

S A L E M H O U S I N G R O A D M A P

EXECUTIVE SUMMARY

Draft Report

FOR DISCUSSION ONLY

Submitted: 6/29/22



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EMPOWERING PEOPLE — CREATING COMMUNITY



INTRODUCTION

This report, the Salem Housing Road Map: A Housing Plan for All, is intended to serve as the City of Salem's Housing Production Plan (HPP), a state-recognized planning tool that, under certain circumstances, permits municipalities to influence the location, type, and pace of affordable housing development.

ENGAGING THE SALEM COMMUNITY IN THIS PLAN



“People who are already here, perhaps have lived here their whole lives and are embedded . . . should not be forced to move out of their homes because of a changing market.”

“Housing is not a human right in the U.S., and, in Salem, homes are for sale to the highest bidder, greed drives the market, and people who struggle are either priced out before they can even move elsewhere, or discreetly discriminated to find housing elsewhere in the City.”

“. . . all people--need to be safely, comfortably sheltered and fed. If they aren't regularly so then the chance of their being healthy, happy, productive members of a community are greatly lessened.”

- The above is a sampling of quotes from members of the Salem community who participated in the engagement efforts as part of this planning initiatives.

ENGAGING THE SALEM COMMUNITY

How to engage people in a process that can affect so many people's lives and livelihoods? The importance of this endeavor is undeniable. However, true representative community engagement is a struggle in communities of all types and is particularly challenging in a community as complex and diverse as Salem.

Despite these challenges, the project team worked hard to reach representatives of all segments of the Salem community.

Due to the combined and collaborative engagement efforts of the Steering Committee, the City staff, the Affordable Housing Trust members, North Shore Community Development Corporation, Salem Latino Leadership Coalition, Lifebridge Salem, Harborlight Community Partners, and Essex County Community Organization, this plan is based on a community process involving a wide range of community members with diverse perspectives, backgrounds, and socio-economic characteristics.



Flyers in Spanish and Portuguese to promote the March public forum.

SALEM'S HOUSING VISION

The Salem community sees housing as a human right and a fundamental aspect of life, liberty, and the pursuit of happiness.

We envision that our city will be an equitable place where:

- People of all backgrounds, means, genders, and ages are welcome
- People who work here, longtime residents, and newcomers can live here and thrive throughout the stages of their lives
- We celebrate our diverse stories and histories
- We protect the availability of affordable, secure, and stable homes



“People who work here should be able to live here and that is increasingly more challenging for too many.”

“Market pressure is affecting Salem’s existing housing stock and leading to . . . the widespread displacement of low-income people from housing stock that was traditionally naturally affordable or naturally moderate cost.”

“When people can already barely afford rents and they are rising faster than wages people are going to be forced to move.”

- The above sampling of quotes is from members of the Salem community who participated in the engagement efforts as part of this planning initiatives.



Five-Year Goals

Goals are an important part of this plan because they describe conditions to aim for that support achievement of the housing vision.

OVERARCHING GOALS

1. PRESERVATION AND STABILITY

Preserve affordable housing and naturally occurring affordable housing (NOAH) and protect low- and moderate-income renters and other vulnerable populations, including BIPOC residents, from substandard housing, discrimination, and displacement.

2. HOUSEHOLDS IN NEED

Protect and create affordable homes to support the needs of Salem's most vulnerable populations including unhoused residents and those at risk of being unhoused, extremely and very low-income residents, older adults, the workforce, and households with disabilities.

3. SUPPLY

Strive to create opportunity to sensitively expand the supply of market rate, mixed-income, and affordable housing of various sizes, including accessible units, and ensure that redevelopment minimizes displacement of existing Low and Moderate-Income (LMI) Households.

LOCATION GOALS

4. COMPLETE NEIGHBORHOODS

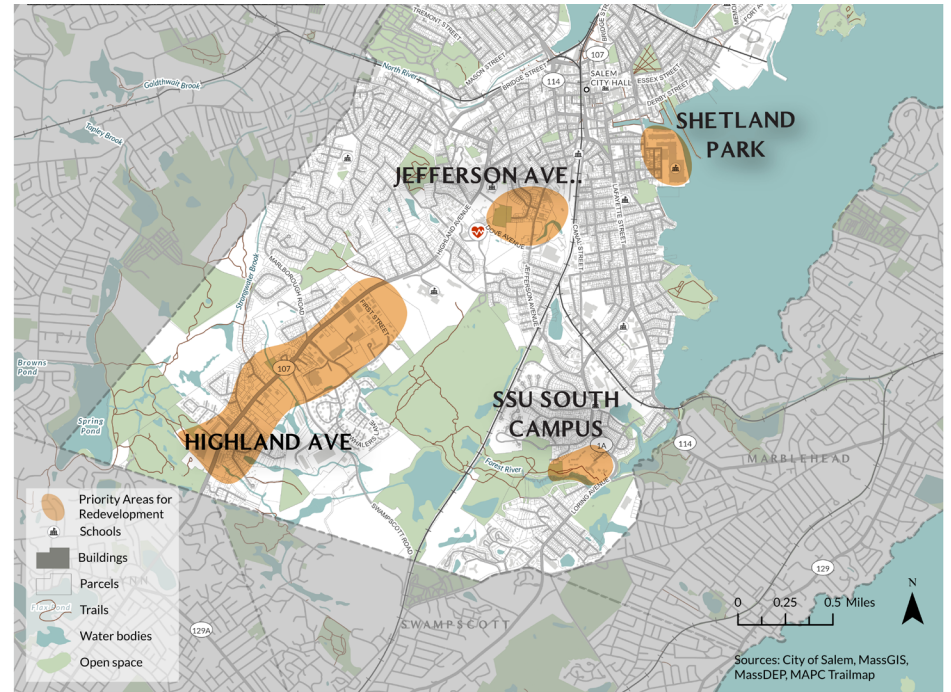
Focus housing development and redevelopment in areas of Salem with access to jobs, transportation, and commercial hubs, while ensuring new development and redevelopment includes strategies to minimize displacement of existing residents and loss of NOAH.

5. TRANSFORMATIVE AREAS

Consider opportunities for redevelopment of transformative areas such as the SSU South Campus, Jefferson Avenue area, Shetland Park, and areas along Highland Avenue, while ensuring accessibility from these areas to employment centers and/or mixed-use projects. (See map on the following page.)

6. MIDDLE HOUSING

Encourage strategic infill in existing residential neighborhoods that maintains historic character design standards and neighborhood characteristics.



SUSTAINABILITY AND DESIGN GOALS

7. SUSTAINABILITY AND RESILIENCE

Work towards a more sustainable and resilient housing stock in Salem through innovative design and sustainably sourced materials and renewable energy sources, with particular attention to flood resilient construction and strategic location and design given Salem's coastal location and potential for future sea level rise.

8. REHABILITATION OF BUILDING STOCK

Encourage rehabilitation of existing buildings, including historic buildings, to improve energy efficiency and safety to preserve the historic character of Salem while improving quality of life for residents.

FIVE-YEAR STRATEGIES



"I'm concerned about people being unable to stay in their homes. It's destabilizing for them and the community."

"Secure, stable housing is the foundation needed to ensure a steady, productive livelihood and the city should be doing everything in its power to protect that over the interests of those who seek to make short-term profits."

"Rent increases by more than small % to account for cost of living + inflation is just predatory and a way to capitalize on a region's growing popularity. Any eviction due to a tenant's inability to afford rent is a policy failure of our government as housing should be a human right and is a fundamental aspect of 'life, liberty & the pursuit of happiness'."

- The above sampling of quotes is from members of the Salem community who participated in the engagement efforts as part of this planning initiatives.



Photo Credit: NorthShore CDC

Local policies can (and should) be both pro-housing and pro-tenant. The questions to keep coming back to when considering strategies and how to move forward are not pro-housing or pro-tenant but "Who benefits?" and "Who is harmed?"¹.

Achieving Salem's vision and goals will require a balance of stability, supply, and municipal subsidy strategies as well as local implementation capacity and outreach.

¹ Phillips, Shane, *The Affordable City: Strategies for Putting Housing Within Reach (and Keeping it There)*, Washington DC: Island Press, 2020.

THE STRATEGIES ARE GROUPED IN FOUR CATEGORIES:

STABILITY

Recognize the dignity of housing – it’s more than an investment vehicle - protect renters and naturally occurring affordable housing. This group of strategies focuses on how to stabilize rents and retain rental housing stock without making housing development infeasible.

SUPPLY

Rents and home prices rise because of scarcity. Build enough homes to meet needs of a growing population. This group of strategies focuses on how to create more housing with sensitivity to impacts on vulnerable or historically oppressed populations.

MUNICIPAL SUBSIDY

Ensure everyone benefits from having a home in a stable community - supporting those who need additional assistance and providing subsidy to overcome market obstacles. This group of strategies focuses on generating and investing local funding as a tool to apply where subsidy and stability measures alone fall short.

IMPLEMENTATION CAPACITY & OUTREACH

To support the strategies in the three categories above, it is essential to have the local capacity including staff and other resources as well as an informed voting public to support initiatives.

For detailed descriptions of the strategies in each of these four categories and information about funding and other resources, please refer to the full report.

SUMMARY OF HOUSING STRATEGIES

STABILITY

- Consider rent stabilization or anti-gouging programs for renters.
- Support Condominium Conversion ordinance in progress.
- Investigate programs for displacement compensation for renters and homeowners.
- Study gentrification and neighborhood change to explore the most effective anti-displacement policy and regulatory measures.
- Consider adopting an Affirmatively Furthering Fair Housing ordinance.
- Consider supporting and advocating for a Community Land Trust.
- Investigate metrics to create Salem-specific capping of rent increases for local action units.
- Enact stronger tenant protections.
- Continue to assess progress of recently launched Housing Stability Services program and investigate potential additional components to the program.
- Consider a centralized housing lottery agent/resource center.
- Partner with lending institutions and public service agencies to support housing stability.

SUPPLY

- Study effectiveness of the existing Affordable Housing Policy and consider adopting Inclusionary Zoning.
- Prioritize affordable housing development or redevelopment when disposing of municipal property.
- Consider adopting best practices in coordinating permitting processes to increase efficiency of development pipeline.
- Study potential benefits of revising residential dimensional standards to match historical and existing development patterns more closely.
- Study residential parking minimums.
- Consider rezoning options in transitional areas with accompanying considerations for transit to support denser development.

- Adopt an Urban Center Housing Tax Increment Financing (UCH-TIF) or another tax incentive program to promote affordable and mixed-income housing development.
- Adopt zoning amendments to promote small efficiency units including Single Room Occupancy (SRO) housing to provide permanent supportive housing particularly for formerly unhoused or those vulnerable to housing instability.

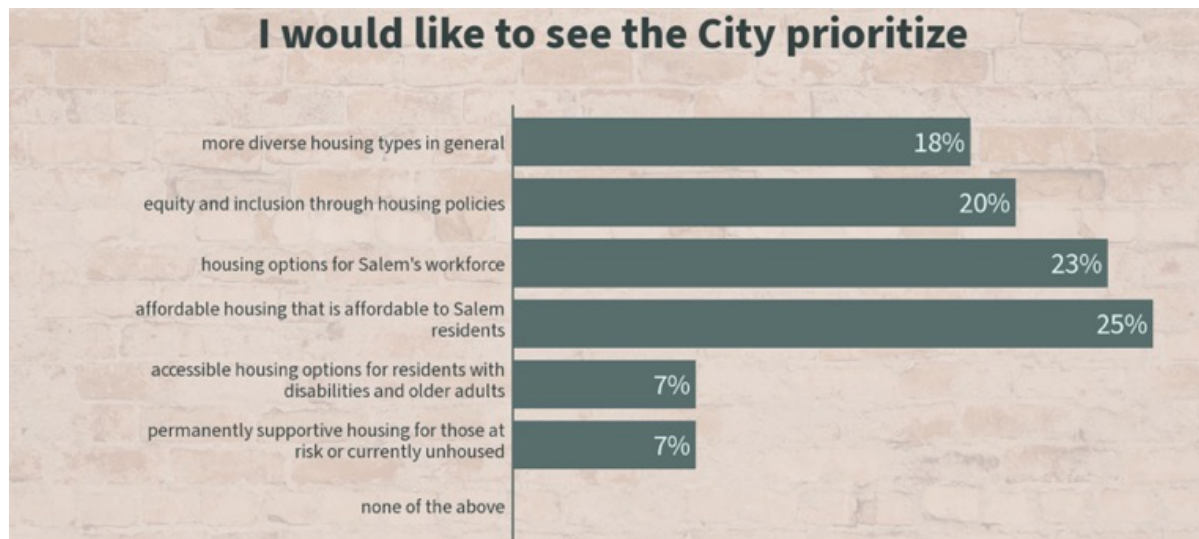
MUNICIPAL SUBSIDY

- Leverage state and other public resources to assist in the creation and rehabilitation of housing.
- Consider issuing municipal bonds and/or bonding Community Preservation Act funds for affordable housing production.
- Study the impacts of a real estate transfer tax and consider adoption to apply to high end real estate transactions, if enabled through state legislation.
- Support the existing rehabilitation program that provides accessibility assistance and prioritize funds for property owners who rent to voucher holders.

- Study local rental voucher program enacted during COVID-19 pandemic to measure effectiveness and possibilities for continuation or improvement.
- Incentivize property owners to keep rents affordable by offering property tax abatements to owners who rent to low- and moderate-income households.
- Consider a multi-family home buyer program to help residents buy multi-unit homes in exchange for rent caps to promote wealth building.
- Consider purchasing right of first refusal from current owners.

IMPLEMENTATION CAPACITY & OUTREACH

- Increase public awareness of existing renter rights.
- Consider creating a permanent Housing Stabilization Office.
- Create a rental registry to track rents, evictions, and other metrics.



WHY DOES “AFFORDABLE HOUSING” IN SALEM NOT SEEM VERY AFFORDABLE?

The technical definition of “affordable housing” is different from the way we think of it in everyday conversation. Housing professionals consider a home to be affordable if the occupant is paying 30 percent of their gross income or less towards their housing costs. To calculate what would be considered affordable housing in a region, planners use households earning 80 percent of the average income in that region or less. **Salem’s average household earns about \$68,800 per year**, but because Salem is part of the greater Boston region, the affordable housing calculations

are done using the **average household income in the greater Boston area, which is \$113,300**. This explains why some of the affordable housing recently constructed in Salem seems out of reach to the average household in the city.

*For more information about U.S. Department of Housing and Urban Development definitions and calculations of affordable housing, see www.huduser.org

Source: 2019 ACS 5-year Estimates, HUD 2021 Affordable Housing Income Limits

The gap between average incomes in **SALEM** and average incomes in the **greater BOSTON REGION** is increasing:

INCREASE IN AVERAGE INCOME 2010-2019

SALEM

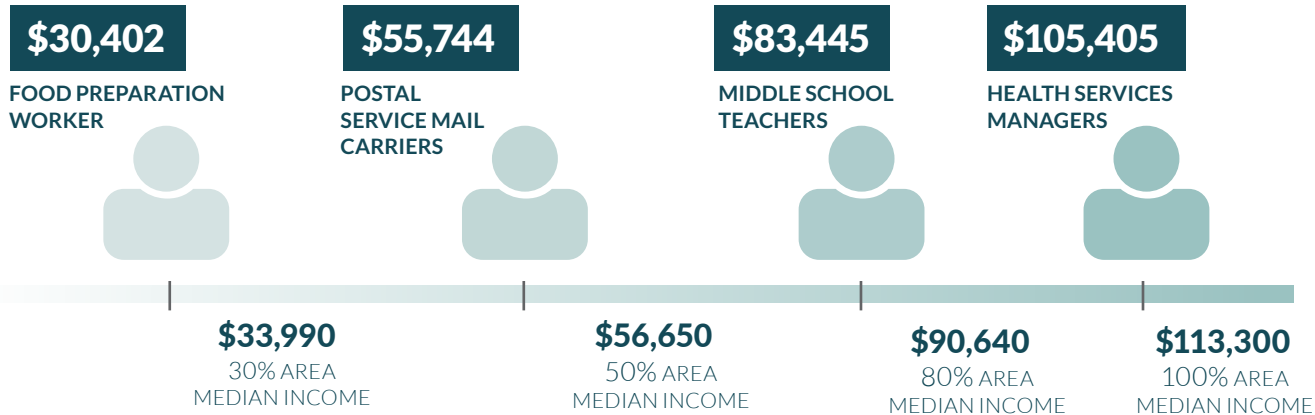


GREATER BOSTON REGION



Source: 2019 ACS 5-year estimates

MANY PEOPLE WORKING FULL-TIME JOBS COULD QUALIFY FOR AFFORDABLE HOUSING



Source: May 2020 Massachusetts Occupational Employment and Wage Statistics Program Survey

About 11 PERCENT of Salem families fall below the federal poverty threshold.

Source: 2019 ACS 5-year estimates

HOUSING AFFORDABILITY

There is a large gap between housing prices and rents in Salem and what Salem residents can afford. Salem's average housing prices are also growing much more rapidly than the city's average incomes.

Many Salem residents are spending more than they can afford on housing.



About **48 PERCENT** of Salem's households have low/moderate income

42 PERCENT of those spend more than half of their gross income on housing.

**Low and Moderate Income households are defined as households earning less than 80 percent of the Area Median Income*



OVER 2,500 of Salem's households have extremely low income and spend more than half of their income on housing costs, leaving little income for other necessities such as food, clothing, utilities, transportation, and medical expenses.

**Extremely Low-Income Households are defined as households earning less than 30 percent of the Area Median Income*

Source: 2017 HUD Comprehensive Housing Affordability Strategy

PURCHASING HOUSING IN SALEM

\$276,000
AVERAGE SALEM HOUSEHOLD CAN AFFORD

\$385,000
AVERAGE 2020 CONDO SALES PRICE



\$490,000
AVERAGE 2020 SINGLE-FAMILY HOME SALES PRICE

RENTING HOUSING IN SALEM

\$1,013
AVERAGE SALEM RENTER CAN AFFORD

\$2,014
AVERAGE SALEM RENT



INCREASES IN INCOME AND HOUSING PRICES 2010-2019

8%
INCREASE IN AVERAGE FAMILY INCOME

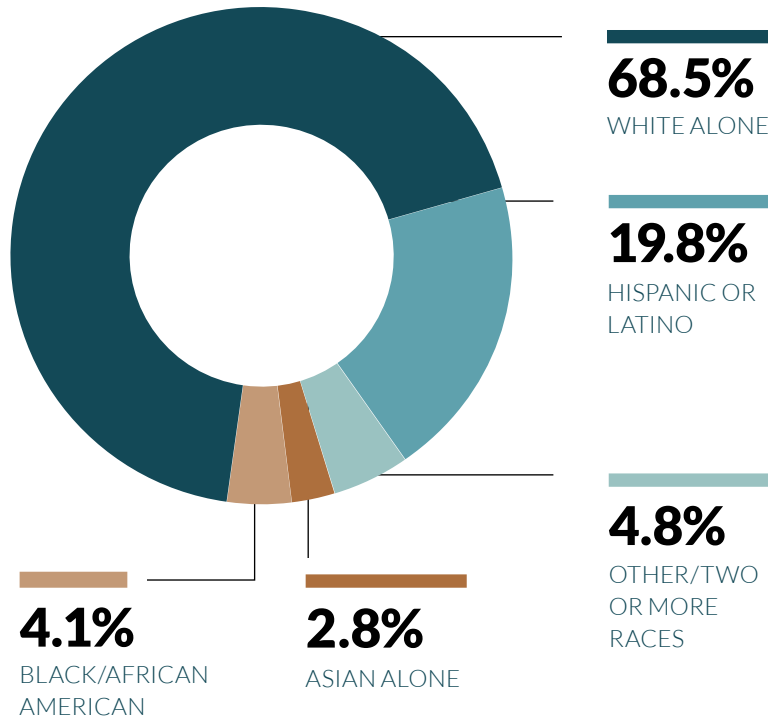


49%
INCREASE IN AVERAGE SALES PRICE FOR A HOME

Sources: 2019 ACS 5-year Estimates, The Warren Group, MA DHCD Sales Price Calculator, 2019 ACS 5-year estimates, Rentometer.com, 2019 ACS 5-year Estimates, The Warren Group, MA DHCD Sales Price Calculator

DEMOGRAPHICS

Salem is a diverse city, and the percentage of BIPOC (Black, Indigenous, and People of Color) residents has increased by about 7 percent since 2010. Around 20 percent of Salem’s residents identify as Hispanic or Latino, almost double the statewide average. The city’s Race Equity Task Force reinforces the importance of “fostering an inclusive community that acknowledges, cultivates, and celebrates the unique experiences and talents of the people who make Salem such a rich and diverse city.” Housing availability and affordability is critical to support a diverse, equitable, and inclusive City.



Sources: 2020 US Census, August 2021 City of Salem Race Equity Task Force Report

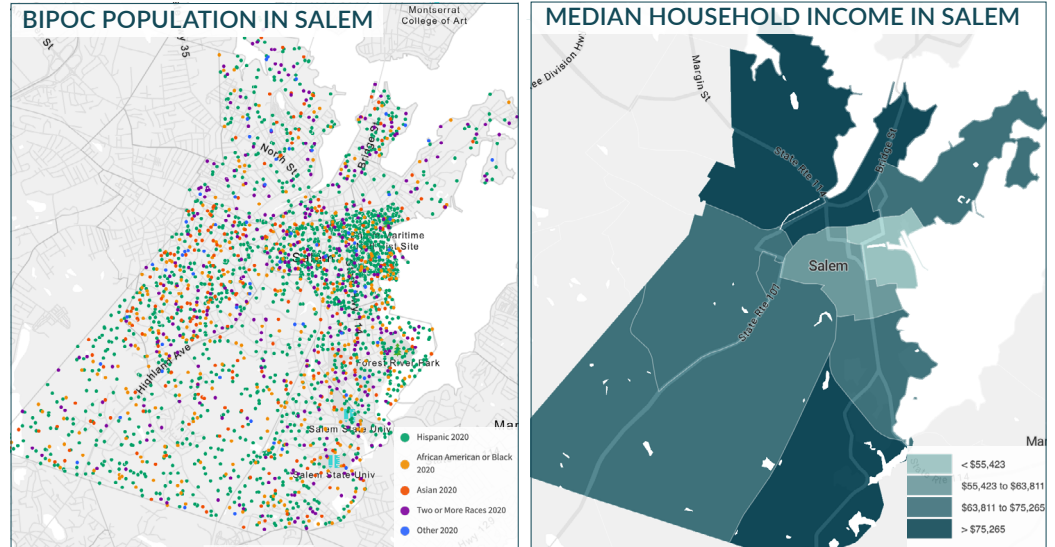
Salem’s population is **YOUNGER** than the statewide average, with about **A THIRD** of the city’s residents between the ages of **18 AND 34**, including a significant student body at Salem State.

Around **10 PERCENT** of households in the city are single-parent households

There are an increasing amount of older residents living alone, about **13 PERCENT** of households.

SPATIAL INTERSECTIONS

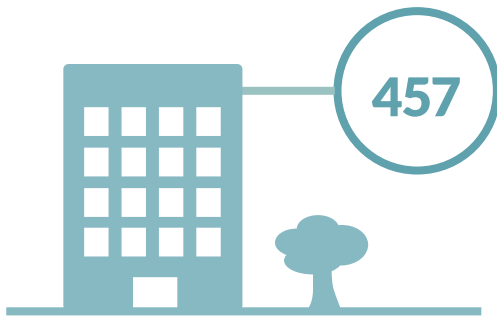
Race and income are not evenly distributed in Salem. In particular, The Point has a high concentration of BIPOC (Black, Indigenous and People of Color) residents, the lowest average incomes in the city, and a larger amount of older, more affordable rental housing, and is particularly vulnerable to rising housing prices and gentrification pressures.



Source: 2020 Census, 2015-19 ACS 5-year estimates, via Social Explorer

CONDOMINIUM CONVERSION

Many property owners in Salem are choosing to convert multifamily houses into condominiums in recent years, resulting in a decrease in naturally occurring affordable housing.



Since 2016, **457 UNITS** have been converted into condos, about 5 percent of the 8,930 occupied rental units in Salem.

Source: Salem Department of Planning and Community Development, 2019 ACS 5-year Estimates

NON-CONFORMING NEIGHBORHOODS

Salem's residential neighborhoods have a large number of buildings which do not conform to the regulations in the zoning code, which was put in place after these special and historic neighborhoods were built. Property owners can remodel but not expand these buildings without a complex permit process. This mismatch between the regulations and the built environment can present barriers to creating or expanding new housing which would fit with the existing character of these areas.

Source: Salem Zoning Ordinance, <https://www.minnpost.com/cityscape/2019/07/legalizing-historic-complexity-is-a-silver-lining-to-zoning-reform/>

TRANSPORTATION AND JOBS



When planning for housing in Salem, it is important to consider the transportation between housing and job locations. Many service industry jobs are in parts of town which are unaffordable to service-industry employees, and some affordable housing has been developed without easy access to workplaces. The new Salem Skipper has been a successful public transit service, and Salem residents value the walkability of their city, though some areas and streets are less pedestrian-friendly. These transportation concerns are important to consider when planning for new housing development or redevelopment.

Source: City of Salem, Salem Skipper, Salem Bicycle Master Plan, communication with Housing Road Map focus groups September 2020

Since 2016,

234

affordable multi-family housing units have been permitted, are under construction, or have been built. Of those,

154

are affordable for households earning 30-60 percent of the area median income.

Source: Salem Department of Planning and Community Development

According to state records,

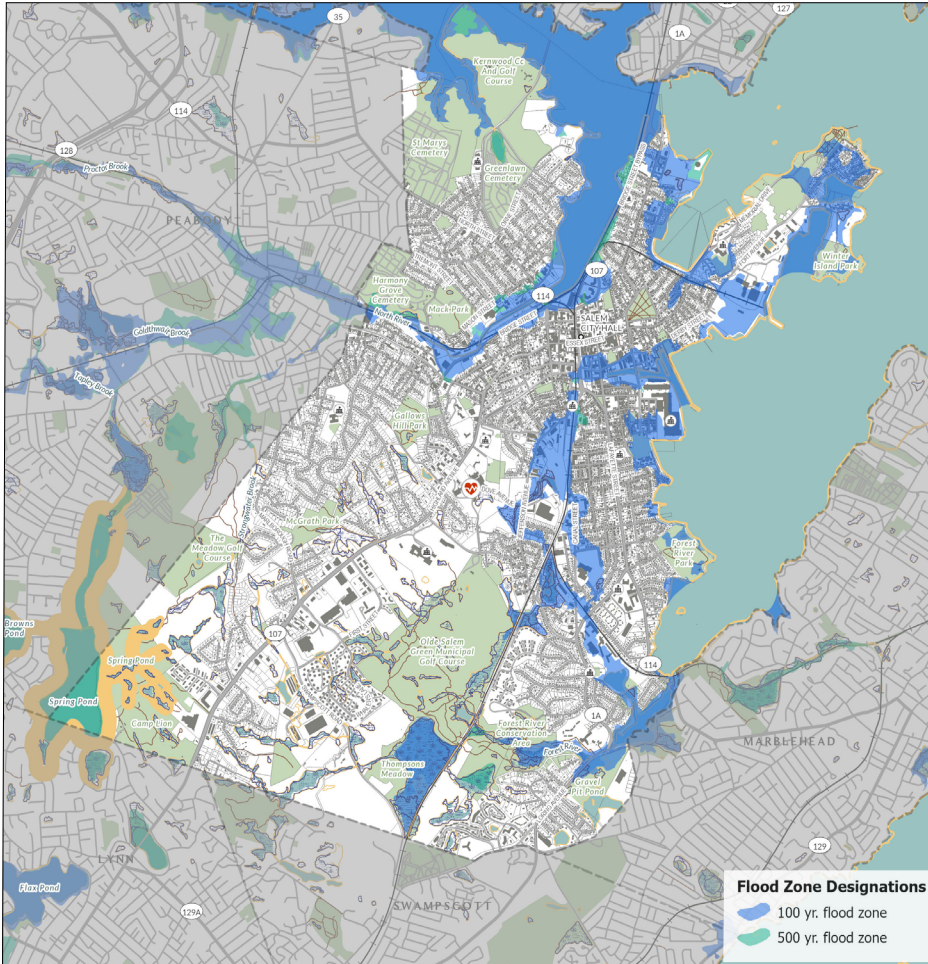
OVER 800

affordable housing units are set to expire by 2030. which would be a significant loss of Salem's affordable housing stock, displacing hundreds of families.

Source: Massachusetts Department of Housing and Community Development

FLOODING AND CLIMATE CHANGE

As a coastal city, Salem is particularly vulnerable to future sea level rise, and flooding has been on the rise in recent years. The state estimates that significant flooding will continue to occur in Salem more frequently than once every five years, and the city estimates that by 2100, sea level will be 4 feet over the 1998 baseline.



Source: Massachusetts State Hazard Mitigation Plan, City of Salem 2014 Climate Change Vulnerability Assessment and Adaptation Plan, MassGIS, MassDEP, MAPC Trailmap

PREPARED BY JM GOLDSON

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PROJECT TEAM

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