



Salem Housing Production Strategy

Webinar on Salem's Housing Needs

June 11, 2024



- Provide an overview of Housing Production Strategy project
- Discuss Salem's unmet housing needs
- Ask for your input about housing needs
- Answer your questions



Housing Project Examples: Southfair Apartments, Salem Housing Authority; Apartments at 4764 Liberty Rd, City of Salem

Examples

- **Surplus land** for cottages serving low-income seniors
- **System development charge waivers** for affordable housing and 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

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

How is this different than a Housing Needs Analysis?

Housing Needs Analysis

- Buildable lands inventory
- Housing market
- Demographics & socioeconomic characteristics
- Housing affordability
- Forecast of new housing
- Assessment of land sufficiency

Salem's Housing Needs Analysis (HNA) Findings in 2014

- **Result:** Enough land for housing but need to allow more multifamily housing
- **Actions:** Allow more housing options, streamline approval process, eliminate parking requirements, rezone land, and more
- **Adoption:** Adopted with Our Salem project in 2022

How is this different than a Housing Needs Analysis?

Housing Needs Analysis

- Buildable lands inventory
 - Housing market
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 - Forecast of new housing
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- Salem will next complete an HNA in 2030

Housing Production Strategy

New State requirement: HB 2003 (2019)

- Refined understanding of housing need
- Evaluation of gaps in existing policies
- Identification of potential strategies
- Evaluation of new strategies
- Assessment of whether the strategies help achieve fair and equitable outcomes

Salem's Housing Production Strategy Schedule



Salem's Housing Production Strategy Schedule

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Analyze Market Opportunities

Spring to Fall 2024

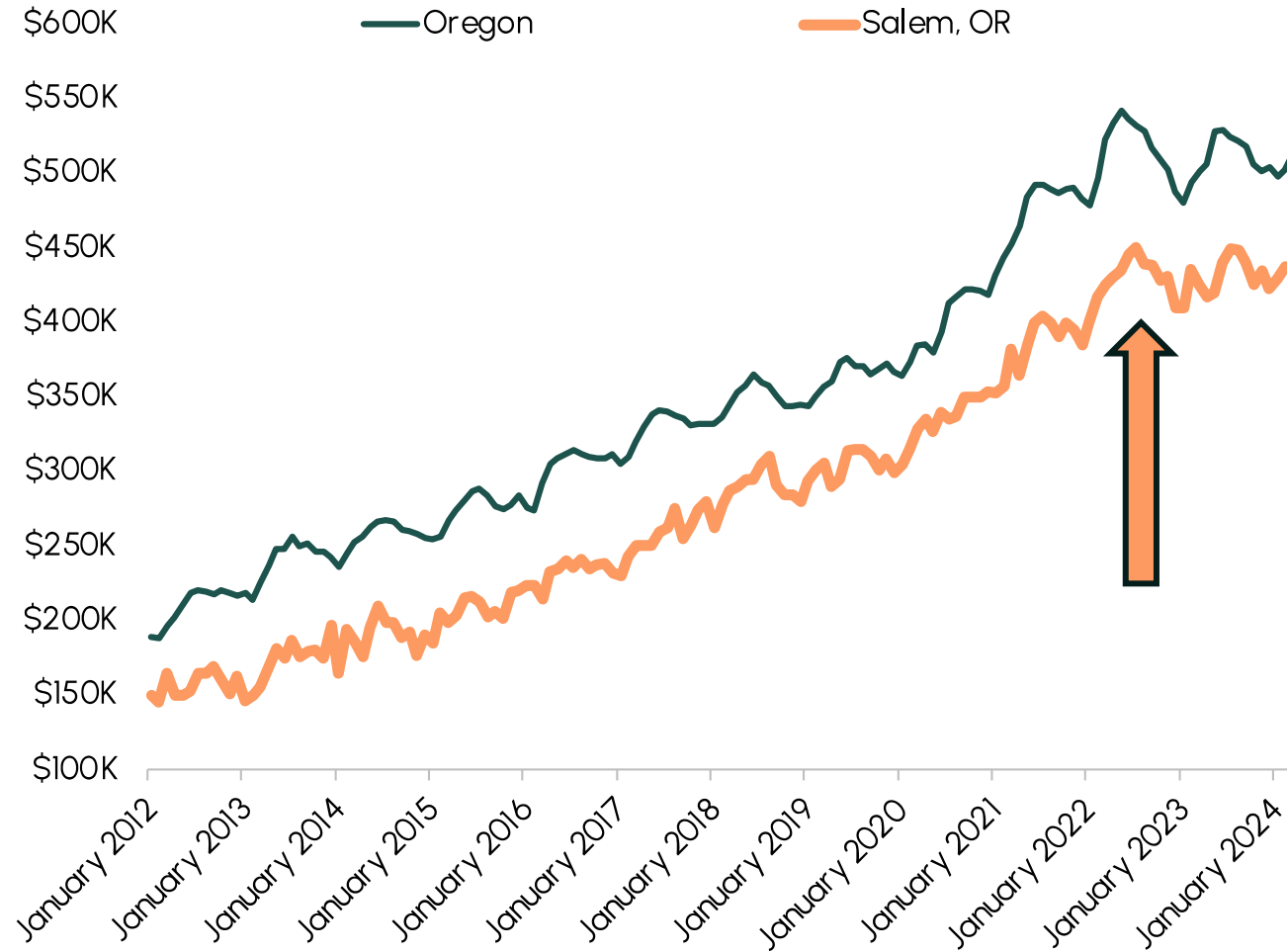
- ◆ Rezoned land to mixed use during Our Salem project (largely along transit)
- ◆ Evaluate feasibility of developing housing in those mixed-use areas
- ◆ Conduct interviews with housing developers to understand any gaps in feasibility
- ◆ Use data and input to inform potential strategies in the HPS



Salem's Unmet Housing Needs

Housing Prices are Increasing Faster than Incomes

Median Sale Price of Single-Family Homes



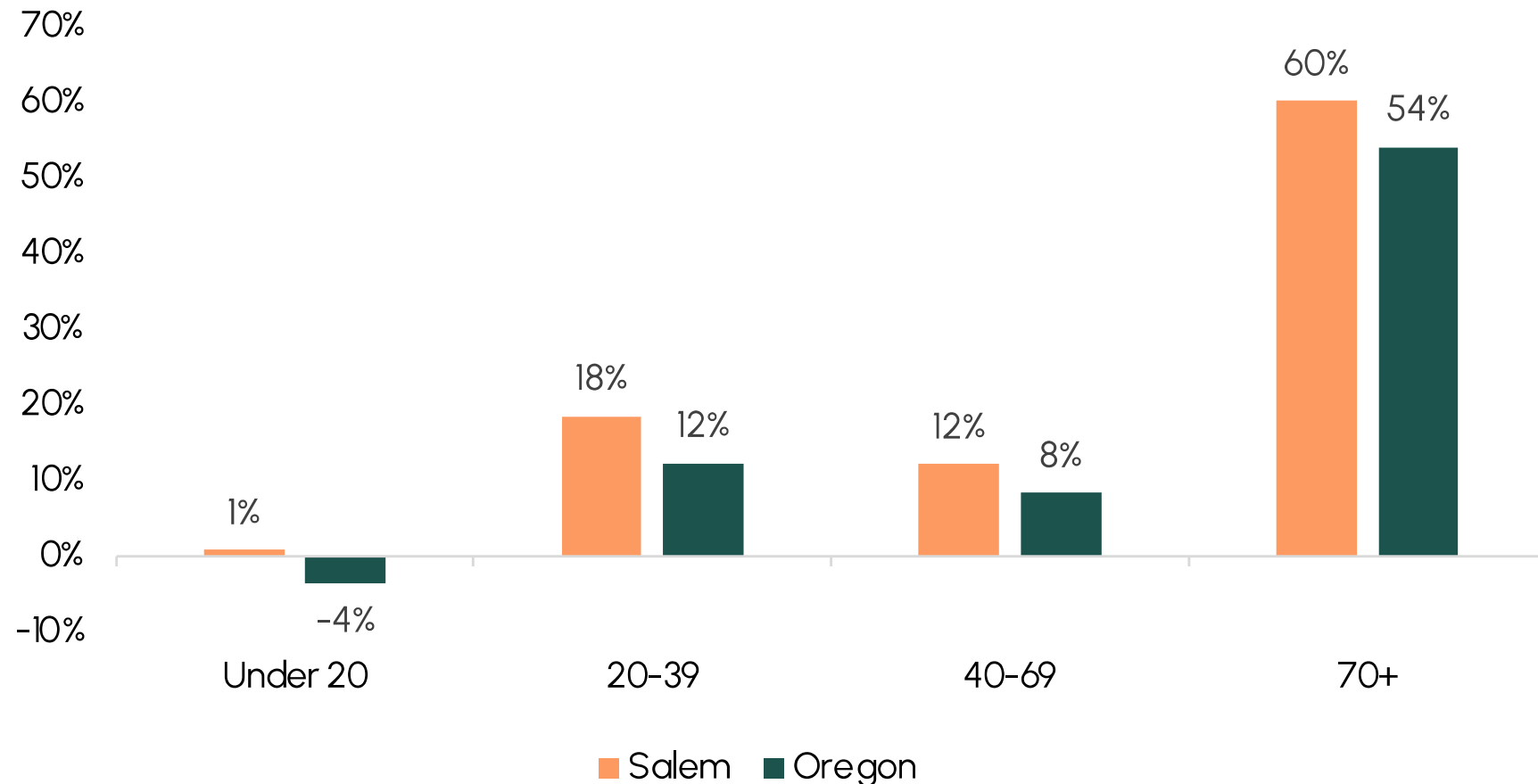
Between 2012 and 2022

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

Salem's Housing Needs are Changing

Salem's population is aging overall

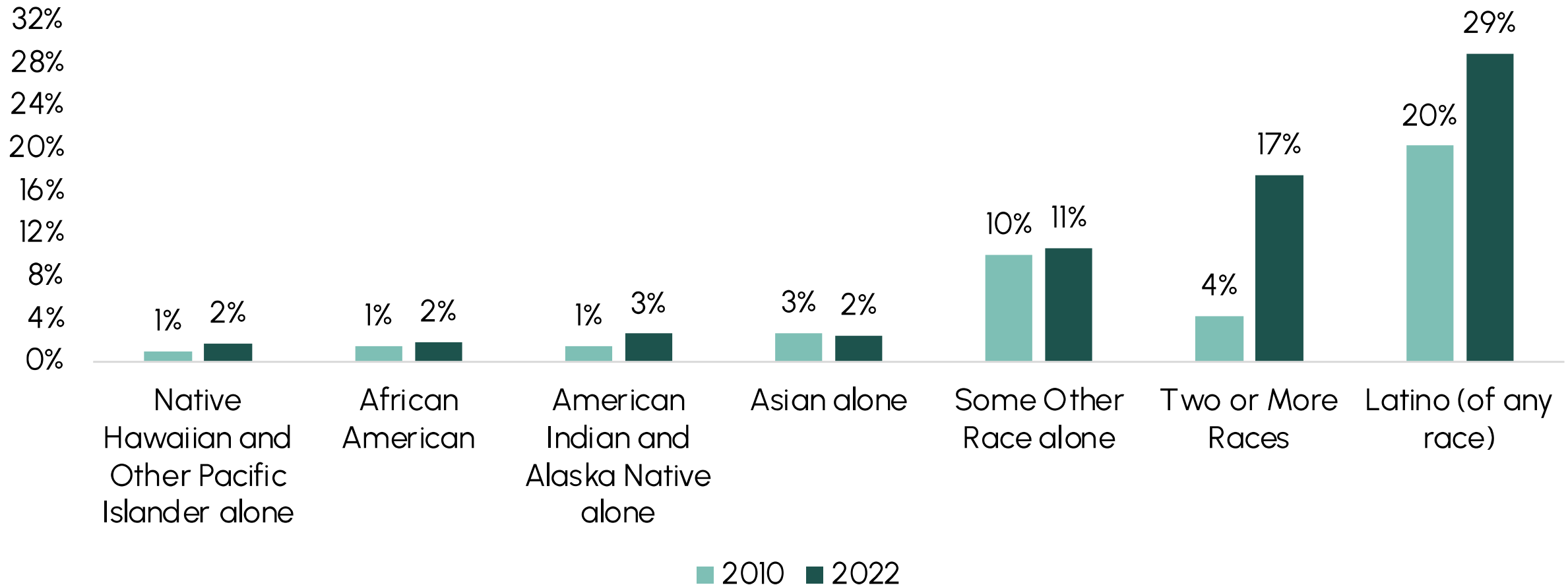
Age group change from 2010 to 2022



Salem's Housing Needs are Changing

Salem's is becoming more diverse

Share of population by race and ethnicity for People of Color



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)

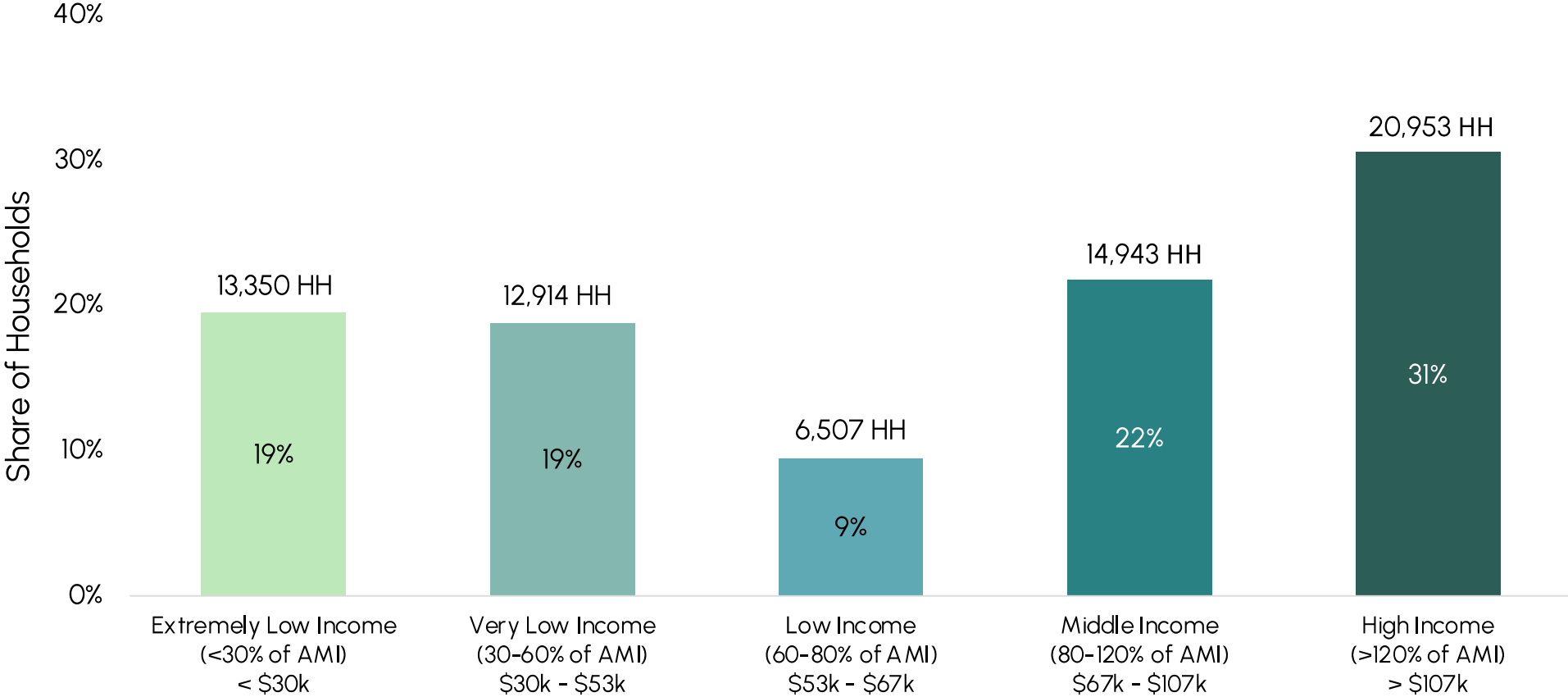
Average rental housing costs requires about 80% of AMI to afford

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

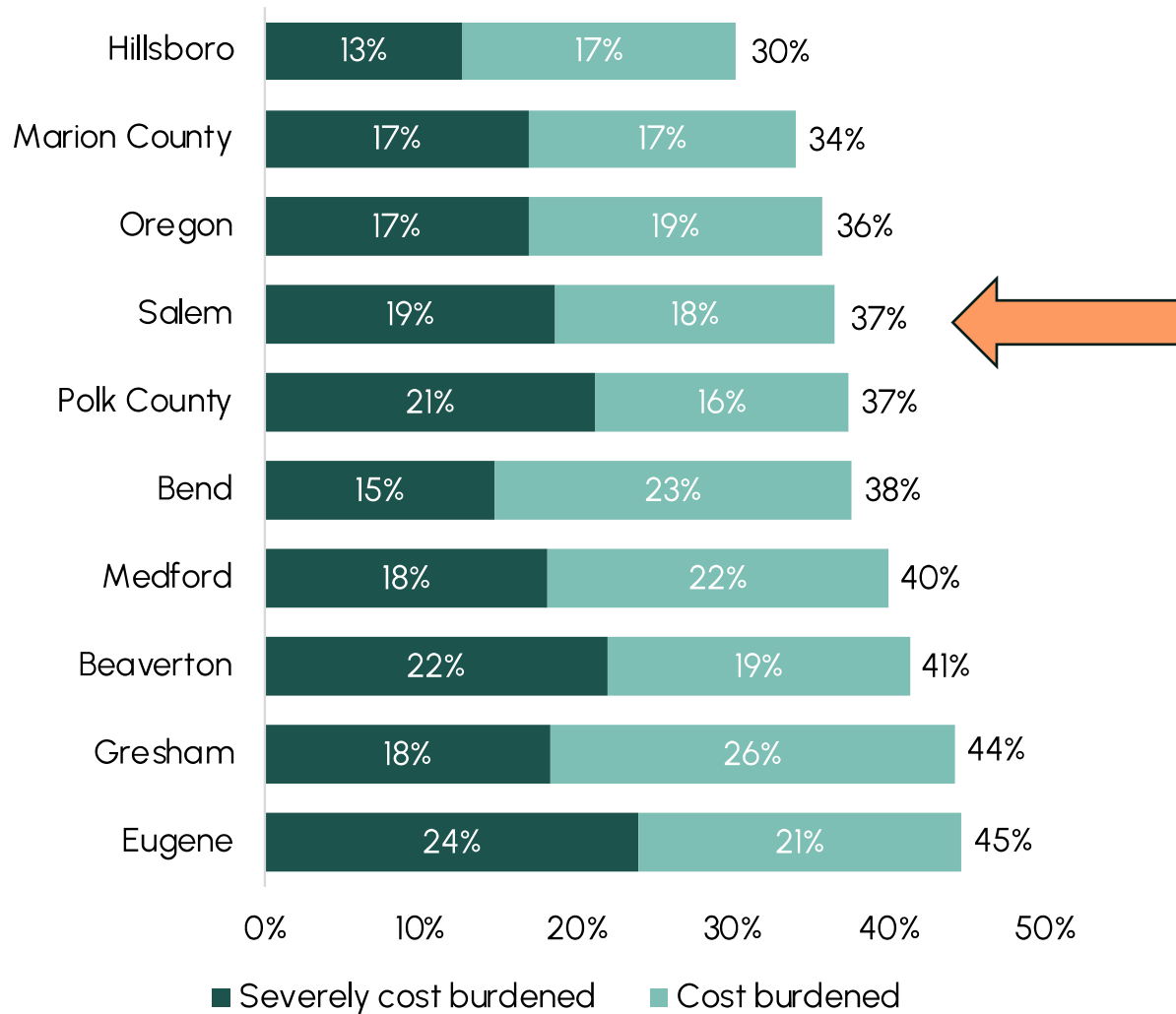


This chart is based on the HUD AMI for Salem and the ACS household income distribution for Salem.

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

Many in Salem are Cost Burdened

Cost Burdened Households in Salem (for renters and owners)



Cost burdened: spending more than 30% of income on housing costs

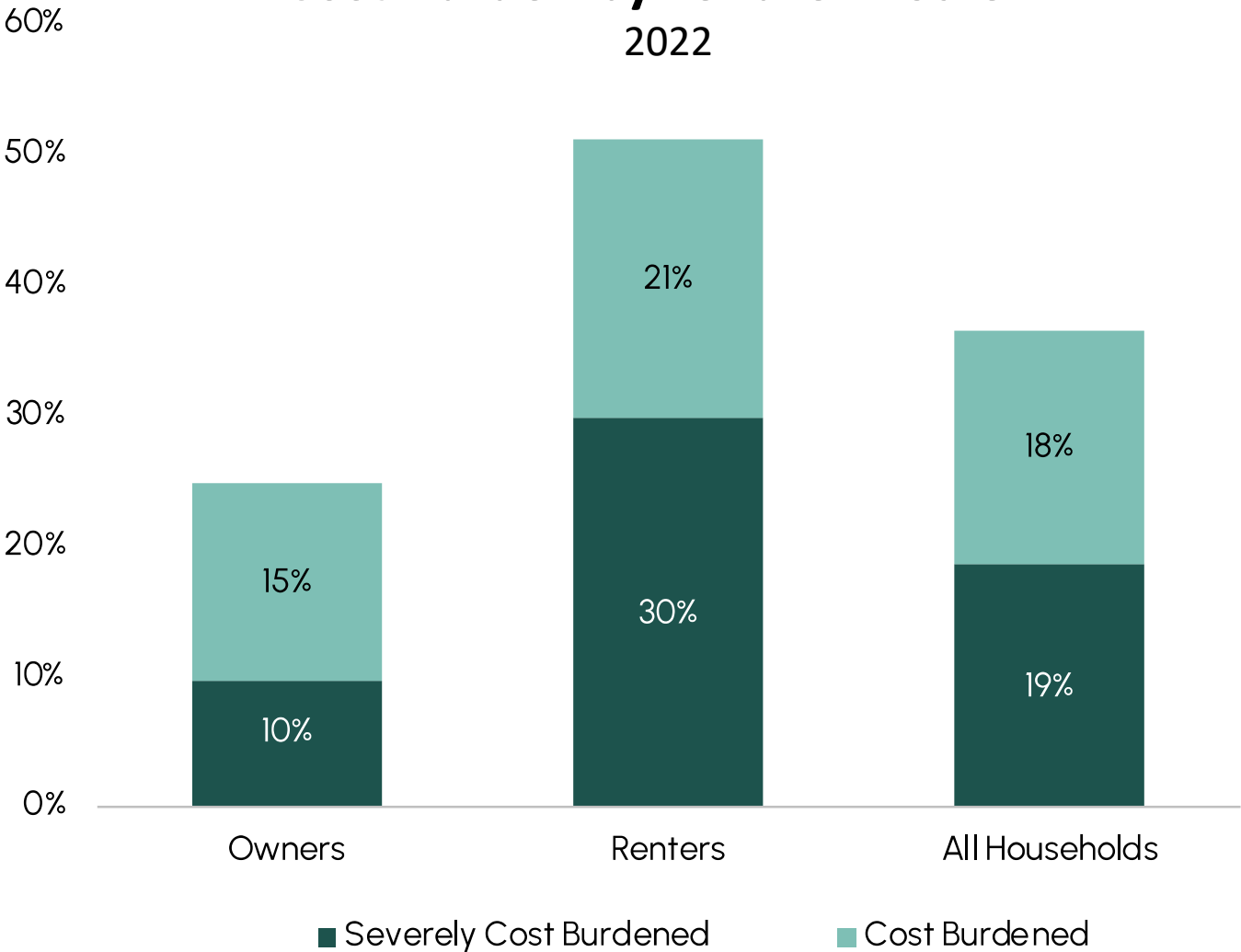
Severely cost burdened: spending more than 50% of income on housing costs

Source: US Census Bureau, 2022 ACS tables B25091 and B25070.

More Renters are Cost Burdened

Cost Burden by Tenure in Salem

2022



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

Source: US Census Bureau, 2022 ACS tables B25091 and B25070.

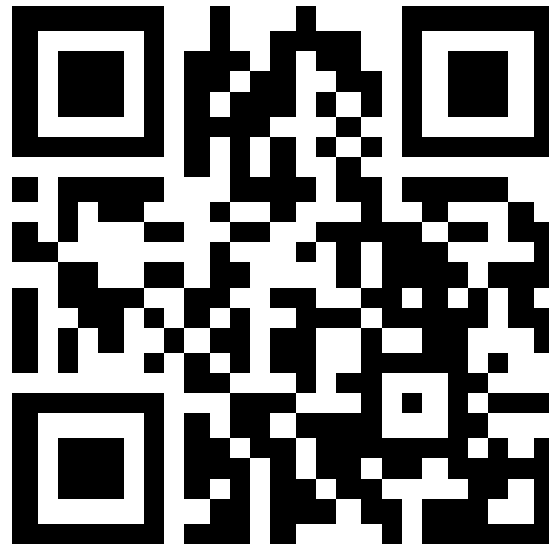
Groups typically with Unmet Housing Needs

- 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

- Scan the QR code to join the survey



- Or join at this link:

<https://econorthwest.display.vevox.com#/present/598129/PG585T2B0JFKT6CYUGIJ>

How do your responses compare to what the community said in the online survey?

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%

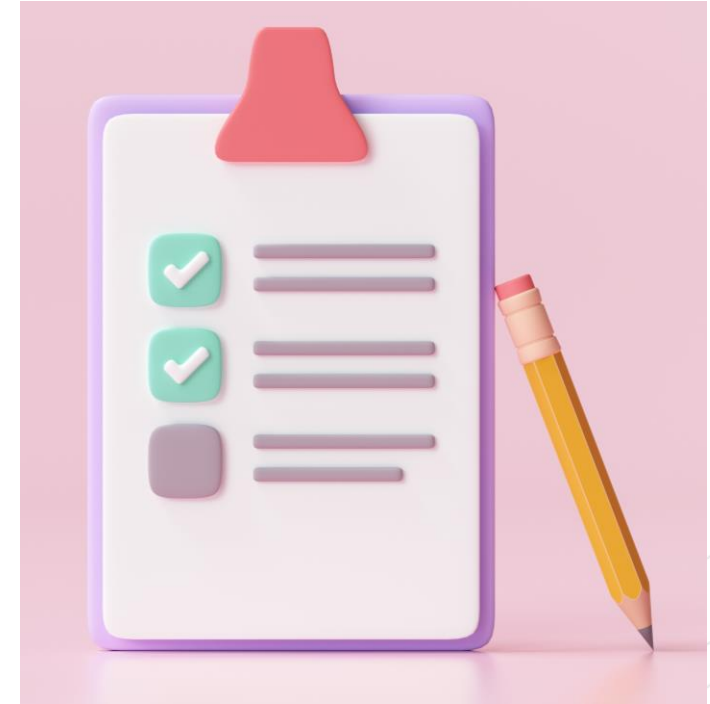
How do your responses compare to what the community said in the online survey?

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%

How we have engaged this spring

- **Community survey** in four languages (539 responses)
- **Virtual focus groups** with organizations serving traditionally underserved communities
- **In-person events** with traditionally underserved communities
 - ◆ Communities of color
 - ◆ Youth
- **Meetings** with neighborhood land use chairs, community groups, and others



What have we heard from engagement this spring?

Most important needs identified in the community

- Affordable options for all income levels
- 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)



Salem will build on existing policies in the HPS

■ Financial & Tax Incentives:

- ◆ Urban renewal area funding
- ◆ System development charge waivers for affordable housing & ADUs
- ◆ Low income & Multi-unit housing tax exemptions
- ◆ Safety & Livability bond, surplus lands, federal funds

■ Regulatory Improvements:

- ◆ Middle housing & multifamily code updates
- ◆ Rezoning to support transit-oriented development, multifamily housing, and mixed uses
- ◆ Parking reform

■ Other Tools:

- ◆ Permitting efficiency & coordination
- ◆ Fair housing & anti-displacement
- ◆ Ready-build ADU plans
- ◆ Expedited permitting for affordable housing projects
- ◆ Programs, funding, & projects to help unsheltered populations
- ◆ And much more...

- Continue with engagement of stakeholders to understand barriers to addressing unmet housing needs
- Continue analysis of potential development and redevelopment in mixed use areas
- Begin to discuss potential actions for inclusion in the Housing Production Strategy
- Joint City Council and Planning Commission work session on June 17



Thank You!

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