

# Homes for Salem!

*Responding to concerns about new housing development.*



# Basic Housing Information

## Affordable Housing Vocab

### Area Median Income (AMI)

To determine housing eligibility for deed-restricted Affordable Housing, government programs use AMI. The AMI for Salem and surrounding communities is \$107,800.

### Local Median Household Income

Unlike AMI, the City of Salem's local median household income doesn't reflect the incomes of surrounding communities. Salem's Median Household Income is \$65,528.

### Affordable Housing

Housing is considered "affordable" when it costs 30% or less of a household's income. Deed-restricted Affordable Housing is for income-eligible households, and the cost cannot be more than 30% of their income.

### Income Limits

The US Dept. of Housing + Urban Development uses income limits to assess who qualifies for Affordable Housing. Generally, households need to earn 80% or less of the AMI. The income limits for a household of three are:

- |   |          |
|---|----------|
| • low income (50% to 80% of the AMI)              | \$73,000 |
| • very low income (30% to 50% of the AMI)         | \$48,550 |
| • extremely low income (less than 30% of the AMI) | \$29,150 |

## Creating Affordable Housing

Government housing programs provide assistance in several ways:

### Salem Housing Authority

Provides publicly managed Affordable Housing for income-eligible households, including older residents, families, and people with disabilities.

### Housing Choice Voucher Program (HCVP) - Section 8.

Grants a rental voucher to eligible households including low-income families, the elderly, and persons with disabilities to assist with monthly housing costs.

### Low Income Housing Tax Credit (LIHTC)

Provides State and local agencies tax credits for developers to acquire, rehabilitate, or construct rental housing targeted to lower-income households.

### Inclusionary Zoning (IZ)

Zoning that requests or requires a percentage of new housing developments to be deed-restricted Affordable. In return, developers may be able to add more market-rate units, include less parking, pay less for building permits, or access other incentives.

**Concern**

**Salem has too much Affordable  
Housing already**

**We already do our part**



# Responses

**Salem's supply of Affordable Housing does not meet local need.** For every 4 low-income households in Salem, there's only 1 deed-restricted Affordable Housing unit (9,085 low-income households for 2,104 Affordable units) (CHAS 2011-15, DHCD 2018). This includes publicly provided homes through the Salem Housing Authority and homes produced through both for- and not-for-profit development. The City is working to create more of all types of Affordable Housing opportunities for residents in need.

**About 10.5% of Salem's housing stock is Affordable, but about 244 of those 2,032 units could expire by 2030 (DHCD 2017, CHAS 2011-15) unless their Affordability can be extended.**

**More than two-thirds of Salem's low-income households are cost burdened, meaning they pay more than 30% of income on housing costs (CHAS 2011-15).** These 6,070 households may have to compromise basic needs like food, healthcare, and transportation in order to cover the cost of their housing. More Affordable Housing in the City would help reduce the rate of cost burden among low-income households.

**Qualifying folks of all ages, including those 60 years and older, spend over three years on the wait list for Salem Housing Authority Affordable units (Salem Housing Authority 2019).** The waitlist for a housing voucher, which can be used to subsidize market-rate unit costs, is ten years.





## **Concern**

**Salem has already added  
enough new housing**

**We don't need more housing**



# Responses

**Recent trends show fewer housing opportunities have been created in Salem than in previous cycles.** Salem added 1,594 new units between 2000 and 2018, compared to 2,300 units between 1980 and 1999 and about 2,866 between 1960 and 1979 (City of Salem 2018).

**Limited housing supply threatens the diversity of the Salem community.** People of many racial and ethnic backgrounds, a range of incomes and ages, and a variety of household compositions call Salem home. A lack of housing choices increases the risk of displacement for many of these residents, while welcoming housing policies can help maintain this diverse community.

**Salem needs more housing to address specific gaps in the housing supply, such as units that are affordable to a range of incomes and that accommodate folks seeking starter homes or looking to downsize.** Many residents are paying too much for housing: 39% of residents are cost burdened (7,109), as are about 67% of low-income households (6,070) and 25% of moderate-income households (465) (CHAS 2011-15).

**There's not enough Affordable Housing for low-income residents in Salem.** There are only 2,032 deed-restricted Affordable Housing units for 9,085 low-income households (CHAS 2011-15, DHCD 2018). Because these folks need to find housing on the open market, more than two-thirds of low-income households are cost burdened (6,070 households), paying 30% or more of income on housing costs (CHAS 2011-15).



## **Concern**

**Salem has enough people**

**New housing just brings in  
more people from Boston and  
Somerville**



# Responses

**Existing residents of Salem are a diverse and vibrant mix of ages, backgrounds, and incomes, but a lack of housing options may mean they'll have to leave Salem.** Salem's diversity is what makes it unique and vibrant and helps drive the economy. A greater range of housing choices will help maintain the city's current diversity.

**A growing population has economic benefits, including a greater tax base, more support for local businesses, and a larger employment base for local employers.**

**A growing population has contributed to the vibrancy and diversity that are some of Salem's most defining and valuable attributes.** For a long time, Salem has been home to a mix of residents, some born here and some who relocated here from elsewhere in the region, the country, or the world. One of Salem's most unique and valued attributes is its diverse community. People of many racial and ethnic backgrounds, a range of incomes and ages, and a variety of household compositions call Salem home. A lack of housing choices increases the risk of displacement for many of these residents, while welcoming housing policies can help maintain this diverse community.





**Concern**

**Salem shouldn't have to solve  
Boston's housing crisis**



# Responses

**Salem's housing prices are rising because demand exceeds supply.** The 2017 median home sale price was \$350,000, up from \$268,399 in 2012 (Warren Group). Meanwhile, 39% of Salem residents are cost burdened, meaning they already pay more for housing than they can afford (CHAS 2011-15). While homeowners looking to sell can benefit from rising home values, those that want to stay in their homes face higher property taxes, and residents hoping to buy a home or downsize may have a hard time finding housing they can afford. Rents have also risen: the median monthly rental price for a 2-bedroom unit in Salem in 2017 was \$1,970, compared to \$1,770 in 2013 (Zillow Research, MAPC Rental Listings Database).

**Limiting Salem's housing supply so that it cannot meet demand contributes to rising housing prices and increases the risk of displacement to Salem residents.** Demand for housing in Greater Boston is high, but the supply is limited. Increased competition for an insufficient supply of housing leads to bidding wars and increased sales prices. Higher-income buyers are willing to pay more for a home in a competitive market like Salem. A lack of higher-end housing to meet this demand means the cost of lower-cost housing increases. The 2017 median home sale price in Salem was \$350,000, up from \$268,399 in 2012 (Warren Group).

**The housing shortage is a regional problem that extends beyond municipal borders.** Just as Salem has benefited from the region's economic boom through greater employment opportunities, increased spending at local businesses, and greater tax revenue, it also needs to do its part to ease the housing crunch.



## **Concern**

**New units are all luxury units  
that Salem residents can't even  
afford**



# Responses

**New housing in Salem is not all luxury housing.** Since 2007, 261 Affordable Housing units have been created (City of Salem 2018).

**Financing Affordable Housing is not easy.** Some non-profit developers like the North Shore CDC are able to build 100% Affordable development by accessing local, state, and federal funding, but most developers don't have access to these funding sources and the high cost of development means they have to sell or rent new units at higher prices. It's more common for Affordable Housing units to be produced as part of mixed-income developments so that market-rate units can cross-subsidize the Affordable units. The City uses Inclusionary Zoning and other tools to incorporate Affordable Housing units into market-rate developments. Without the addition of market-rate units, Salem would see fewer new Affordable units.





## **Concern**

**There's a need for Affordable Housing here, okay, but nothing else**



# Responses

**Many Salem residents who do not qualify for most Affordable Housing still face housing challenges.** These may be moderate- or middle-income residents working at local restaurants, as teachers, as municipal employees, or as nurses. These residents may need to downsize from their current home or find a larger home for their growing family; they may need accessible units or may need to live closer to transit because they can't drive. A lack of housing and diverse housing choices on the open market makes it difficult for them to find housing that suits their needs at a price point that works for them.

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**Salem needs a diverse housing supply with options at a range of price points.** Demand for housing in Greater Boston is high, but the supply is limited. Increased competition for an insufficient supply of housing leads to bidding wars and increased sales prices. Higher-income buyers are willing to pay more for a home in a competitive market like Salem. A lack of higher-end housing to meet this demand means the price of lower-cost housing increases. The 2017 median home sale price in Salem was \$350,000, up from \$268,399 in 2012 (Warren Group).



## **Concern**

**Rental housing is for transient residents who aren't invested in the community**

**Renters aren't like us**



# Responses

**For some, rental housing is preferable, maybe due to the size of units or the building management and maintenance.** For others, it's the only opportunity they have to live in a place they love. For a median priced home of \$350,000 in Salem, a down payment of 20% is \$70,000 (Warren Group). With a median annual household income of \$65,528 in Salem, it would take many years for a household to save enough money for a down payment while also covering rent and other basic needs (ACS 2013-17). Regardless of whether someone is a renter or a homeowner, they're a contributing member to the Salem community.

**Many folks who help Salem run depend on rental housing.** Over 63% of employees in Salem work in health care, social assistance, education, accommodation, food services, and retail. These folks contribute to Salem's community and need housing just like everyone else, but are often unable to afford the costs associated with homeownership. The average monthly income for these professions range from \$1,784 for those in the accommodation and food services to \$4,444 for those in health care and social assistance (NAICS 2017). One of these workers would struggle to afford a 1-bedroom rental unit in Salem, which costs \$1,675 a month, or between 38% and 94% of their monthly income (MAPC Rental Listings Database). Unless they're part of a two-income household, these residents can barely afford to rent in Salem, let alone buy a home.





## Concern

**There's not enough parking**  
(particularly during October!)



# Responses

**The residential parking supply should meet demand.** In areas with transit proximity, there's typically less demand for residential parking. The City can set different parking minimums for different areas based on market research, or leave parking requirements up to developers, who conduct their own market research. (After all, no developer wants to produce housing that can't be leased or sold because of a lack of parking!)

**Housing development can be paired with strategies to promote alternatives to single-occupancy vehicles, such as improved transit service.** The City of Salem is exploring a number of strategies to get residents around the city, including the potential for a second commuter rail station, an intra-city shuttle, and a complete street along Boston and Bridge Streets. The success of the Zagster bicycle sharing program shows that alternatives to single-occupancy vehicles are possible.

**Another strategy used throughout the region to reduce traffic congestion, solve parking problems, and make alternative transportation more affordable is Transportation Demand Management.** This tool requires developers of certain projects to provide residents with incentives that curb parking demand, such as a transit subsidy, car share, free shuttle bus, or bicycle parking.



**Concern**

**New housing makes traffic even worse**



# Responses

**New housing is not the main contributor to traffic in an area.** Factors with as much if not more impact on traffic generation include a lack of transit options, slow drivers looking for parking, and inefficient roadway design.

**The scale of development and parking requirements are rarely high enough to impact traffic flows in a given area.** The residential parking supply should meet demand. In areas with transit proximity, there's typically less demand for residential parking. The City can set different parking minimums for different areas based on market research, or leave parking requirements up to developers, who conduct their own market research. (After all, no developer wants to produce housing that can't be leased or sold because a lack of parking!)

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## Concern

**The city's infrastructure (pipes, water, services) can't handle more housing/people**



# Responses

## **New development actually helps improve the City's 400-year-old water and sewer infrastructure!**

The City requires a thorough inspection of water and sewer capacity before a new housing development is approved. If the City finds capacity is limited or in need of improvement, the developer is tasked with making improvements that are proportional to the increase in capacity required for the new development.



## **Concern**

**Our schools are at capacity so we can't add more housing for families**



# Responses

**Salem has seen a decrease in school children.** Since 2000, school enrollment has decreased by 15%, or 841 students (MA Department of Education). This is due in part to changing demographics in the city, including an increase in empty nesters, retirees, and young professionals without children.

**New housing doesn't necessarily result in more school children.** A MAPC Greater Boston study on the influence of housing on school enrollment found that there is no correlation between housing production rates and enrollment growth (MAPC 2017). In fact, it's more common for families with school children to move into existing single-family homes once they turn over than into new multifamily rental units, which is most of Salem's recent development.

**Households have less people than they used to.** Households have gotten smaller than in previous decades, as families wait until later in life to settle down and have fewer children than they did in prior generations. This means that many communities, including Salem, have fewer school children. Only 1 in 4 households have one or more children in Salem (ACS 2013-17).





## **Concern**

**We need to protect Salem's  
open space from development**



# Responses

**Nearly 38% of Salem is and can remain open space for recreation (OSRP 2007)!** The City can both protect open space and increase housing opportunity through a housing strategy that focuses new production on vacant or underused parcels, re-development of buildings that are vacant or currently used for other purposes, and in infill areas around the city.



## Concern

**There's no place for new housing** (coastal flooding limits development opportunity, we must protect open space, etc.)



# Responses

**The City includes safeguards in its zoning for housing in flood zones including the Flood Hazard Overlay District special permit.** This special permit is required for any new construction in the flood zone to protect the health and safety of the occupants of lands subject to seasonal or periodic flooding. In general, the City uses zoning and other strategies to determine where new housing production should occur in order to balance development constraints and different planning goals.

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## Concern

**Why should we help developers make a profit?**





# Responses

**Housing is not considered a public good in this country. Like anything else, it's created, bought, and sold.** If developers don't make a profit, they have no incentive to build housing, which Salem needs! Like folks in every other profession, developers need to make a living.

**Housing is a key element of the national and local economy.** By building more housing, developers create jobs for a variety of workers, including electricians, plumbers, laborers, masons, carpenters, engineers, architects, and landscapers, to name a few. Housing development also increases economic development by supporting businesses that contribute goods and services, such as building materials and trucking companies, and through the local spending at restaurants and retail stores that on-site workers do.

**Local developers like the North Shore Community Development Coalition and Harborlight Community Partners are mission driven rather than profit driven, so they can take a lower return on investment in order to produce Affordable Housing.** But they alone cannot develop the amount of housing needed to meet demand in Salem.



## **Concern**

**We need businesses not  
residents, commercial spaces  
not housing units**



# Responses

**The City continually advances initiatives to support economic development, including small business loans and working with the state on economic incentive programs.** Meeting the housing needs of residents is another worthy endeavor the City is pursuing, and one that is compatible with improved economic development.

**New mixed-use development combines residential and commercial space.** In the right areas, there's market demand for shops and storefronts on the ground floor and housing above. The housing provides a steady customer base, and the shops can provide an activated and vibrant street level.

**Businesses need customers and workers, who need a place to live.** Without housing that's affordable to employees, employers may need to relocate to areas with more housing opportunity. Many workers in Salem cannot afford to live in the city: Over 63% of employees in Salem work in health care, social assistance, education, accommodation, food services, and retail (NAICS 2017). The average income for these professions range from \$1,784 for those in the accommodation and food services to \$4,444 for those in health care and social assistance (NAICS 2017). One of these workers would struggle to afford a 1-bedroom Salem rental unit, which costs \$1,675 a month, or between 38% and 94% of their monthly income (MAPC Rental Listings Database). Unless they're part of a two-income household, these valuable members of Salem's community would need to commute into the city for work.

