



# Salem Housing Production Strategy

## Equity Roundtable

July 16, 2024



- Provide an overview of Housing Production Strategy (HPS) project
- Discuss Salem's unmet housing needs
  - ◆ Data analysis and community input
- Discuss early ideas for potential actions
- Ask for your input:
  - ◆ What potential actions are missing?
  - ◆ What potential actions can best advance equity?



## Examples

- **Surplus land** for cottages serving low-income seniors
- **System development charge waivers** for affordable housing & accessory dwelling units (ADUs)
- **Our Salem project** rezoned land to allow more multifamily and mixed-use development
- **Safety and Livability Bond** provides funding for affordable housing
- **Tax exemptions** for multi-unit projects
- **Salem Housing Authority** projects
- And much more...



Housing Project Examples: Redwood Crossings, Salem Housing Authority; Cottage Clusters, United Way of Mid-Willamette Valley



# What is a Housing Production Strategy?

## 8-Year Action Plan: How will the City promote housing development?

- What are Salem's unmet housing needs?
- What are the barriers to developing housing that is affordable to Salem's residents?
- What policies are needed to encourage housing that meets Salem's needs?
  - ◆ Financial incentives and funding strategies
  - ◆ Regulatory changes
  - ◆ Partnerships and land acquisitions/surplus
  - ◆ Other creative strategies

# Salem's Housing Production Strategy Schedule

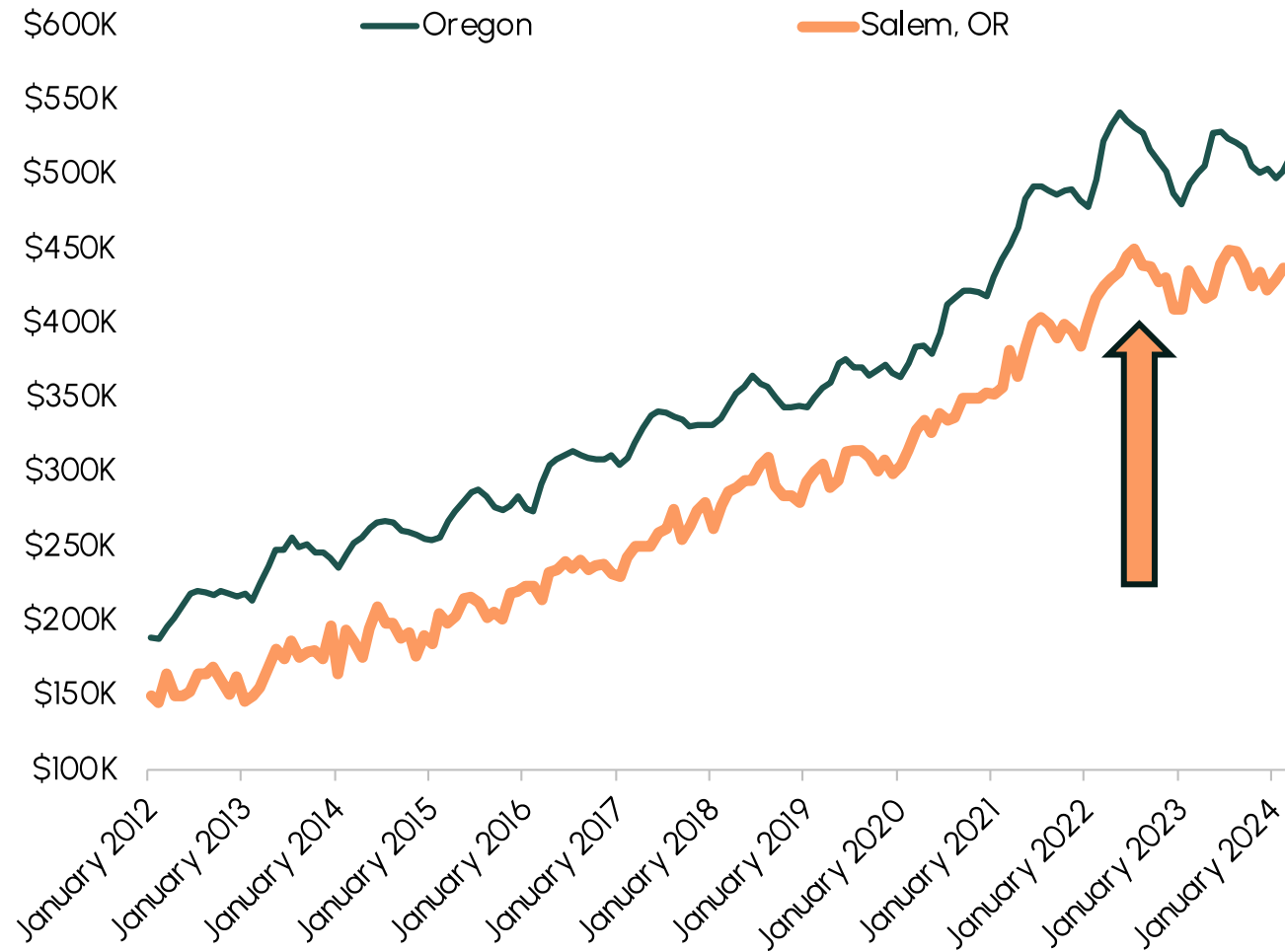




## Salem's Unmet Housing Needs

# Housing Prices are Increasing Faster than Incomes

## Median Sale Price of Single-Family Homes



## Between 2012 and 2022

- Household income increased by 51%
- Rent increased by 68%
- Home sales prices increased by 173%



# Financially Attainable Housing in Salem

## If your household earns...

**\$30,000**  
30% of AMI

**\$53,400**  
60% of AMI

**\$66,950**  
80% of AMI

**\$89,000**  
100% of AMI

**\$106,800**  
120% of AMI

## Then you can afford...

**\$750**  
monthly rent  
OR  
**\$75,000–\$90,000**  
home sales price

**\$1,340**  
monthly rent  
OR  
**\$134,000–\$160,000**  
home sales price

**\$1,670**  
monthly rent  
OR  
**\$167,000–\$201,000**  
home sales price

**\$2,230**  
monthly rent  
OR  
**\$223,000–\$267,000**  
home sales price

**\$2,670**  
monthly rent  
OR  
**\$320,000–\$374,000**  
home sales price



Truck and Tractor Drivers  
\$46,450



Fast Food Worker  
\$32,620



Dental Assistant  
\$54,780



Counselor  
\$68,530



Elementary Teacher  
\$80,950



Architect  
\$92,990



Registered Nurse  
\$107,100



Lawyer  
\$145,370

**Median Home Sale Price:**  
**\$429,000**

Requires \$223,000 income or 160% of AMI

Increasing mortgage loan rates will require higher income levels

**Average Monthly Rent:**  
**\$1,680**

(Rent & utilities)

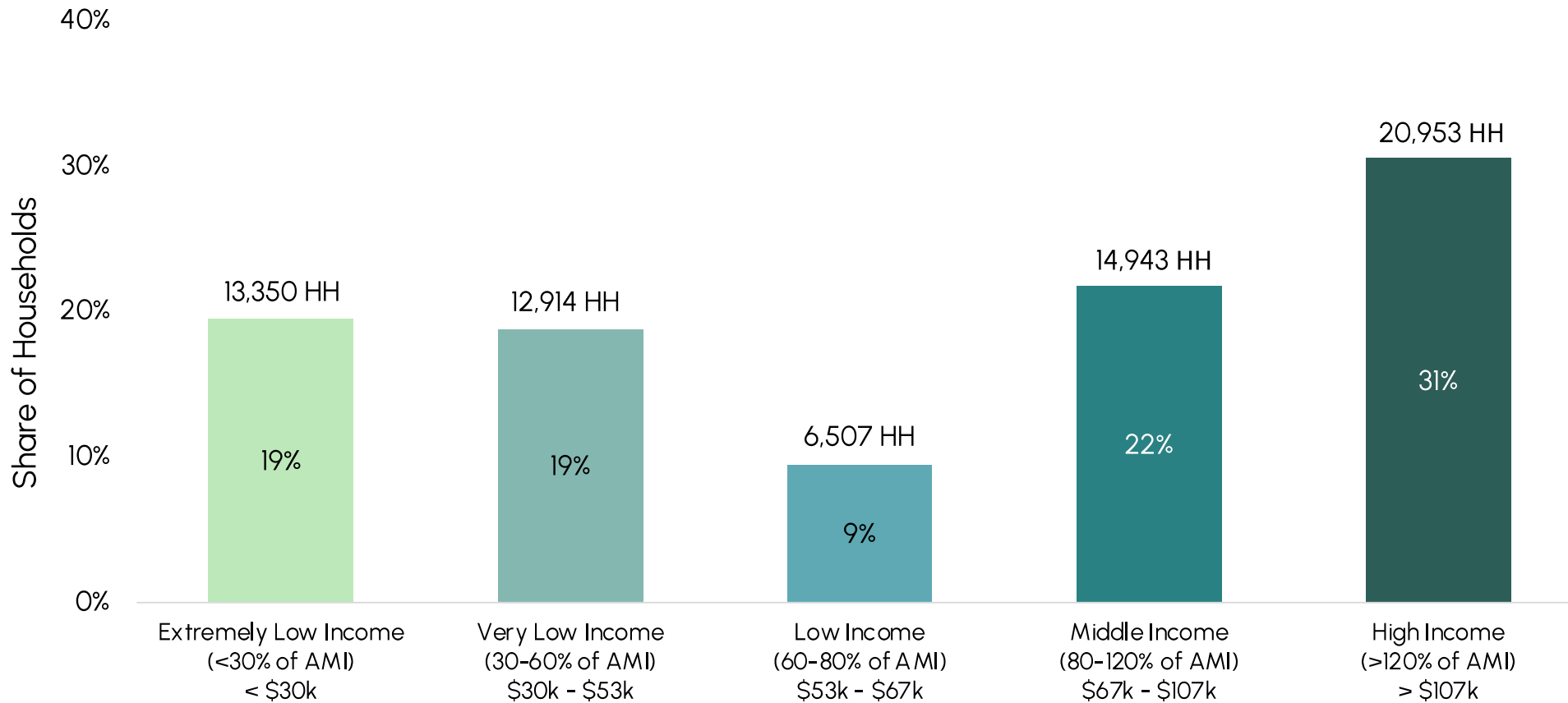
Average rental housing costs requires about 80% of AMI to afford

Average monthly rent is for 2-bedroom units.  
Data Sources: Redfin, CoStar

# Wide Range of Incomes in Salem

## Income Distribution

Income Level by Household in Salem

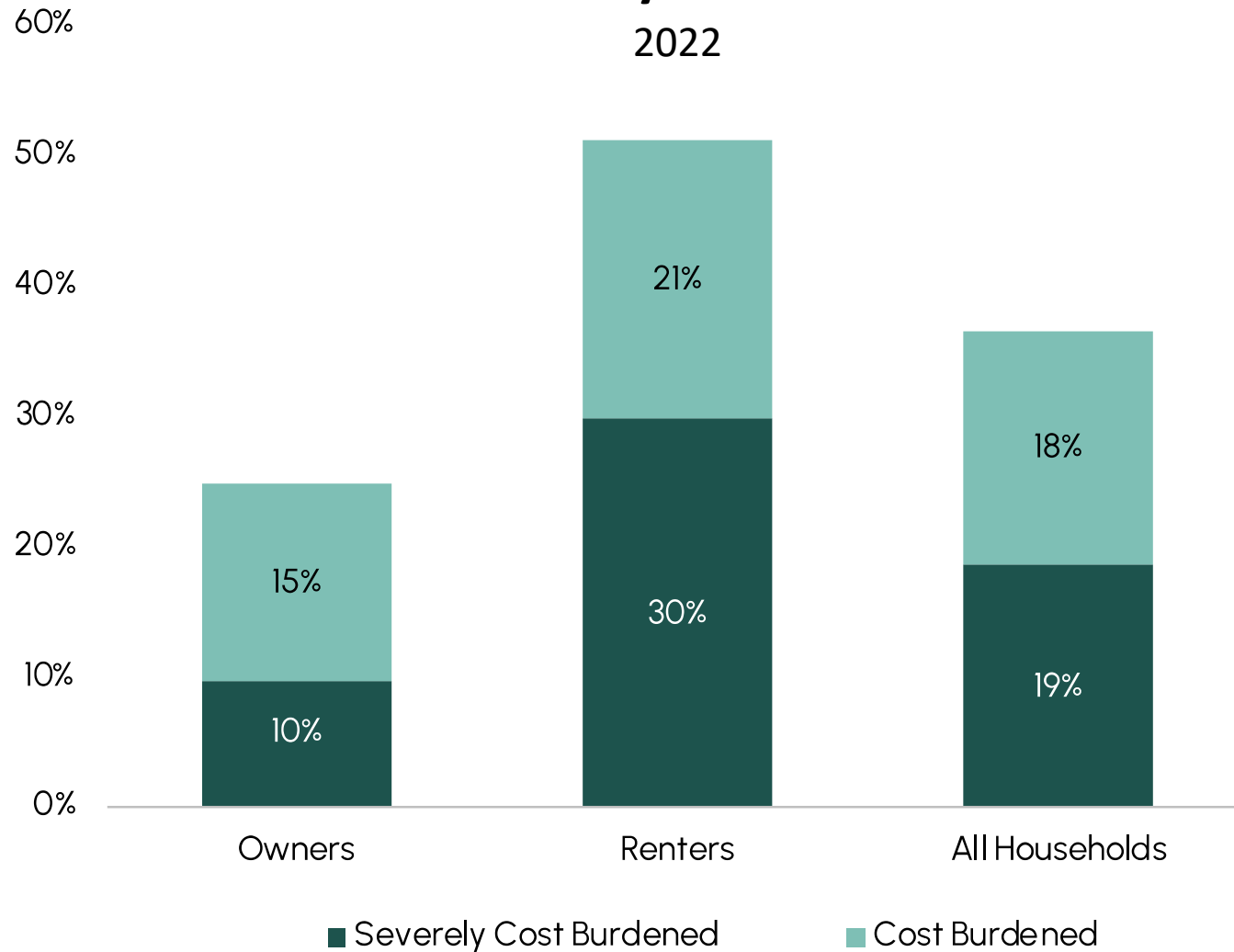


This chart is based on the HUD AMI for Salem and the ACS household income distribution for Salem.

Source: US Department of Housing and Urban Development, Marion County, 2024 and U.S. Census Bureau ACS 1-year estimate 2022, Table B19001

# More Renters are Cost Burdened

## Cost Burden by Tenure in Salem



About **51%** of Salem's renters were cost burdened or severely cost burdened (15,370 households), compared to 25% of homeowners (9,297 households)

# Groups typically with Unmet Housing Needs

- People experiencing homelessness:
  - ◆ Temporarily or chronically
  - ◆ Alone or with children
- Racial or ethnic groups
- People over 65 years old
- People with disabilities



Micro shelter example, City of Salem



# Public Engagement about Unmet Housing Needs

## Prior Engagement

- Housing code amendments (multifamily design, accessory dwelling units, etc.)
- Our Salem project

## Recent Engagement

- Focus groups with organizations
- Community group meetings/events
- Surveys (>535 responses)
- Public webinar
- Market study developer interviews



## Prior Engagement

- Housing code amendments (multifamily design, accessory dwelling units, etc.)
- Our Salem project

## Recent Engagement

- Focus groups with organizations
- Community group meetings/events
- Surveys (>535 responses)
- Public webinar
- Market study developer interviews

## Future Engagement

- Summer 2024: Meetings with community groups and Equity Roundtable
- Fall 2024: Focus groups with market-rate and affordable housing developers
- Fall 2024: Planning Commissioner and City Councilor meetings
- Spring 2025: Public Webinar

Top factors rated mostly “very important” when choosing housing (with more than two-thirds of the respondents):

1. Affordability – 78%
2. Physical condition of the building – 72%
3. Type of housing (single family home, apartment, etc.) – 66%



Challenges finding housing: There were four challenges that more than 20% of respondents had experienced.

1. Finding a home I can afford to buy – 46%
2. Finding a home I can afford to rent – 35%
3. Finding a home in good condition – 33%
4. Staying in my home when rents are increasing – 22%

# What else have we heard from engagement this spring?

## Other needs identified in the community

- Bridging gaps between landlords and tenants
- Ensure quality and support maintenance of existing housing
- Broader variety of housing types to meet diverse needs
  - ◆ Multigenerational housing
  - ◆ Single-level (and ground floor)
  - ◆ More accessible units (beyond ADA)



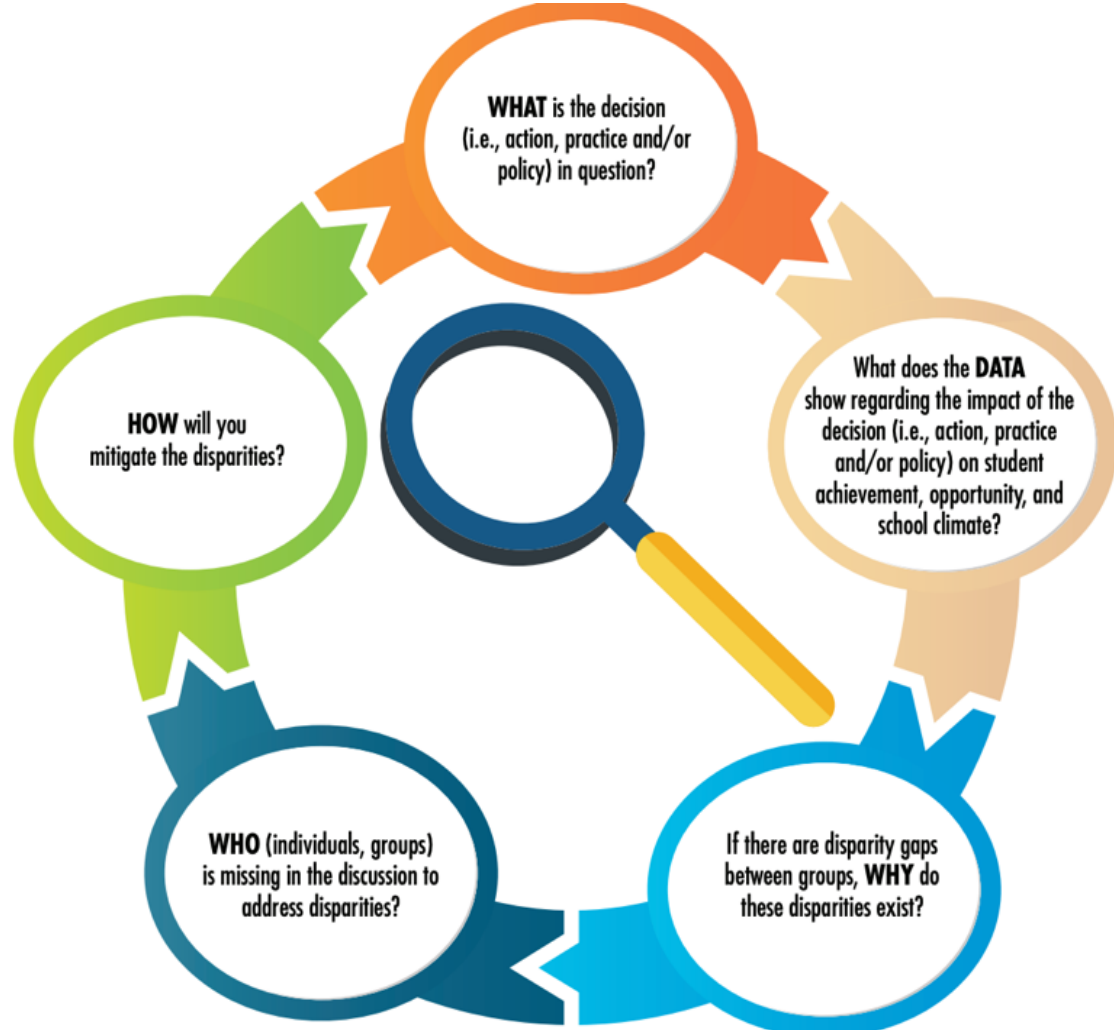


# Identifying Actions for the Housing Production Strategy

## Do the strategies achieve fair and equitable housing outcomes?

- Affordable homeownership and affordable rental housing
- Gentrification, displacement, and housing stability
- Housing options for residents experiencing homelessness
- Location of housing, within compact, mixed-use areas
- Housing Choice, in safe neighborhoods with high-quality amenities
- Fair Housing, especially for federal and state protected classes

## Equity Impact Review Process



Source: Portland Public Schools

# Potential Actions for Inclusion in the HPS

## Regulatory

- Expand ready-build program
- Revise regulations to promote middle housing
- Incentivize housing to include more accessible units
- Help preserve manufactured home parks
- Evaluate design requirements for multifamily housing

## Financial Incentives

- Create new urban renewal areas (North Waterfront and middle housing-focused URAs)
- Explore vertical housing tax abatement
- Explore construction excise tax
- Revise system development charges to promote middle housing or other housing types
- Support rental assistance programs

# Potential Actions for Inclusion in the HPS

## Land-based

- Encourage mixed-income areas through land banking
- Support Community Land Trusts

## Other

- Raise awareness of programs that support affordable housing development

- Do you have input on the potential actions?
- What other potential actions should be considered?
- What potential actions can best advance equity?

- Continue analysis of potential development and redevelopment in mixed use areas
- Develop list of actions for inclusion in the Housing Production Strategy
  - ◆ Develop and evaluate actions for potential inclusion in the HPS
  - ◆ Work with stakeholders to vet and refine potential actions
  - ◆ Engage with Planning Commission and City Council to provide feedback on actions (Fall 2024 and Winter 2025)
  - ◆ Evaluate potential strategies to see if they achieve fair and equitable housing outcomes
  - ◆ Adopt Housing Production Strategy (June 2025)







# Salem Housing Production Strategy

## Equity Roundtable

July 16, 2024

