

Here Comes the Neighborhood

Missing Middle Housing in Washington State

OR-WA APA CONFERENCE

OCTOBER 14, 2020



Washington State
Department of
Commerce

Session Outline

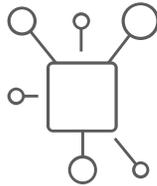
- **State legislation:**
What we adopted in Washington State
Anne Fritzel, AICP
Commerce
- **Zoning for a unicorn:**
Missing middle zoning at the local level
Tyler Bump
EcoNorthwest
- **If you zone it will they build?**
Developer investment in new housing forms
Marco Lowe
MBAKS



We strengthen communities



**HOUSING
HOMELESSNESS**



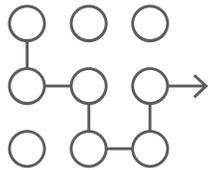
INFRASTRUCTURE



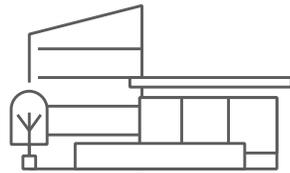
**BUSINESS
ASSISTANCE**



ENERGY



PLANNING



COMMUNITY FACILITIES



**CRIME VICTIMS &
PUBLIC SAFETY**



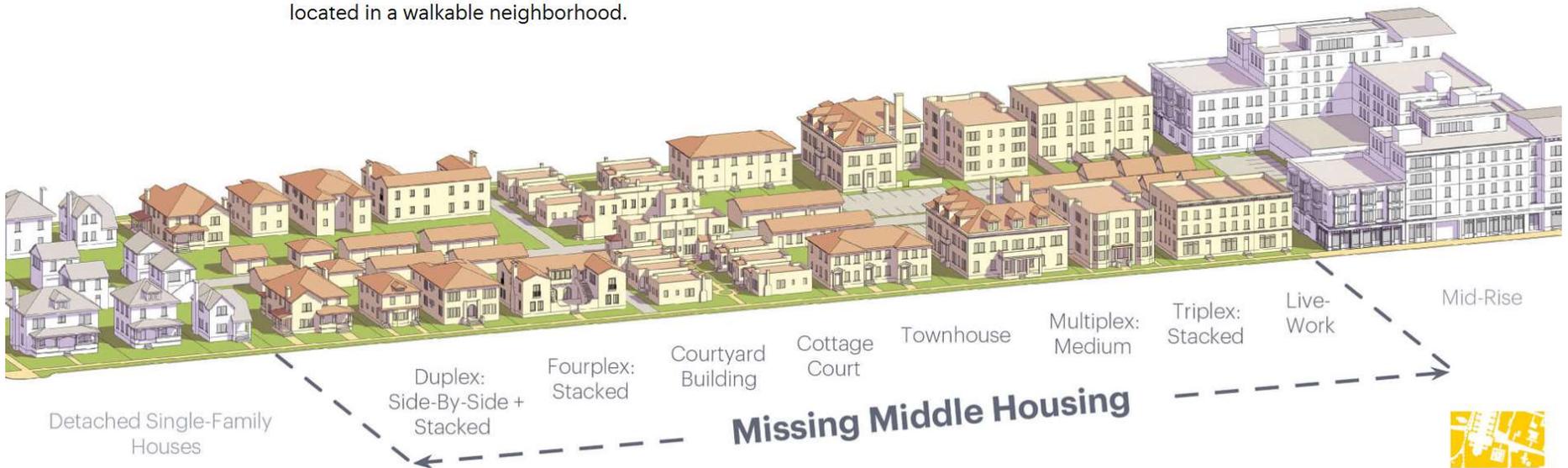
**COMMUNITY
SERVICES**

What we mean by Missing Middle Housing



[About](#) [The Types](#) [Services](#) [Resources](#) [Contact](#)

Missing Middle Housing is a range of house-scale buildings with multiple units—compatible in scale and form with detached single-family homes—located in a walkable neighborhood.





Growth Management Act housing goal



- Encourage the **availability of affordable housing to all economic segments** of the population of this state,
- **Promote a variety of residential densities and housing types**, and
- Encourage **preservation of existing housing stock**.

RCW 36.70A.030(4)



Oregon Adopted HB 2001 (2019)

- Oregon's medium-sized cities to allow duplexes on each residential lot by June 30, 2021.
- Oregon's large cities (pop over 25,000) and cities in the Portland Metro region, must allow duplexes, triplexes, quadplexes, cottage clusters, and townhouses in residential areas by June 30, 2022.
- Cities can set siting and design requirements
- Cities are required to provide supporting infrastructure
- \$3.5M in state funding to implement, plus model code.



WA Housing Bills 2019 / 2020

DID NOT PASS

- Mandatory missing middle (6536)
- Stronger ADU legislation
- Changes to the Housing Element (2687)

PASSED

- Reduced parking near transit
- Increased density for religious-owned land
- Surplus land for affordable housing
- Tiny homes
- Tenant protections
- **Incentive program (HB 1923)**



HB 1923 (2019) / HB 2343 (2020)

\$5M in incentives, prioritized for cities over 20,000

- Subarea plan or planned action
- Commuter/light rail stations at 50 du/ac
- Rapid transit corridors at 25 du/ac
- Minimum net density of six du/ac
- SEPA infill exemption
- Form-based code
- Duplex on each corner lot
- Short plats from 4 to 9 units
- Cluster zoning or lot size averaging
- Housing Action Plan
- At least one duplex, triplex, quadplex, sixplex, stacked flat, townhouse, or courtyard apartment on each parcel
- Accessory dwelling units (ADUs)
- Cottage housing
- Missing Middle “program”
- ADU “program”
- Streamline permitting
- Rethink parking

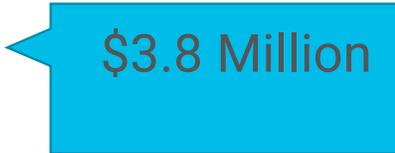
RCW 36.70A.600

Timeline HB 1923 / HB 2343

	2019-2021 Biennium	2021-2023 Biennium	June 30 2024	
Funds to PERF RCW 36.70A.490				Home Security Fund RCW 43.185.060
SEPA/GMHB protections to April 1, '23				
URBC Grant SFY19-21				

1. \$2.50 document recording fee to go to the Planning and Environmental Review Fund (PERF) until June 2024. (About 1M documents /year) Then funding is for operations and maintenance of permanent supportive housing for those cities that completed grant activities.
2. A new program in the 21-23 biennium may require text changes to RCW 36.70A.600.

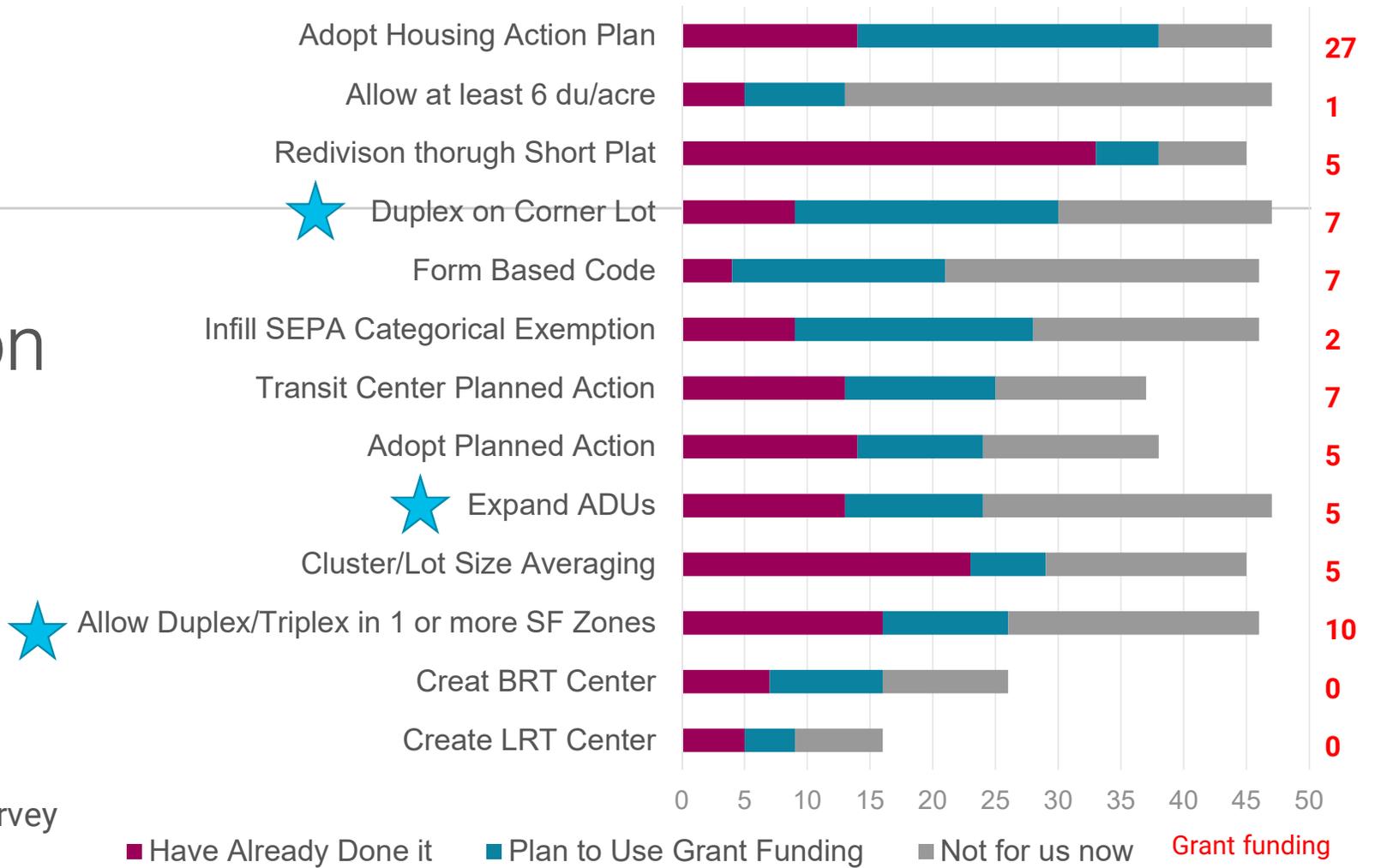
Four rounds of funding to get the money out

- Cities over 20,000 52 eligible for \$100k  \$3.8 Million
- Cities under 20,000 All others eligible
- A third round open to all (\$0.9 Million)
- A final round of general fund \$ for non-GMA (\$75k total)

Only \$4.7 of the \$5 was requested.

HB 1923

Pre-Application Survey



2019 Commerce survey
47 responses of 52

■ Have Already Done it ■ Plan to Use Grant Funding ■ Not for us now Grant funding

66 Grants, 20 for code changes

Regional Housing Action Plans	Single City Housing Action Plans		Municipal Code Changes		HAP & Code Changes	Sub Area / Planned Actions
Auburn, Burien, Federal Way, Kent, Tukwila, and Renton	Battle Ground	Black Diamond	Algona	Bothell	Arlington	Airway Heights
	Camas	Chelan	Bremerton	Covington	Moses Lake	Chewelah
	Colville	Ellensburg	East Wenatchee	Fife	Woodland	Kirkland
Bonney Lake and Sumner	Everett	Leavenworth	Fircrest	Lake Stevens		Lakewood
	Lynnwood	Monroe	Langley	North Bend		Marysville
Lacey, Olympia, and Tumwater	Mukilteo	Oak Harbor	Orting	Pasco		Mount Vernon
	Poulsbo	Puyallup	Port Angeles	Ridgefield		Port Orchard
Walla Walla with College Place, Waitsburg, and Dayton	Redmond	SeaTac	Ruston	Sultan		Vancouver
	Seattle	Spokane	Wenatchee			
	Spokane Valley	Tacoma				
	University Place	Yakima				

Cities working on missing middle code changes:

CITY	Duplex Triplex Courtyard	Duplex on Corner	ADU	Cluster Zoning	Short Subdivision
Algona	■	■			■
Arlington	■				
Bothell		■			■
Chewelah		■			
East Wenatchee	■	■			■
Fife	■	■	■		■
Fircrest		■			
Lake Stevens	■			■	
Langley	■				
Moses Lake	■			■	
Mount Vernon	■	■			
North Bend	■				
Orting	■	■	■	■	■
Pasco	■		■	■	
Ridgefield	■	■		■	■
Ruston		■			■
Vancouver	■			■	
Wenatchee	■		■	■	■
Woodland	■	■	■	■	■

Lessons for planners

- **Bringing back middle housing is hard work**
- **Needs support from many places**
 - Peer pressure is helpful for decision makers
 - Peer support is helpful for planners
 - YIMBYs are helpful for everyone
- **Focus on who needs missing middle**



Washington State
Department of
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www.commerce.wa.gov



Questions?

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Approaches to Middle Housing

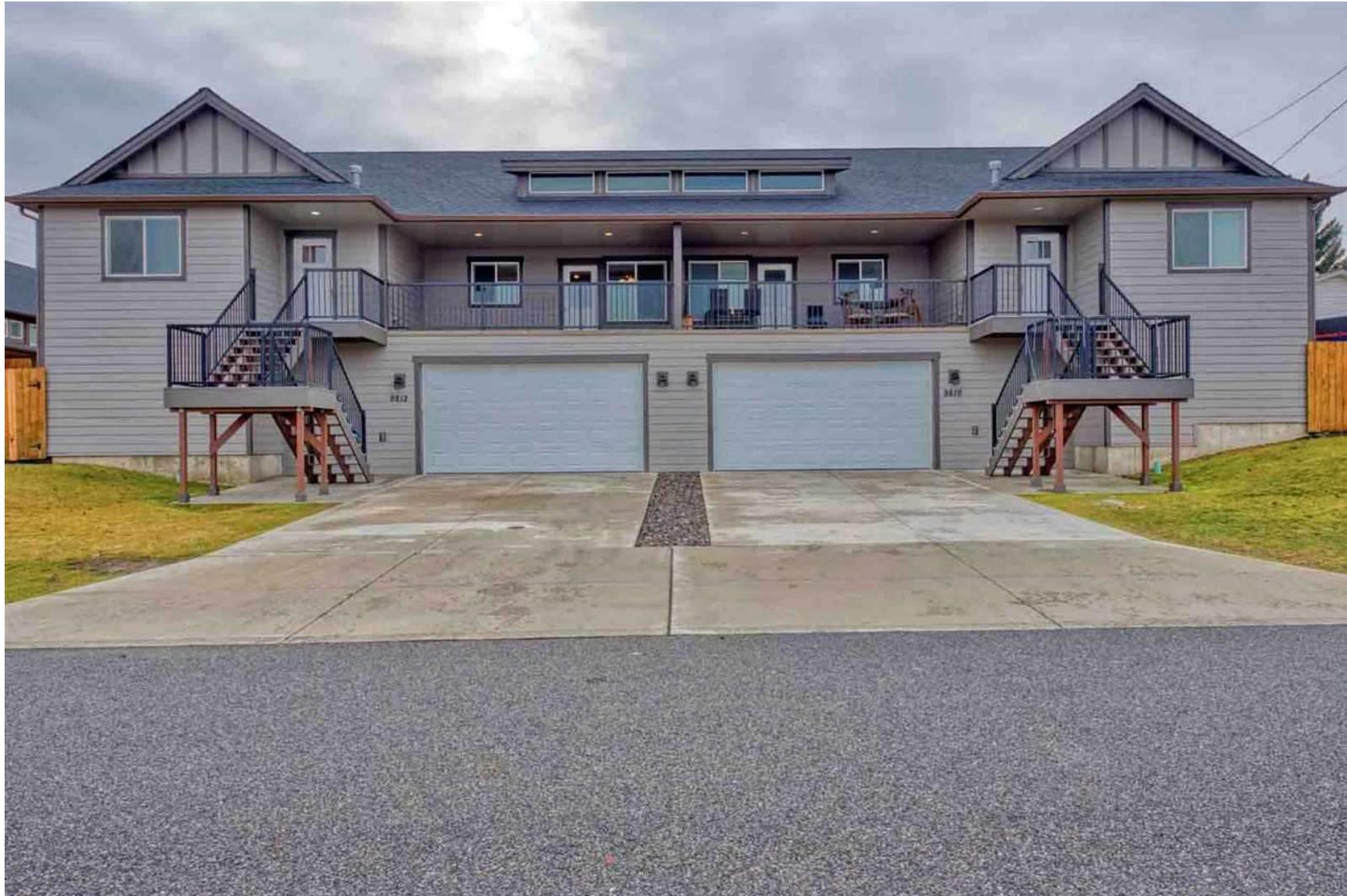
Tyler Bump, Project Director, ECONorthwest

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Duplex, Spokane Valley - \$225,000 per unit

Source: MLS Listing



Duplex, Spokane Valley - \$275,000 per unit ³

Source: MLS Listing



Townhouse, Spokane - \$355,000 per unit

Source: MLS Listing



Townhouse, Burien - \$615,000

Source: MLS Listing



Townhouse, Redmond - \$585,000

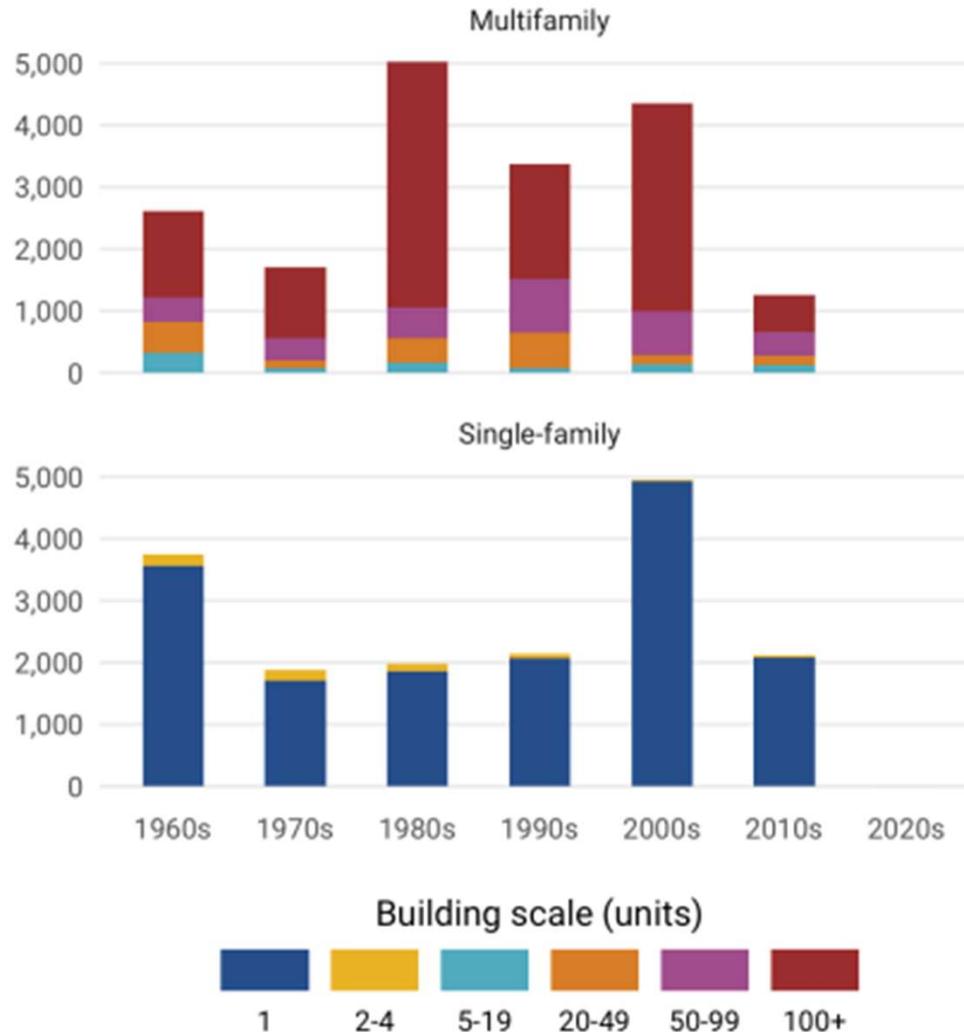
Source: MLS Listing



Duplex, Narrow Lot and ADU, Portland

Population Growth and Housing Demand

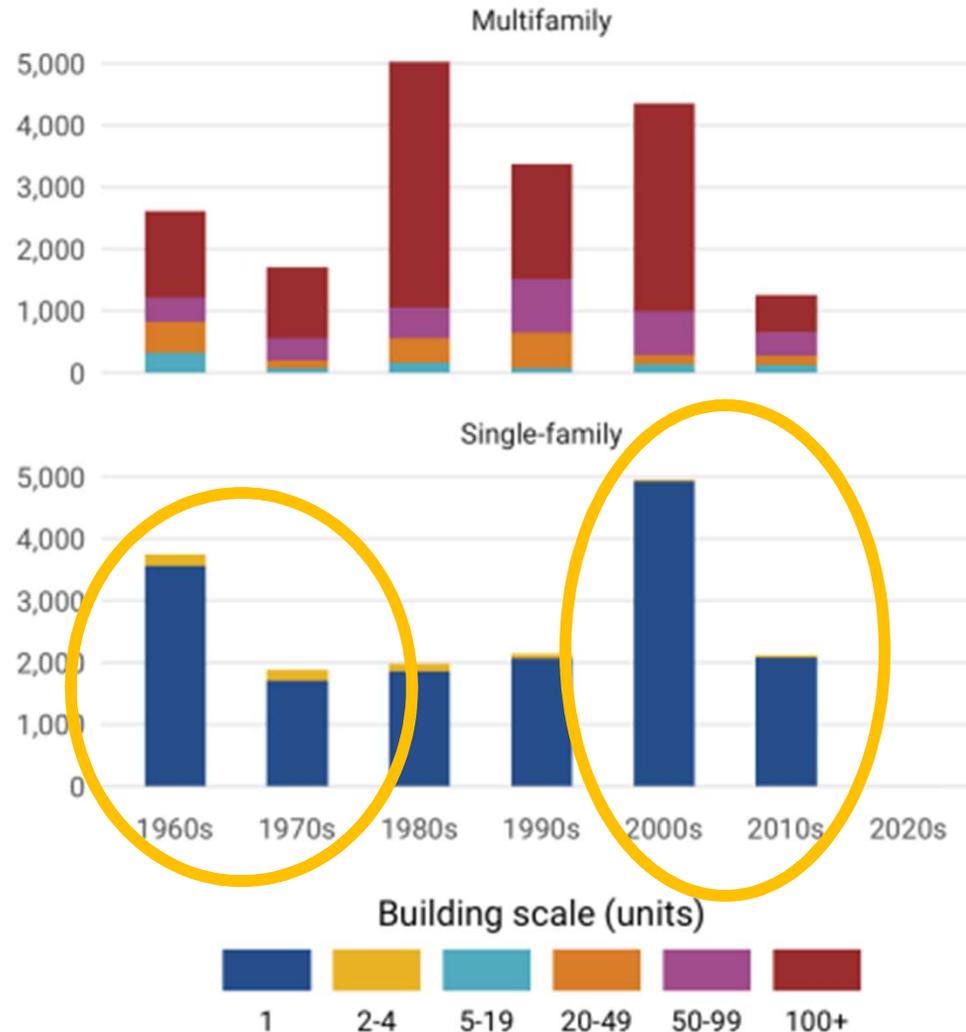
Scale of Housing Built by Decade, 1960-2020



Source: King County Assessor's Office, 2020

Population Growth and Housing Demand

Scale of Housing Built by Decade, 1960-2020



Source: King County Assessor's Office, 2020

Housing Underproduction and Forecast Demand

Housing Units Needed Through 2040

Underproduction	Future Need	Housing Need
824	8,438	9,262

Source: OFM, 2019; PSRC, 2017; ECONorthwest Calculation

Housing Units Needed as a Share of Existing Stock

Existing Units	Housing Need	% of Existing Units
42,870	9,262	22%

Source: OFM, 2019; PSRC, 2017; ECONorthwest Calculation

Housing Underproduction and Forecast Demand

Housing Units Needed by AMI, 2040

AMI	# of Units	% of Units
0-30%	926	10%
30-50%	1,111	12%
50-80%	1,852	20%
80-100%	1,297	14%
100%+	4,075	44%

Source: OFM, 2019; PSRC, 2017; ECONorthwest Calculation

Housing Underproduction and Forecast Demand

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Middle housing hitting around 80% - 120% AMI

If your household earns ...

\$19,560

(30% of MFI)

\$32,600

(50% of MFI)

\$52,260

(80% of MFI)

\$65,200

(100% of MFI)

\$78,240

(120% of MFI)

Then you can afford ...

\$489

PER MONTH

\$815

PER MONTH

\$1,304

PER MONTH

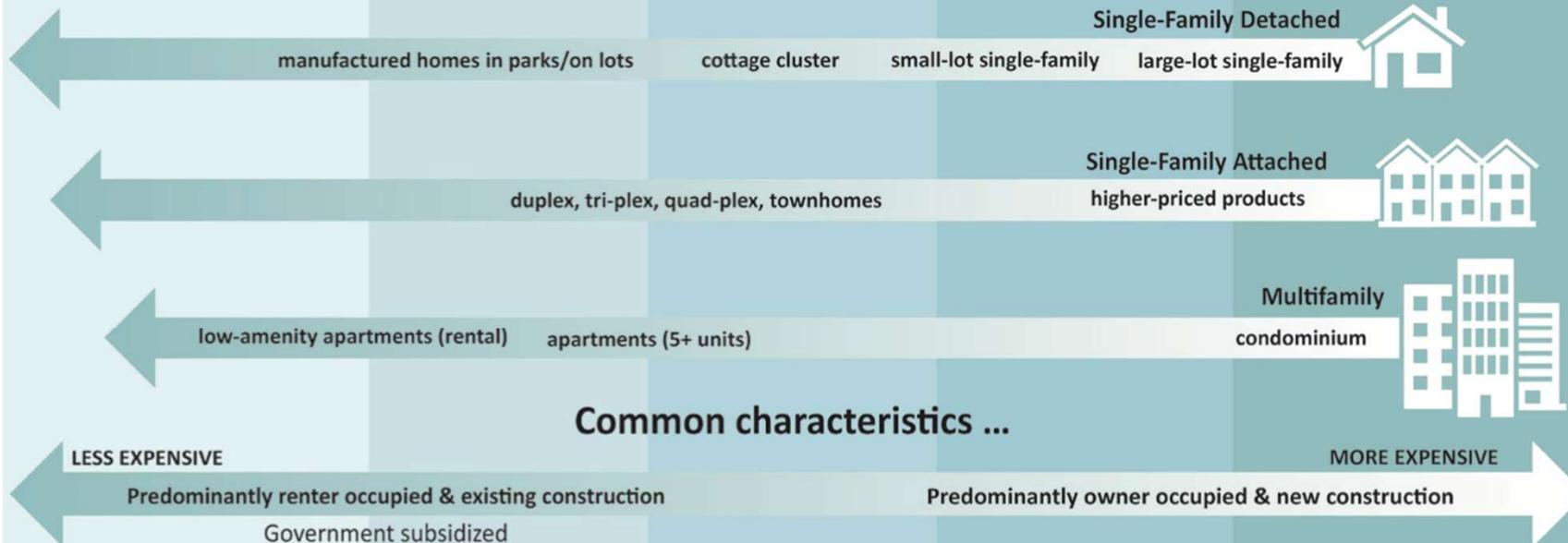
\$1,630

PER MONTH

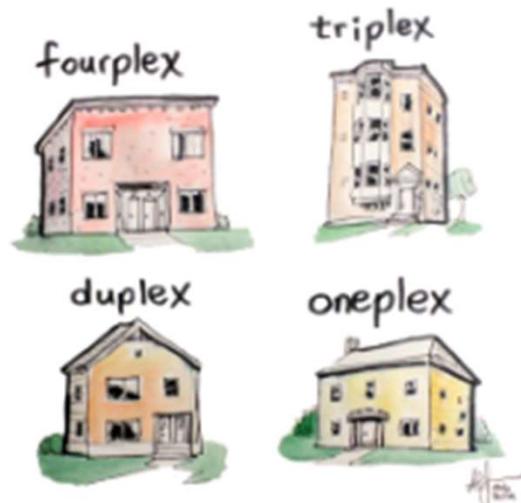
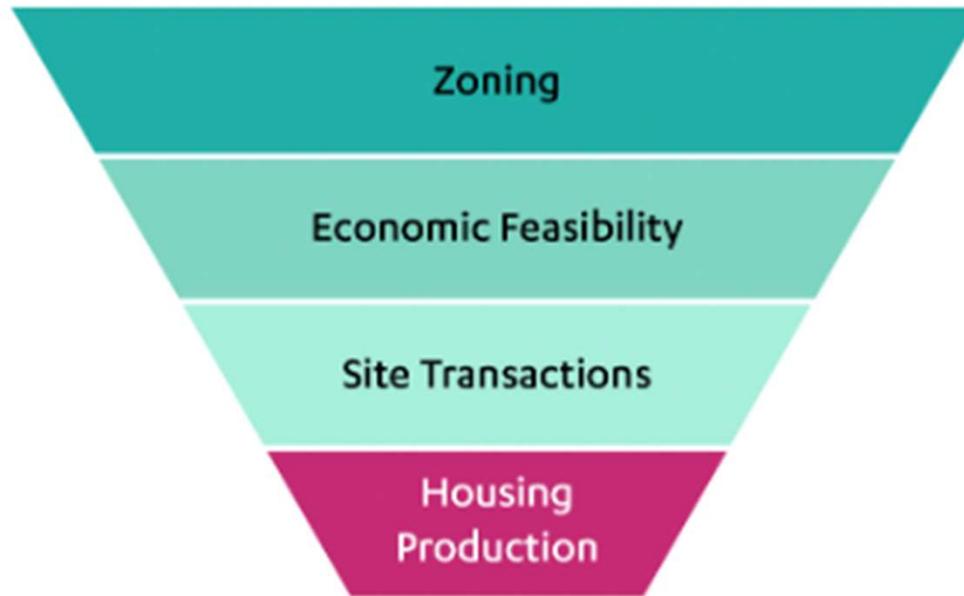
\$1,956

PER MONTH

Housing types generally affordable to these households are ...

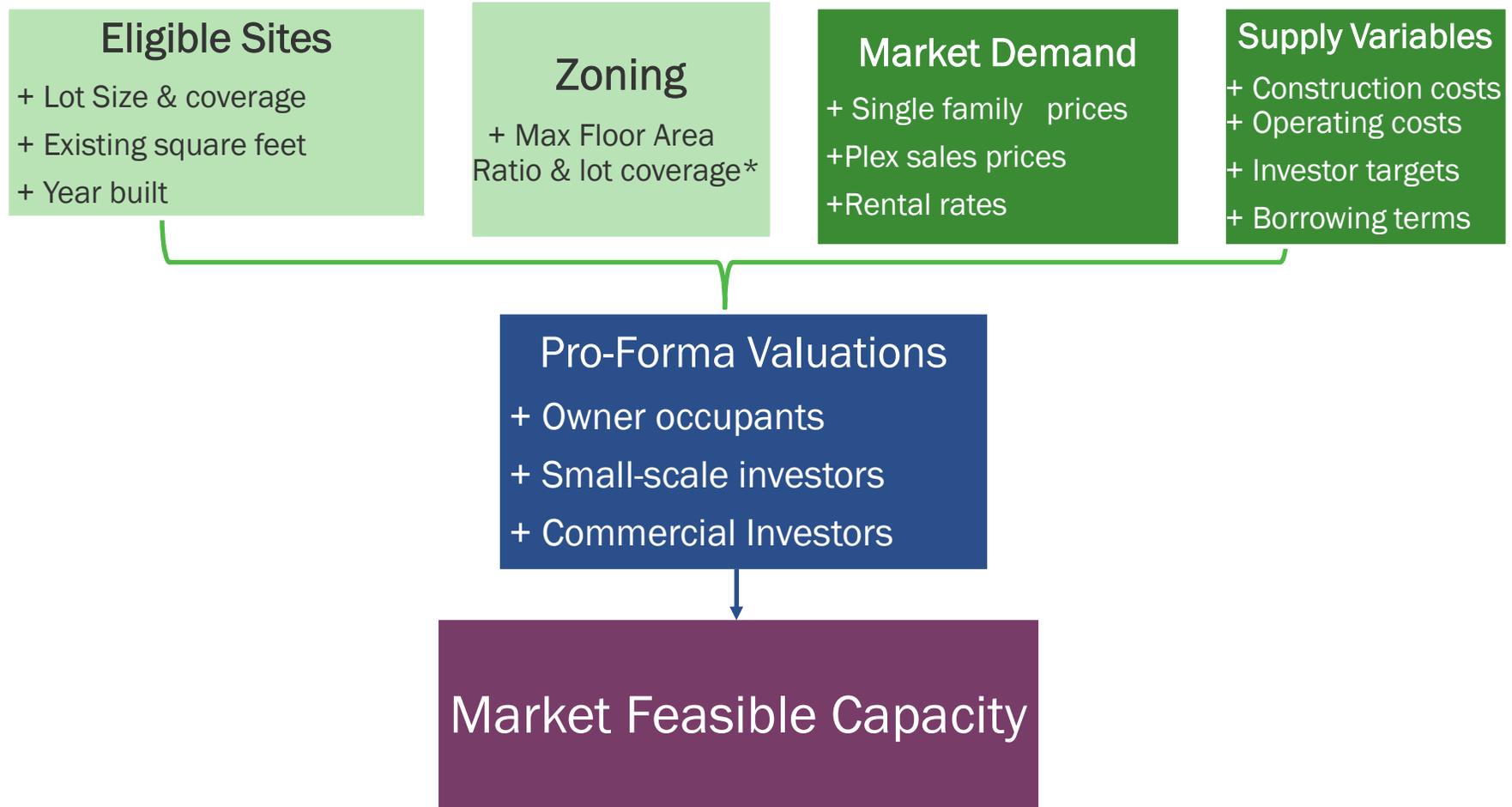


Middle Housing Development Feasibility



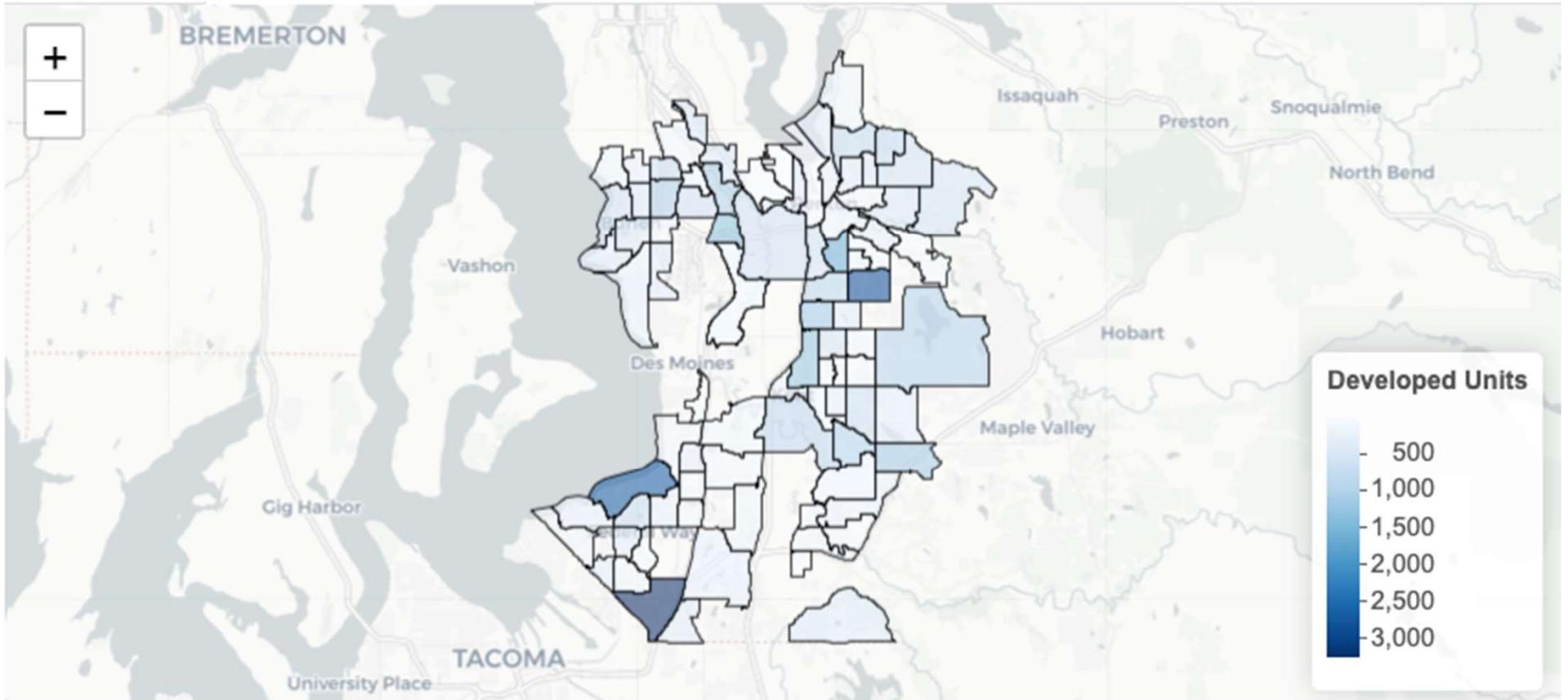
Source: UCLA Lewis Center,
2020. Illustration by Alfred
Twu

Middle Housing Development Process



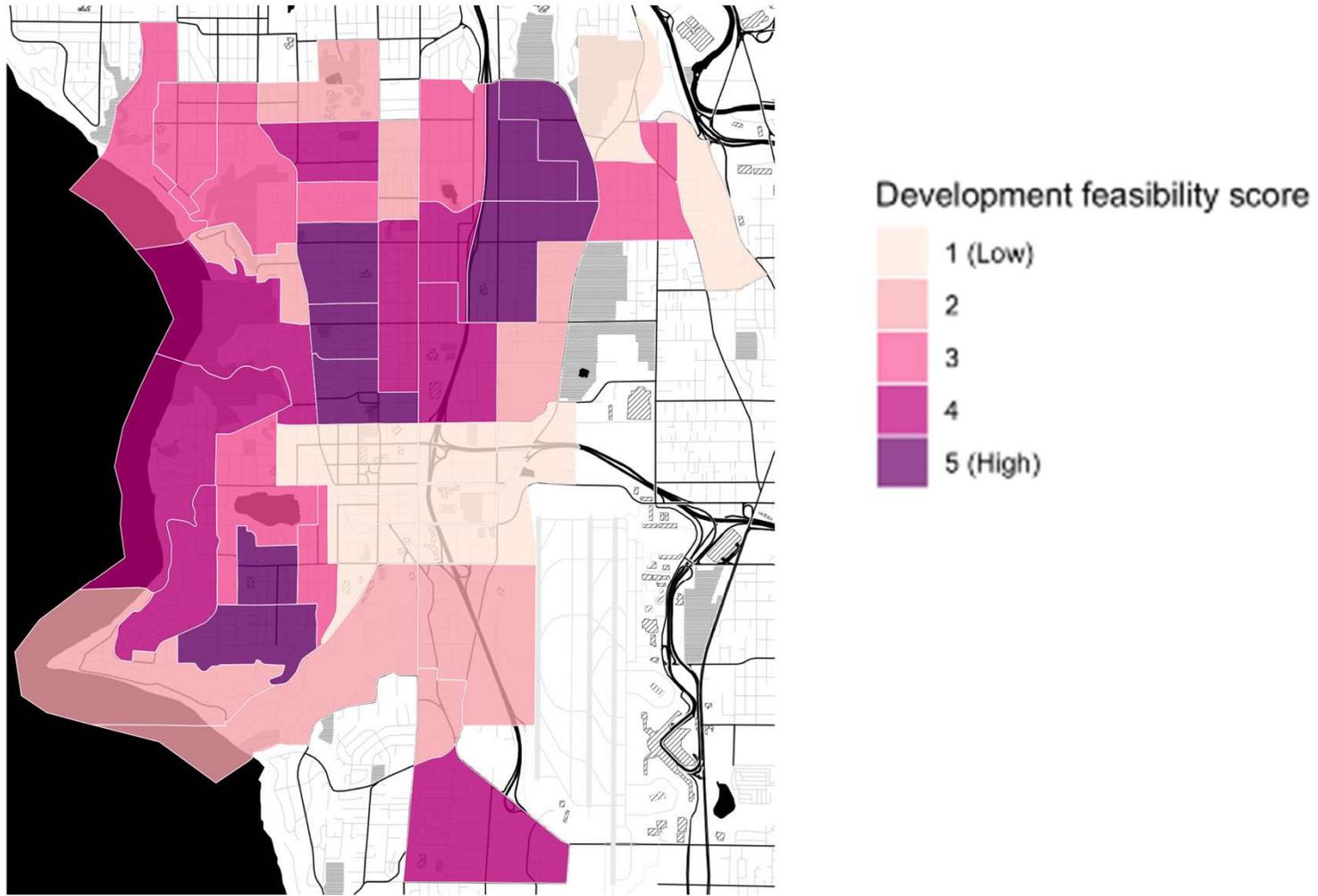
Source: UCLA Lewis Center,
MapCraft, 2020.

Middle Housing Development Feasibility

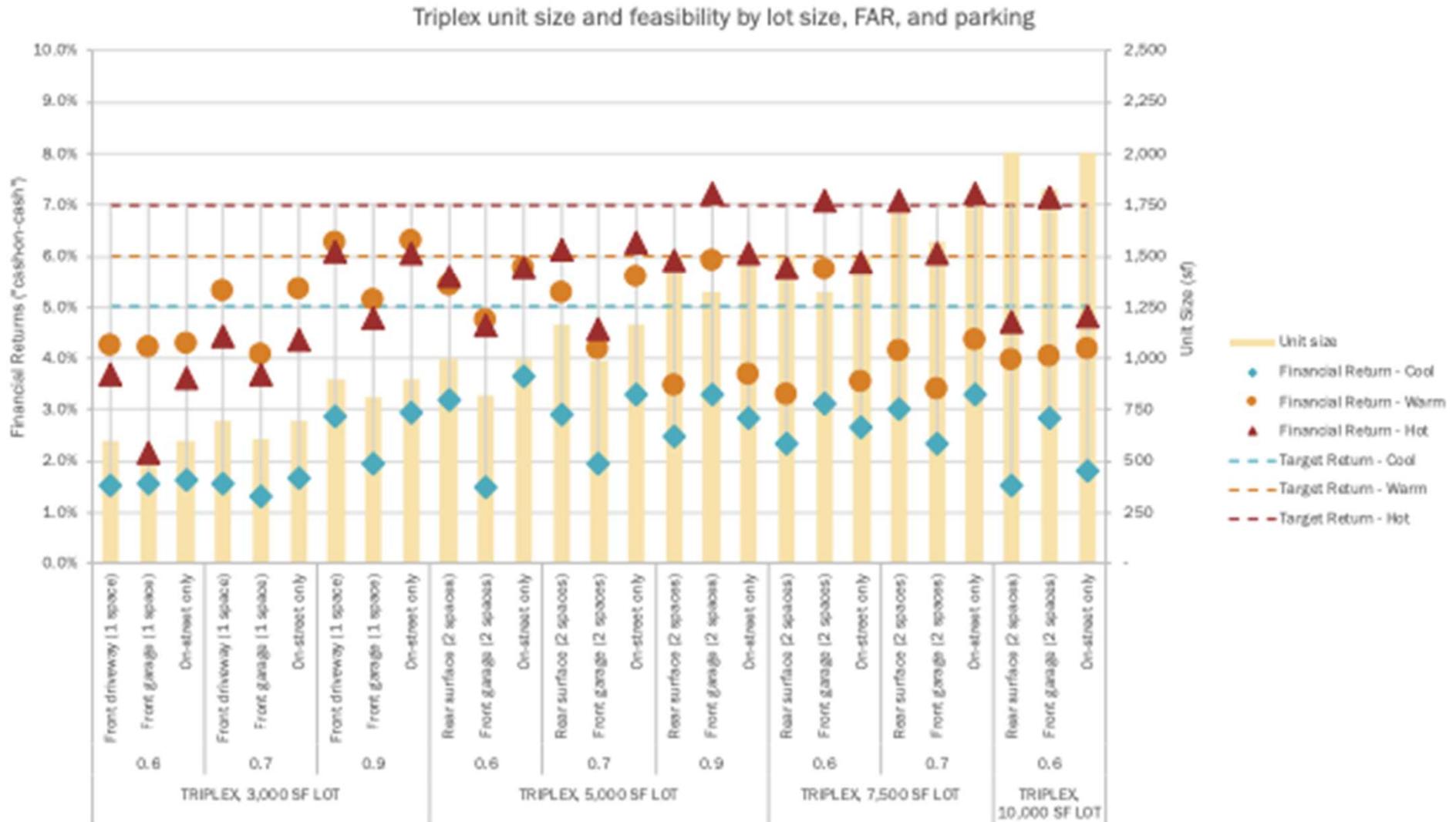


Middle Housing Development Feasibility

Block group development feasibility



Middle Housing Development Feasibility



Key Considerations for Middle Housing Policy

- Equitable outcomes and households vulnerable to displacement
 - Engagement with culturally specific organizations and community leaders is critical
- Location – Where and why = access and opportunity
 - Transit access
 - Access to services and amenities
 - Parks
 - Schools
 - Areas of historic exclusion
- Bulk and scale – More consideration for bulk and scale sensitivity than density impacts
- **PARKING**

Key Development Standards for Middle Housing



- Middle housing is only feasible in markets that are already seeing development occur.



- Higher FAR allowances mitigate for land costs in strong markets where land costs are higher



- High parking minimums can make middle housing both physically and feasible impossible. Parking requirements can be a major barrier when parking area counts against square footage allowances



- Higher FARs and lower parking requirements are important for smaller lots.



- Requiring lot size minimums higher than required for detached single-family development limits land supply.
- Fee simple development is helpful to support home ownership.

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Eugene



Portland



Seattle



Boise



Encouraging Missing Middle Housing

Marco Lowe



Missing Middle Housing-How to build it.

■ Missing Middle Housing Types

- ADUs
- Typically built in backyards or in a daylight basement.
- In focus groups done in King and Snohomish Counties, they were the most readily accepted form of missing middle housing.
- If allowed, builders of SF homes will almost always add an above garage ADU. They are very popular to help buyers afford mortgage, house a family member, or an office/studio.



Missing Middle Housing-How to build it.

■ Missing Middle Housing Types

Duplex/TriPlex/FourPlex

Historically built in single family zoned neighborhoods

Usually a rental, but not exclusively. Rarely built now as a low-rise zone would incentivize a builder to build more, smaller, units or townhomes.



Missing Middle Housing-How to build it.

■ Missing Middle Housing Types

- Fee Simple Townhomes (not really a townhome by East Coast standards)
- Built in low-rise zones
- Very popular with no HOAs and affordable prices.
- Likely picked up the slack as condominium construction lawsuits grew.
- In Seattle, four can be built on smaller lots, ~5000sf, which requires odd layouts and few facing street, but over 10,000 built in city.
- Some designs allow for ADUs.



Missing Middle Housing-How to build it.

- **Missing Middle Housing Types**
- Stacked Flats
- Built in low-rise zones.
- Very affordable, low construction cost, for-sale housing.
- Up to six units on a 5000 sf lot of varying size
- For many, it is their first (or last) stop in home ownership.
- Condo reform legislation of 2019 will hopefully bring these back to Washington State. Still too early to know and builders have not done them in years.



Missing Middle Housing-How to build it.

- **Middle Housing Types**
- Microunit Apartments

Built in low-rise zones.

Very affordable, small units. Often available to those making minimum wage.

Can be controversial. No parking and low rent price can upset neighbors. Seattle tweaked code to placate some areas but also made them more expensive.



Missing Middle Housing-How to build it.

- **Policies that help Missing Middle housing**
- No owner occupancy or parking requirements for ADUs
- Air rights condominium sale for ADUs.
- Fast permit times
- Proportionate impact fees
- Fee simple townhome rules to avoid HOAs.
- If design review is required administrative procedures are best.

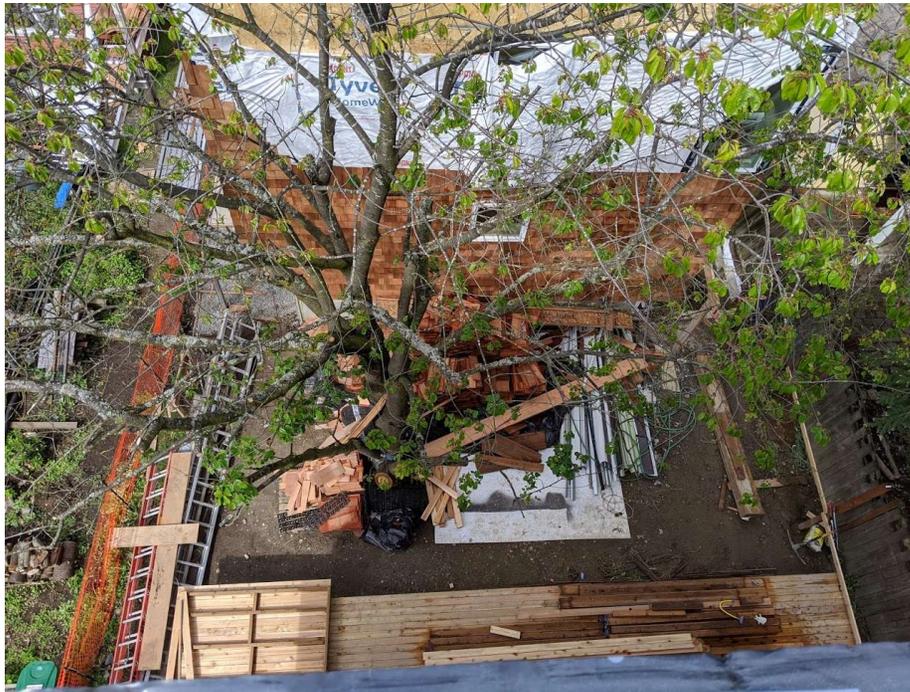
Missing Middle Housing-How to build it.

- **Policies that help Missing Middle**
- Measured utility policies (hook up fees and extensions)
- Flexible bike parking
- Incentivized tree ordinances
- Reduced setbacks
- Higher lot coverage
- Flexible waste bin storage rules
- Flexible common space rules

Missing Middle Housing-How to build it.

- **Some Good Examples:**

Tree saved between townhomes, city gave bonuses to builder.



Missing Middle Housing-How to build it.

- All of these policies can help or hurt Missing Middle Housing production. But layered together, they can make a great parcel unbuildable.
- A more holistic approach to housing regulation can help everyone achieve their goals.

Missing Middle Housing-How to build it.

- **Jurisdictions that have Missing Middle or are considering it.**
- Burien-Missing Middle and ADU ordinance
- Bothell-Duplex
- Kenmore-ADU ordinance
- Kirkland-Missing Middle and ADU ordinance
- North Bend-Missing Middle
- Olympia-Missing Middle
- Redmond-Missing Middle
- Seattle-ADU
- Snohomish County-ADU and Duplexes
- Snoqualmie-Missing Middle

Missing Middle Housing-How to build it.

■ **Builder Process**

- Determine an area where they wish to build. The leading indicator , in many cases only, is job growth.
- See what is allowed through zoning, determine regulatory requirements, check utility availability. Many builders like to build a certain range of housing types, if it is not allowed, they will often build elsewhere. Missing middle is rare, so few builders are comfortable with it.
- Determine financing. For missing middle, as they are uncommon, it can be a real challenge.
- See if there are parcels available.
- Get land under contract, begin design and permit process. Times can vary wildly by project.
- Buy land, begin construction.
- Complete and sell or rent out.

Missing Middle Housing-How to build it.

- **Builder Process-What can go wrong during this time?**
- Recession
- Lumber (or other commodity) prices can spike. (tariffs, fires, COVID)
- Labor prices can go up.
- Lending markets can freeze.
- Employers can move out of area.
- Regulatory Issues/Timelines (Tree ordinance are sometimes not subject to vesting)
- Pandemics

Missing Middle Housing-How to build it.

- Benefit of Missing Middle
- Affordability
 - A 2017 Turner Center report found that 58% of ADUs are rented at below market value, 29% of ADU residents were family or friends, and 51% of those were staying for free or at reduced rent.
 - Seattle ADU construction has nearly doubled YOY.
 - Microunits, still some of the lowest priced apartments in Seattle.
- Access to High Opportunity Neighborhoods
- Shorter Commutes/Less Infrastructure
- Increase Property Tax Base
- Reduce displacement
- Local, smaller builders tend to build Missing Middle.
- Local Banks are often the lender for Missing Middle projects.

Missing Middle Housing-How to build it.

- **Ways to promote missing middle housing to skeptical communities and leaders.**
- Pilot Projects
- Community Discussions around Housing Choices
- <https://cambridge-leadership.com/documents/Ch-2-Theory-Behind-the-Practice.pdf>
- Infill Dividend
- Anti Displacement
 - <https://crosscut.com/2019/01/where-are-black-people-central-district-residents-get-creative-fight-displacement>

Missing Middle Housing-How to build it.

- **Things to know about builders**

The risk inherent in building homes is tremendous.

How many buildable parcels they will not try to buy because of a regulation. Some say 20:1 is normal compared to 3:1 in the mid 2000s.

1/3 of builders never came back after recession, which had led to the national builder model

The most important value to them is time and certainty

Missing Middle Housing-How to build it.

- Some Resources from the MBA
- Housing Toolkit
- <https://www.mbaks.com/docs/default-source/documents/advocacy/issue-briefs/mbaks-housing-toolkit-2020.pdf>
- Housing Choices for Everyone videos
- <https://www.youtube.com/user/MBAKingSno/videos>

