CITY OF Salem AT YOUR SERVICE

MOLALLA 1776 250 2026 OREGON CELEBRATING AMERICA'S 250TH

3J

Civil Engineering | Water Resources
Community Planning

HOUSING PRODUCTION STRATEGIES

LESSONS LEARNED





Housing Production Challenges in Salem

Eunice Kim, Strategic Initiatives and Engagement Manager

October 16, 2026

Growing Diverse City

- **2nd largest city in Oregon**
  - Grown by more than 30% since 2000
  - ≈180,000 people
    (>220,000 in Salem's portion of the Urban Growth Boundary)
- ≈40% identify as person of color
- ≈16% people with disabilities
- > Half of all renter households are rent burdened





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Housing Needs

More housing

- Underproduction
- Future housing projections

Affordable units

- Rental
- Homeownership

Variety and location

- Multigenerational
- Accessible and single-level
- Access to transit and amenities

Fair and equitable housing outcomes



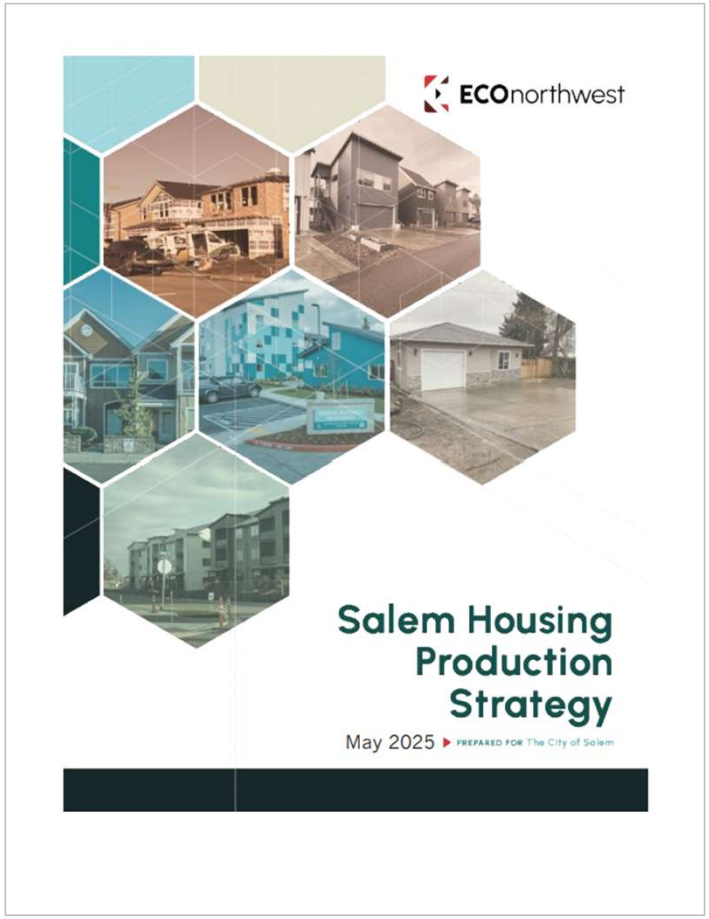






Housing Production Strategy

- Started in February 2024
  - **Consultant support funded by DLCD**
  - **Old rules**
- City Council approved in May 2025
  - **17 actions**
- State approved in October 2025
  - **One condition – annual monitoring**
  - **6 years to implement**



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Implementation

Near Term

- **Permitting process**
- **New URA in North Waterfront**
- **Single property URA**
- **Awareness of existing programs**
- **Ready-build plans**
- Permanent supportive housing
- **Zoning code for needed housing**
- **Manufactured home park residents**
- **Zoning code for nonconforming housing**
- **Affirmatively furthering fair housing**

Medium Term

- System development charges methodology
- **Infrastructure improvements**
- **Community land trusts**
- Homebuyer assistance
- New Multi Unit Housing Tax Incentive Program area
- **Areas of opportunity**

Long Term

- Middle housing URA

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Many Challenges





Some Things Worked



Previous and Ongoing Planning

- Updated Salem's Comprehensive Plan in 2022
  - **Extensive engagement for 3+ years and a lot of focus on housing**
  - **Goals, policies, mapping, and code work to promote housing**



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Previous and Ongoing Planning: Process

Challenge:

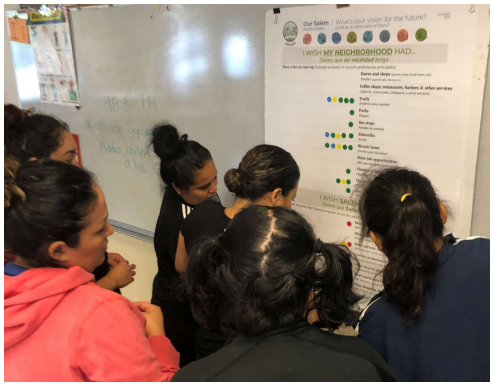
- **Requirements to contextualize housing needs and engage the community**
- **But community fatigue**

Did Not Work:

- **Could not go back to the community and start asking about housing needs**









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Previous and Ongoing Planning: Process







Worked:

- **Did not ask the same people the same questions**
- **Focused on targeted engagement**

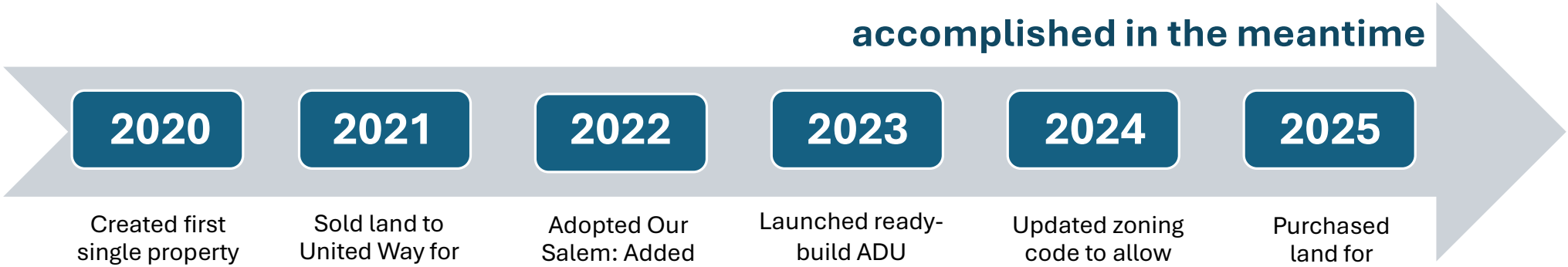
Previous and Ongoing Planning: Product

Challenge:

- **So much housing work in progress**

Did Not Work:

- **Could not pause work**
- **But no credit for work accomplished in the meantime**



2020	2021	2022	2023	2024	2025
Created first single property urban renewal area (Jory) Streamlined multifamily design standards	Sold land to United Way for cottage clusters Added affordability requirement to MUHTIP	Adopted Our Salem: Added >1,800 acres of mixed-use and multifamily land Allowed middle housing	Launched ready-build ADU program Demolished Block 50 site to prepare for redevelopment	Updated zoning code to allow more housing types and streamline approval process	Purchased land for future affordable housing

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Previous and Ongoing Planning: Product





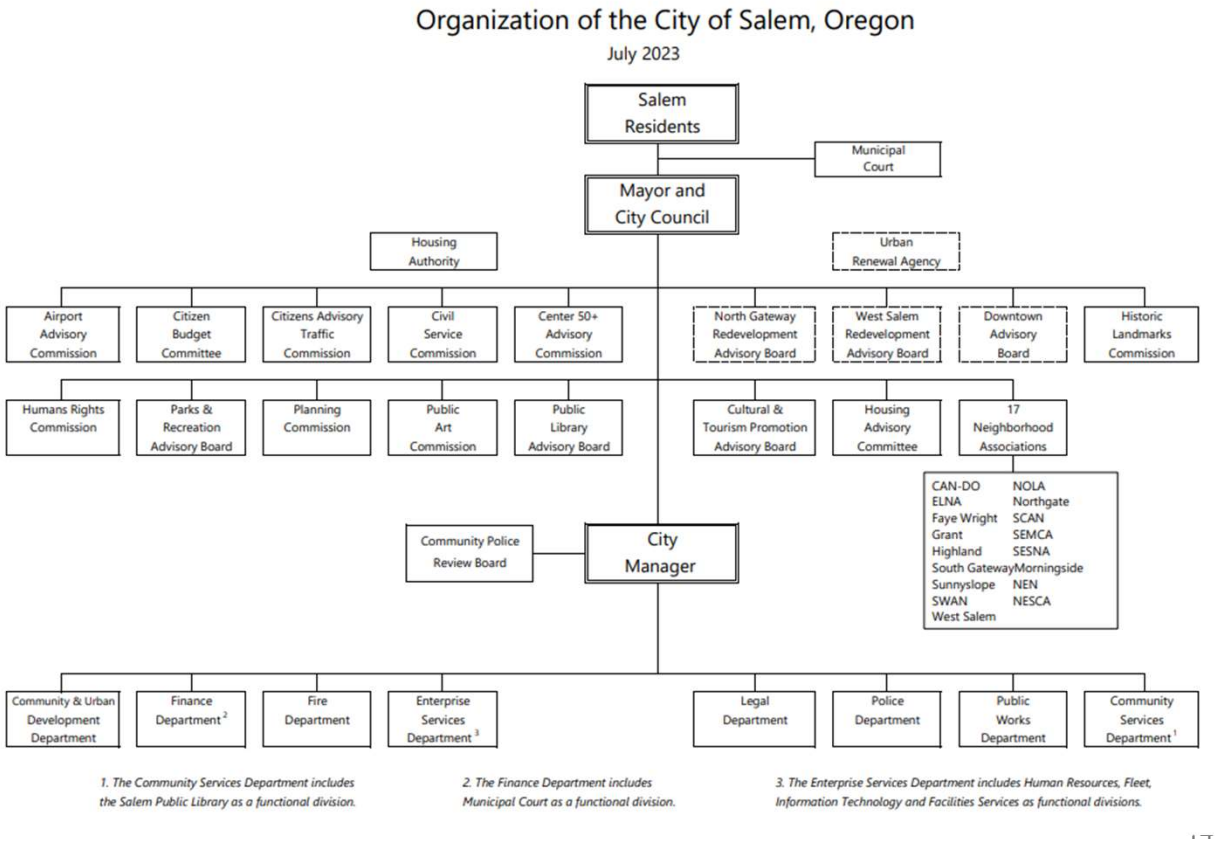
Worked:

- **Included actions that the City was going to start**
- **Focused on new ideas that City could reasonably accomplish**

Required Comprehensive Look

Challenge:

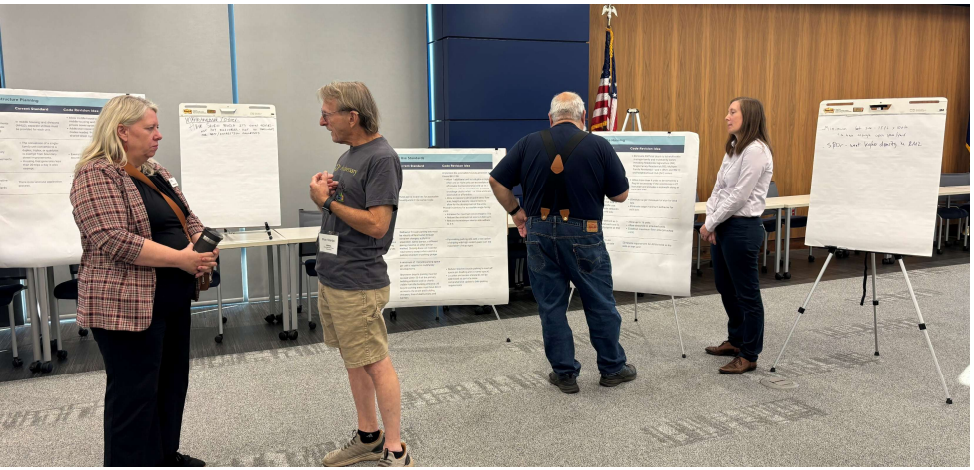
- **No housing division**
- **Everyone touches on housing**
- **Staff somewhat siloed**



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Required Comprehensive Look





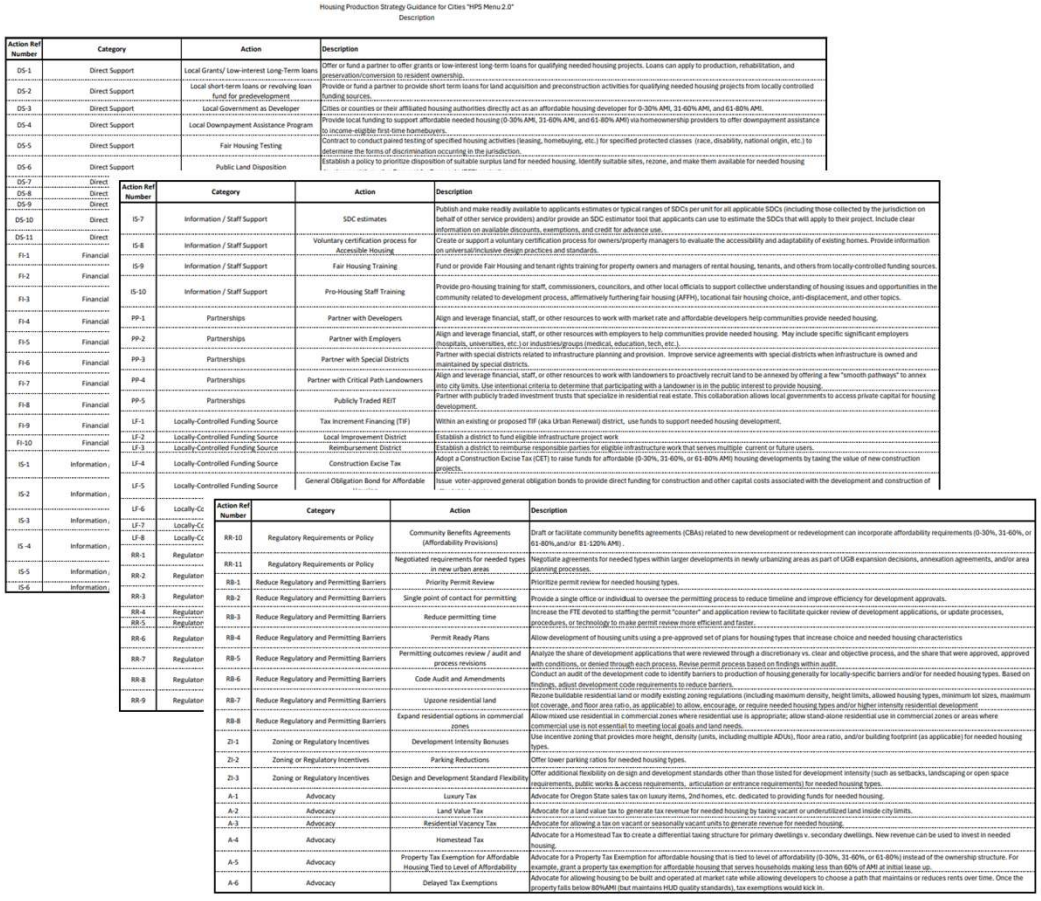
Worked:

- **Formed a cross-departmental team early on**
- **Took stock of who was doing what and who could do what**
- **Increased collaboration**

How Much is Enough?

Challenge:

- **How many actions?**
- **Do actions meet the needs?**
- **How specific should actions be?**
- **No early State review of actions**



Housing Production Strategy Guidance for Cities "HPS Menu 2.0"
Description

Action Ref Number	Category	Action	Description
DS-1	Direct Support	Local Grants/ Low-interest Long-Term loans	Offer or fund a partner to offer grants or low-interest long-term loans for qualifying needed housing projects. Loans can apply to production, rehabilitation, and preservation/conversion to resident ownership.
DS-2	Direct Support	Local short-term loans or revolving loan fund for predevelopment	Provide or fund a partner to provide short term loans for land acquisition and preconstruction activities for qualifying needed housing projects from locally controlled funding sources.
DS-3	Direct Support	Local Government as Developer	Cities or counties or their affiliated housing authorities directly act as an affordable housing developer for 0-30% AMI, 31-60% AMI, and 61-80% AMI.
DS-4	Direct Support	Local Downpayment Assistance Program	Provide local funding to support affordable needed housing (0-30% AMI, 31-60% AMI, and 61-80% AMI) via homeownership providers to offer downpayment assistance to income-eligible first-time homebuyers.
DS-5	Direct Support	Fair Housing Testing	Contract to conduct paired testing of specified housing activities (leasing, homebuying, etc.) for specified protected classes (race, disability, national origin, etc.) to determine the forms of discrimination occurring in the jurisdiction.
DS-6	Direct Support	Public Land Disposition	Establish a policy to prioritize disposition of suitable surplus land for needed housing. Identify suitable sites, rezone, and make them available for needed housing
DS-7	Direct		
DS-8	Direct		
DS-9	Direct		
DS-10	Direct		
DS-11	Direct		
FI-1	Financial		
FI-2	Financial		
FI-3	Financial		
FI-4	Financial		
FI-5	Financial		
FI-6	Financial		
FI-7	Financial		
FI-8	Financial		
FI-9	Financial		
FI-10	Financial		
IS-1	Information,		
IS-2	Information,		
IS-3	Information,		
IS -4	Information,		
IS-5	Information,		
IS-6	Information		

Action Ref Number	Category	Action	Description
IS-7	Information / Staff Support	SDC estimates	Publish and make readily available to applicants estimates or typical ranges of SDCs per unit for all applicable SDCs (including those collected by the jurisdiction on behalf of other service providers) and/or provide an SDC estimator tool that applicants can use to estimate the SDCs that will apply to their project. Include clear information on available discounts, exemptions, and credit for advance use.
IS-8	Information / Staff Support	Voluntary certification process for Accessible Housing	Create or support a voluntary certification process for owners/property managers to evaluate the accessibility and adaptability of existing homes. Provide information on universal/inclusive design practices and standards.
IS-9	Information / Staff Support	Fair Housing Training	Fund or provide Fair Housing and tenant rights training for property owners and managers of rental housing, tenants, and others from locally-controlled funding sources.
IS-10	Information / Staff Support	Pro-Housing Staff Training	Provide pro-housing training for staff, commissioners, councilors, and other local officials to support collective understanding of housing issues and opportunities in the community related to development process, affirmatively furthering fair housing (AFFH), locational fair housing choice, anti-displacement, and other topics.
PP-1	Partnerships	Partner with Developers	Align and leverage financial, staff, or other resources to work with market rate and affordable developers help communities provide needed housing.
PP-2	Partnerships	Partner with Employers	Align and leverage financial, staff, or other resources with employers to help communities provide needed housing. May include specific significant employers (hospitals, universities, etc.) or industries/groups (medical, education, tech, etc.).
PP-3	Partnerships	Partner with Special Districts	Partner with special districts related to infrastructure planning and provision. Improve service agreements with special districts when infrastructure is owned and maintained by special districts.
PP-4	Partnerships	Partner with Critical Path Landowners	Align and leverage financial, staff, or other resources to work with landowners to proactively recruit land to be annexed by offering a few "smooth pathways" to annex into city limits. Use intentional criteria to determine that participating with a landowner is in the public interest to provide housing.
PP-5	Partnerships	Publicly Traded REIT	Partner with publicly traded investment trusts that specialize in residential real estate. This collaboration allows local governments to access private capital for housing development.
LF-1	Locally-Controlled Funding Source	Tax Increment Financing (TIF)	Within an existing or proposed TIF (aka Urban Renewal) district, use funds to support needed housing development.
LF-2	Locally-Controlled Funding Source	Local Improvement District	Establish a district to fund eligible infrastructure project work
LF-3	Locally-Controlled Funding Source	Reimbursement District	Establish a district to reimburse responsible parties for eligible infrastructure work that serves multiple current or future users.
LF-4	Locally-Controlled Funding Source	Construction Excise Tax	Adopt a Construction Excise Tax (CET) to raise funds for affordable (0-30%, 31-60%, or 61-80% AMI) housing developments by taxing the value of new construction projects.
LF-5	Locally-Controlled Funding Source	General Obligation Bond for Affordable	Issue voter-approved general obligation bonds to provide direct funding for construction and other capital costs associated with the development and construction of
LF-6	Locally-Cc		
LF-7	Locally-Cc		
LF-8	Locally-Cc		
RR-1	Regulator		
RR-2	Regulator		
RR-3	Regulator		
RR-4	Regulator		
RR-5	Regulator		
RR-6	Regulator		
RR-7	Regulator		
RR-8	Regulator		
RR-9	Regulator		

Action Ref Number	Category	Action	Description
RR-10	Regulatory Requirements or Policy	Community Benefits Agreements (Affordability Provisions)	Draft or facilitate community benefits agreements (CBAs) related to new development or redevelopment can incorporate affordability requirements (0-30%, 31-60%, or 61-80%,and/or 81-120% AMI) .
RR-11	Regulatory Requirements or Policy	Negotiated requirements for needed types in new urban areas	Negotiate agreements for needed types within larger developments in newly urbanizing areas as part of UGB expansion decisions, annexation agreements, and/or area planning processes.
RB-1	Reduce Regulatory and Permitting Barriers	Priority Permit Review	Prioritize permit review for needed housing types.
RB-2	Reduce Regulatory and Permitting Barriers	Single point of contact for permitting	Provide a single office or individual to oversee the permitting process to reduce timeline and improve efficiency for development approvals.
RB-3	Reduce Regulatory and Permitting Barriers	Reduce permitting time	Increase the FTE devoted to staffing the permit "counter" and application review to facilitate quicker review of development applications, or update processes, procedures, or technology to make permit review more efficient and faster.
RB-4	Reduce Regulatory and Permitting Barriers	Permit Ready Plans	Allow development of housing units using a pre-approved set of plans for housing types that increase choice and needed housing characteristics
RB-5	Reduce Regulatory and Permitting Barriers	Permitting outcomes review / audit and process revisions	Analyze the share of development applications that were reviewed through a discretionary vs. clear and objective process, and the share that were approved, approved with conditions, or denied through each process. Revise permit process based on findings within audit.
RB-6	Reduce Regulatory and Permitting Barriers	Code Audit and Amendments	Conduct an audit of the development code to identify barriers to production of housing generally for locally-specific barriers and/or for needed housing types. Based on findings, adjust development code requirements to reduce barriers.
RB-7	Reduce Regulatory and Permitting Barriers	Upzone residential land	Rezone buildable residential land or modify existing zoning regulations (including maximum density, height limits, allowed housing types, minimum lot sizes, maximum lot coverage, and floor area ratio, as applicable) to allow, encourage, or require needed housing types and/or higher intensity residential development.
RB-8	Reduce Regulatory and Permitting Barriers	Expand residential options in commercial zones	Allow mixed use residential in commercial zones where residential use is appropriate; allow stand-alone residential use in commercial zones or areas where commercial use is not essential to meeting local goals and land needs.
ZI-1	Zoning or Regulatory Incentives	Development Intensity Bonuses	Use incentive zoning that provides more height, density (units, including multiple ADUs), floor area ratio, and/or building footprint (as applicable) for needed housing types.
ZI-2	Zoning or Regulatory Incentives	Parking Reductions	Offer lower parking ratios for needed housing types.
ZI-3	Zoning or Regulatory Incentives	Design and Development Standard Flexibility	Offer additional flexibility on design and development standards other than those listed for development intensity (such as setbacks, landscaping or open space requirements, public works & access requirements, articulation or entrance requirements) for needed housing types.
A-1	Advocacy	Luxury Tax	Advocate for Oregon State sales tax on luxury items, 2nd homes, etc. dedicated to providing funds for needed housing.
A-2	Advocacy	Land Value Tax	Advocate for a land value tax to generate tax revenue for needed housing by taxing vacant or underutilized land inside city limits.
A-3	Advocacy	Residential Vacancy Tax	Advocate for allowing a tax on vacant or seasonally vacant units to generate revenue for needed housing.
A-4	Advocacy	Homestead Tax	Advocate for a Homestead Tax to create a differential taxing structure for primary dwellings v. secondary dwellings. New revenue can be used to invest in needed housing.
A-5	Advocacy	Property Tax Exemption for Affordable Housing Tied to Level of Affordability	Advocate for a Property Tax Exemption for affordable housing that is tied to level of affordability (0-30%, 31-60%, or 61-80%) instead of the ownership structure. For example, grant a property tax exemption for affordable housing that serves households making less than 60% of AMI at initial lease up.
A-6	Advocacy	Delayed Tax Exemptions	Advocate for allowing housing to be built and operated at market rate while allowing developers to choose a path that maintains or reduces rents over time. Once the property falls below 80%AMI (but maintains HUD quality standards), tax exemptions would kick in.

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How Much is Enough?







Worked:

- **Focused less on the number and more on the need**
- **Created custom, flexible actions**
- **Selected actions with a range of difficulty – new ideas and early wins**

Committing Future Councils

Challenge:

- **Hesitant to commit future Councils**
- **More hesitation to commit to financial actions**



Committing Future Councils

Exhibit 16. Implementation Schedule

Action	2025	2026	2027	2028	2029	2030	2031
A. Develop a New Urban Renewal Area	Evaluate	Council Direction	Implement				
B. Develop a Single Property Urban Renewal Program	Evaluate	Council Direction	Implement				
C. Develop a New Middle Housing Urban Renewal Area Program	Evaluate				Council Direction	Implement	
D. Fund Infrastructure Improvements to Support Housing Development	Evaluated		Council Direction	Implement			
E. Revise System Development Charges (SDCs) Methodology for Smaller Housing Types	Evaluate		Council Direction	Implement			
F. Identify a New Multi Unit Housing Tax Incentive Program (MUHTIP) area	Evaluate			Council Direction	Implement		

Worked:

- **Stressed future decision points for Council**
- **Focused on opportunity to replace actions in the future**

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Adopted and Approved





But Implementation Challenges Remain



The Harrowing Tale of Molalla and the Three HPS

DAN ZINDER, PLANNING MANAGER, CITY OF MOLALLA

OCTOBER 16, 2026

HPS 1 – Initiated January 2021

- Done on a concurrent grant with the city's HNA with consultant Emerio Design
- Included a TAC with DLCD and Clackamas County
- Outreach of two surveys and a town hall
- Work sessions with Planning Commission and City Council

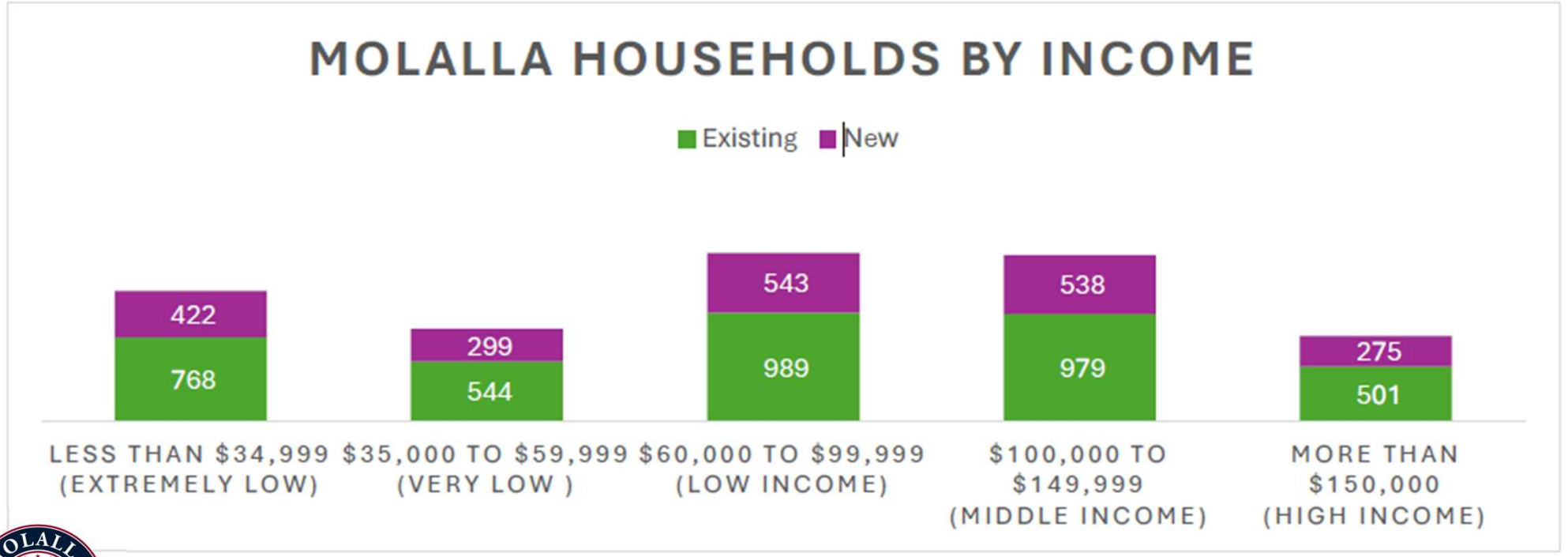
Committing Future Councils (Thanks Eunice!)

Challenge:

- **Hesitant to commit future Councils**
- **More hesitation to commit to financial actions**



Financial Hesitancy



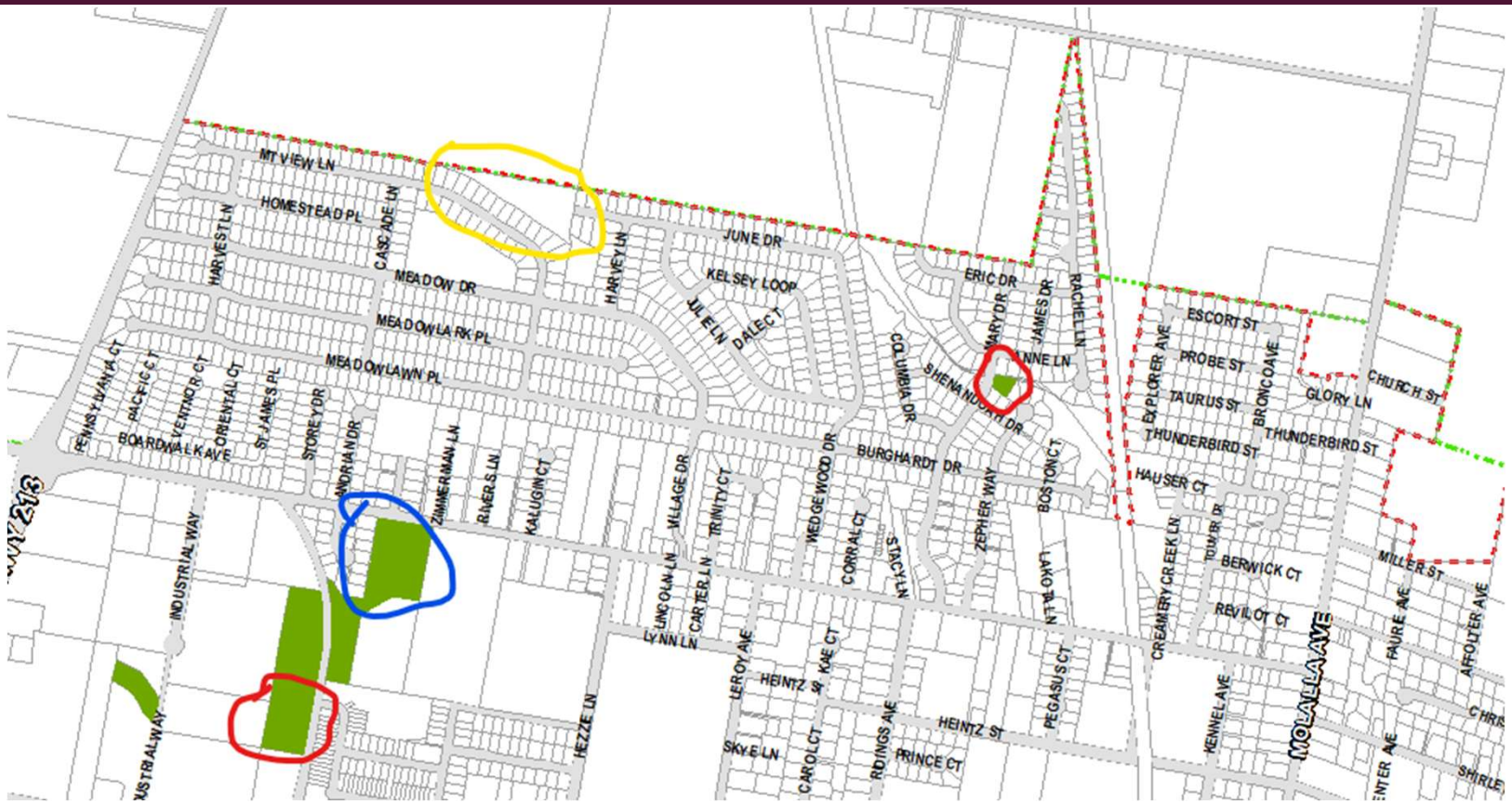
Median Income: $77,442

Need For Infrastructure Buildout





Shortage of Public Lands



Shortage of Public Lands



Strawberry Park – Opened 2022



Chief Yelkus Park – Opened 2025

Public Process

When it came to housing there was one thing on everyone's mind in Molalla


WATER!

Public Process

- Frustration with apartments
- Concerns about infrastructure capacity
- Not enough affordable options
- Partner with state and regional partners for grant support for affordable options
- More purchase options
- Additional crime prevention
- Continue building out parkland
- Concerns about committing city funds to housing

Final Product

- Change ADUs to Type I
- Promote Cottage Clusters
- STR Regulations
- Revise Mixed-Use Standards in Comm zones
- Reduce Barriers to Conversions
- Remove impediments to home ownership
- Address Zombie Housing
- Engage with faith-based groups that have excess land
- Sidewalk grant program
- Public benefit URA grant for new housing development



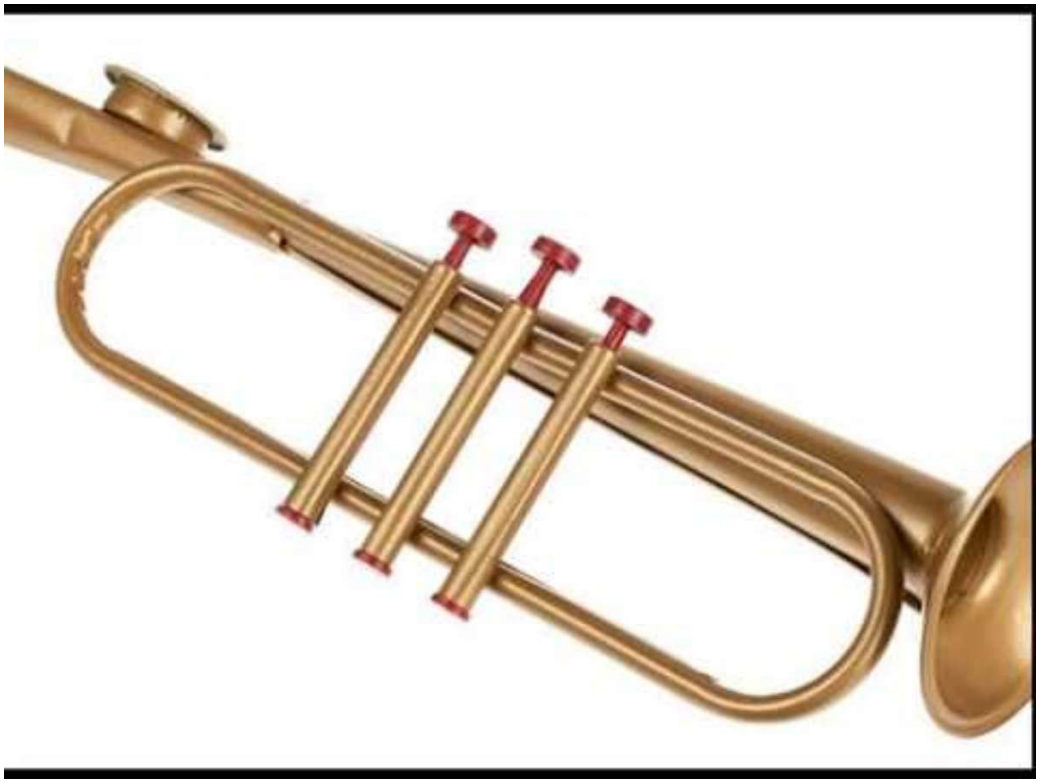
Kind of…

Major “Remand” Concerns

- Feedback received from DLCD within two weeks of the resolution hearing stated that specific outreach to housing producers and consumers was not obtained
- Needs a contextualized housing memo to bridge needs from HNA
- More specific implementation timeline needed

HPS 2 – Initiated January 2024

Enter 3J Consulting



Assembled A New PAC + Stakeholder Interviews



- Housing developers in Molalla
- Local advocacy and social services groups
- Habitat for Humanities
- Faith Leaders
- Molalla Area Chamber of Commerce
- Clackamas Human Services

Final Product Additions

- Contextualized Housing Memo
- ADU regulation updates
- Define and permit small unit developments
- Library of resources
- Modify SDC fee to be size based instead of EDU based
- Clackamas County collaboration
- Implementation program and timeline added



Officially…

Remand Conditions

- Address how policies in the HPS address accessibility and affordability concerns from the contextualized housing memo or adopt new policies
- Tie mentioned burdens to specific populations or state that there are none
- Develop an implementation plan for Action 9 “Address unmaintained ‘zombie’ housing” that includes measures which ensure that the action promotes neighborhood stability

HPS 3 – Initiated March 2024

Final Product Additions

- Textual edits and improved charts that created nexus between existing policies and affordability/accessibility
- New policy creating revenue source from STRs
- “Zombie housing” policy focused on inventory for H2H and similar groups
- Code amendments to promote flexible standards for affordable/ accessible projects



August, 2025. Phew!

Lessons Learned

- Ask for enough money on your grants – today's money is not 5 years ago's money
- A big tent is helpful for the PAC – not everyone will be engaged – having a few that are provides a lot of value
- Engagement needs to quickly narrow focus to keep on topic
- OAR 660-008-0055 gives DLCD reviewers wide discretion to determine what ought to be in the document. Have them in the room, if possible, in addition to your reps.



What about OHNA?

VIOLET L. BROWN, PLANNING MANAGER, 3J CONSULTING

OCTOBER 16, 2026

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Oregon Housing Needs Analysis 2026 Production Targets and Adopted Methodology

Metro UGBs	Results	Total	0-30% AMI	31-60% AMI	61-80% AMI	81-120% AMI	>120% AMI
Molalla UGB	1 year	64	14	11	7	11	21
	20 year	1,145	200	191	126	211	417
Salem UGB	1 year	2,002	650	415	205	280	453
	20 year	31,236	8,030	6,023	3,311	5,075	8,798

DAS Allocation is based on:

- underproduction for unmet current need,
- population forecast for future need, and
- an average over three years (smoothing).

Molalla: $128,030, 35% <60%
Salem: $103,400, 45%<60%

Oregon Housing Needs Analysis 2026 Production Targets and Adopted Methodology

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Salem UGB	1 year	2,002	650	415	205	280	453
	20 year	31,236	8,030	6,023	3,311	5,075	8,798

While the numbers are precise, think magnitude and priority setting and remember that this is a forecast.



Components of the HCA:

- DAS Allocation
- Contextualized Housing Needs Report
- Buildable Lands Inventory
- Development Ready Lands Inventory
- Residential Land Need Analysis

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HCA must be informed by relevant community engagement conducted in the last 5 years.

Tribal consultation has been added as a requirement.

Geospatial analysis when possible, but beware MOE.

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HCA findings set the stage for the eventual HPS, which must speak directly to the needs identified in the CHN and the conclusions reached on:

- housing type
- housing characteristics
- location

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Questions?

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Community Planning