



DRAFT

OREGON STATE HOSPITAL – NORTH CAMPUS PRELIMINARY CAMPUS VISION, STRATEGY, AND DEVELOPMENT PROGRAM

PREPARED FOR



January 2013

State of Oregon
Department of
Administrative
Services
Real Estate
Services

PREPARED BY

 **LELAND CONSULTING GROUP**



Campus Vision, Strategy, and Development Program

LELAND CONSULTING GROUP



Memorandum

Date 31 January 2013

To Real Estate Services
Department of Administrative Services
STATE OF OREGON

From Leland Consulting Group
Cushman & Wakefield

Subject Oregon State Hospital—North Campus
Preliminary Vision, Strategy, and Development Program

People Places Prosperity

- Revitalizing Downtowns
- Creating Partnerships
- Targeting Real Estate Success
- Shaping Financial Strategies
- Strengthening Community
- Enabling Sustainability & Livability
- Making Cities Work

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The consulting team supporting the State of Oregon Department of Administrative Services (DAS) Real Estate Services Division has been examining the now largely vacant Oregon State Hospital – North Campus. Formerly the home of Oregon’s psychiatric hospital, this 48-acre site was closed following consolidation of the entire hospital needs onto the South Campus where all patients are now located in appropriate contemporary facilities.

EXISTING SITUATION

As a vacant campus near the heart of Salem, the North Campus as currently developed no longer serves a useful purpose with the exception of the Dome Building, occupied by staff of the Oregon Department of Corrections, and Yaquina Hall, approximately one-third occupied by

Department of Human Services (DHS) staff. The other buildings are vacant, not being used, and yet DAS estimates that annual operating costs (for security, maintenance, insurance, landscaping, heating, cooling, and other expenses) range between \$500,000 and \$1,000,000 for the entire campus. The State (as property owner) is required by law to provide maintenance to any structures and the site to ensure that it does not fall into dereliction and disrepair, even though the site is barely utilized.

Further, because these buildings were designed for a specific purpose in the late 1940s and 1950s (to house patients and staff, along with related facilities), the structures are poorly suited to serve purposes other than housing patients. The Dome Building has served as an administrative space since its construction in 1912 and is in the estimation of this team the most attractive and functional building. It is the exception to the other functionally and economically obsolete structures. The remaining five “mid-century” buildings were designed to serve and house patients and staff until the new South Campus facilities were completed.

Compounding the problem is that to put any of these buildings back into service will require a significant amount of environmental, structural, and functional improvements. Research reveals that renovation, were it pursued, would include but not be limited to seismic structural upgrades; upgrades to mechanical systems such as heating, cooling, and plumbing; removal and remediation of lead paint and asbestos; significant interior remodels in order to address small, narrow rooms, large hallways, and other design irregularities; window replacement; the potential addition of parking (depending on use); considerable deferred maintenance; potential on and off-site utility work; and the design and



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engineering professional fees required to plan and manage changes. The cost of upgrading the five mid-century buildings to modern office standards has been estimated at \$74 to \$92 million based on the State's recent renovation of the Eugene State Office Building and other comparable projects.

Even if the mid-century buildings could be rehabilitated, their former use would likely result in structures inefficient for traditional market rate housing, office use, or other purposes. In effect, these buildings no longer represent assets but, rather, are considered to be liabilities—liabilities with a significant ongoing maintenance responsibility and cost.

The current regulations governing the site do not allow most reasonable reuse options and, therefore, will almost certainly require significant changes. The current City of Salem Comprehensive Plan and zoning designation is Public and Private Health Services, which allows healthcare and public administration, but few other activities, to take place on the site. There are also several layers of historic designations. The North and South Campuses are both listed on the National Register of Historic Places, which conveys both some potential tax benefits but, more importantly, significant restrictions on building modifications, particularly in the event that the State remains as owner of the site. This team's understanding is that private owners of the site will enjoy significantly greater flexibility in reusing and redeveloping the site than either the State or City. A City-designated Oregon State Hospital Historic District overlays the site in addition to the Comprehensive Plan and zoning designations; and the Salem Historic Landmarks Commission continues to evaluate individual buildings for inclusion on a local list of historic landmarks. The emphasis of this team, however, has

not been on a comprehensive understanding of the regulatory environment but, rather, on the most realistic and market-based reuse alternatives.

A final and critical consideration is the State's overall financial situation. According to the 2012 10-Year Plan for Oregon, "Oregon is in a fiscal crisis that will persist." The State recently directed all administrative functions within the Executive Branch to cut expenditures by 10 percent. A key part of the State's strategy going forward is to cut costs and divest itself of unneeded assets in order to provide high value in its core service areas—education, healthcare, economic development, and others.

RECOMMENDED REUSE STRATEGY

The team collectively evaluated a number of different options, including the potential renovation of the buildings into offices for State employees, which initially appeared viable for several reasons. However, because of the State's policy of gathering key functions together near the Capitol Mall (per the Capitol Mall Area Plan and other documents), the availability of State-owned land and significant transportation improvements near the Mall, the building and site issues described above, and other considerations, this option was eliminated. The State has no intention of reoccupying these structures.

The North Campus is located within several older Northeast Salem neighborhoods and with good proximity to concentrated employment at State, County, and City offices, as well as a significant nearby medical community. The property also has reasonably high visibility, particularly



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from Center Street, and can serve the nearby neighborhoods and workforce with a modest amount of retail space within walking distance. For the project to be successful, it will require an initial cooperative effort between the City of Salem and the State of Oregon to entitle the property. Following this effort, a public-private partnership between the State and private developers is the team's recommendation in order to realize redevelopment of the property.

Given this situation, the team is recommending a North Campus reuse vision and strategy that includes the following components and is further explained below:

- A varied and attractive residential community that provides a range of housing options and connects with surrounding neighborhoods;
- Lodging, particularly within the Dome Building and surrounding grounds;
- Opportunity for small business and/or education space (potentially within Breitenbush Hall or a new structure);
- A small dining and neighborhood retail node serving the future residents, employees, and businesses on site as well as those from surrounding areas;
- Open space that connects to the existing network of open space extending from the South Campus to Geer Community Park; and
- Interpretive signage that commemorates the history of the district and connects it to the Oregon State Hospital Museum, Kirkbride Building, and other historical assets to the south.

The overall goal is to develop a variety of uses to establish a true mixed-use community. A key component of the vision is a mix of housing that will serve different demographic segments that will be addressed simultaneously, from individuals and couples, active families, and the senior population. Residential neighborhood development has also changed dramatically in recent years, and the focus now is on creating an engaging and multifaceted community, rather than a "homogenous" suburban environment. This trend can benefit this site, nearby residents, and the City.

The housing element of the program is fundamental, since it will provide the vast majority of capital needed to achieve reuse of the site. Housing has the potential to deliver revenue to the State via a land sale, tax base to the City, and value and motivation to quality private sector development teams. Therefore, a key focus of this report and the recommended vision is on the viability and type of housing markets (future residents) to be served. Some portion of revenues resulting from sale of the housing portion of the property may be needed on-site (for demolition, cleanup, etc.); however, most revenue should be returned to the State to relieve the State and Oregon's citizens with the on-going annual maintenance burden.

ACTIONS NEEDED TO ACHIEVE THE VISION

In order to realize such a community, a number of regulatory changes will be required. The changes, outlined below, represent the what this team believes is the best method to return the North Campus to active uses that benefit the community, preserve and enhance the district's



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most valuable historic features (Dome Building), and relieve the State from significant operating and maintenance costs at a time when such costs are unsustainable, as well as putting the property onto the City of Salem tax rolls.

With its former use as a publicly-owned hospital facility, a mixed-use Comprehensive Plan designation and appropriate mixed-use zone will be necessary. We recommend that the geographic boundaries and regulations pertaining to the national and local historic district boundaries be modified and applied specifically to the Dome Building and immediate site serving the Dome Building. The historic nature of the site and its role in treating psychiatric patients over the past 130 years should be memorialized in the Oregon State Hospital Museum now operating at the South Campus. As stated above, the Dome Building and Breitenbush Hall are believed to have the greatest potential for reuse. We recommend that the other buildings be de-listed.

In order to convey to both the State and the City that this project has a realistic basis, we carried out a preliminary housing reconnaissance to be able to understand the scale of the market and how multiple products serving multiple segments of the market would have to be simultaneously pursued. This implies a master developer with a sale to multiple product-specific (housing, lodging, education, and commercial) developers who would initiate development simultaneously or as close thereto as possible. Some roads will be necessary in the interior of the site, though much of the circulation is either already present or will be within the private confines of the different projects that contribute to the overall community. One or more areas should be set aside for public open space and integrated in a way that is both attractive and accessible to residents of this new community along with residents of

the nearby neighborhood. The initial forecast of private capital investment to achieve the vision is \$100 million, which when completed within a five-year time forecast, would bring \$500,000 to the City of Salem through property taxes. Estimates have not been fully analyzed at this time regarding employment; however, a preliminary estimate is that the construction efforts on site would create 700 to 900 construction-related jobs, and ongoing operation would create approximately 75 to 150 permanent jobs.

In our experience, having served over 250 cities across the country, and served as strategic development advisor for over 90 downtowns including work in downtown Salem on behalf of the City of Salem, this mixed-use community solution is likely the only realistic way to turn this liability into a meaningful asset for the State, City, and Salem community. In order to fit within the character of the existing neighborhood and to offer housing choice at an achievable price to people living in or wishing to move to Salem, our view is that the price point within this community should accommodate both first and second move-up housing as well as households that are looking to downsize to a quality, well-planned, and designed environment. We urge consideration and discussion about the merits of this revitalized North Campus community, its contribution to the greater Salem community, the establishment of additional tax base to the City, and relief to the State of Oregon to remove a costly and unused set of buildings that have outlived their former purpose. These recommendations are based on our research, analysis, and professional opinion as consultants and advisors to the public and private sectors of the real estate industry.

Thank you.



Presentation Summary

- Vision for the North Campus
- Context and Existing Conditions
- Real Estate Fundamentals
- Development Program
- 10-year Housing Demand
- Appendix:
Supporting Demographics



The Vision



North Campus Vision Components



Residential
Community



Lodging



Business
and
Education



Dining/
Neighborhood
Retail



Open
Space

North Campus Vision

- Reposition an underutilized State asset for the 21st century.
- Rehabilitate the historic Dome Building while honoring the site's history.
- Create a model for the thoughtful, efficient, and economical reuse of surplus State property.
- Remove a significant and unsustainable maintenance and operating expense from State costs.
- Eliminate significant future investment in buildings that are economically inefficient.
- Generate significant investment and tax base for the City of Salem.



North Campus Vision

- Support future employment needs with business/education space.
- Provide housing near centers of employment, thereby reducing VMT and congestion.
- Create an exciting, vibrant, mixed-use community that knits together multiple Northeast Salem neighborhoods.
- Add a range of ownership and rental housing for families and individuals, workforce and seniors, and others presently undersupplied in Salem.



Context and Existing Conditions



Context: 10-Year Plan for Oregon

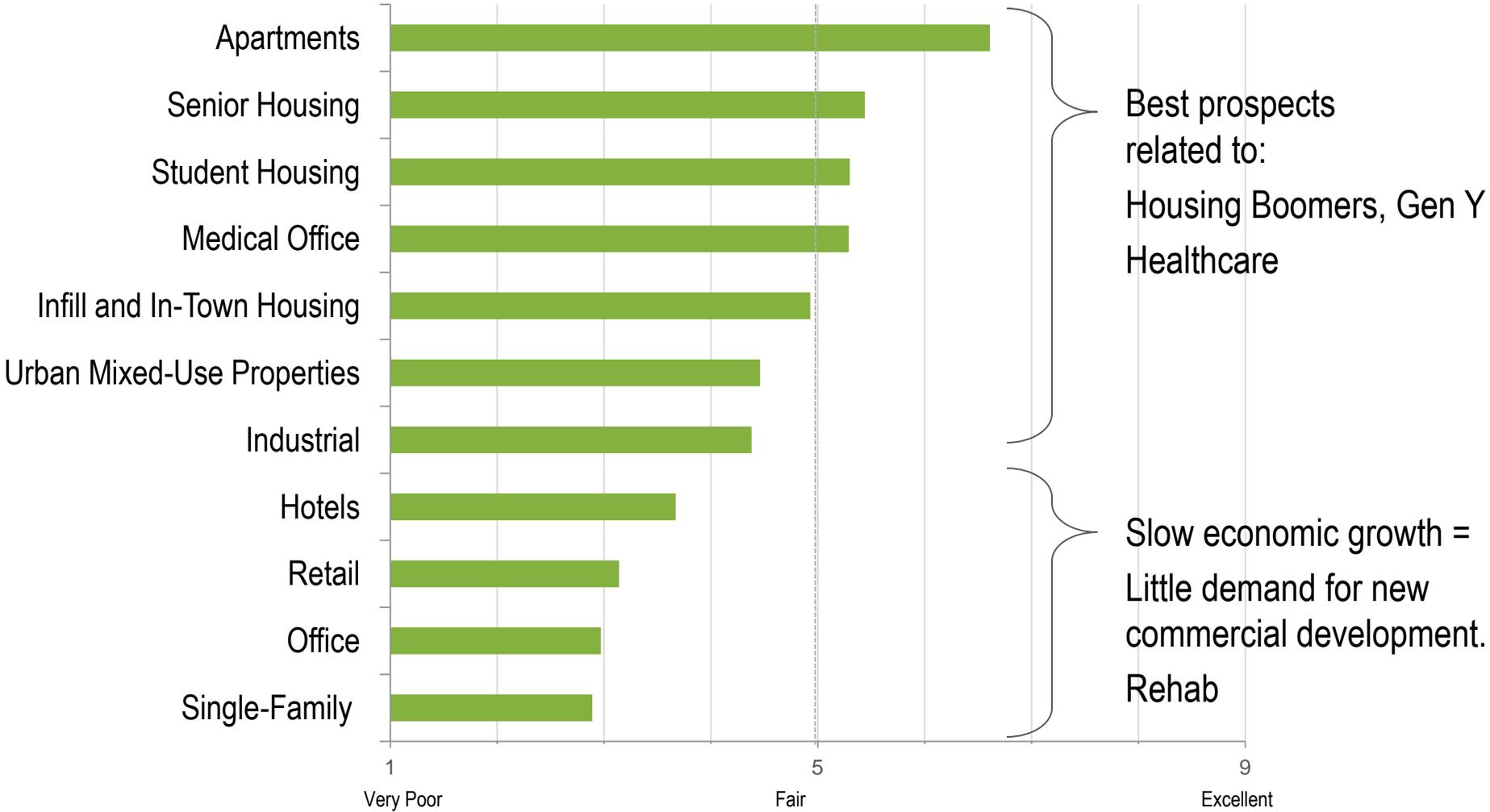
- “Oregon is in a fiscal crisis that will persist.”
- Principles:
 - “State managers should look for creative methods...to administer programs.”
 - “State government should save resources.”
 - “Provide decision makers and the public data on the results of expenditures.”
- SB 5502: Reduce administrative functions across the Executive Branch of state government by 10 percent.



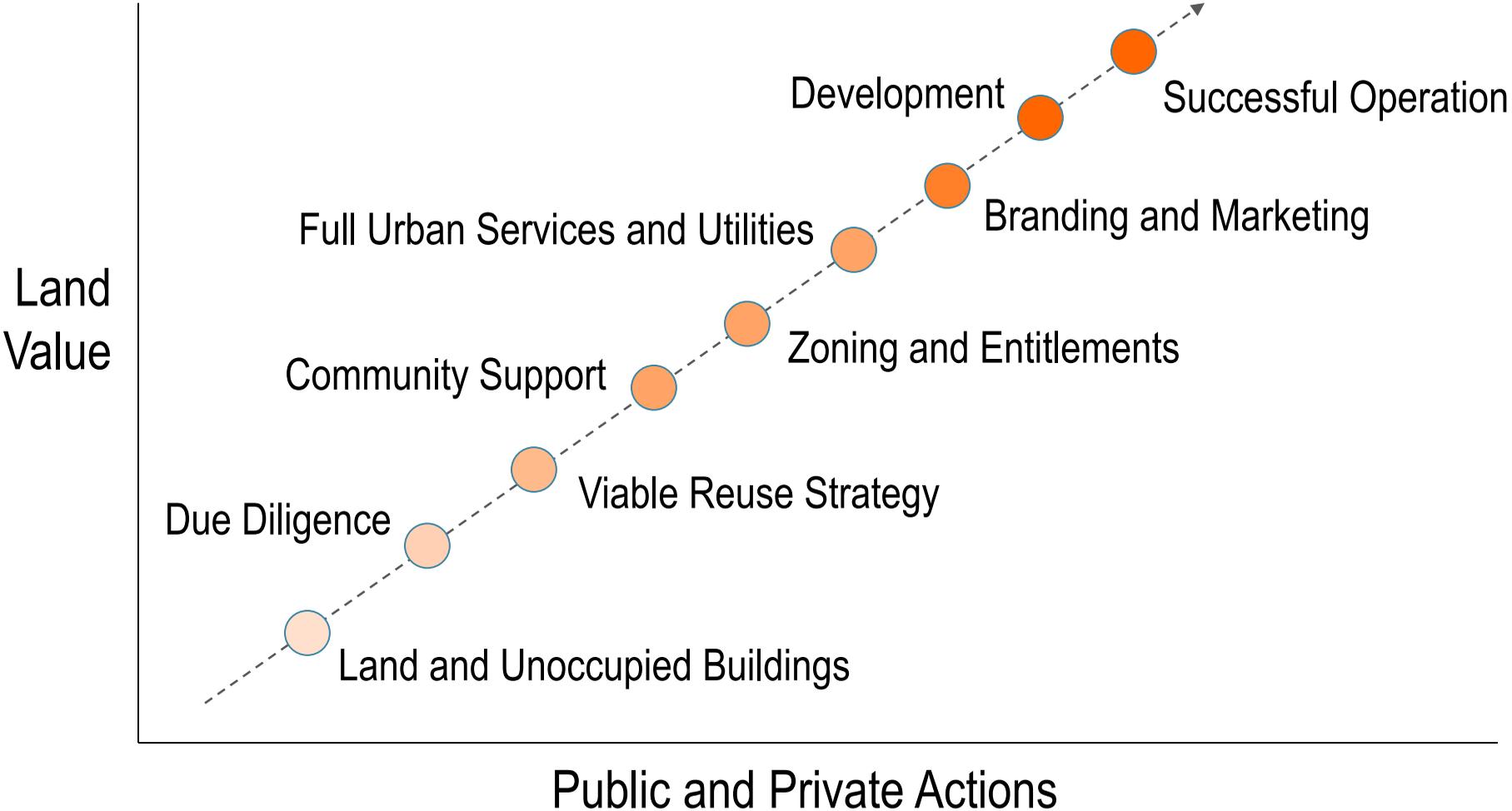
Source: *Building the Foundation for the Future, 10-Year Plan for Oregon: Fiscal Policy Recommendations to the Governor*, April 2012; Senate Bill 5502.



National Market: Development Prospects, 2013



Creating Value for the State and Community





I-5
Interchange

North Campus
Project Study Area

Downtown

Capitol Mall

Willamette Univ.

**Salem
Hospital**

1.5 mi.

**OSH - South
Campus**

**State
Penitentiary**

Google earth

Imagery Date: 7/9/2012 1994

44°56'28.15" N 123°00'58.46" W elev. 174 ft

Eye alt. 14458 ft



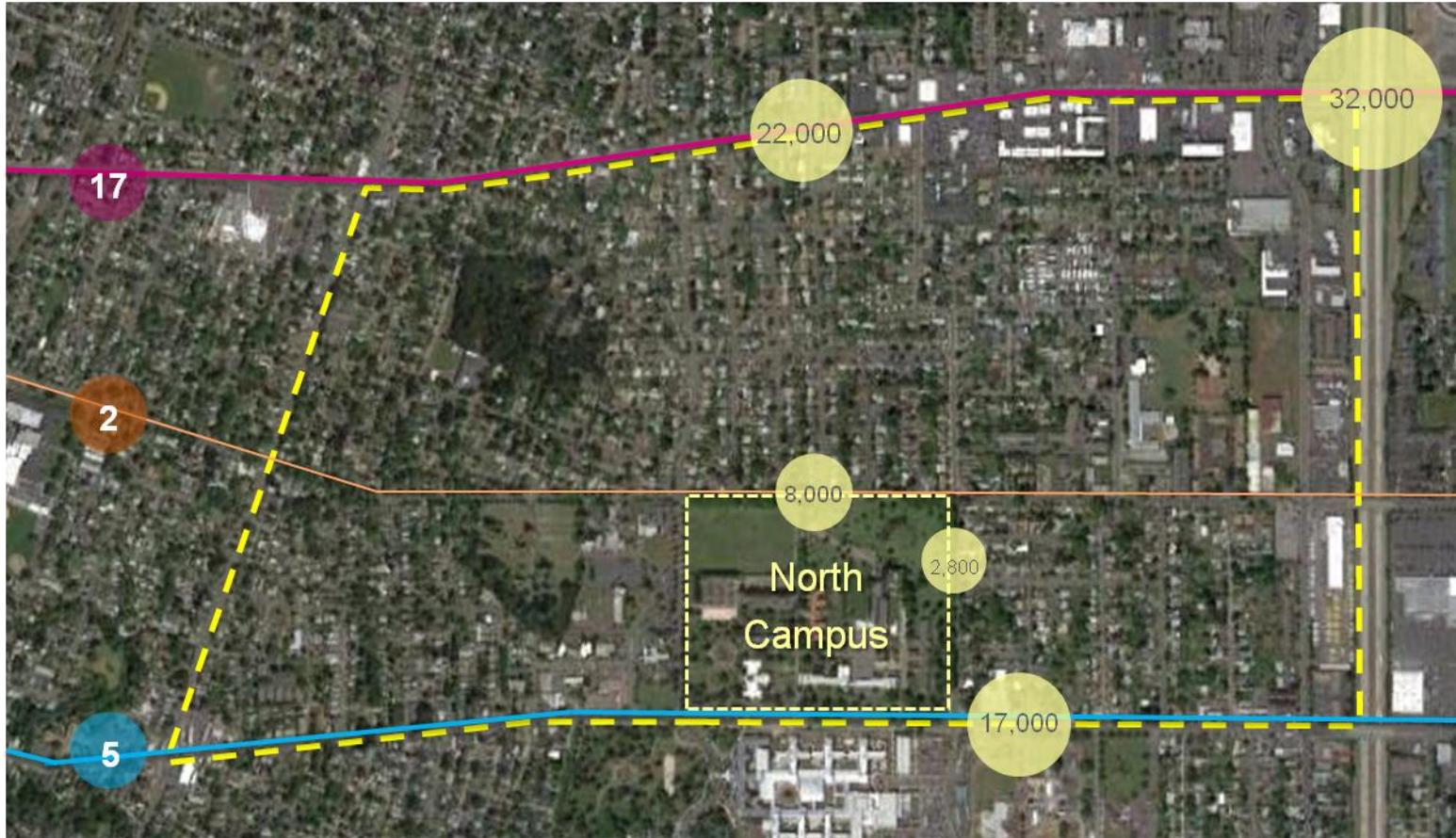


OSH Grocers and Retail



Because significant retail centers are already established nearby, retail should be limited to dining, convenience retail, and similar local-serving stores.

Traffic Counts – Average Vehicles per Day



Traffic counts along Center Street NE can support some retail if other conditions are right.

The property is well served by transit, an important amenity for senior housing and other types of urban housing.

Green Space



Existing connected green spaces can be an amenity for the North Campus and the larger area.

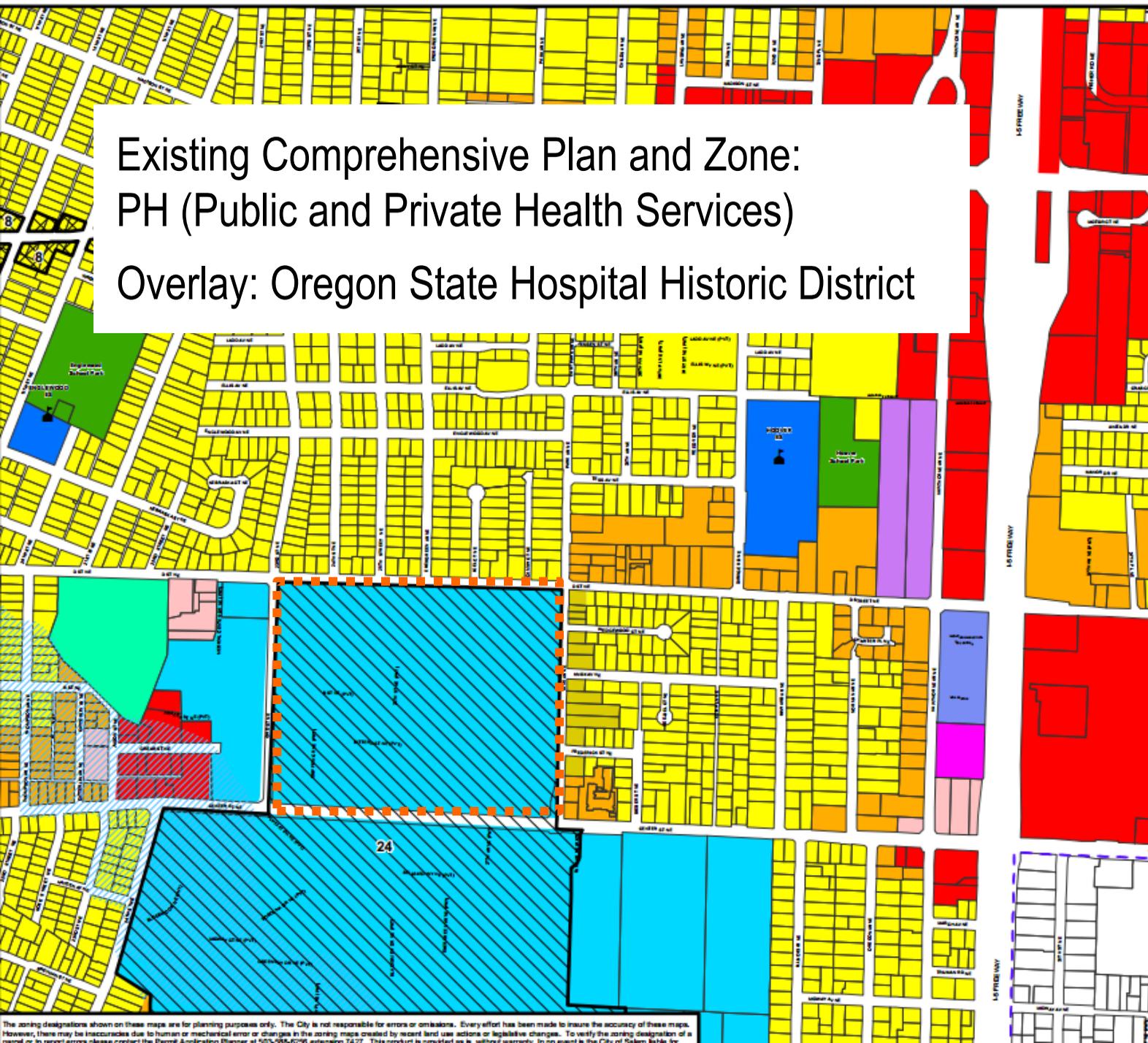
Significant open space exists on the South Campus.



Zoning

City of Salem, Oregon
Community Development
Planning Division

Existing Comprehensive Plan and Zone:
PH (Public and Private Health Services)
Overlay: Oregon State Hospital Historic District



7219S

- Zoning Designations**
- Central Business District
 - General Commercial
 - Neighborhood Commercial
 - Commercial Office
 - Retail Commercial
 - Employment Center
 - Exclusive Farm Use
 - Fairview Mixed-Use
 - Neighborhood Center Mixed-Use
 - South Waterfront Mixed-Use
 - Industrial Business Campus
 - Industrial Commercial
 - General Industrial
 - Industrial Park
 - Intensive Industrial
 - Public Amusement
 - Public-Private Cemetery
 - Public-Private Education
 - Public Health
 - Capitol Mall
 - Public Service
 - Residential Agriculture
 - Duplex Residential
 - Multiple Family High-Rise Residential
 - Multiple Family Residential 1
 - Multiple Family Residential 2
 - Single Family Residential
 - Edgewater/Wallace Road Overlay Zone
 - Willamette Greenway Overlay
 - Compact Development Overlay Zone*
 - Historic Districts*
 - Mixed-Use Overlay Zone*
 - Overlay Zone*
 - Greenway Boundary
 - Flood Plain
 - Flood Way
 - City Limits
 - Urban Growth Boundary
 - Taxlots
 - Water
 - School

* For the number/letter descriptions shown on the map, see "Overlay Zones/Districts Locator" document on main zoning webpage at: <http://www.cityofsalem.net/zoning>



7324S

CITY OF Salem
AT YOUR SERVICE

The zoning designations shown on these maps are for planning purposes only. The City is not responsible for errors or omissions. Every effort has been made to insure the accuracy of these maps. However, there may be inaccuracies due to human or mechanical error or changes in the zoning maps created by recent land use actions or legislative changes. To verify the zoning designation of a property, please contact the Community Development Division at 400 NE Oregon Street, Salem, Oregon 97302. This content is provided as is, without warranty, by the City of Salem. All rights reserved.

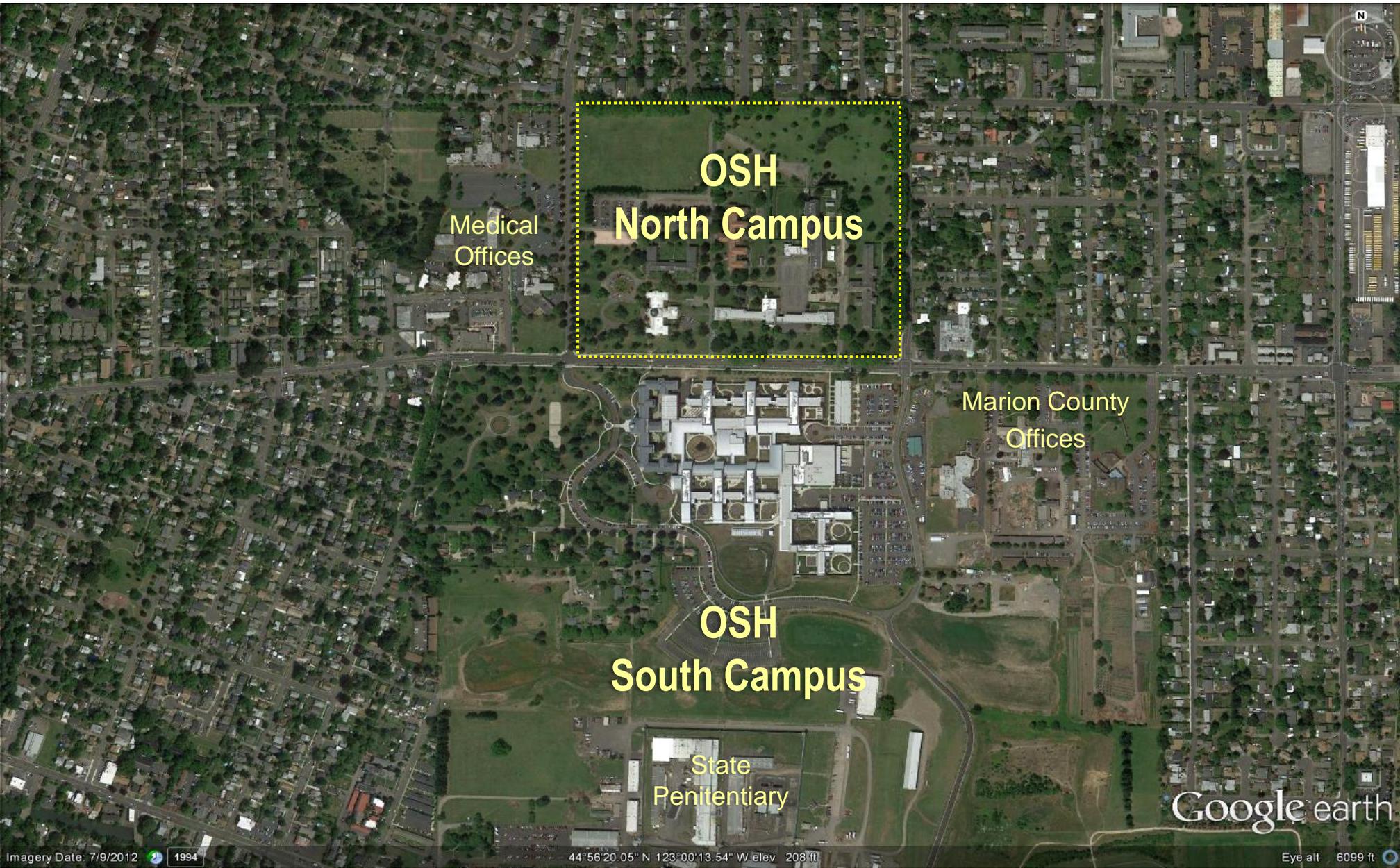
Zoning: PH (Public and Private Health Services)

Preliminary Zoning Review

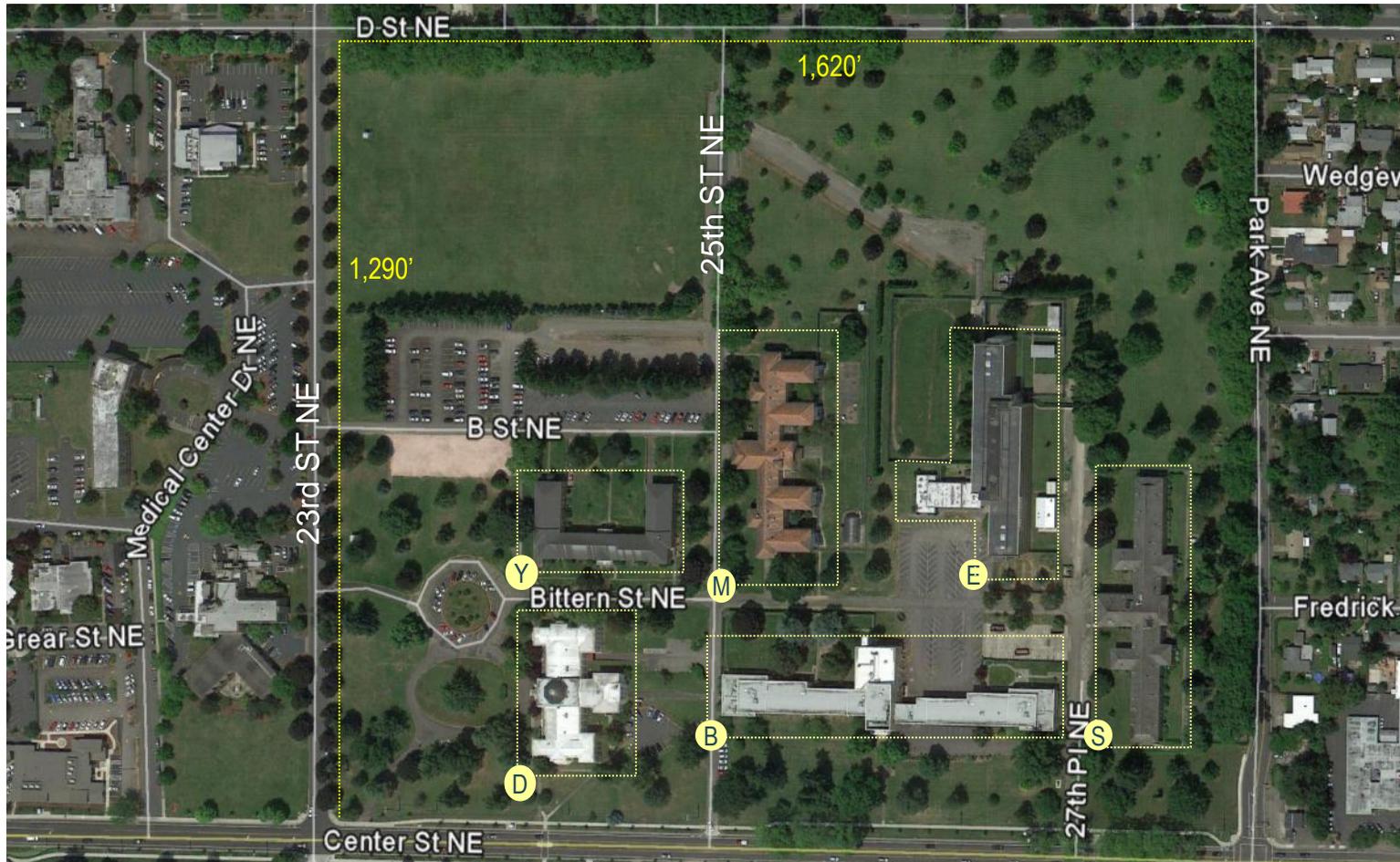
(Subject to further review and analysis by City of Salem)

- Allowed uses:
 - Retail: Drug stores and proprietary stores
 - Services:
 - Health services, Social Services,
 - Educational services w/ conditional use approval
 - Public Administration: Correctional Public order and safety, Public health programs, possibly other.
 - Ancillary uses: utilities, caretaker dwellings, transit stops, etc.)
- **Other uses generally prohibited.**
- Comprehensive Plan and Zone Change is necessary.





North Campus – Existing Site Map



Dome Building
Office
70,052 SF
1912, Bldg #36

Yaquina Hall
Office
51,720 SF
1948, Bldg #33

McKenzie Hall
Health / Hospital / Clinic
68,706 SF
1948, Bldg #40

Breitenbush Hall
Health / Hospital / Clinic
110,301 SF
1948, Bldg #35

Eola Hall
Health / Hospital / Clinic
149,048 SF
1955, Bldg #50 and #77

Santiam Hall
Health / Hospital / Clinic
57,348 SF
1951, Bldg #34



Oregon State Hospital in 1936

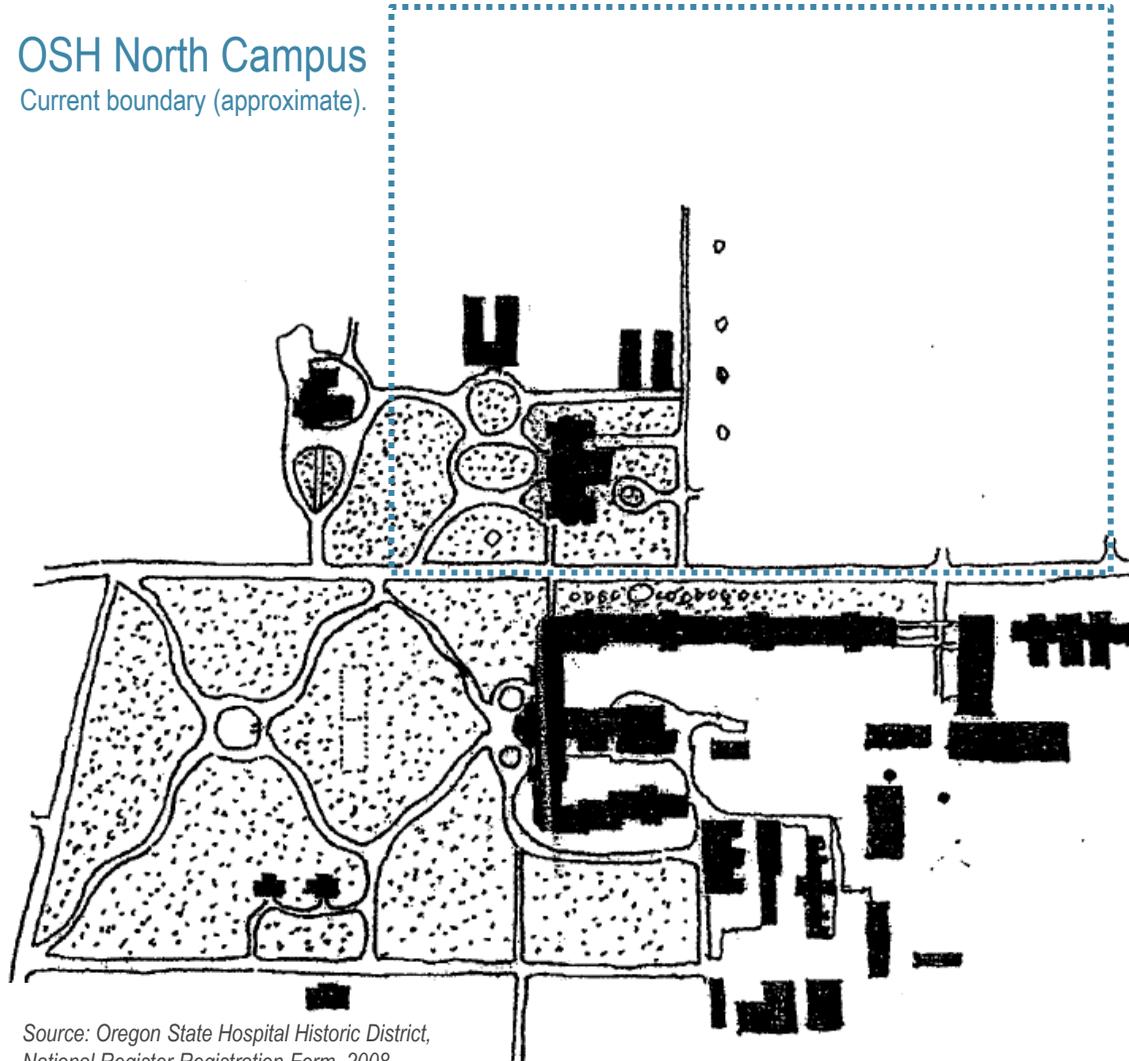
The map at right shows the layout of Oregon State Hospital structures as of 1936.

Of the three structures shown on the North Campus property, only one (the Dome Building) remains today.

The other five buildings on the North Campus were added between 1948 and 1955.

The oldest structures were built on the South Campus, where some remain today.

OSH North Campus
Current boundary (approximate).

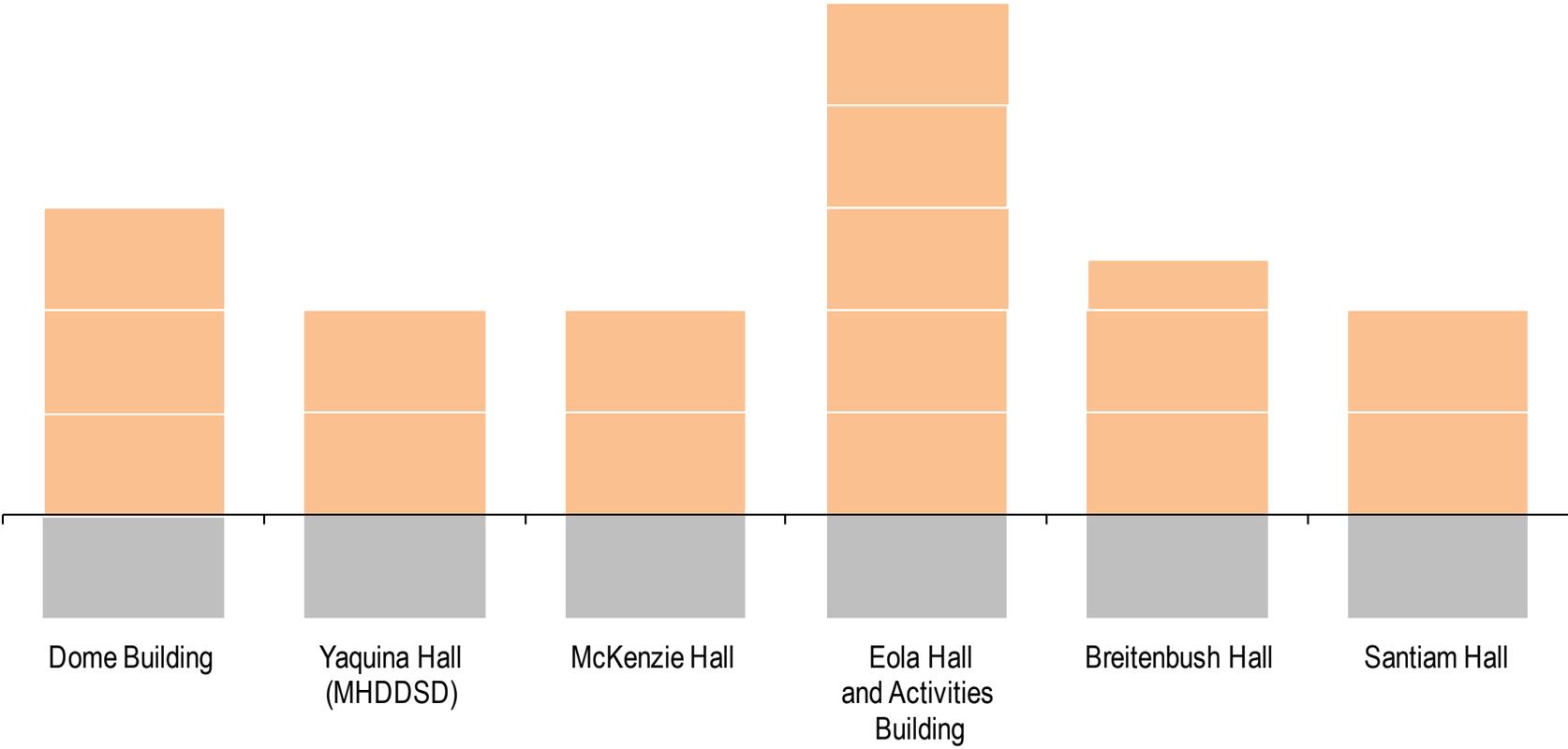


Source: Oregon State Hospital Historic District,
National Register Registration Form, 2008.



Existing North Campus Buildings

Existing buildings range from two to five stories tall:
precedent for multistory structures within the proposed vision.



Issues Common to All North Campus Buildings

- Deferred maintenance
- Seismic upgrades
- Mechanical systems
- Lead paint
- Asbestos
- Window replacement
- Parking inadequate for future office or medical uses
- Inefficient floor plates
- Challenging reuse
- Wide hallways, unusual room dimensions



Issues Common to All North Campus Buildings

- Annual Operating Expenses:
~\$500,000 to \$1,000,000
- Estimated renovation cost:
Approximately \$74 to \$92 million



*437,000 SF (Yaquina, McKenzie, Breitenbush, Eola, Santiam) x \$170 to \$210/SF range



Real Estate Fundamentals



Land Use Rules and Realities



Urban Housing

- Adjacent residential and urban amenities
- Safety
- Large share of one and two-person households
- Easy access to employment centers



Lodging

- Visitor amenities and attractions
- Easy access to major thoroughfares
- Co-location with other hotels
- Visibility
- Parking capacity
- Business and tourists
- Events and conferences



Restaurant

- Proximity to other retailers and restaurants
- View or attraction
- Parking capacity

Land Use Rules and Realities



Retail

- High visibility
- Easily accessible
- Central location
- Manageable competitive environment
- Demographic match
- Anchor tenants
- Sense of place, safety, cleanliness
- Contiguity
- Parking capacity



Office

- Easily accessible
- Center of a metro region
- “Address status”
- Proximity to suppliers and collaborator firms
- Parking capacity
- Proximity to support services
- Access to intra- and inter-regional transportation connections



Industrial

- Access to intra- and inter-regional transportation connections including rail, water and air freight capacity
- Large parcels
- Parking capacity
- Trained workforce
- Access to suppliers
- Not adjacent to non-compatible uses

Preliminary Land Use Assessment

Land Use	Notes	OSH Site Fit				
		Poor		Fair		Excellent
Housing	Wide range possible					
Office - State						
Office - Private						
Healthcare / Medical Office						
Retail	Supporting use only					
Lodging						
University	Nursing program					
Civic (school, library, community ctr.)				?		
Industrial						

The Development Program



North Campus Redevelopment Strategy

Land Use	Area (Net acres)
OSH North Campus Property	48.0
Breitenbush Hall Remodel: Education and Retail	5.2
Dome Building Remodel: Lodging / Food	6.4
Gross Buildable	36.4
Access / Internal Streets	3.4
Park	2.0
Net Buildable	31.0

Scale is approximate and not to be used for construction documents



Preliminary Development Program

Land Use	Area (Net acres)	Density FAR or DU/acre	Development Quantity		Value Per SF / Unit	Total Development Value	Annual Property Tax Revenue	
			Building Area (SF)	Dwelling Units			All Jurisdictions	City of Salem
Net Buildable	31.0							
Commercial Development	-			-				
Retail (included in Breitenbush remodel)		0.30	10,000	-	\$225	\$2,250,000	\$24,677	\$7,573
Lodging (Dome redevelopment)	-			45	\$105,000	\$4,725,000	\$51,822	\$15,903
Housing								
Independent Living	7.0	10	70,000	70	\$200	\$14,000,000	\$244,213	\$74,942
Assisted Living	3.0	18	54,000	54	\$225	\$12,150,000	\$211,942	\$65,039
Apartments	10.0	20	200,000	200	\$165	\$33,000,000	\$575,645	\$176,650
Rowhouses/Townhouses/ Attached Housing	8.0	14	112,000	112	\$195	\$21,840,000	\$380,973	\$116,910
Condominiums	3.0	18	54,000	54	\$225	\$12,150,000	\$211,942	\$65,039
Housing Subtotal	31.0		490,000	490		\$93,140,000	\$1,624,716	\$498,581
Total New Development/ Avg	31.0	16.00	-	535		\$100,115,000	\$1,701,216	\$522,056

Source: Marion County Assessor's Office, Leland Consulting Group.

Note: Based on Marion County Assessor's documents, assessed value of new residential development set at 91.8 percent of real market value. Assessed value of commercial development set at 57.7 percent of real market value, based on 2012 Measure 50 gap assessment for District 113 Salem. Marion County composite tax rate for the Salem area is \$19.0030 per \$1,000 assessed value. The City of Salem's base rate is \$5.8315 per \$1,000 assessed value.



Housing Projections



Spectrum of Recommended Housing (Illustrative)



Cottage Housing

10 to 25 du/acre
One to two stories
Surface, or on-street parking

Rowhouses/Townhomes

15 to 25 du/acre
Two to three stories
Surface parking or parking within each unit

Wood Frame Condos or Apartments

20 to 35 du/acre
Two to three stories
Surface, garage, or tuck-under parking

Low-Rise Urban Density

30 to 40 du/acre
Three to four stories
Limited parking, surface, or tuck-under

Potential Senior Housing Products (Illustrative)



Independent Living

Multiunit complex marketed to seniors. Rent premium of approximately 10 percent (above other equivalent multifamily units) for housekeeping and transportation services.



Assisted Living

Support services include laundry, food service, arranged activities, limited medical oversight, and assistance to those with physical impediments such as blindness or decreased mobility.



Skilled Nursing

Facilities designed to provide 24-hour care and intensive medical attention. Staff assists residents with daily tasks such as bathing, dressing and other needs.

Salem Housing Primary and Secondary Market Areas



Source: ESRI Business Analyst.



Top Three Tapestry Segments – North Campus Market Area



Main Street

- 56 percent (vs. 12 percent US avg.)
- Mix of households
- Half are married-couple families
- One-third are single person or shared households
- One of five holds a bachelor or graduate degree
- Family-oriented and frugal
- Do-it-yourselfers



Inner City Tenants

- 25 percent (vs. 7 percent US avg.)
- Multicultural
- Younger than average
- Very few own their homes
- Likely to work in the service industry
- 17 percent do not own a vehicle
- Mix of households types
 - 34 percent are singles
 - 28 percent are married-couple families
 - 21 percent are single parents



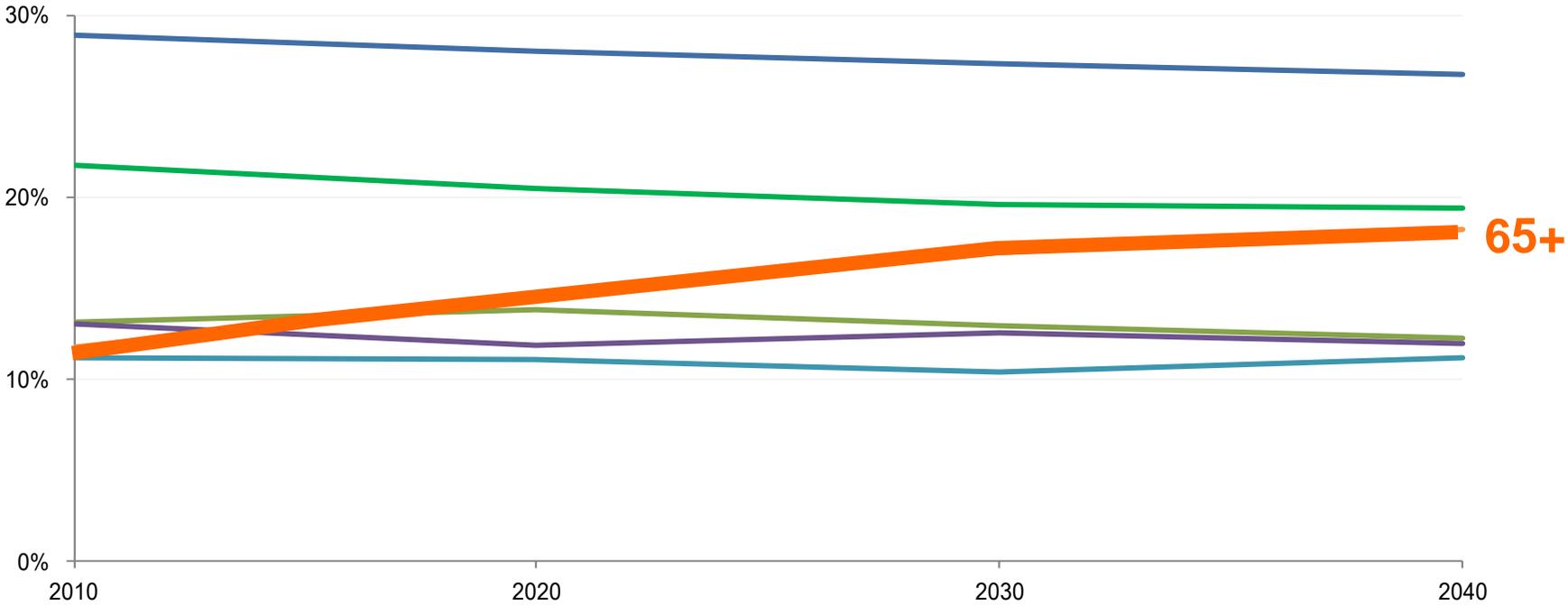
Old and Newcomers

- 19 percent (vs. 19 percent US avg.)
- Transitional neighborhoods
- Residents are retiring or just beginning their careers
- More singles and shared households than families
- Median household income is below national average
- More than 60 percent rent

Source: ESRI Business Analyst.



Marion County Population



The 65+ population will grow by 31,000, an 80 percent increase.



Population and Household Projections 2013 -2023

Population and Housing Projection

	2013	2018	2023	2013-2023
City of Salem (Primary Market Area)				
Total Population	164,702	176,632	188,310	
Net New Population		11,929	11,678	23,607
Total Households	64,589	69,267	73,847	
Net New Households		4,678	4,580	9,258
Salem MSA (Secondary Market Area)				
Total Population (Excluding City of Salem)	250,186	271,811	292,904	
Net New Population (Excluding City of Salem)		21,624	21,093	42,718
Total Households (Excluding City of Salem)	92,662	100,671	108,483	
Net New Households (Excluding City of Salem)		8,009	7,812	15,821

Note: Totals may not sum correctly due to rounding.

Source: ESRI Business Analyst; Forecasts of Oregon's County Populations by Age and Sex, 2000 – 2040, Office of Economic Analysis, Department of Administrative Services, State of Oregon; Population Forecasts for Marion County, its Cities and Unincorporated Area 2010-2030, PSU Population Research Center, September 2008.



City of Salem New Household Demand by Income, 2013 -2023

City of Salem - 10-year Demand (2013-2023)

Annual Income Range (2010 dollars)				Demand from New Households (10-yr)			
				Approx. Rent Range	Approx. Home Price Range	HHs in Income Bracket	Total Units
up to \$15K	up to \$375	up to \$75K	13%	1,204	80%	965	240
\$15-35K	\$375 - \$875	\$75 to \$150K	27%	2,500	65%	1,625	875
\$35-50K	\$875 - \$1,000	\$150 to \$200K	15%	1,389	45%	625	765
\$50-75K	\$1,000+	\$200 to \$250K	20%	1,852	30%	555	1,295
\$75-100K	\$1,000+	\$250 to \$350K	11%	1,018	10%	100	920
\$100K and up	\$1,000+	\$350K and up	14%	1,296	5%	65	1,230
Totals			100%	9,258	43%	3,935	5,325

Note: Totals may not sum correctly due to rounding.

Source: ESRI Business Analyst; Forecasts of Oregon's County Populations by Age and Sex, 2000 – 2040, Office of Economic Analysis, Department of Administrative Services, State of Oregon; Population Forecasts for Marion County, its Cities and Unincorporated Area 2010-2030, PSU Population Research Center, September 2008.



Salem MSA New Household Demand by Income, 2013 -2023

Salem MSA - 10-year Demand (2013-2023)

(Excludes City of Salem)				Demand from New Households (10-yr)			
Annual Income Range (2010 dollars)	Approx. Rent Range	Approx. Home Price Range	HHs in Income Bracket	Total Units	Est. Percent Rental	Total Rental Units	Total Ownership Units
up to \$15K	up to \$375	up to \$75K	12%	1,899	65%	1,235	665
\$15-35K	\$375 - \$875	\$75 to \$150K	26%	4,114	55%	2,260	1,855
\$35-50K	\$875 - \$1,000	\$150 to \$200K	16%	2,531	40%	1,015	1,515
\$50-75K	\$1,000+	\$200 to \$250K	21%	3,322	25%	830	2,490
\$75-100K	\$1,000+	\$250 to \$350K	11%	1,740	15%	260	1,480
\$100K and up	\$1,000+	\$350K and up	14%	2,215	5%	110	2,105
Totals			100%	15,821	36%	5,710	10,110

Note: Totals may not sum correctly due to rounding.

Source: ESRI Business Analyst; Forecasts of Oregon's County Populations by Age and Sex, 2000 – 2040, Office of Economic Analysis, Department of Administrative Services, State of Oregon; Population Forecasts for Marion County, its Cities and Unincorporated Area 2010-2030, PSU Population Research Center, September 2008.

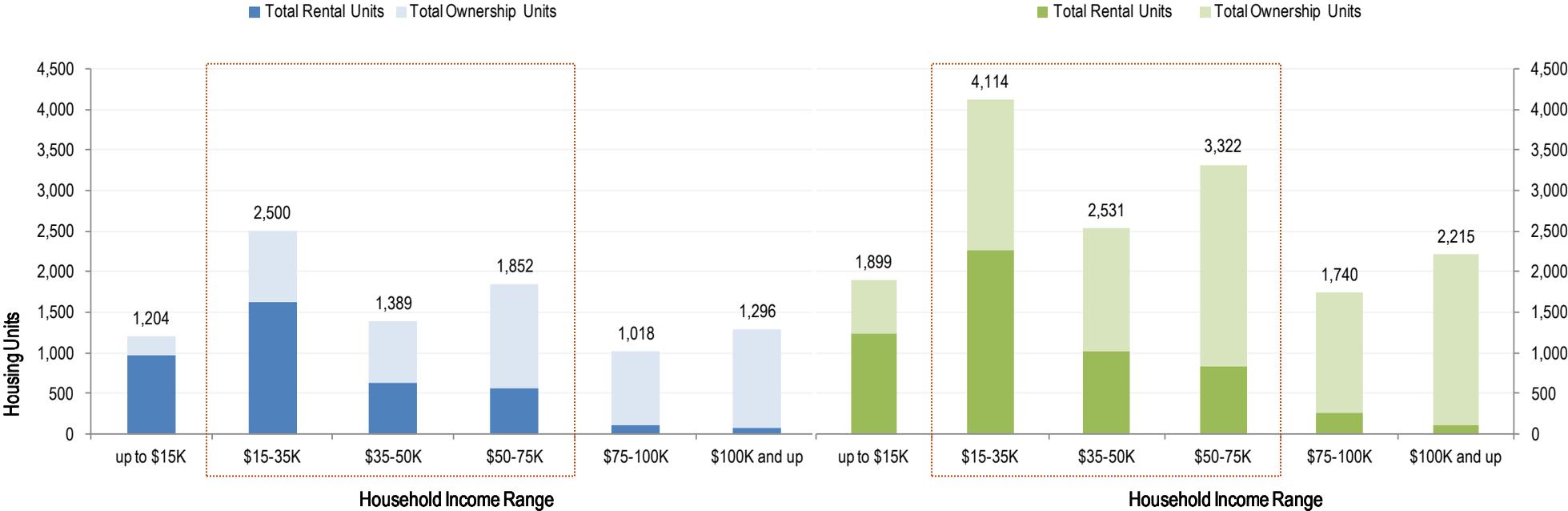


Summary: 10-year Housing Projection by Household Income

The majority of the housing demand over the next 10 years will be for middle income households, both rental and ownership housing.

City of Salem

Salem MSA (excluding City of Salem)

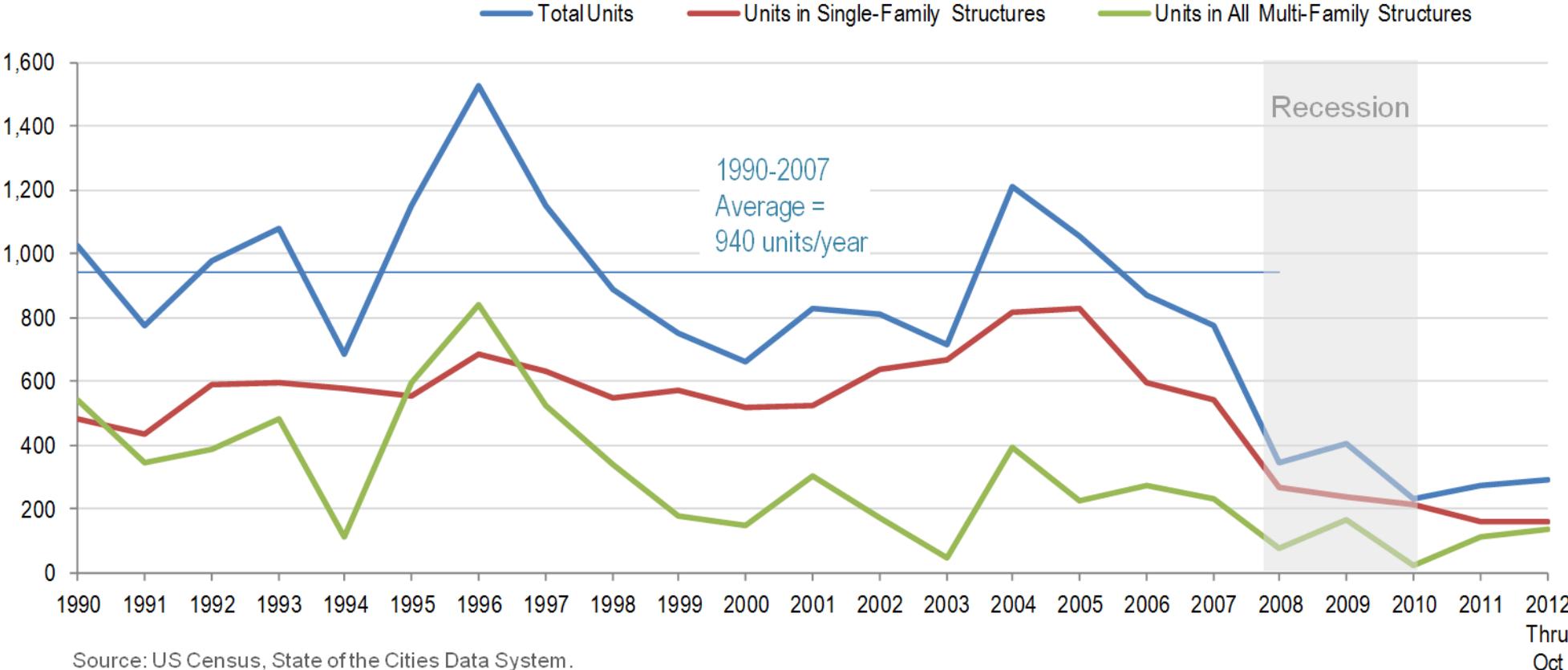


Source: ESRI Business Analyst; Forecasts of Oregon's County Populations by Age and Sex, 2000 – 2040, Office of Economic Analysis, Department of Administrative Services, State of Oregon; Population Forecasts for Marion County, its Cities and Unincorporated Area 2010-2030, PSU Population Research Center, September 2008.



City of Salem Building Permits

The City of Salem permitted 940 housing units/year on average from 1990 to 2007 prior to the recession. The annual number of permits issued since 2008 has been well below average, indicating a potential pent up demand.



Salem has a Deficit of Multifamily Land

According to the 2011 Salem-Keizer Housing Needs Analysis (a periodic study required by the State land use program), the Salem UGB has a deficit of land zoned for multifamily use.

Based on the 2011 Analysis, there is a current deficit of 228 acres of multifamily land, a surplus of single family land, and an adequate amount of mixed use land.

This report assumes that a mix of all three housing types, particularly multifamily, will be provided at the North Campus.

Plan Designation	Needed Dwelling Units (du)	Capacity (du)	Surplus/ Deficit (du)	Needed Density (du/gross acre)	Land Deficit (gross acres)
SF	14,325	24,916	10,591		None
MF	6,638	3,355	(3,283)	14.4	228
MU	624	624	None		None
Salem UGB Total	21,587	28,895			228

Source: 2011 Salem-Keizer Housing Needs Analysis, 2012 to 2032.



North Campus Housing Capture

The preliminary analysis forecast shows absorption, both sales and leases, of the 490 units in the current development program (see page 12) within four to six years, based on multiple housing products simultaneously serving multiple demographic segments.

North Campus Housing Capture	2013-2018	2018-2023	2013-2023 Total
City of Salem (Primary Market Area)			
Net New Households	4,678	4,580	9,258
North Campus Capture of Net New Housing (Low Scenario - 4%)	190	180	370
North Campus Capture of Net New Housing (High Scenario - 6%)	280	270	550
Salem MSA (Secondary Market Area)			
Net New Households (Excluding City of Salem)	8,009	7,812	15,821
North Campus Capture of Net New Housing (Low Scenario - 2.5%)	200	200	400
North Campus Capture of Net New Housing (Low Scenario - 3.5%)	280	270	550
North Campus Total Capture - Low Scenario	390	380	770
North Campus Total Capture - High Scenario	560	540	1,100





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APPENDIX

ADDITIONAL HOUSING AND DEMOGRAPHIC INFORMATION

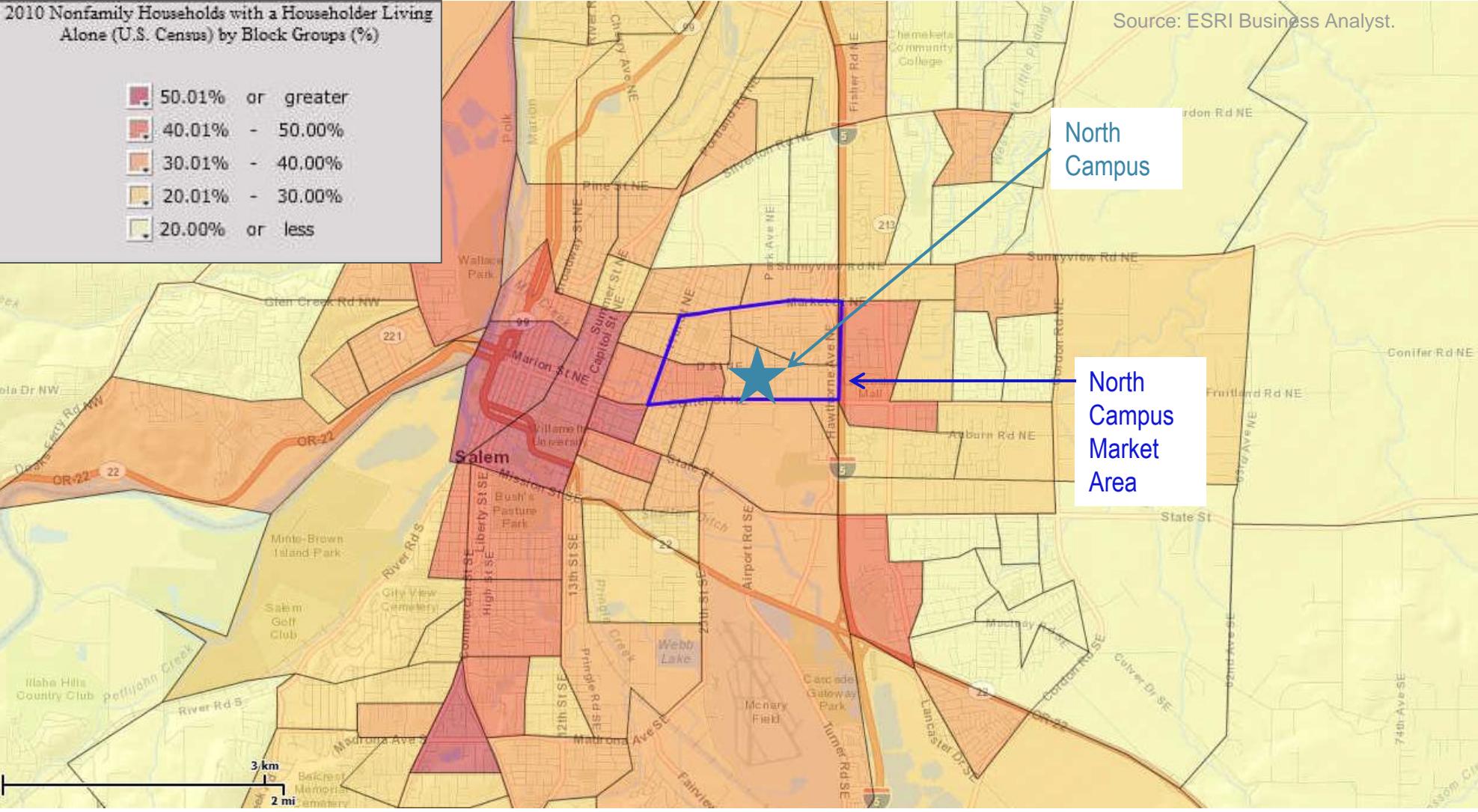


Householder Living Alone 2010

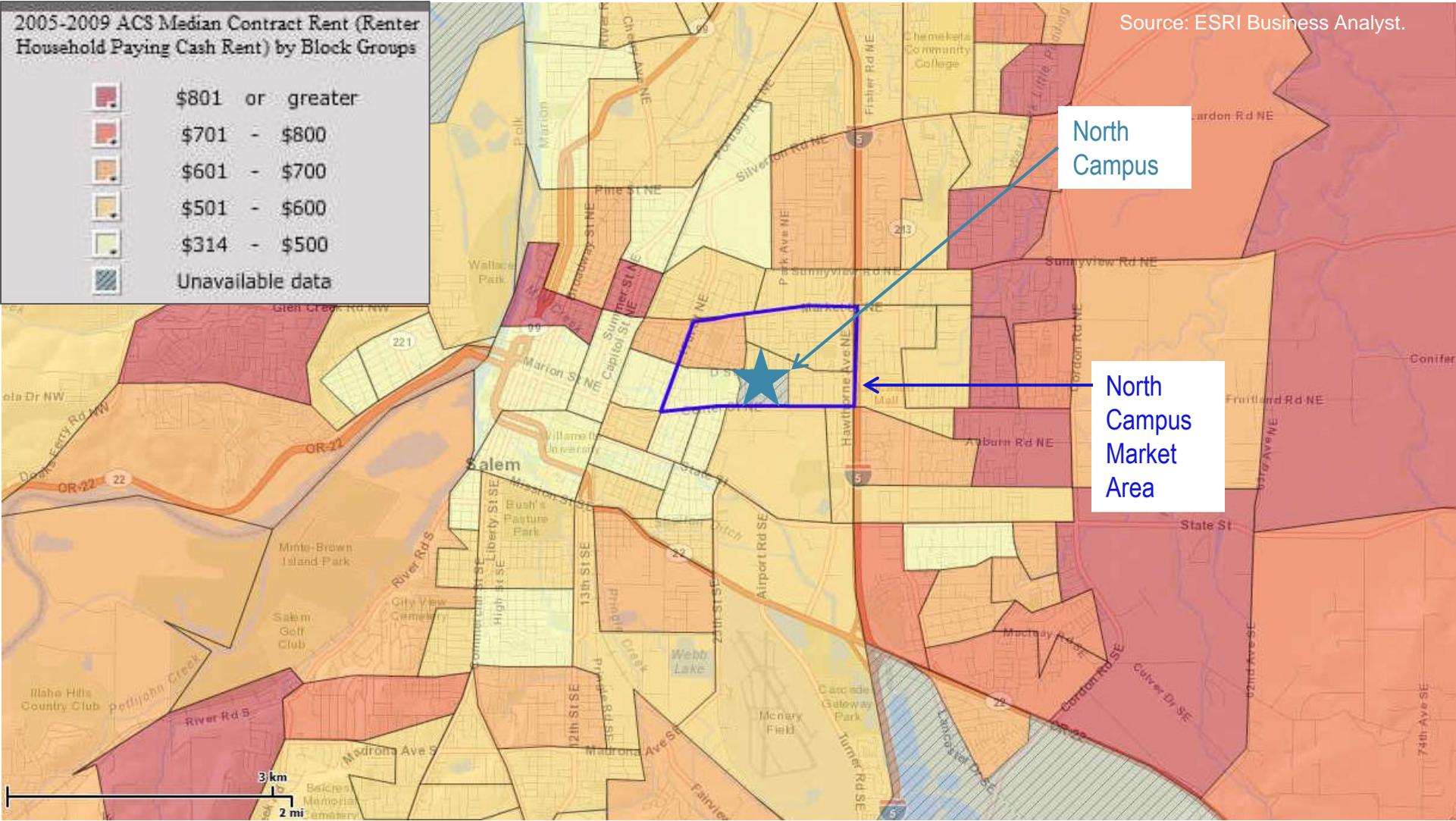
2010 Nonfamily Households with a Householder Living Alone (U.S. Census) by Block Groups (%)

- 50.01% or greater
- 40.01% - 50.00%
- 30.01% - 40.00%
- 20.01% - 30.00%
- 20.00% or less

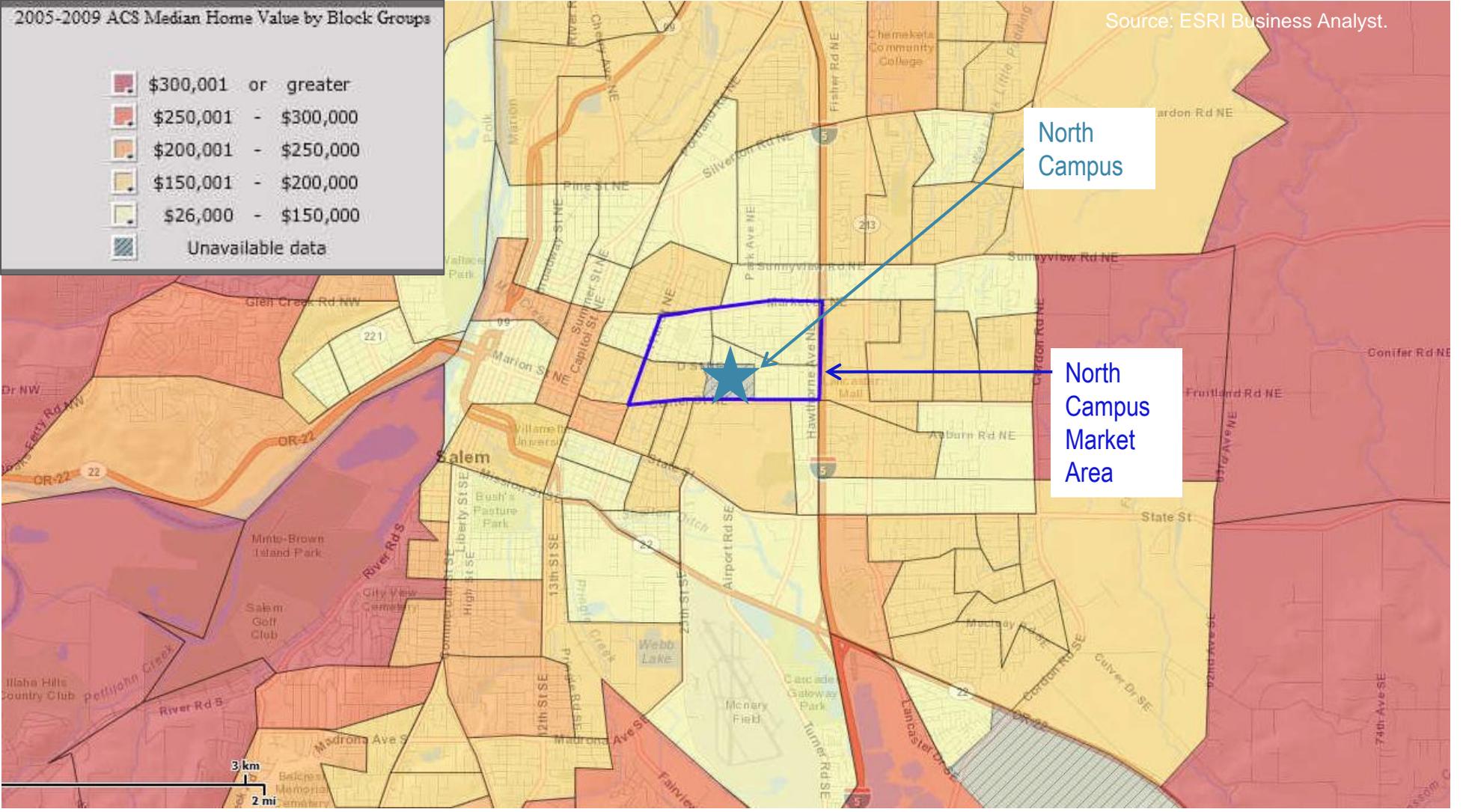
Source: ESRI Business Analyst.



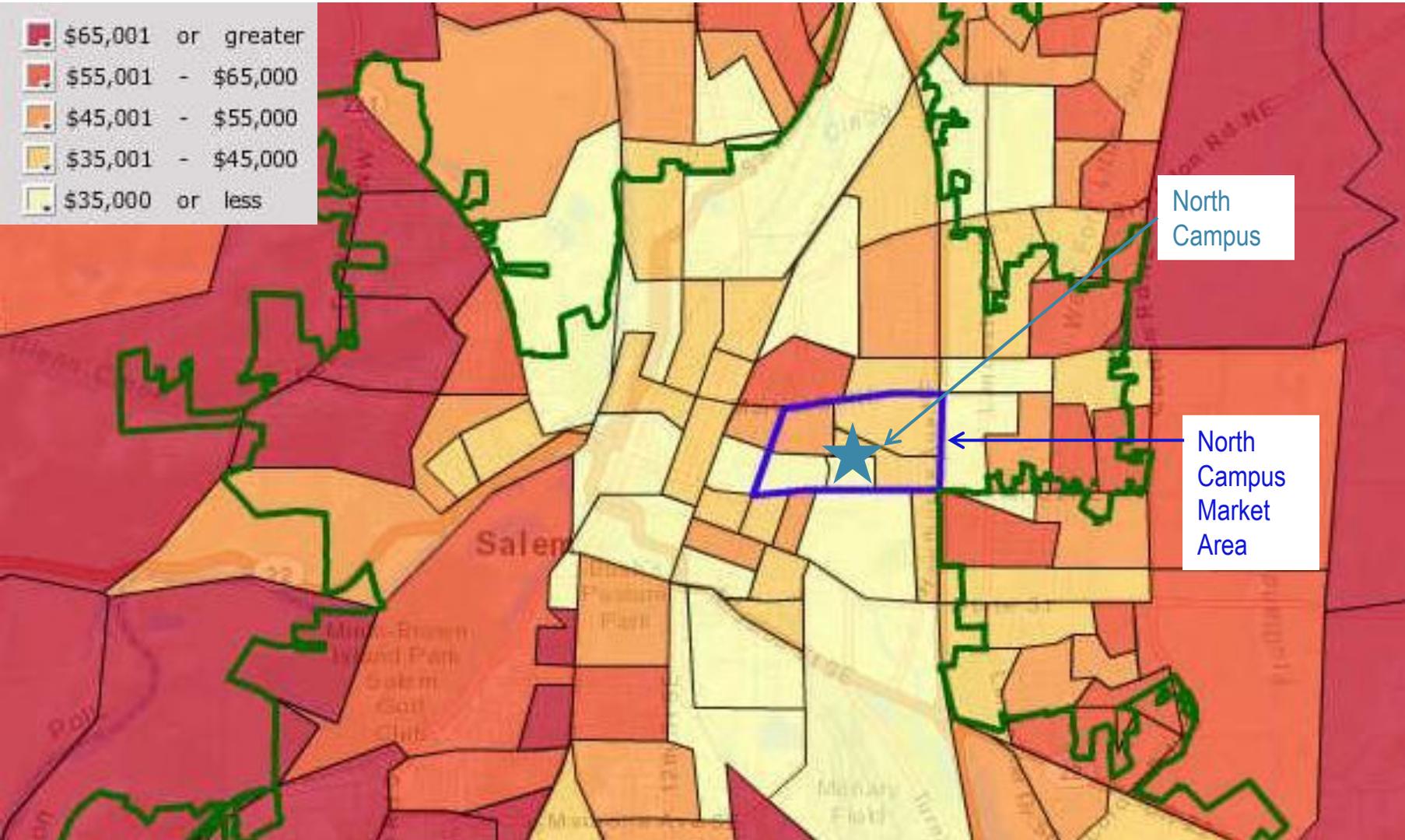
Median Rent (Renter Occupied) 2005-2009



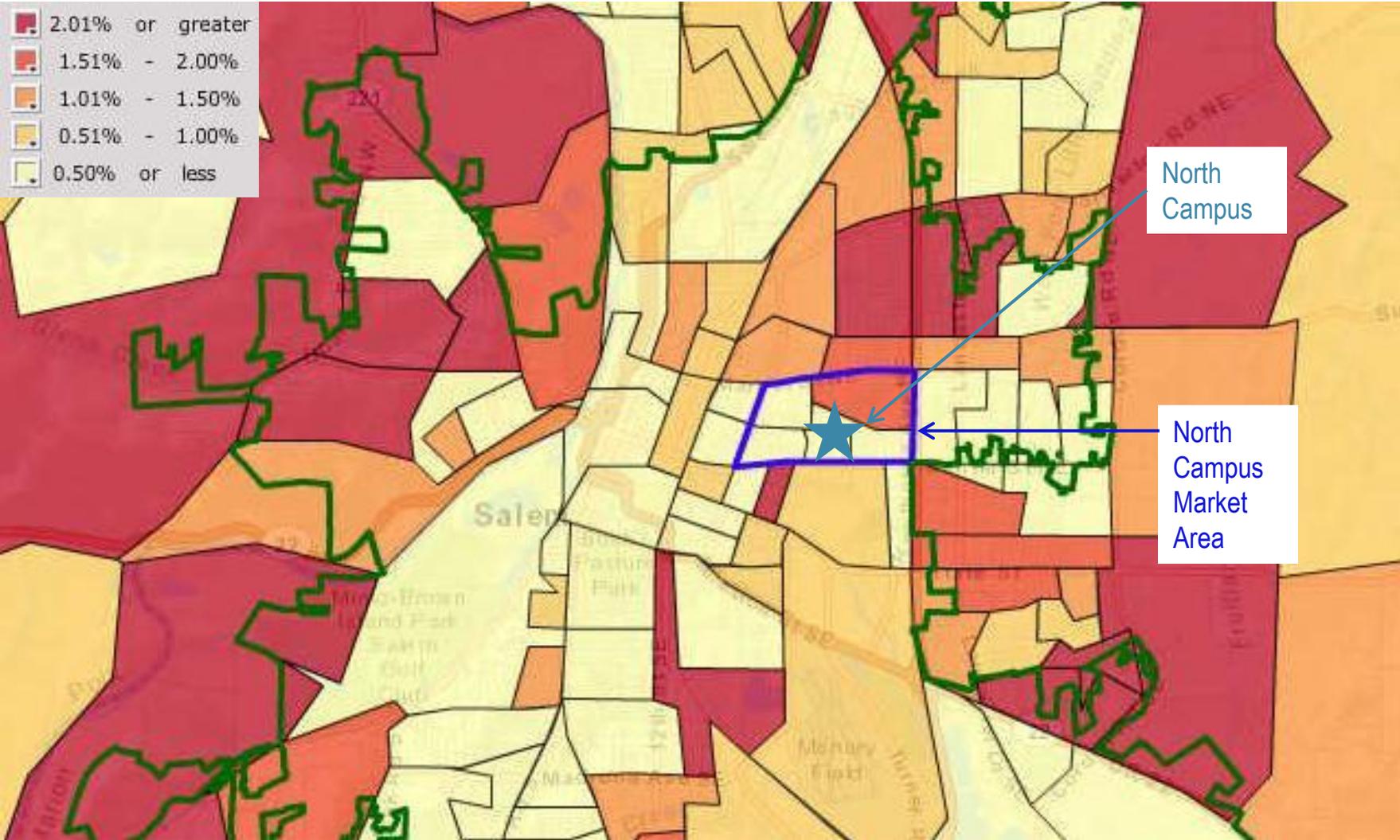
Median Home Value (owner occupied) 2005-2009



Household Incomes

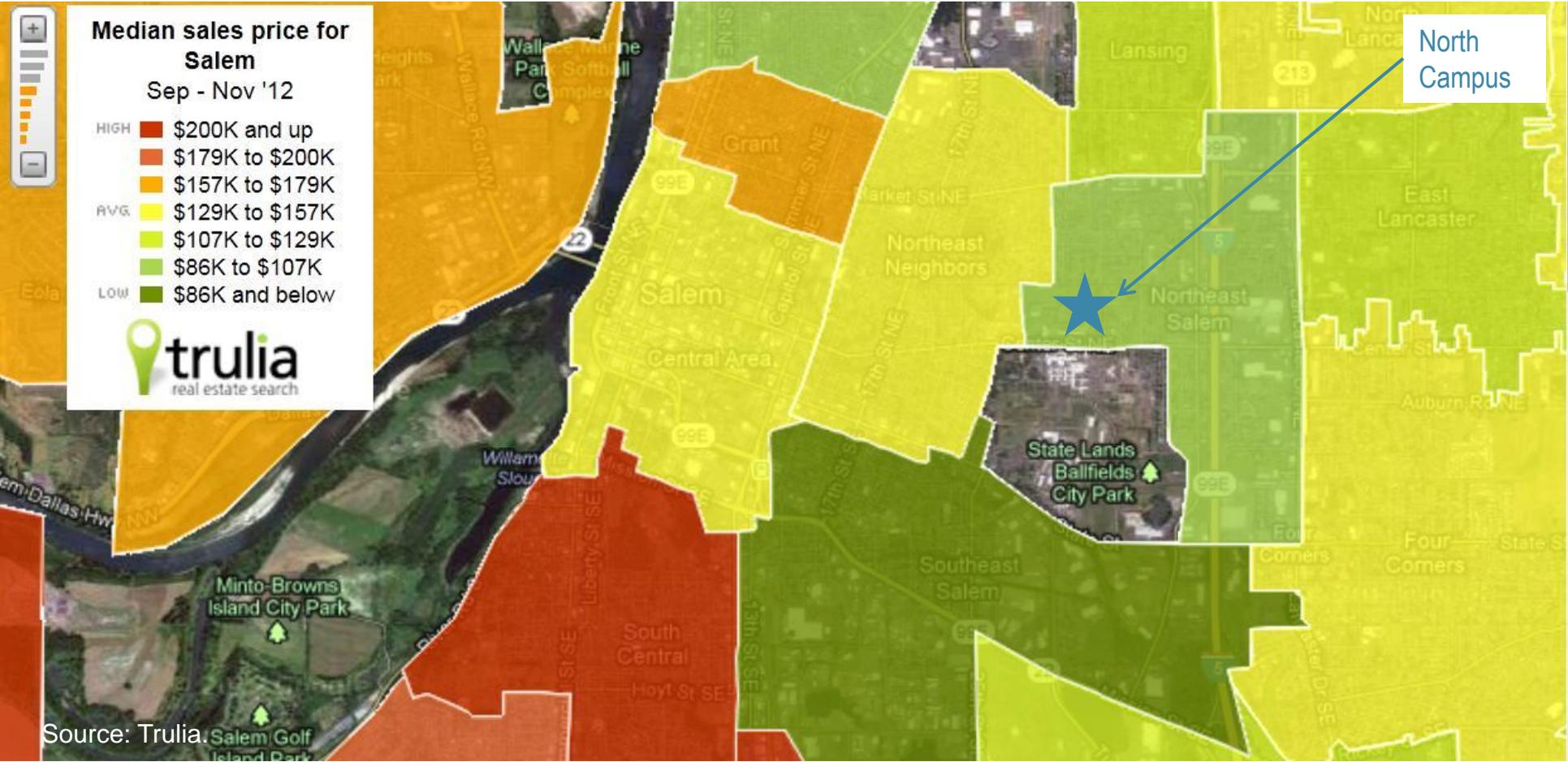


Population Growth Rate, 2000-2010



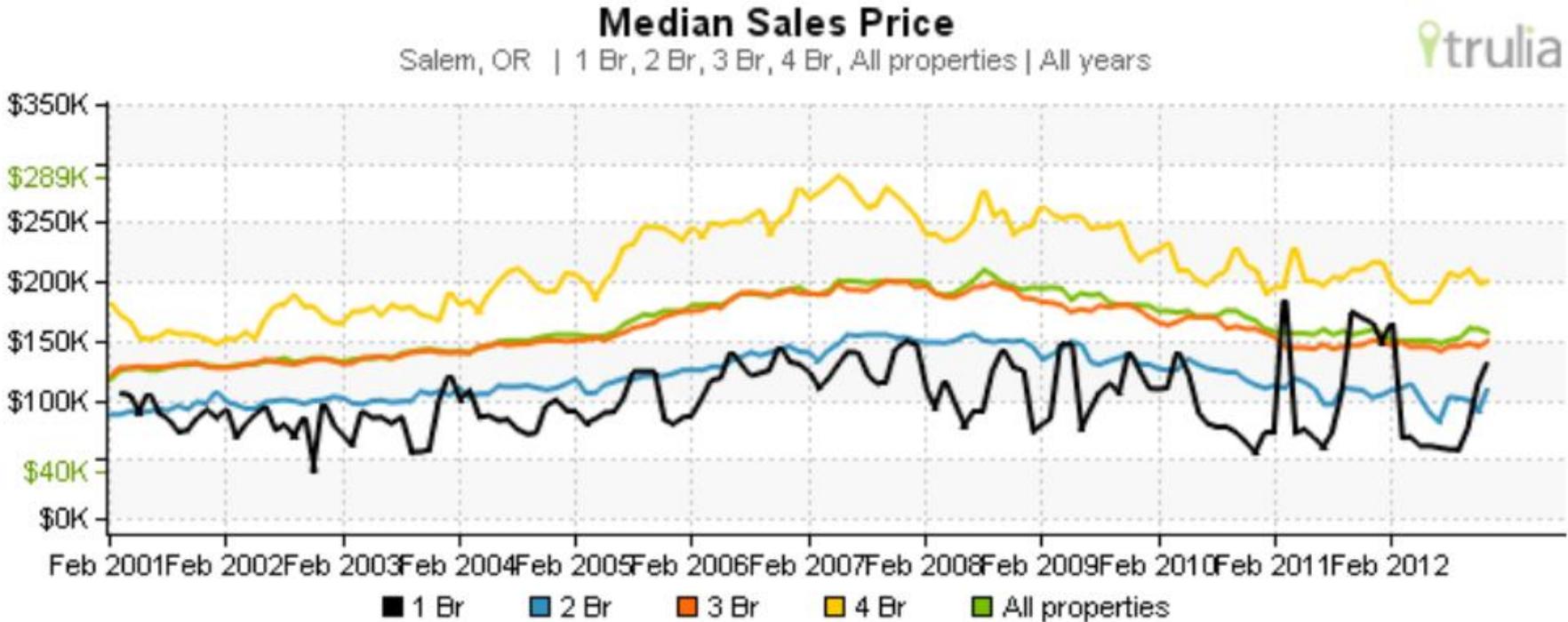
Salem Median Sales Price September to November 2012

The North Campus is included in the Northeast Salem neighborhood which had a median sales price of \$106,703 from September to November of 2012, a 7.2 percent increase year-over-year.



Salem Median Sales Price, Historical

The Salem housing market is experiencing median sales prices near 2005 levels, after having peaked in 2007 to 2008.



Source: Trulia.

