

Salem Housing Production Strategy: City Councilor and Planning Commissioner Meetings

Salem is in the process of developing a Housing Production Strategy (HPS), which is a 6-year action plan that outlines how the City will encourage the development of a variety of housing types. Specifically, it will include new tools, policies, and actions that promote the development of housing that is affordable to Salem residents, support the preservation of existing housing, and help provide options for people experiencing homelessness.

In late October and early November, City staff and consultants held four meetings with the Mayor, City Councilors, City Councilor-elects, and Planning Commissioners to discuss potential actions and seek input. The following questions were posed:

- Do you have concerns or “red flags” about any of the potential actions?
- Are there actions missing from the list that you would like to see included in the HPS?

Summary of the Actions and Input

The potential Housing Production Strategy actions that were discussed at the meetings are described below. They include financial incentives/funding, regulatory changes, partnerships, advocacy/ education/ awareness, and other types of strategies.

Input from the City Councilors and Planning Commissioner meetings are summarized on the following pages.



Draft Actions Undergoing Consideration

Description of Potential Actions for Inclusion in the HPS

Name	Action	Housing Type Primarily Supported by Action	Input from Mayor, City Councilors, Councilor-elects, and Planning Commissioners
A. New urban renewal area	Create a new traditional urban renewal area (URA) to support the development of housing and related infrastructure in north downtown.	Variety of housing types such as affordable rent restricted housing (specifics to be determined at adoption of URA plan)	<ul style="list-style-type: none"> • There continues to be interest in creating a URA in the north waterfront/downtown area. • The City can collect a significant amount of money through a single large URA.
B. Single property URA expansion	Expand the use of the City's existing single property URA program (similar to the Jory Tax Increment Financing District) to provide property tax rebates to developments that include affordable multifamily housing. This could be applied in areas near frequent transit service.	Affordable multifamily housing	<ul style="list-style-type: none"> • This is an interesting idea because the City can be more surgical in how it applies URAs. • This could be useful for a site where there aren't other properties in area that need a financial incentive.
C. New middle housing urban renewal area program	Create a new program supported by URA funding that incentivizes the development of middle housing. This could be applied throughout Salem.	Middle housing	<ul style="list-style-type: none"> • This could be a smaller group of properties (5-30 acres) where middle housing is feasible.
D. System Development Charges (SDCs) methodology	Revise the SDC methodology to promote the development of middle housing, smaller homes, and/or other housing types, and prioritize affordable housing when reimbursing SDCs (infrastructure built) given limited SDC funds.	Middle housing, smaller homes, and/or other housing types	<ul style="list-style-type: none"> • SDCs are a critical resource for the City. There are opinions on all sides when it comes to SDCs.

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E. New Multi Unit Housing Tax Incentive Program (MUHTIP) area	Create a new MUHTIP area to support housing development near frequent transit service outside of the downtown core.	Multifamily housing, including affordable housing (income-restricted or unregulated)	<ul style="list-style-type: none"> • MUHTIP could be used on Lancaster Drive to incentivize housing on existing parking lots. • The tax abatement could be a full abatement or just Salem’s portion of property taxes. • Duplexes and other middle housing can qualify for MUHTIP, but the current affordability requirement only applies to projects with at least 50 units. • MUHTIP should require more affordable units. • The City should define what “near transit” means to clarify if this can focus on the proposed transit center in South Salem.
F. Construction Excise Tax (CET)	Establish a CET that would create a dedicated revenue source for affordable housing development. A CET is a tax assessed on construction permits issued by local cities that is assessed as a percent of the value of improvements for the permit being sought for projects with residential, commercial, or a mixture of residential and commercial.	Affordable housing (income-restricted)	<ul style="list-style-type: none"> • Some decisionmakers expressed strong ambivalence about a CET. • This seems to go against the goals of creating more affordable housing because it taxes higher income housing. • This is worthy of exploration, research, engagement, and discussion. • Some are not supportive of a CET unless the building industry is on board. • A tax on commercial development could harm local businesses. • If homebuilders are willing to explore a CET, then the City should have those discussions. • A CET could only be on commercial and industrial development.

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G. Rental Assistance	Provide rental assistance to lower-income residents.	Rental housing (renters), unregulated low- and moderate-income affordable rental housing	<ul style="list-style-type: none"> The State and other organizations provide rental and downpayment assistance. This might not be the best role for the City.
H. Downpayment assistance	Provide downpayment assistance, potentially using federal HOME funds.	Affordable homeownership (homebuyers)	<ul style="list-style-type: none"> This may not be the best role for the City.
I. Community land trusts - land	Partner with nonprofit organizations that develop CLTs on City-owned land.	Affordable homeownership	<ul style="list-style-type: none"> CLTs should also focus on farmworkers and people with disabilities.
J. Community land trusts - funding	Provide funding to organizations to buy land and develop CLTs. This could include working with CLTs that provide services specifically to Communities of Color, speakers of a language other than English, or other underserved communities.	Affordable homeownership	<ul style="list-style-type: none"> Land trusts can be a very effective way to create affordable housing. Some land trusts focus on marginalized communities.
K. Code revisions accessible housing and residential facilities	Revise the zoning code to: <ul style="list-style-type: none"> Incentivize the creation of housing units designed to meet Universal Design, visitability, accessibility, or other similar standards. This could include decreasing setbacks, increasing maximum lot coverage, or other regulatory changes. Allow residential facilities more broadly in Salem, including in all residential zones. 	Accessible housing and residential facilities	<ul style="list-style-type: none"> Salem needs more residential care homes, but integration into neighborhoods and design are important. The City should allow for more infill, such as 6-plex if some of the units are affordable. The City should explore allowing single-stair housing up to 4 stories.
L. Code revisions to preserve housing	Revise the zoning code to update nonconforming and/or continued use and development regulations to support the rebuilding of housing and improvements to existing housing.	Existing housing (preservation or rebuilding), affordable housing, affordable homeownership	

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M. Code revisions to support multifamily or mixed-use development	Update development standards to remove potential barriers to the development of multifamily and/or mixed-use projects.	Multifamily housing and mixed-use development, low-and moderate-income affordable housing	<ul style="list-style-type: none"> • Design standards are important to ensure compatibility with single-family neighborhoods.
N. Zone for manufactured home parks	Develop a zone that only allows manufactured home park (MHP) uses to support the preservation of existing manufactured home parks.	Manufactured homes (preservation), preserve existing supply of low-and moderate-income affordable housing	<ul style="list-style-type: none"> • No one is developing new manufactured home parks. People might be more interested in modular housing. • Smaller units might attract older and younger residents. • Some expressed concerns about downzoning. • Some suggested replacing this action with the following: Incentivize the development of cottage clusters similar to the United Way development. This could include a zone or specific area where this is encouraged.
O. Advocacy for MHP residents	Advocate for changes in State law that require that tenants get first right of refusal when a manufactured home park is put up for sale.	Manufactured homes (preservation), preserve existing supply of low-and moderate-income affordable housing	<ul style="list-style-type: none"> • Rent for land in manufactured home parks are increasing a lot. People are being priced out. • The City should lobby the legislature to restrict rent increases.
P. Funding for MHP sites	Provide funding to nonprofit organizations and existing MHP residents to gain site control of an existing park when placed for sale.	Manufactured homes (preservation), preserve existing supply of low-and moderate-income affordable housing	<ul style="list-style-type: none"> • There is support for trying to find ways like this to fund and preserve manufactured home parks. • There are questions about what the City's role would be in this action.

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Q. Vertical Housing Tax Abatement	Establish a Vertical Housing Tax Abatement program to encourage mixed-use development. A Vertical Housing Development Zone (VHDZ) incents multi-story mixed-use development by offering a partial property tax exemption for 10 years to developments that include housing as well as non-residential use (e.g., retail on the ground floor), with a larger tax exemption for higher density developments.	Mixed-use development, unregulated low- and moderate-income affordable rental housing	<ul style="list-style-type: none"> This could be a good option, but at some point, the City can't keep drawing on the general fund.
R. Education and awareness of existing programs	<p>Raise awareness of and encourage development of affordable housing in the following ways:</p> <ul style="list-style-type: none"> Provide information about vacant or public land to affordable housing developers when these development opportunities arise. Provide information about changes in State law and Salem regulations that support development of affordable housing. Provide information about Salem's expedited process for reviewing affordable housing projects. Share City resources about affordable housing (such as online mapping resources). 	Affordable housing (income-restricted)	<ul style="list-style-type: none"> The City should educate the community and developers about the full spectrum of housing affordability, not just income-restricted housing.
S. Ready-build plans expansion	Expand ready-build plans to include middle housing and other accessory dwelling unit designs.	Middle housing and accessory dwelling units, affordable homeownership	

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T. Mixed-income areas	Promote mixed-income areas by purchasing land or providing financial incentives for development of affordable or mixed-income housing in West or South Salem. The City could use funding sources such as urban renewal, the Safety and Livability Bond, or federal funding. The City might identify a development partner (through an RFP or RFQ process) to develop affordable housing on land in West or South Salem.	Affordable or mixed-income housing	<ul style="list-style-type: none"> • The City should look at purchasing property across Salem, including East Salem where there is flat, cheap land. • The further out you build housing, the worse it can be for transit service, bicycle/pedestrian infrastructure, and amenities.
U. Affirmatively further Fair Housing	Continue and increase efforts to affirmatively further Fair Housing in the following ways: <ul style="list-style-type: none"> • Continue to partner with the Fair Housing Council of Oregon to conduct landlord training about Fair Housing and Investigate Fair Housing complaints • Facilitate a housing forum for landlords, management companies, tenants, and others interested in discussing ways to lower barriers to accessing rental housing. 	Income-restricted rental affordable housing units, unregulated low- and moderate-income affordable rental housing	
V. Infrastructure funding	Support improved infrastructure for housing development through the following ways. <ul style="list-style-type: none"> • Lobby the legislature for funding for infrastructure to support housing development. • Plan for infrastructure improvements that support housing development. 	Variety of housing types	

Additional Input

- It is hard to explain median incomes and affordability to the community.
- The HPS is looking at all levels of housing, not just housing for low-income residents.
- South and West Salem need to be better served by transit and housing. Cherriots is planning a new transit center in South Salem.
- The HPS needs to center equity.
- The City should be cognizant of the impact that some of the proposed actions have on the general fund.
- It is important to understand what the City's role is versus the developer's role.
- The Finance Committee is doing a performance audit of all urban renewal areas. Is this the right time to create or expand URAs?
- Isn't there a limit on the acreage that of a city that can be in a URA? Yes; however five of the eight URAs in Salem are expected to hit maximum indebtedness by 2028, so that additional acreage will be available then.
- Can we every build enough housing so that people can actually afford it? How can we incentivize developers to do more?
- The City should consider how to better use underutilized parking lots at strip malls. Can the City incentivize developing housing on the parking lots?
- Mission Street has untapped potential for more housing.
- The United Way Cottage Clusters are a great example of affordable housing for seniors and others, and there is a large waiting list for them. Developers seem interested in the cottage cluster model, and they can still make money. Could the city find a way or zone to incentivize cottage clusters?
- Could older mobile homes be replaced by cottages?
- The City should look at underutilized State buildings and land. The State is looking at giving up lease and refilling State buildings, so there isn't much State surplus land or properties.
- The City has many goals related to transportation and climate, so the City should make it easier to do infill housing.