, close at 6:00 p.m. on weekdays and many are open limited hours on the weekend and closed on Sundays. Downtown business owners need to be better educated on the importance of staying open later and on the weekend.



A desire for more late night dining and entertainment options Downtown was expressed by several interviewed stakeholders. This theme was echoed in Vision 2020.

## North Waterfront

The north waterfront area, which includes riverfront property between the Marion/Center Bridges and Mill Creek, and is currently in industrial use, was cited as an area with long-term redevelopment potential by many interviewees.

- Mill Creek and the riverfront are significant amenities that development could play off of.
- Multiple interviewees suggested the City should acquire the riverfront property (property north of Marion/Center Bridges up to Mill Creek) with urban renewal funds and expand the riverfront park to the north, creating an open space amenity that is similar to Portland's Naito Parkway. This expansive riverfront park, which could connect to Minto Brown Park and to Wallace Marine Park in West Salem (via the Union Street Railroad Bridge) could become a great place for events, such as marathons. It would also be a destination for bikers and other recreational users, and would serve as an amenity to development that occurs in the area adjacent and east of the railroad (e.g., the O'Brien property), where a large catalyst development could thrive.
  - Strategic view: create waterfront district master plan (from slough to creek) – use the creek as a unifying theme to frame future development of O'Brien property and property to the north of the creek.
- Other interviewees feel the riverfront should be redeveloped to accommodate

mixed use development, including high quality market-rate apartments, condominiums, and offices as well as limited retail uses, such as a restaurant or brew pub. Some suggested office (as opposed to housing) may be the most appropriate use option given the area's proximity to the railroad.

- The railroad is a significant barrier to development. The railroad bed is failing and will have to be reconstructed soon. (Some interviewees suggested the City should aggressively lobby to bring high-speed commuter rail Downtown along Front Street.)
- Several interviewees noted that the current zoning and overlay, which requires ground floor retail, will discourage redevelopment in the short- to mid-term. Zoning should be flexible enough to accommodate a range of uses.

### Opportunity Sites

- The Ketih Brown site (currently for sale), the Saffron property (also for sale), and the Truitt Brothers property are all opportunity sites.
- Marion Square Park is not effective as a public space; the majority of interviewees feel it is unsafe and uninviting.

## North Downtown

Most interviewees feel the North Downtown is ripe for redevelopment and would be a good place for the City to invest in a larger-scale public-private partnership development project.

Characteristics that contribute to the area's development potential include:

- A large supply of vacant and underutilized property;
- At least one major landowner (O'Brien); and
- It is easier to acquire and redevelop a larger site in North Downtown than other parts of Downtown. The complexities and cost of tearing down or renovating historic buildings do not come into play in North Downtown.

### Potential Projects

- Encourage more housing development and projects like the North Broadway development, which is widely viewed as a successful project.
- Prepare a targeted plan for the O'Brien property and auto area (public investment, public/private opportunity) and capitalize on proximity to the north waterfront and Union Street Railroad Bridge. Make sure there are strong synergies between these areas.
- Opportunity for a major catalyst development; may require upfront investment from the Urban Renewal Agency.
- Marion Parkade has lots of unused capacity to help serve future development to the north.
- Enhance multimodal connections to the riverfront and to Mill Creek, an underappreciated/untapped amenity in North Downtown.

## Historic District

While many interviewees felt strongly that the historic core is the heart of Downtown Salem, there was not a consensus on how much urban renewal spending should be focused there. Some commented that a redevelopment strategy that focuses major investments in adjacent areas (North Downtown, riverfront, etc.) will have spillover effects that benefit and bring up the historic district. Some interviewees feel the historic core is functioning fairly well and doesn't need a lot of help. However, it is also true that some Downtown retailers have low rents that enable them to survive with relatively low sales in some cases.

## Issues

- Many small, independent retailers cannot afford to renovate/retrofit historic properties to suit their needs.
- Some buildings are owned outright and owners don't have a strong motivation to invest/upgrade; lots of absentee property owners.
- Some people fear that development at the edge of Downtown and in other parts of Downtown will eclipse the historic core and Salem Center Mall area.

## Potential Projects

- Make the historic core a "heritage district" with historic plaques.
- Improve signage/gateways/wayfinding.
- Activate underutilized and vacant second stories of older buildings; market them to small business owners or convert them to apartments; use URA Toolbox grant dollars to encourage investment in rehabilitation.

- Redevelop the Ferry/High/Liberty/State block.
- Improve connections to Willamette University and to the Capitol Mall area – potential Downtown patrons/residents.

## Assets

- Elsinore Theater (1,200 seats) is an asset – \$3 million raised by community to restore.
- Historic character; some well maintained historic buildings.
- Proximity to Willamette University campus and South Waterfront, two areas from which to capture potential visitors/customers.

## Parking

Maintaining ample, affordable and convenient parking is a critical issue in Downtown Salem. While the majority of interviewees don't feel there is a parking problem today (with the exception of during major events), some feel that the City could do a better job of managing public parking – both on-street parking and off-street parking inventory in parkades owned and operated by the City.

- Some business owners feel that the two-hour parking minimum is insufficient and that three hours may be the minimum needed for shopping.
- Employee parking is a problem. Employees should not take up prime on-street and off-street parking spaces; paid parking in garages is too expensive for a lot of employees working in small retail

shops. Some interviewees suggested creating employee parking areas.

- New development needs to provide adequate parking – however, this makes most projects financially infeasible.
- Several interviewees feel the City should not be providing parking for private development; however, others feel financial assistance is needed to encourage redevelopment/development.



**Court Street features an eclectic mix of retailers, including coffee shops, restaurants, boutique clothing stores and more.**

## Downtown Marketing/Organization

Issues around the organizations that work to promote and market Downtown Salem were discussed in many of the interviews. While some people commented that most organizations are working well, several noted conflicts, overlaps, and gaps among the many groups responsible for various functions.

- The Vision 2020 effort has been positive and fairly effective.
- Some interviewees noted there is dysfunction and a lack of unity, cohesion and vision among Downtown entities trying to lead and market Downtown Salem:
  - DAB
  - Travel Salem
  - Go Downtown
  - Chamber of Commerce
  - City of Salem
- Apply “mall management” philosophy to downtown; need one targeted group to focus on a central vision and direction for Downtown Salem.
- Go Downtown is doing a pretty good job with its limited budget and emphasis on streetscape and promotions. However, some interviewees feel Go Downtown is not very visible or effective.
- There is a need for more organized events, such as First Wednesday, pub crawls, etc., and more seasonal events throughout the year to get people to come Downtown.
- Downtown needs a better marketing/branding strategy; focus on “destination marketing” – e.g., have nearby vineyards open a wine tasting venue Downtown and make stronger linkages to the area’s strong agricultural/wine industry.

## Priority Projects

The following projects were cited as key investments that should be financed by urban renewal:<sup>1</sup>

- Put urban renewal dollars into catalyst projects that leverage private development. Don’t be afraid to spend big on a good idea with strong market potential.
- Increase signage, wayfinding, and gateways to the historic district and other key locations/areas.\*
- Improve streetscape environment/identity (lighting, sidewalks, street furniture, public art, etc.).\*
- Bicycle/Pedestrian improvements – strengthen bike/ped connectivity in general; improve connections to waterfront, Union Street Railroad Bridge and Willamette University.\*
- Build a bridge from Minto Brown Island to the South Waterfront.\*
- Assist with site acquisition and development of Audubon Nature Center (South Waterfront area).\*
- Create a town square (suggested locations include the corner of Chemeketa and Liberty and the McMahon site).\*
- Finance public infrastructure improvements – sewer, water, stormwater, utilities, streets.\*

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<sup>1</sup> Projects that align with Vision 2020 goals are denoted with an asterisk (\*)

## Other

In addition to the issues described above, other ideas and issues that were raised in the stakeholder interviews, but that do not fit into any of the previous categories, include:

- Community education is needed and will be critical to gaining interest and support for Downtown development. People need to be made aware of the assets of Downtown Salem.
- Insufficient public transit, particularly at night and on weekends, is a challenge to getting people Downtown to shop/recreate/entertain and encouraging people to live Downtown.
- A lot of uncertainty about the future of the Boise Cascade property.
- One-way streets are a problem.
- Uncertainty about the location for the third vehicular bridge across the Willamette River, which may land in the vicinity of the RDURA, makes it difficult to plan for the future.



# Infrastructure Analysis

## Overview

Otak, Inc. reviewed utility and transportation conditions in order to understand whether existing infrastructure can accommodate the desired scale and type of uses envisioned by the community. Mitigation of public infrastructure deficiencies is one of the most common uses of urban renewal revenues.

The infrastructure analysis was based on a review of existing plans and documents, supplemented with meetings with key departmental staff. The infrastructure issues evaluated include transportation infrastructure and utilities. The analysis in this section summarizes planned projects in the RDURA and identifies any constraints that may exist in relation to the development envisioned by existing Downtown plans.

## Reference Documents

The assessment of infrastructure conditions and potential needs that follows is based on a review of the following existing plans and studies.

- Salem 2008/09-2012/13 adopted Capital Improvement Program (CIP)
- Salem Transportation System Plan (TSP), amended July 9, 2007
- City of Salem GIS data
- City of Salem utility grid maps
- Downtown Area Water Capacity Analysis, October 22, 2009

## Streets

- Right of way: owned and maintained by City of Salem, 100 foot width for most major streets in the study area. Mid-block alleys are typically less than 20 feet of right of way.
- Street classifications:
  - Front Street – Parkway
  - Commercial Street – Major Arterial
  - Liberty Street – Major Arterial (Ferry to Union); Minor Arterial (Union to Market)
  - High Street – Major Arterial (Ferry to Union); Minor Arterial (Union to Market)
  - High Street and Liberty Street join to become Broadway, also a Minor Arterial
  - Church Street – Major Arterial (Ferry to Marion); Collector (Marion to D Street); not classified north of D Street
  - Market Street – Minor Arterial (Front to Capitol )
  - Union Street, Chemeketa Street – Collector
  - Marion Street, Center Street, Court Street, State Street – Major Arterial
  - Ferry Street – Parkway

## Congestion

The following locations are at or near capacity during evening peak hours:

- Marion Street / Front Street ramps
- Center Street / Front Street ramps

- Front Street between Marion and State
- Liberty Street / High Street 'Y' intersection
- Broadway Street – from the 'Y' to Fairgrounds Avenue

By the year 2030, traffic is expected to increase and congestion will expand along these corridors and also include Commercial Street and most of Front Street. This condition will occur even if all of the projects in the Regional Plan are constructed. Over the long term, the goal of the City of Salem is to find other means of accommodating peak hour travel demand in addition to constructing street capacity.

## Priority Projects

The following high priority projects are included in the 2007 Salem TSP:

- **Market Street NE (at Broadway Street NE) (#62).** Construct eastbound and westbound left-turn pockets on Market Street NE at Broadway Street NE. This project is a part of the High Priority Transportation Corridor. **\*Completed project.**
- **Broadway Street NE (Belmont Street NE to Shipping Street NE) (#262).** This project will construct streetscape improvements to facilitate the movement of transit through this portion of the High Priority Transportation Corridor. The project will need to accommodate other modes of transportation and the needs of the adjacent RDURA.

- **Commercial Street NE at Marion/Center Bridges (#49).** Provide two right-turn-only lanes for southbound Commercial Street NE movements onto the westbound Marion/Center Bridges entrance. Northwest corner of the intersection would be improved to facilitate truck turning movements. Provide bulb-out at corners on the south side of the intersection to improve pedestrian environment. This project came from the 1998 Willamette River Bridgehead Engineering Study.  
**\*Project underway and nearing completion.**
- **Front Street NE (Norway Street NE to Division Street NE) (#66).** Reconstruct Front Street NE to a modified Minor Arterial standard and realign the railroad tracks down the center. Construct wide travel lanes as well as curbs, gutters, and sidewalks. The project includes the reconstruction of Mill Creek Bridge.
- **Hood Street NE (at Broadway Street NE) (#259).** Construct both eastbound and westbound left-turn pockets at Broadway Street NE.

In addition to the projects identified in the TSP, as part of the \$100 million voter-approved Streets and Bridges bond measure, multiple streets in the RDURA are being repaved in the next three years. The repaving projects also include pedestrian improvements such as curb bulb outs and sidewalks.

*Constraint: Some streets in the RDURA are currently at or near capacity. New development will need to consider methods to reduce or mitigate impacts to the existing street network.*

## Public Utilities

### Water

- In 2009, the City completed a Downtown Area Water Capacity Analysis to assess the performance of the existing water system based on future redevelopment at higher densities than currently exist. The results of the analysis showed several pipe systems that should be upgraded, in addition to new lines that should be installed.
- The following improvements were identified due to aging pipes or fire flow restrictions:
  - 12-inch line in High Street from Broadway to Union Street; 24-inch line in High Street from Union Street to State Street<sup>2</sup>; 24-inch line in State Street from High Street to Liberty Street; and 24-inch line in Liberty Street from State Street to Ferry Street (CIP #61133)
  - 12-inch line in Liberty Street from Ferry Street to Union Street (future)
  - 24-inch line in Union Street from Front Street to Church Street (future)
  - 8-inch line in alley east of Front Street between Ferry Street and Court Street (future)
  - 8-inch line in Belmont Street from Commercial Street to Broadway Street (future)
- In general the recommended minimum pipe sizes in Downtown Salem are:
  - Supply pipes – 24-inch minimum size from separate transmission sources
  - Backbone pipes – 18-inch or larger

<sup>2</sup> The design of the 24-inch line in High Street from Union Street to State Street has been funded.

- size and 12-inch as the base pipe grid
- Fire lines – 8-inch size
- Smaller pipes are only allowed when they serve domestic with no fire fighting capability.
- With the exception of CIP #61133, the proposed improvements are not listed on the current 5-year CIP. The timing of waterline replacement will depend on other construction near the waterlines to be replaced. If the streets containing the subject lines are reconstructed or repaved, it would make economic sense to replace waterlines at the same time. Redevelopment activity that directly utilizes these lines would likely be required to replace the aging pipes.
- New development in the area of deteriorating or undersized pipes would be required to improve the existing system to the recommended standard.

*Constraint: Water lines will need to be replaced to meet the City's minimum standard for waterline size. Fire flow will need to be met at all hydrants. Water lines will need to be upgraded to the recommended standard if currently undersized.*

### Sanitary Sewer

- The sanitary sewer system has ample capacity to handle redevelopment activities. The age of the existing system dictates which pipes need to be replaced. Redevelopment may require replacing the existing system if the pipes are old enough that new connections may affect the integrity of the pipe. In general the

sanitary sewer runs down the back alleys between buildings. Replacements will generally need to be completed using trenchless technology.

- The Salem 2009-2013 CIP identifies a project to replace several 8-inch and 10-inch sewer lines and install a new 8-inch line from the alley west of Front Street to Church Street. This would allow the Union Pump Station to be taken out of service. (CIP #60671)
- There are two other pump stations within the study area: the Larmer pump station (located near the intersection of the E Street and 4th Avenue blocks), and the Ferry pump station near the intersection of Ferry Street and Front Street.
- The City would also like to relocate the Ferry pump station and eventually reduce the size of the Larmer pump station. These projects are not contingent upon redevelopment, nor would new development be required to participate in these projects.
- The timing of sewer line replacements would coincide with redevelopment activities that would either impact or seek to connect to the existing pipes. No specific timeline for replacement is targeted.

*Constraint: The sanitary sewer network has ample capacity to service new development and redevelopment in the Action Plan area. Selected existing pipes may need to be replaced due to the age of the pipe rather than capacity.*

### Storm Sewer

- The northern half of the RDURA is in the Mill Creek drainage basin. The majority of the southern portion is a tributary to the Willamette River. The extreme southeastern corner of the RDURA is in the Pringle Creek Basin.
- The 2000 Salem Stormwater Master Plan identifies two sections of storm pipe that need to be replaced due to capacity constraints:
  - The 18-inch pipe in Ferry Street from High Street to the alley and in the alley from Ferry Street to Trade Street.
  - The 18-inch pipe in Union Street from High Street to Church Street and in Church Street from Union Street to the Mill Creek discharge.
- The City does not currently have a funding source for projects that address capacity needs and no timeline has been set for these replacements.
- Development will need to comply with the Bureau of Environmental Services standards for both for water quality treatment and quantity control. Discharges to the Willamette River are exempt from quantity control. Water quality treatment will need to fit into the overall site redevelopment strategy. Stormwater directed to Mill Creek will be subject to quantity control.
- The minimum pipe size for conveyance is 10 inches. Existing pipes that are undersized will need to be replaced to meet the minimum size.

- Treatment techniques may include low impact development or mechanical treatment devices due to space constraints.

*Constraint: There are two sections of storm sewer pipe that will need to be upsized to accommodate future development. Stormwater management requirements include both treatment and detention in the Mill Creek Basin and treatment only in the Willamette River Basin.*

### Conclusion

Although some of the existing infrastructure is showing signs of aging, much of the infrastructure in the RDURA is in place to support higher density redevelopment. Relatively minor upgrades of selected pipe systems will provide flexibility in redevelopment options and sequencing.

# Market Reconnaissance

## Overview

This section of the report reviews existing market conditions and trends, including local, regional, and national demographic, economic, and market trends that will influence planning and development patterns in Downtown Salem. This information will help to ensure that projects recommended in the Action Plan respond to actual market opportunities and reflect the realities of today's economy while anticipating long-term trends.

## Demographic Profile

A summary of key sociodemographic metrics is provided in the pages that follow. There are significant differences between the demographic and socioeconomic profiles of RDURA residents and that of residents in the three comparison geographies: the City of Salem, the Salem-Keizer Urban Growth Boundary (UGB), and the Salem-Keizer Area Transportation Study (SKATS) region.

### Demographic and Economic Findings:

Figures 8 and 9 highlight important sociodemographic attributes of the RDURA:

- With a median household income of \$35,986, RDURA households are, on average, less prosperous households in the other comparison areas, where the median household income ranges from \$51,000 to \$52,000.
- Eighty-five (85) percent of the households in the RDURA are comprised of one- and two-person households compared to just over 60 percent within the City, the Salem-Keizer UGB and the SKATS region.
- The RDURA has a much greater percentage of renters – over 65 percent compared to the other areas, where renter households comprise 37 to 39 percent of households.

Figure 8. Demographic and Economic Attributes of Salem

Sociodemographic Metric	Downtown Riverfront URA	Salem, City	Salem-Keizer UGB	SKATS
Population, 2009 (estimate)	611	152,684	228,553	241,126
Households, 2009 (estimate)	190	55,808	84,710	88,973
Average Household Size, 2009	2.3	2.6	2.6	2.6
Group Quarters*, 2000	176	8,884	8,484	9,383
Percent 1 and 2 Person Households, 2000	85.0%	61.9%	60.3%	60.2%
<b>Demographics and Economics</b>				
Median Household Income, 2009 (estimate)	\$35,986	\$51,300	\$51,613	\$52,098
Per Capita Income, 2009 (estimate)	\$22,499	\$23,600	\$23,411	\$23,641
Population's Median Age, 2009 (estimate)	40.1	35.2	34.7	35.1
<b>Education</b>				
Bachelors or Advanced Degree, 2009 (estimate)	27.2%	27.0%	24.0%	24.3%
<b>Housing</b>				
Median Home Value, 2009 (estimate)	\$200,000	\$218,351	\$193,102	\$195,455
<b>Housing Tenure, 2009 (estimate)</b>				
Owner Occupied Housing Units	17.5%	53.7%	54.9%	56.0%
Renter Occupied Housing Units	65.8%	39.6%	38.2%	37.3%
Vacant Housing Units	16.7%	6.7%	6.8%	6.8%
Median Year Structure Built, 2000	1949	1973	1974	1974

\*Group quarters include such places as college residence halls, residential treatment centers, skilled nursing facilities, group homes, military barracks, correctional facilities, and workers' dormitories.

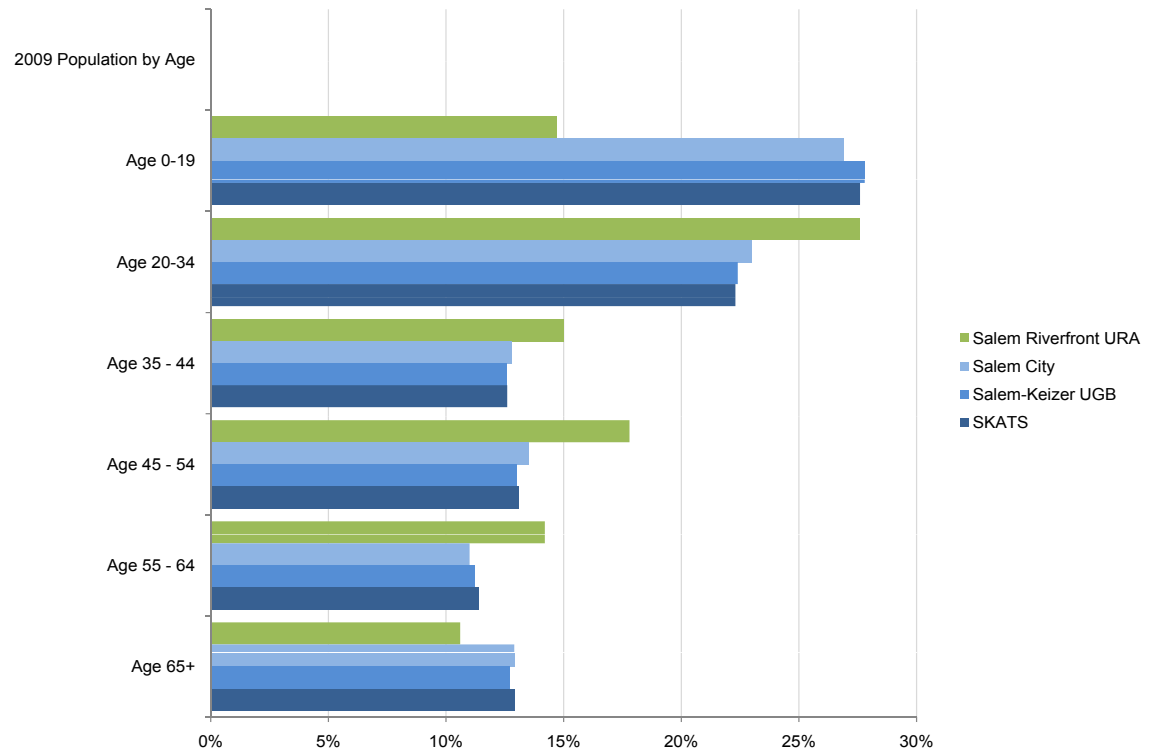
Source: ESRI, Leland Consulting Group

#### The SKATS region

As the designated Metropolitan Planning Organization (MPO), Salem-Keizer Area Transportation Study (SKATS) coordinates the regional transportation planning process and investments for the Salem-Keizer area. Adopted in May 2007, the SKATS 2031 Regional Transportation System Plan identifies 24-year population, employment and land use forecasts for the Salem-Keizer area and provides a comprehensive, long-range plan for meeting the area's transportation needs.

- The percentage of RDURA residents with a bachelors or advanced degree is similar to that of City of Salem and slightly higher than residents of the other geographic comparison areas. Research has proven that there is a strong connection between the educational attainment and the success of downtown retail. Downtowns with a strong pool of college educated individuals and households are more likely to support and sustain a vibrant retail core.
- At \$200,000, the RDURA's 2009 median home value is lower than the City of Salem's, but higher than median home values in the Salem-Keizer UGB and the SKATS region. However, this home value applies only to the relatively small amount of ownership housing that currently exists in the RDURA.
- There are also more vacant housing units in the RDURA – 16.7 percent compared to 6.7 to 6.8 percent in the City, the UGB and the SKATS region. This may reflect a lack of new housing options, as the median year the structure was built in the RDURA is 1949 as opposed to 1973 to 1974 within the City, the UGB and the SKATS region.
- In 2009, as shown in Figure 8, relative to the other geographic comparison areas, the RDURA was home to a significantly lower percentage of children and youth ages 0 to 19 and a higher percentage of young adults ages 20 to 34. Further, the RDURA has fewer seniors ages 65 and older than the other geographic comparison areas.

**Figure 9. Population Distribution**



Source: ESRI, Leland Consulting Group

### Population and Housing Forecast Findings

Figures 10 and 11 identify long-term population and housing forecasts that will impact residential and commercial development trends in Downtown Salem. These forecasts are not available at the RDURA level, but can be informative in understanding how the region will grow, which can be an indicator of the future market for downtown residents.

- As shown in Figure 9, according to the Salem-Keizer 2031 Regional Transportation Systems Plan (RTSP), the population within the Salem-Keizer UGB is projected to grow by 50,518 – a 22 percent increase – from 2010 to 2030, reaching a total of 282,755 by the year 2030. The RTSP estimates that the Salem UGB will capture 47,832 of that population increase during that time period.<sup>3</sup>
- As shown in Figure 10, an increase of 29,666 housing units is forecasted in the Salem UGB between 2000 and 2030, 5,710 of which have already been developed or committed to development since 2000. Of those units, 11,558 are forecasted to be developed on vacant residential land and another 7,129 on underutilized residential land.
- There is a stark difference between the potential number of housing units that could be realized through redevelopment in the Salem UGB (12,866 units) and the number of housing units that the RTSP forecast has allocated to redevelopment between 2000 and 2030 – only 1,736 units.

<sup>3</sup> A report published by Portland State University's Population Research Center forecasts slightly more robust population growth within the Salem-Keizer UGB than the RTSP. The report forecasts population growth of 66,166 (28 percent) within the Salem-Keizer UGB from 2010 to 2030, resulting in a total population of 299,980 by the year 2030.

**Figure 10. Population Projections for the Salem-Keizer Area, 2000 to 2030**

Year	Total Salem UGB	Total Keizer UGB	Total Salem-Keizer UGB	Total SKATS Population
2000	171,072	32,203	203,275	214,583
2005	183,497	35,364	218,861	230,871
2010	194,929	37,308	232,237	244,828
2015	205,863	38,404	244,268	257,558
2020	218,976	39,338	258,314	272,157
2025	231,985	39,767	271,752	286,149
2030	242,761	39,994	282,755	297,608

Source: Salem-Keizer 2031 Regional Transportation Systems Plan, Appendix A - SKATS Population and Employment Forecasts

**Figure 11. Forecast of Potential and Allocated Housing Units for Salem UGB**

Development Category	Potential Number of Housing Units	Housing Units Allocated between 2000 and 2030
Known Development after year 2000 ("lots & committed")	5,710	5,710
Vacant Residential	15,629	11,558
Underutilized Residential	11,696	7,129
Redevelopment	12,866	1,736
Partitions	915	915
Forecast for Other Special Areas	2,619	2,619
<b>Total</b>	<b>49,433</b>	<b>29,666</b>

Source: Salem-Keizer 2031 Regional Transportation Systems Plan, Appendix A - SKATS Population and Employment Forecasts

### Employment Findings

Figures 12 and 13 identify long-term employment forecasts for the Salem UGB and the SKATS region.

- As shown in Figure 13, employment within the Salem UGB is expected to increase from 94,199 jobs in 2010 to 115,932 jobs in 2030.

- As shown in Figure 12, the two industry sectors forecasted to provide the greatest number of new jobs within the SKATS region from 2015 to 2030 are the Services sector, which is anticipated to create 6,482 new jobs, and the Retail sector, which is anticipated to create 5,165 new jobs.

**Figure 12. 2015 to 2030 SKATS Employment Forecast Options and Recommended Targets**

Sector	2000	2015	Recommended Forecast	2015- 2030 Change	Percent change
Agriculture	1,993	1,600	1,284	-316	-20%
Mining	160	160	160	-	0%
Construction	4,173	4,954	5,882	928	19%
Manufacturing	8,746	10,000	11,254	1,254	13%
Trans., Comm., and Utilities	2,775	4,352	6,626	2,274	52%
Wholesale Trade	2,638	2,813	3,000	187	7%
Retail Trade	17,505	21,676	26,841	5,165	24%
Finance, Insurance and Real Estate	4,712	4,891	5,077	186	4%
Services	23,100	28,377	34,859	6,482	23%
Total Government	26,087	29,104	32,470	3,366	12%
Total SKATS	91,888	107,927	127,454	19,527	18%

Source: Salem-Keizer 2031 Regional Transportation Systems Plan, Appendix A - SKATS Population and Employment Forecasts

**Figure 13: Salem UGB Employment Forecast**

Year	Total Employment	Increase
2000	85,309	
2005	89,895	4,586
2010	94,199	4,304
2015	99,404	5,205
2020	105,324	5,920
2025	110,297	4,973
2030	115,932	5,635

Source: Salem-Keizer 2031 Regional Transportation Systems Plan, Appendix A - SKATS Population and Employment Forecasts

## Recent Development

Similar to many downtowns across the United States, Downtown Salem has witnessed a mix of new development and rehabilitation projects in recent years. These projects have created new rental and for sale housing units, including both market rate and affordable housing, as well as high quality commercial office and retail space and new institutional uses. Figure 14 provides a map of development projects completed in the RDURA since 2005.

### Project Highlights

- Chemeketa Center for Business and Industry (626 High Street NE). Finished in late 2009, this 60,000 square feet development owned and operated by Chemeketa Community College, in partnership with Linfield College, Portland State University and SEDCOR, is a new Downtown center for education, job development, and leadership training. The Center, which houses nursing, dental hygiene and pharmacy technology programs, has given Chemeketa Community College a long awaited presence in Downtown Salem and is anticipated to serve as a catalyst for further redevelopment in the North Broadway area.

Figure 14. Development Since 2005



Source: City of Salem and Leland Consulting Group



- WaterPlace: completed in March 2010, this new development on the south side of Downtown, across from City Hall, features 34,000 square feet of Class A office space and 3,000 square feet of ground floor retail space. Currently, the office space is 90 percent occupied and achieves rents ranging from \$1.50 to \$1.85 per square foot triple net. The retail space is currently under construction and an established local restaurant will open there in Fall 2010. The building is anticipated to achieve LEED Gold certification.
- Housing: an estimated 179 new housing units, including market rate and affordable, rental and for sale units were added to Downtown Salem's residential inventory between 2005 and 2010. The largest housing development contains 55 affordable housing units owned and operated by the YMCA.
- Since 2005, the Salem Urban Renewal Agency has awarded 20 Downtown Toolbox grant and/or loan projects. The purpose of the Toolbox program is to increase downtown vibrancy, decrease vacancy and increase property values by providing grants and low interest loans to historic property and business owners to make improvements to commercial or mixed-use buildings located in the RDURA.<sup>4</sup> Figure 15 shows the location of properties that have participated in the Downtown Toolbox program since 2005.

Figure 15 Downtown Toolbox Grant /Loan Projects Since 2005



Source: City of Salem and Leland Consulting Group

<sup>4</sup> More information on the Toolbox program is available on the City of Salem's web site: <http://www.cityofsalem.net/Departments/UrbanDevelopment/FinancialResources/Pages.DowntownToolbox.aspx>.

## Planned Development

Multiple development projects are planned within and adjacent to the RDURA. Figure 16 identifies the location of these projects.

### Project Highlights

- A mix of commercial, office, residential, lodging and entertainment uses are planned for the 13-acre Pringle Creek LLC/former Boise Cascade site. While the property is within the adjacent South Waterfront Urban Renewal Area, given its close proximity to Downtown, development at this location will serve as a catalyst for development Downtown and within the broader RDURA.

Pringle Square LLC plans to develop the site in three phases: (1) South Block - south of Pringle Creek along Commercial Street; (2) North Block - north of Pringle Creek; and (3) Waterfront Block - five-acre parcel adjacent to Riverfront Park. Structured parking, office and residential uses and a gym are planned for the South Block. A hotel with a restaurant and an office tower are planned for the North Block. Plans for the Waterfront Block are on hold pending a successful application for a new public rail crossing.

- Development projects are also planned for four sites within the RDURA: the McMahon property, the Wells Fargo property, the northern half of the Transit Mall property and the Marion Parkade.

Figure 16. Planned Development



Source: City of Salem and Leland Consulting Group

## Vacant and Underutilized Property

A GIS analysis was conducted to identify vacant and underutilized properties with strong redevelopment potential in the RDURA and vicinity.

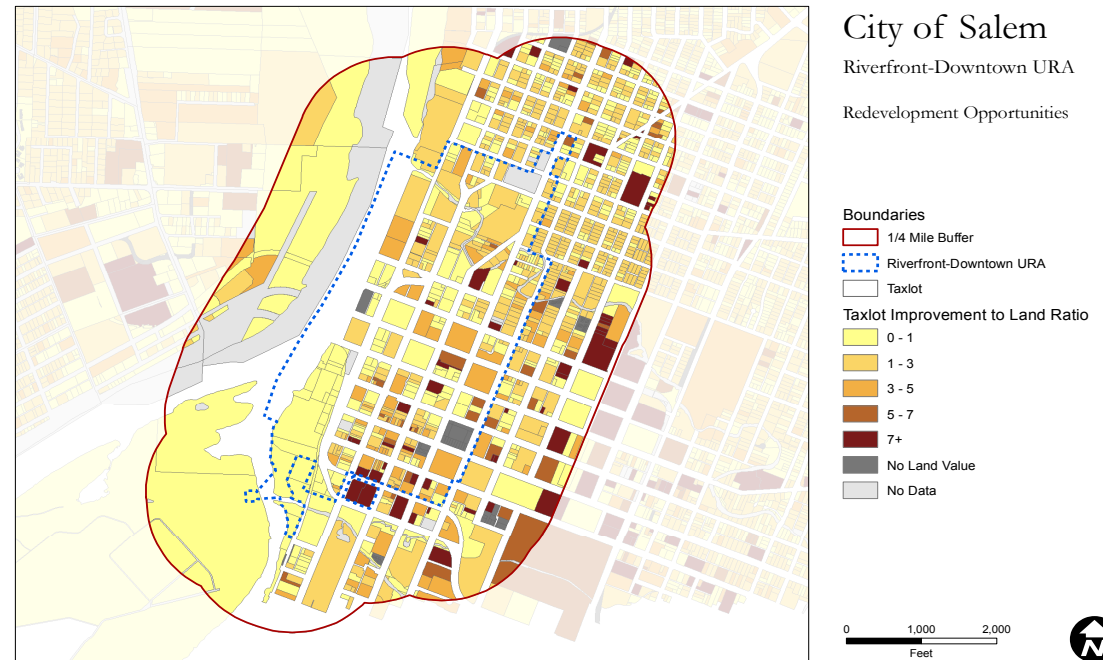
The degree or “intensity” of development is typically measured in terms of an improvement value to land value ratio (“I:L”). The values used are real market values. For example, a property with a building value of \$200,000 and a land value of \$100,000 would have an I:L ratio of 2.0. Where the value of improvements is less than the value of land the ratio is less than 1.0.

I:L ratios for healthy properties in the RDURA could range between 7.0 to 10.0 or more. For instance, a property on a 20,000 square foot lot would have a land value of \$200,000, at \$10.00 per square foot. A three-story commercial property valued at \$70.00 per square foot would have an improvement value of \$1,600,000. The I:L ratio for this property would be 8.0.

Figure 17 shows the improvement to land ratios for properties within the RDURA and within a 1/4-mile buffer of the RDURA.

As detailed in Figure 18, I:L ratios for property within the RDURA are varied. However, while the RDURA contains a limited supply of property with high I:L ratios – less than eight percent of its total acreage has an I:L ratio of 5.0 or greater – nearly 60 percent of property within the RDURA is vacant or significantly underutilized, with an I:L ratio of less than 3.0.

Figure 17. Improvement Value to Land Value Ratios, Downtown-Waterfront Urban Renewal Area and Vicinity



Source: Marion County Assessor, City of Salem, Otak, Inc., Leland Consulting Group

The highest concentration of property with low I:L ratios is found in the northern part of the RDURA whereas the majority of property with higher I:L ratios is centrally located within the RDURA and within the historic district and the southern portion of the RDURA. Note that these areas include public facilities such as Riverfront Park.

Figure 18. Improvement to Land Value Ratios, Downtown-Riverfront URA

I:L	Acres	% of Total Acres
0 to 1	71.28	42.13%
1 to 3	46.21	27.31%
3 to 5	28.16	16.65%
5 to 7	3.76	2.22%
7+	8.36	4.94%
No Data	7.12	4.21%
No Land Value	4.28	2.53%
<b>TOTAL</b>	<b>169.19</b>	<b>100.00%</b>

Source: Marion County Assessor, City of Salem, Otak, Inc., Leland Consulting Group

## Big Picture National Trends

### What Trends Are Driving Downtown Housing Markets?

An analysis of downtown population, household, and income trends in 44 selected cities from 1970 to 2000 found that downtown population grew by 10 percent during the 1990s – a marked resurgence following 20 years of overall decline.<sup>5</sup> The growing popularity of downtown living has not happened by accident but reflects the cumulative effect of several trends. These include:

- **Individuals working longer hours and more families with both adults working.** A study published by the Massachusetts Budget and Policy Center found that the average Idaho family worked 2,959 hours in 2001, 355 more hours than in 1980.<sup>6</sup> Households spending more time at work need convenient access to jobs, restaurants and other services, and may not have time to care for a detached house.
- **Average family sizes are getting smaller.** In most American cities, 60 to 70 percent of households are comprised of only one or two people. The percentage of one- and two-person households in a market area is a key indicator of the potential demand for higher density residential (e.g., condominiums, apartments, townhomes, etc.).
- **A growing number of households**

<sup>5</sup> Birch, Eugenie L. "Who Lives Downtown." Brookings Institute November 2004 Living Cities Census Series.

<sup>6</sup> "The State of Working Massachusetts 2002," Massachusetts Budget and Policy Center.

**without children.** Nationally, just 32.8 percent of households contain children. The "empty nester" population is predicted to be the fastest growing demographic segment of the population for the next 20 years.<sup>7</sup> Downtown living offers these households reduced home maintenance hassles and increased access to shopping, culture, and entertainment.

- **Aging population.** As people age, their housing needs change and suburban detached housing may not be the ideal housing type. The National Association of Homebuilders found that 17 percent of the general population, but 24 percent of those over age 55, would prefer a \$150,000 townhouse in an urban center over a similarly priced detached house in a suburban area.<sup>8</sup>
- **Presence of 25 to 34 year olds and 55+ populations.** Two age groups, 25 to 34 year olds and seniors over age 55, are the largest consumers of higher density urban housing. Within the 25 to 34 year old age group, singles and couples without children (or with very young children) comprise a high percentage of households. Similarly, the over 55 age group includes baby boomers, "empty

<sup>7</sup> U.S. Census and Leland Consulting Group.

<sup>8</sup> Myers, Dowell and Elizabeth Gearing. "Current Preferences and Future Demand for Denser Residential Environments." Housing Policy Debate Volume 12, Issue 4. Citing National Association of Homebuilders 1999 Smart Growth Survey.

nesters," retirees, and pre-retirees, groups where one- and two-person households are dominant. The desire to lead a simpler life, with less time spent on home maintenance and more time spent in active pursuits such as hobbies, travel, and other leisure activities, draws many within this aging demographic to smaller homes in attractive urban settings with amenities and basic neighborhood services within walking distance.

- **Use Conversion.** Public policies have encouraged conversion of disused commercial and industrial buildings space to residential use.

## Changing Lifestyle Preferences

*The nation's changing demographics – embodied in an evolving set of lifestyles and preferences – will have a dramatic impact on retailing today and in the future.*

The lifestyles and preferences of the three primary shopping generations are described on the following page.

The Baby Boomers offer one example of how demographic changes will affect downtown residential and retail markets.

As they have in the past, Baby Boomers will exert a considerable influence on the next generation of retail, due in part to the sheer

size of the cohort. By 2030, approximately 80 million, or one in five Americans, will be at or past the age of retirement – the largest senior population the country has ever seen. Studies indicate that as many as a third of this boomer population is at least somewhat likely to relocate to a more urban setting – for the arts, convenience, excitement, and to continue participating part-time in the workforce. Their preferences for comfortable, convenient, meaningful and experiential retail, community connections, and other amenities, should be taken into account in Downtown Salem.

Figure 19 below identifies the major generations and their share of the national population.

**Figure 19. Major Generations and Their Share of National Population**

Generation	Born	Age Today (2010)	Percent of National Population (2006)	Total National Population in Millions (2006)
Eisenhowers	Before 1946	65+	16%	48
Baby Boomers	1946 - 1964	46 - 64	26%	76
Generation X	1965 - 1980	30 - 45	21%	62
Gen Y / Echo Boomers	1981 - 1999	11 - 29	28%	83
Post Echo	After 2000	0 - 10	9%	28

Source: RCLCo., Claritas, Inc.; National Center for Health Statistics, Leland Consulting Group

## Boomers, Gen X, Gen Y Profiles

### Baby Boomers



- First experimentation and idealism, then hedonism; boomers see themselves as “forever young.” “Baby Boomers have made it pretty clear that 1) they’re not ready for the rocking chairs yet and 2) they’re not planning to scrimp along the way.” (PlainVanillaShell)
- “The quest for sensuous gratification has long since shifted its focus to products like artisanal cheese and single-malt Scotch... [Their energy] has been diverted into aerobics and yoga.” (Newsweek)
- Many downsizing and urbanizing, seeking residential and thus retail choices close to home.
- Appreciate implicit nods to aging bodies: scattered seating; less stooping for items; clear aisles, easy-to-read signage.
- **Target Retailers:** Whole Foods; wine tasting rooms; art galleries.

### Generation X



- Young, peak earning years still ahead; more than two thirds are college educated.
- Diversity and tolerance are facts of life; accepting of a wide variety of lifestyle choices.
- Early stereotype: slackers, disillusioned by divorce, drugs, and gangs.
- Now: entrepreneurs, resilient, involved, responsible. Two thirds volunteered recently in their communities (compared with 56 percent of the population at large); majority favor “green.”
- **Target Retailers:** Anthropologie, Urban Outfitters; edgy, “authentic,” and green; “A visit to one of these stores gives a clear picture of the environmentally concerned and slightly misanthropic view of Gen Xers.”

### Generation Y



- Most ethnically diverse generation: one third are minorities.
- Technology: never experienced life without the internet, acquired credit cards, cell phones, and other gizmos early.
- Shopping is entertainment, seek places to gather.
- Shop and socialize online, when they arrive in the store, they know what they want.
- Beliefs: education is good; integrity is admirable; parents are role models.
- “The line between work and home doesn’t really exist. They just want to spend their time in meaningful and useful ways, no matter where they are.” (Time magazine)
- **Target Retailers:** Apple Store, Sony Store, Hollister; H&M, interactive shopping experiences

Sources: ULI, Deloitte, Leland Consulting Group

## Amenities Desired by Downtown Residents

People live in downtowns in order to carry out their daily activities with ease and convenience. Downtowns have a natural appeal in that they offer many residents close proximity to jobs. Successful downtowns cannot, however, rely on this advantage alone. Downtown residents seek convenience in all aspects of their lives. In Boise, Portland, and elsewhere, more than half of downtown residents actually work outside the downtown.

Residential surveys from other cities (Figures 20 to 22) indicate that downtown residents want proximity to shopping and dining opportunities. Of these, grocery stores and restaurants are most important. In addition, downtown residents must feel safe in their neighborhoods. Safety and security was cited by 82 percent of Philadelphia workers as an important factor in choosing their neighborhood within the downtown (Figure 21).

As residents age, their preferences shift. Younger households require fewer neighborhood amenities. Older residents, however, seek a more developed retail environment and greater assurance of safety.

**Figure 20. Survey of Downtown Kansas City Residents “Undersupplied” Neighborhood Amenities**

Rank	Downtown Amenity
1	Grocery Store
2	Movie Theatre
3	Convenience Store
4	Restaurants
5	Museums and Art Galleries
6	Parks and Outdoor Sport Facilities
7	Dry Cleaning Facilities

Source: “Downtown Housing Study 2001-2002,” The Kansas Council of Kansas City Missouri, January 2002.

**Figure 21. Survey of Center City Philadelphia Workers Living Downtown: “Important” or “Most Important” Factors in Neighborhood Decision**

Factor Impacting Neighborhood Decisions	Percentage Ranked “Important” or “Most Important”
Proximity to Work	87%
Safety and Security	82%
Neighborhood Quality	81%
Access to Shopping and Dining	75%
Affordability	75%
Access to Public Transit	71%
Size and Amenities of Home	64%
Access to Parks, Playgrounds and Recreation	47%
Quality and Location of Schools	44%
Proximity to Friends and Family	41%

Source: “1997 Residential Preference Survey of Center City Employees” Center City District, Philadelphia 1997.

**Figure 22. Survey of Downtown Lexington, Kentucky Workers “Important” or “Most Important” Downtown Neighborhood Amenities**

Downtown Amenity	Percent Ranked “Important”	Percent Ranked “Most Important”
Restaurants	72%	37%
Grocery Store	68%	33%
Bookstore	60%	28%
Park/Greenspace	60%	28%
Farmer’s Market	57%	26%
Coffee Shop	51%	25%
Dry Cleaner	49%	26%
Hardware Store	48%	15%
Arts and Galleries	45%	18%
Drug Store	39%	20%
Movie Theater	37%	27%

Source: “Downtown Housing Survey,” Bluegrass Tomorrow, Lexington Kentucky, February 2003.

## National Retail Trends

- The role of entertainment, art, and culture in downtown retail has been strong and growing.
- Large downtown populations lure national retailers and box stores.
- Bricks *and* clicks: online and in-person sales combine rather than compete for success.
- Visitor dollars in major metro centers are 40 to 60 percent of anchor retail sales.

## Retail Emphasizes Experience

- Lifestyle centers seek to replicate the downtown experience – authenticity, quality urban realm, mixed use environment, and entertainment.
- Nationwide in 2006, 144 new or renovated lifestyle centers were built, zero shopping malls.



**A strong retail environment with a diverse mix of shopping, dining and entertainment opportunities is a key component of a successful downtown.**





## Downtown Salem Market Trends

A summary of existing conditions and key retail and office market trends in Downtown Salem is provided below. The information was gathered during interviews with local real estate brokers.

### Retail Market

According to local brokers, there are two primary types of retail space in Downtown Salem:

- Smaller space ranging from 2,000 to 3,000 square feet, and
- Larger space ranging from 5,000 to 10,000 square feet.

Figure 23 provides a comparative description of both of these retail space types. Since most downtown retailers are small, independent operators, there is a high demand for smaller space and very limited demand for larger space.

While the majority of retail space available for lease in Downtown Salem falls into the two retail types described above, it is important to note that the Salem Center Mall, which is managed by General Growth, Inc., is a retail category all its own with unique lease structures and requirements.

Figure 23. Downtown Salem Retail Market Conditions

Type of Space	Downtown Retail (smaller)	Downtown Retail (larger)
Size Range (square feet)	2,000 to 3,000	5,000 to 10,000
Average Annual Rent (per square foot)	\$16.00	\$9.00 to \$10.00
Standard Lease Type	Triple Net	Triple Net
Standard Lease Terms	3 to 5 years	5 years
Tenant Improvement (TI) Allowance	\$0 to \$25.00/square foot <sup>1/</sup>	
Average Time on Market	6 to 12 months	36 to 60 months
Overall retail vacancy rate	22 percent <sup>2/</sup>	

<sup>1/</sup> The TI allowances for smaller retail space range from \$20 to \$25 for a five-year lease term. Typically, the shorter the lease term, the lower the TI allowance.

<sup>2/</sup> An estimated 75 percent of overall downtown retail vacancy is attributable to larger retail spaces, which are harder to lease than smaller spaces, which attract the boutique retailers commonly found in Downtown Salem.

Source: Broker interviews and Leland Consulting Group.

### Office Market

Interviewed brokers cited two primary types of office space in Downtown Salem:

- Newer, amenitized space ranging from 1,000 to 5,000 square feet, and
- Older, functionally obsolete space ranging from 1,000 to 3,000 square feet.

Figure 24 provides a comparative description of these office space types, including common building features and amenities.

WaterPlace, the newest office building in Downtown Salem has achieved above market rents of around \$2.00/square foot and has set a new high mark for Downtown office rents. However, the performance of this project is not representative of general Downtown office trends and some members of the Downtown real estate and business community cautioned that WaterPlace cost the owner/developer more to build than is secured in rents.

Figure 24. Downtown Salem Office Market Conditions

Type of Space	Downtown Office (newer, amenitized)	Downtown Office (older, obsolete)
<b>Size Range (square feet)</b>	1,000 to 5,000	1,000 to 3,000
<b>Average Annual Rent (per square foot)</b>	\$19.00 to \$20.00 <sup>1/</sup>	\$12.00
<b>Standard Lease Type</b>	Full service	Full service
<b>Average Time on Market</b>	n/a	12 months
<b>Common features</b>		
Close to a parking structure or reserved parking	Yes <sup>2/</sup>	Usually not
Modern elevator	Yes	Usually not - most buildings are two to three-story 'walkups'
Concierge	Yes	No
<b>Overall retail vacancy rate</b>	24 percent	

<sup>1/</sup> The supply of newer, professional office space Downtown is very limited. Therefore average annual rents are based on a small sample and there is no valid "average time on market" statistic.

<sup>2/</sup> Monthly parking is typically an additional cost of \$40 to \$55 per space.

Source: Broker interviews and Leland Consulting Group.

## Impact of Downtown Office Workers

According to a report produced by the Urban Land Institute, the average downtown office worker spends \$130 a week (or an estimated \$6,500 a year based on a 50-week calendar) on a range of downtown retail goods and services, including lunch, groceries, drugstore and convenience items, drinks/dinner and items typically purchased at shopping malls. Several key findings from the study offer valuable context when examining market opportunities in Downtown Salem.

- “Regardless of retail offerings, office workers are more likely to shop close to home (66 percent) than work (34 percent).
- However, superior retail opportunities can shift this balance – in markets with strong retail, nearly 40 percent of non-grocery shopping trips are made closer to work, versus only 24 percent among those working areas with weaker retail opportunities.
- One third (30 percent) of downtown workers with limited retail opportunities never shop closer to work, compared to 10 to 15 percent of suburban and downtown ample retail office workers.
- Workers in downtown areas with ample retail are twice as likely to shop over lunch, compared to those in downtown areas with limited retail.
- A stronger presence of hospitality-type retail also appears to influence where office workers socialize. “When stopping for drinks/dinner after work, office workers in suburban areas or downtown areas with

ample retail are much more likely to stop closer to their office than are those working in limited retail areas.”<sup>9</sup>

## Impact of State Workers on Downtown Salem

In 2007, according to the State of Oregon Department of Administrative Services (DAS), an estimated 15,581 state employees worked in the Capitol Mall area, adjacent to Downtown Salem. Clearly, this sizeable demographic has the potential to have a significant positive economic impact on the Downtown. Currently, however, based on what we heard during stakeholder interviews and meetings with City staff and community leaders, State workers don’t shop, dine and entertain Downtown as often as one might expect given their close proximity. Some stakeholders attribute this failure to attract State workers (and their spending potential) Downtown to the Downtown business community, which they feel has not made sufficient attempts to reach out to State workers and make them feel welcome Downtown. In fact, several interviewed stakeholders feel that a negative attitude towards State workers is pervasive among Downtown business owners and leaders. This points to a significant opportunity for Downtown businesses to expand and strengthen their marketing efforts to capture a greater share of State employees’ spending potential moving forward.

<sup>9</sup> Office Worker Retail Spending Patterns: A Downtown and Suburban Area Study, 2003, International Council of Shopping Centers.



**An estimated 15,600 State workers are employed in the Capitol Mall area, which abuts Downtown Salem. This group has the potential to boost Downtown’s economy, in particular the retail and housing markets.**

# Opportunities and Challenges

## Overview

This section of the report summarizes opportunities and constraints related to achieving the community’s vision for Downtown Salem and is based on findings from all of the previous sections.

The discussion of opportunities and challenges is divided into the following categories:

- Traffic and Transportation
- Financing and Market
- Physical Conditions
- Regulations
- People and Organizations

The opportunities and challenges summarized here will be the starting point for the identification and prioritization of actions and investments that will make up the Downtown Salem Action Plan.



La Capitale Brasserie, located at the corner of State and High Streets, is part of Downtown’s successful “restaurant row.”

## Traffic and Transportation

### Opportunities

- **Paving program.** The voter-approved bond, which allocated \$100 million for street repaving throughout the City, has financed several major repaving projects that will improve street conditions in Downtown Salem.
- **Availability of public parking.** Downtown Salem has an ample supply of public parking – including on-street and off-street parking in publicly owned and managed parkades. There does not appear to be a parking problem/shortage in Downtown Salem.

### Challenges

- **Traffic and circulation challenges.** Despite the fact that infrastructure is generally in good condition, Downtown Salem has its fair share of traffic and circulation challenges. In certain Downtown locations, poorly configured streets and intersections that don’t function efficiently as certain times of day hamper the smooth and safe flow of traffic.
- **Bicycle and pedestrian access/safety improvements are needed.** Improvements are needed to increase safety and access to bicyclists and pedestrians travelling both within and through Downtown Salem.
- **Uncertainty of the “third bridge” alignment.** The lack of certainty regarding the third bridge alignment creates an unstable and uncertain environment for investment. More than one of the

proposed alignments would impact development in the northwestern part of Downtown, close to the riverfront.

## Financing and Market

### Opportunities

- **Location.** Downtown is centrally located; at the crossroads to West Salem and other parts of the City.
- **Well financed district.** The Downtown-Riverfront Urban Renewal Area is a successful, well financed district. Upwards of \$200 million in tax increment revenues is available to spend on public capital improvements and other revitalization and development projects and programs in the DTURA.
- **Economic Improvement District (EID).** An EID is in place Downtown.
- **Boise site.** The Boise site is an important development opportunity along the riverfront with the potential to serve as a catalyst for investment and to promote connections between Downtown and the waterfront.
- **Presence of retail anchors/mall.** Salem Center Mall’s tenant mix includes a variety of national retailers and anchors such as Nordstrom and Macy’s. The presence of anchor retailers such as these attracts shoppers to the Downtown and it is therefore critical that these types of retailers be retained.
- **Low retail vacancy.** There are relatively few retail vacancies in Downtown Salem and new businesses have opened up

during the past year despite the poor economy.

- **“Restaurant Row.”** Restaurant row is a success story that proves there is a demand for quality, independent restaurants/dining in Downtown Salem.
- **Multifamily residential development.** Downtown has a relatively limited supply of quality rental housing. Opportunities exist to develop higher quality rental housing and attract more residents, including students and State workers,
- **Forecasted population growth.** The City of Salem and the Salem-Keizer UGB are projected to experience steady population growth. Between 2010 and 2030, the Salem Keizer UGB is projected to add 80,000 people.

### Challenges

- **Limited access to capital/financing.** Under current conditions, restrictive lending practices have made it difficult for businesses and private investors to acquire financing and capitalization for real estate and development ventures.
- **Low rents.** Rents in Downtown Salem are generally too low to support new office, commercial and housing development.
- **Failed housing projects.** Recent Downtown housing projects, in particular for sale condominium projects such as the Rivers and the Meridian, have struggled and had very low absorption. While a combination of factors, including market timing, location, quality of materials and design, have impacted the success of these projects, there is a broad public perception that ownership housing is not a viable use for the foreseeable future.

- **Marketing/promotions needs improvement.** As evidenced by perceptions conveyed in stakeholder interviews, awareness/promotion of Downtown businesses, events and amenities still needs work.

## Physical Conditions

### Opportunities

- **Historic buildings.** Historic buildings and the presence of a historic district are an important asset to Downtown Salem. Preservation and restoration of these assets provides opportunities to attract more tourists and residents Downtown and to increase the economic viability of buildings that are, in many cases, underutilized, particularly on the upper floors.
- **Natural amenities.** The character and livability of Downtown Salem are greatly enhanced by natural amenities, such as the Willamette River and Mill Creek. These natural amenities can serve as focal points for development and provide a sense of interconnectedness between different parts of the district.
- **Parks/open space and recreational amenities.** Similar to the natural amenities, parks/open space and recreational amenities such as Riverfront Park, the Union Street Railroad Bridge, and Minto Brown Island (which will be more accessible to the public if the proposed bike/ped bridge is constructed) are assets that make Downtown a more desirable place to live and work.
- **Infrastructure is in good shape.** No

major infrastructure deficiencies have been identified in the Downtown. The current street repaving initiative will improve the condition of streets throughout the Downtown.

- **Ample development opportunity sites.** While there are limited development opportunity sites in certain parts of Downtown – the historic district in particular – overall, there is no shortage of development opportunity sites Downtown. Areas like North Downtown, which is less intensely developed and has few historic buildings, feature a multitude of development opportunity sites.
- **Marion Park is underutilized.** Based on what we heard during the stakeholder interviews, Marion Park is an underutilized city park. Many interviewees perceive the park as unsafe, especially for children, due to the presence of homeless people. Further, its utility as a public recreational area is compromised by its proximity to the Marion/Center Bridges, which create a noisy backdrop.



Mill Creek is a natural amenity with the potential to serve as a focal point for development in the northern part of Downtown.

## Challenges

- **High cost of historic retrofits.** Historic building renovation is an expensive and challenging undertaking. Bringing buildings up to code, including compliance with seismic requirements, while preserving their historic character requires significant financial resources and, as already described, Downtown rents are generally too low to make such investments pencil.
- **Railroad on Front Avenue.** The railroad that runs along the median on Front Avenue is a significant barrier to development. The existing railroad bed is failing and will need to be improved in the near-term future. Further, freight traffic is anticipated to increase in the future. While the presence of the railroad is complementary to certain uses, such as the existing industrial uses that line Front Avenue today, its compatibility with other uses, such as the residential development for which the area is zoned, is uncertain.



Students and staff of Willamette University have the potential to support downtown housing and retail.

## Regulations

### Opportunities

- **Historic District.** The presence of a designated Historic District in Downtown Salem provides an opportunity to preserve and enhance the unique, historic character that many people perceive as the “brand/ identify” of Downtown Salem. Although the Historic District is not on the National Register of Historic Places, attaining this designation is a potential future project that would benefit Downtown Salem.

### Challenges

- **Zoning.** Zoning and zoning overlays are complicated and not feasible; often inflexible. For example, the overlay zones that apply to many parts of Downtown are overly prescriptive, requiring land uses that are unlikely to be feasible for many years to come given market demand and financial realities.
- **Historic 2<sup>nd</sup> floor and building codes.** Building codes make it challenging and costly for property owners to renovate the upper stories of older buildings, many of which are vacant or underutilized.
- **Too many plans.** Planning and development in Downtown Salem is governed by many plans. While there is significant overlap among the goals, objectives and vision elements of these plans, there are also differences and varied priorities, which can make planning and policy-making decisions a challenge.



The building that houses Wild Pear, an independent restaurant, is an example of a URA toolbox investment and the historic character of the downtown core.

## People and Organizations

### Opportunities

- **Strong employment and student population base.** The presence of the State Capitol and Willamette University in Downtown's "backyard" provides a large and stable employment and student population base within a short walking distance of Downtown. These two groups represent a significant market opportunity for downtown housing and retail.
- **Willamette University.** The University is actively engaged in downtown development activities that will strengthen connections between the University campus, Downtown Salem and the riverfront. In addition, the University is an active participant in Downtown planning processes.
- **State Capitol.** As already noted, the State is a major employer within close proximity to Downtown and is developing the mall into park grounds. Therefore, the State's participation in and support for Downtown planning efforts will be critical to the success of Downtown moving forward.
- **Vision 2020 momentum.** Vision 2020 activities engaged and unified a broad range of Action Team partners representing varied interests. Through these activities, the visions, goals and objectives and projects identified in the numerous plans and studies guiding planning and development in Downtown Salem have been cross examined and woven together to come up with an overarching vision and set of planning goals for the area.

- **Multiple downtown organizations.** The presence of multiple active downtown organizations (e.g., Go Downtown Salem, Travel Salem, Salem Conference Center, CAN-DO, Salem Area Chamber of Commerce) is an opportunity. Multiple organizations can translate to broader leadership and involvement, and a more diverse representation of viewpoints.

### Challenges

- **Overlapping/conflicting organizations.** Not all downtown organizations share the same vision, goals and priorities. This can result in the conveyance of "mixed messages" to Downtown businesses and residents.
- **Inactive landlords.** While some landlords and property owners are actively involved in improving and maintaining Downtown buildings, during the stakeholder interviews, some interviewees noted that absentee and/or inactive and negligent landlords are a challenge to downtown revitalization.