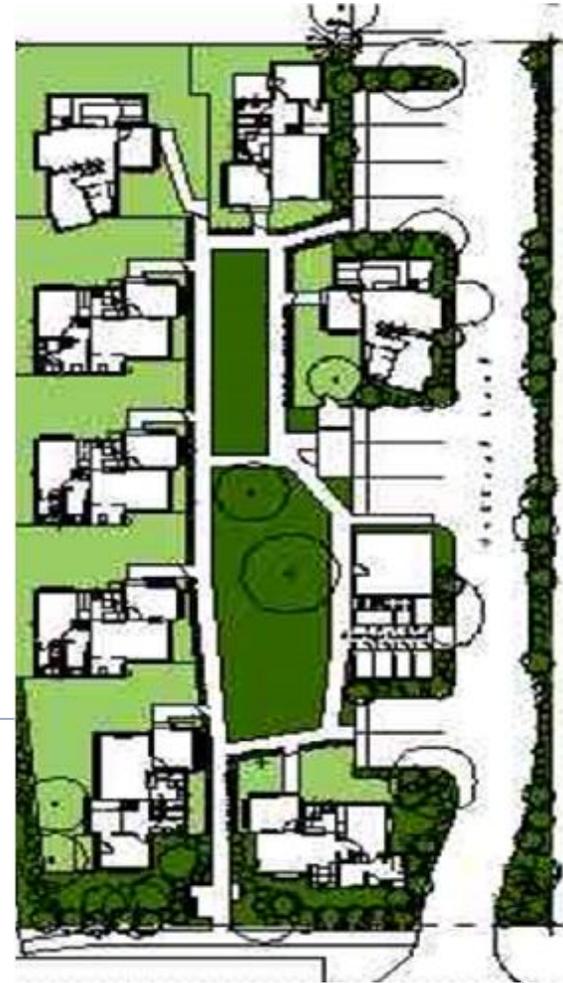


# More About “Missing Middle” Housing



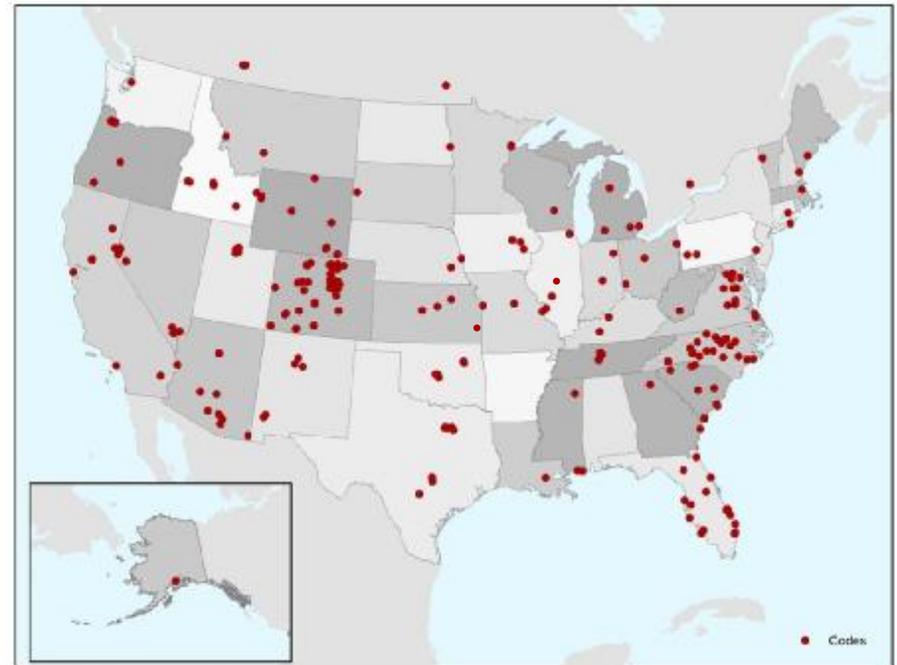
**Don Elliott**

**Clarion Associates**

**Dec. 11 2015**

# Clarion Associates

- 20 Planners, Attorneys, Urban Designers, and Landscape Architects
- Over 150 communities & over 175 code projects in the U.S. and Canada
- New and innovative housing types come up in every major project



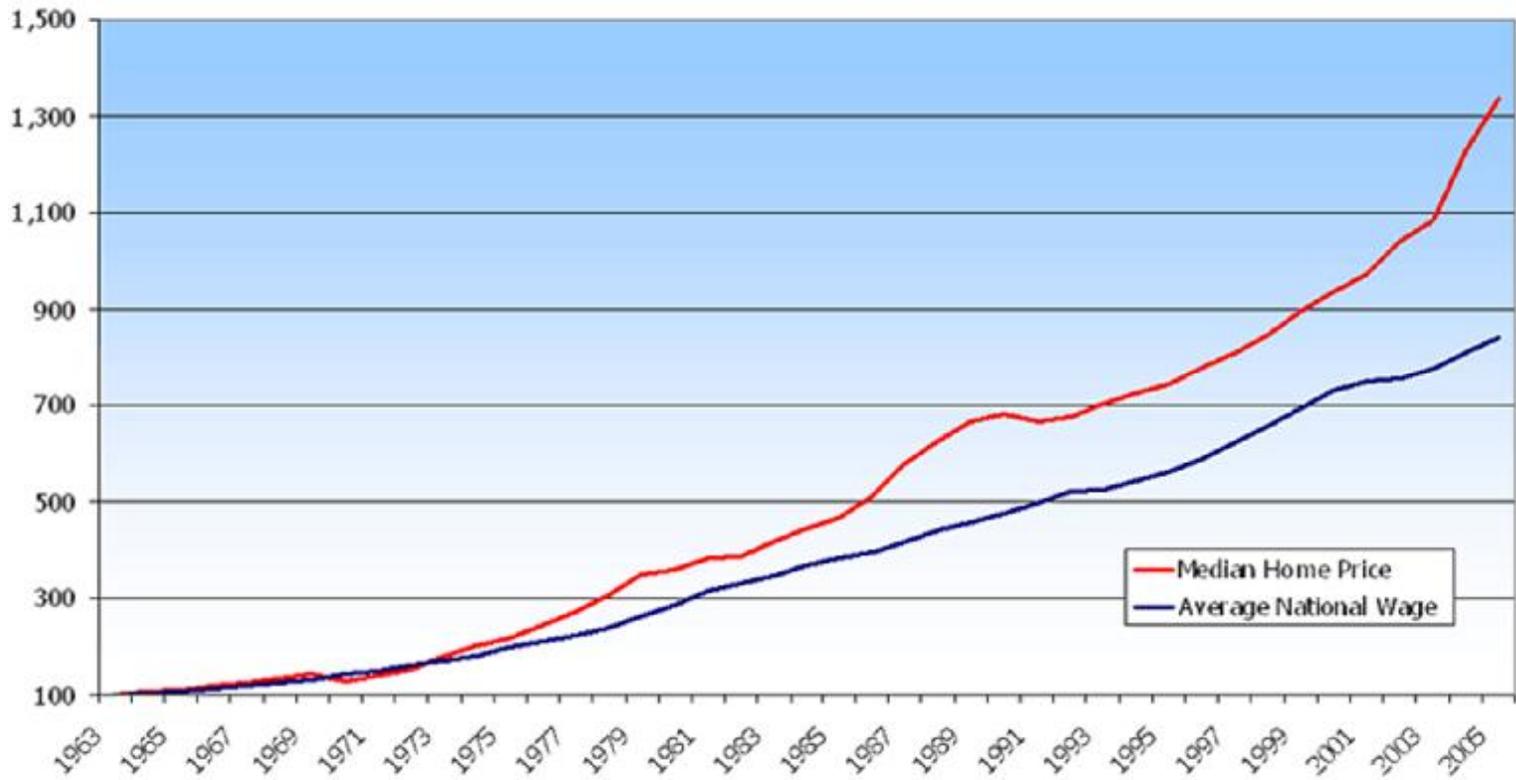
# Topics

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- Why?
- Another Approach
- The Usual Suspects
- The Fringe
- The Occupancy Opportunity  
(from "M-M" to "O-O"?)

# Why?

Home Prices vs Wages, 1963-2005



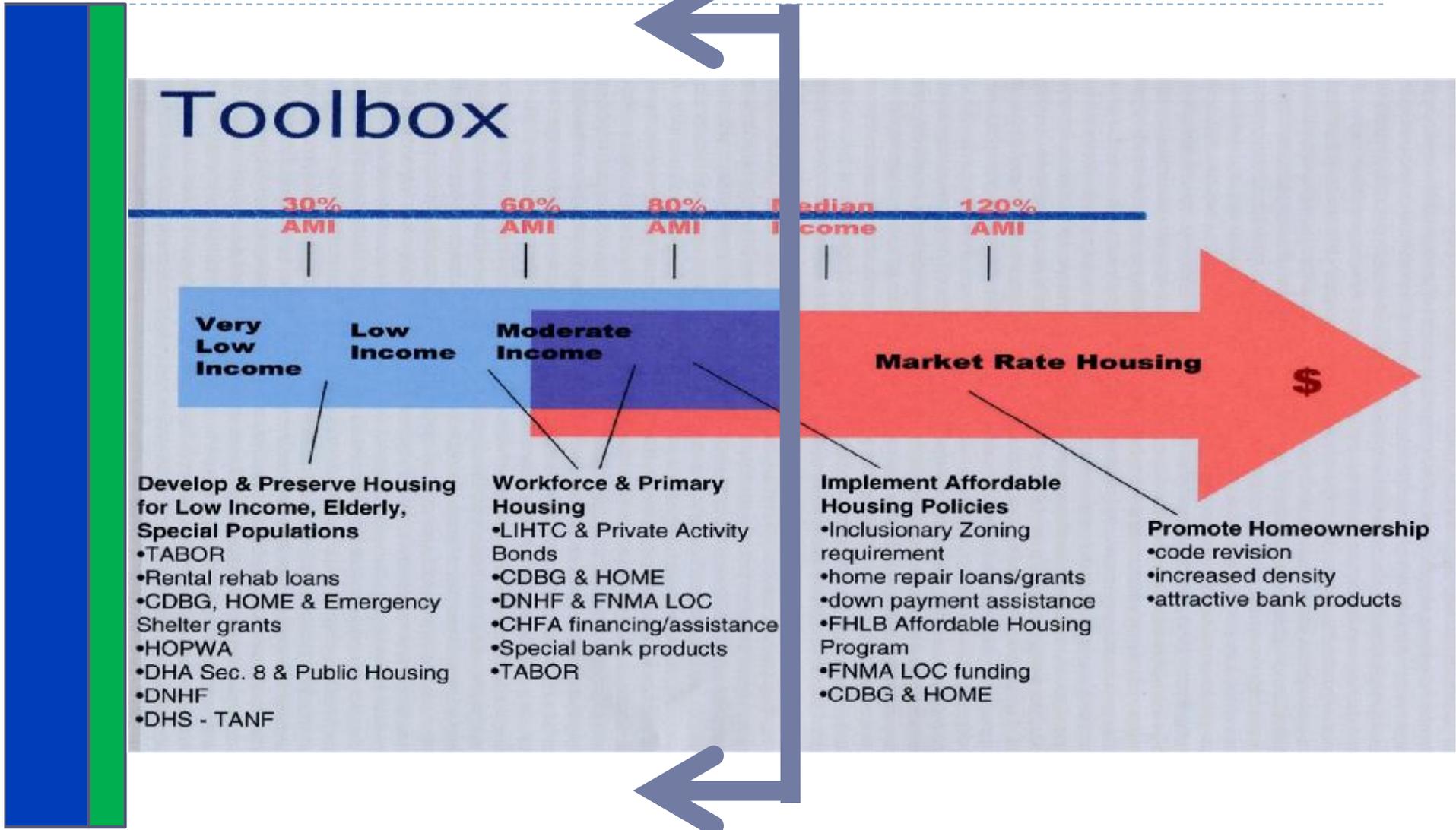
# Why?

## This is a Structural Problem of the U.S. Economy

- Average renter income spent on housing has grown to over 30% -- beyond the HUD "Housing Stressed" threshold
- Because we have:
  - Some control over housing prices – they're built locally
  - But much less control over wages – they're global



# Why?



# Another Approach



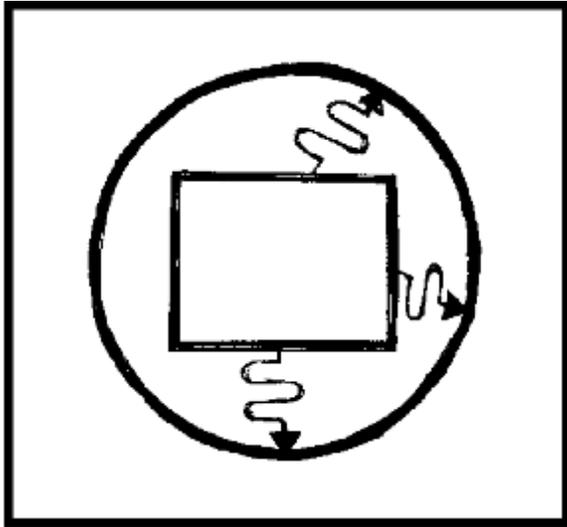
- What do we NOT have to regulate?
- What could the market handle – without major consequences – if we got out of the way

# Another Approach



- Think About What Your Real Population (Not Your Ideal Population) NEED to Have “A Decent Home”
- And How Little You Need to Do to Ensure that Type of Housing is a Good Neighbor in a Wide Variety of Contexts

# Another Approach



- Predictable Flexibility
- How flexible can you get without citizens or elected officials feeling that the results are unpredictable
- The answer varies by community

# The Usual Guilty Suspects

4. Any minimum dwelling unit sizes (beyond minimum building code)
3. Excessive minimum lot sizes
  - Including MF formulas based on lot size
  - Many new codes get down to 2,500 sq. ft. for single-family
2. Excessive parking requirements
1. Time and expense of negotiating everything every time

# The Usual Suspects

- Accessory Dwelling Units
- Cottage Housing/Pocket Neighborhoods
- Co-Housing Developments
- Continuum of Care Communities



# The Usual Suspects

## Accessory Dwelling Units

- Tempest in a Teapot
- Maximum size
- Owner-occupancy



# The Usual Suspects

## Cottage Housing/Pocket Neighborhoods

- Total square footage (not units)
- Maximum size of parcel
- Private access maintenance



# The Usual Suspects

## Co-Housing Developments

- Allow with leased units (in addition to condos)
- Common building for shared activities



# The Usual Suspects

## Continuum of Care Communities

- Just allow the components
- The market can figure out how to organize them



# The Fringe

Ok ... OK ...  
Less Likely to be  
Permanent Homes

- Tiny Houses
- Bungalow in a Box
- Shipping Containers



Photo: [tinyhouseblog.com](http://tinyhouseblog.com)



# Tiny Houses

If trailers, they are RVs

First question – which long-term habitability code does it meet

Some meet HUD standards – some don't

If not, then do they meet building code – or can you amend the building code to allow them



# Tiny Houses

If building code allows them, towns generally require foundation and utility hookups

Many examples of tiny home communities are one-off deals to re-house homeless etc.



# “Park Models”

Technically, Tiny Houses are a subset of this larger category

Closer to manufactured homes in size – sometimes installed as second homes

If building code allows them, towns generally require foundation and utility hookups



# Bungalow in a Box

Does it meet the building code – or are you willing to amend the building code to allow it

Often less expensive than trailer based homes of similar size



# Shipping Containers

Does it meet the building code – or are you willing to amend the building code to allow it

May require evaluation of insulation and snow shedding ability



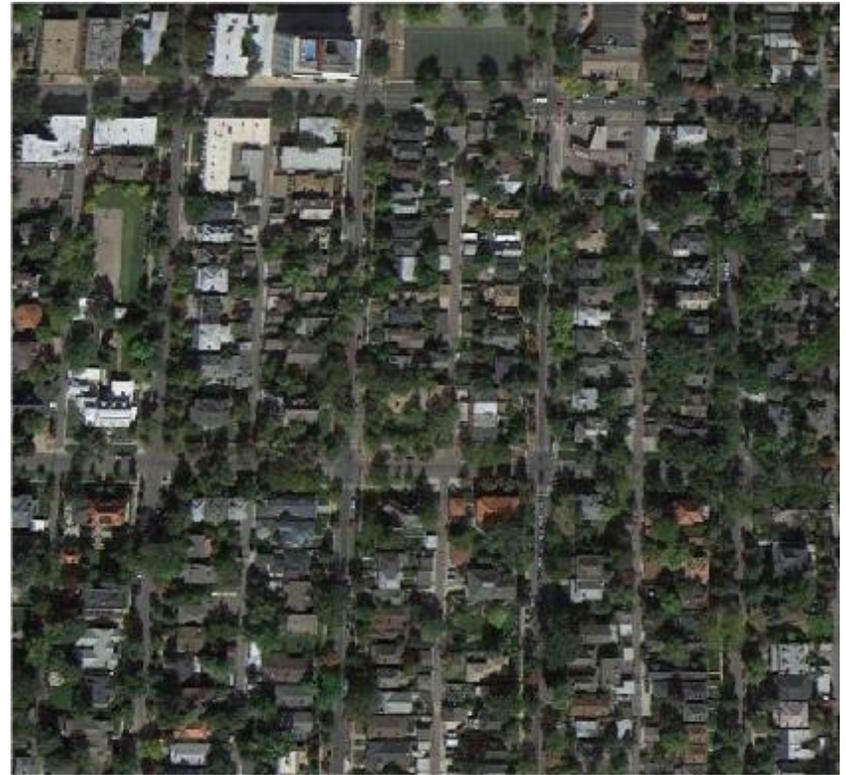
# Reality Check

The U.S. housing stock expands by about 2% per year

So any significant change in types of housing constructed will happen slowly

98% of next year's housing stock is already here

80% of next decade's housing is already here



# Reality Check

If we most of the existing housing stock will be with us for many years

And household size is generally declining (except for extended families)

And affordability will continue be a challenge

Maybe we should look at whether the way we occupy the existing stock is going to change



# The Occupancy Opportunity

## From "M-M" to "O-O"?

- Nationally, we may have as many single-family detached homes on large lots to meet expected demand in 2050.
  - Obviously, markets are local – some will grow, while others experience very weak demand
  - Obviously, many older homes will be replaced by newer homes – it's not as if we don't need any new ones at all



# The Occupancy Opportunity

## From "M-M" to "O-O"?

- Currently about four households in the older "sell the house and rent from now on" demographic that in the younger "we're ready to stop renting and buy a house" ages
  - Who will buy those large-lot single-family detached homes in areas of weak demand (i.e. poor amenities and poor school systems)?



# The Occupancy Opportunity

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## From "M-M" to "O-O"?

### Possible Answers

1. The market will sort this out and the less desirable ones will sell for less but be occupied as they are today
2. They will be purchased by larger families because they need the space, who will finally find the larger homes they need more affordable than in the past
3. They will be purchased by average (i.e. smaller) households that rent out (or convert) the extra space and use the rent to pay the mortgage

# The Occupancy Opportunity

- By law – communities need to allow any number of people related by blood or marriage to occupy a housing unit
  - Until you run into the occupancy limits of the building code
- But many zoning ordinances limit the number of unrelated people to 3 or 4
  - That may need to change



# The Occupancy Opportunity

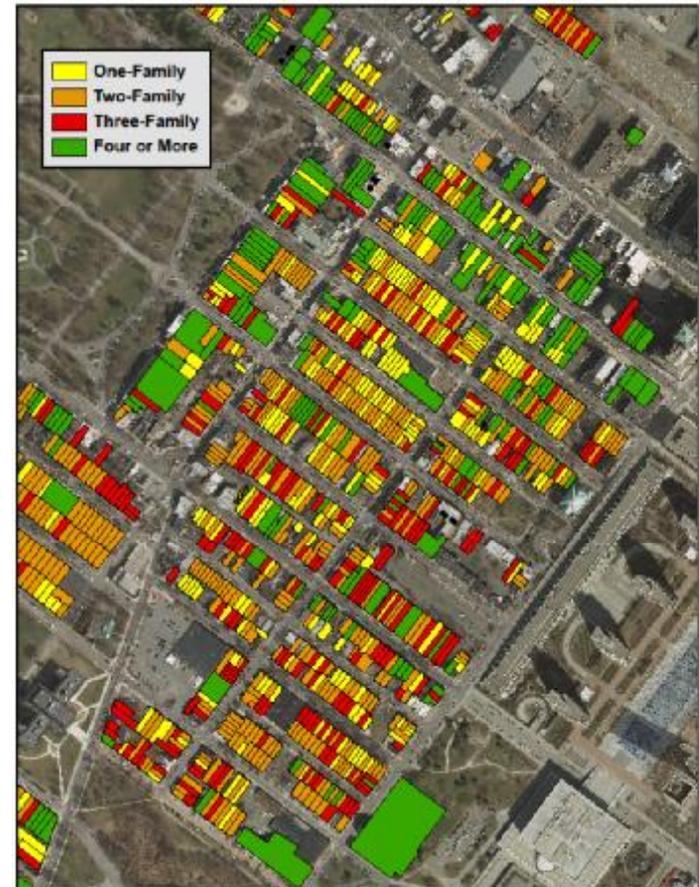
## Lots of Challenges

- Fears of overcrowding
- Fears of too many cars
- Even if zoning is revised, many covenants would ban more than one household
- Even if zoning is revised, some mortgages would ban more than one household



# The Occupancy Opportunity

- But some opportunities
  - Helps align the existing building stock with current housing needs
  - Addresses affordability
  - Likely to keep more of the housing stock occupied – legally
    - i.e. if occupancy is regulated too strictly, many just ignore the law



# A Final Thought

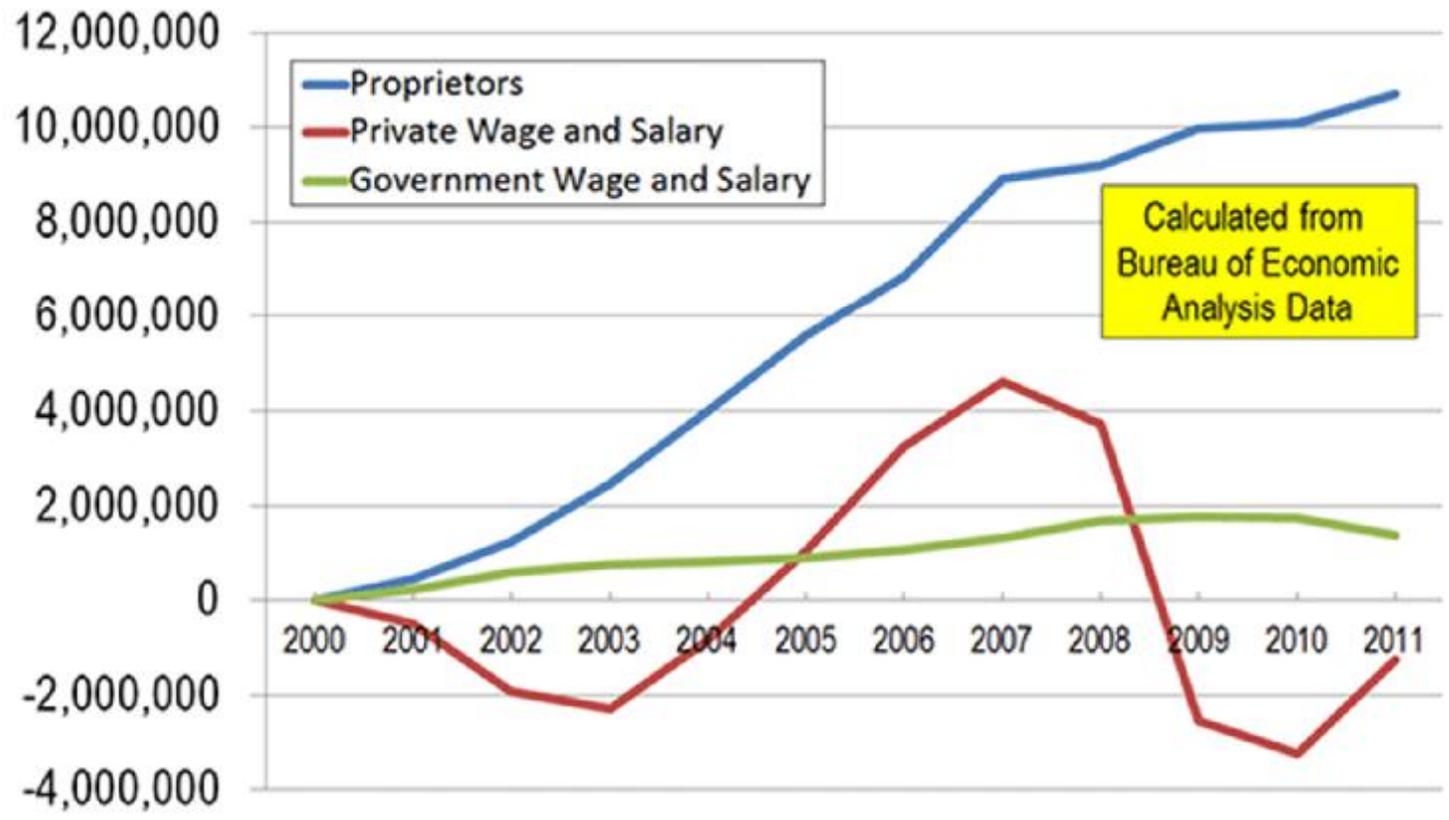
- No matter how we decide to address the “Missing Middle” of the housing spectrum, that housing will probably need to accommodate more than just living
- A growing share of our populace use their housing for work as well as residence



# A Final Thought

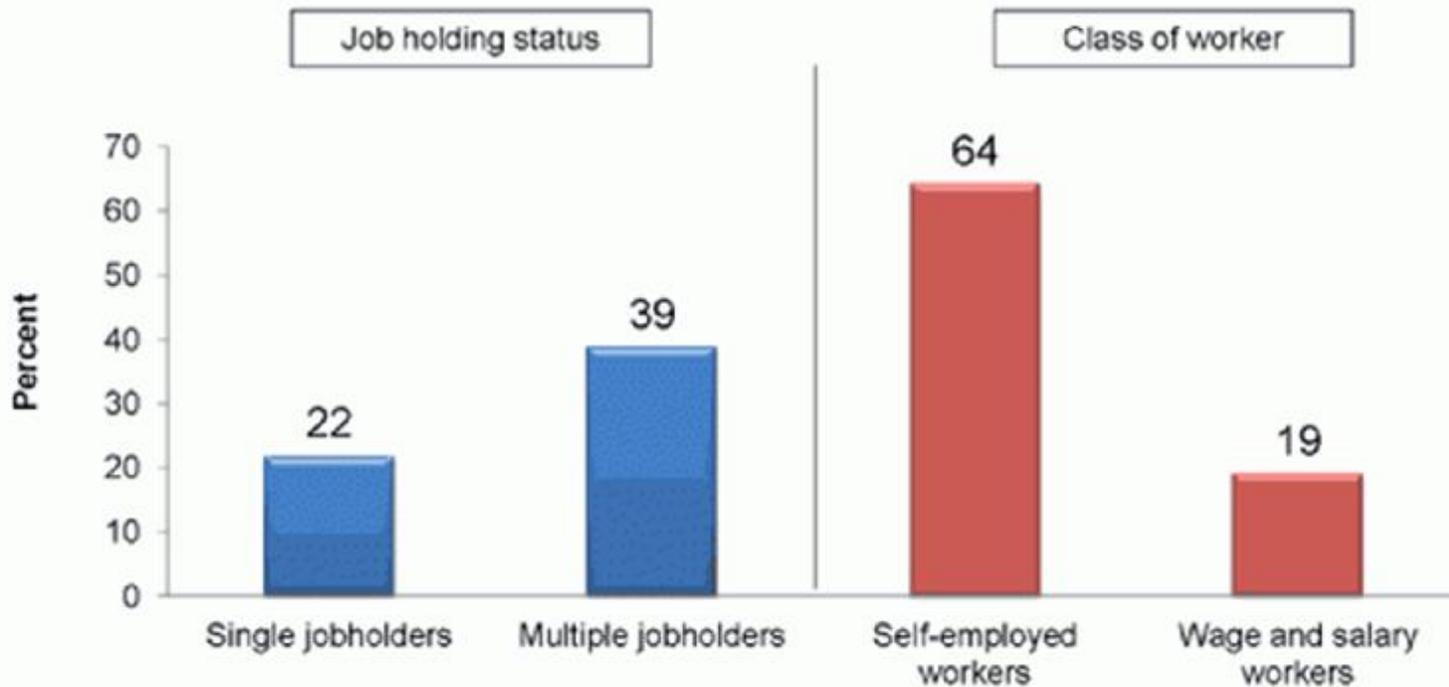
## US Employment Growth: 2000-2011

SELF EMPLOYED, PRIVATE & GOVERNMENT



# A Final Thought

Percent of employed persons who worked at home on an average workday



# Questions or Comments?

