

Making Room for Missing Middle Housing

Purpose of the mTAP:

The Arlington County Department of Community Planning Housing and Development asked our team to examine the challenges and possibilities of the Missing Middle in the Lee Highway Corridor, as a potential tool to help meet the need for middle-income housing throughout the County particularly in transition areas (high density to low density, commercial to residential) in neighborhoods that are close to transit corridors.

What is the Missing Middle:

According to CNU, *“The “Missing Middle” housing types are those in between (mostly large lot) single family detached and large apartment complexes. These housing choices are in increasingly in demand today, but often ignored or discouraged by conventional planning and development. The Missing Middle offers low rise density and diversity choices to an aging population who does not want to give up the feel of a neighborhood.”*

Background & Parameters:

Lee Highway is one of Arlington’s major east-west arterial streets, spanning the full length of the County from Rosslyn to East Falls Church. Middle-income households are defined as having incomes between 80% and 120% of the area median income. For Arlington County this translates to annual income in the range of approximately \$62,000 (for a single person household at 80% AMI) to \$132,000 (for a four-person household at 120% AMI).

Lee Highway Study Area Analysis:

We broke the Lee Highway Corridor down by Census blocks. Then we examined those blocks by current residential zoning, owner versus renter, and missing middle median incomes.

- Area: 1,619 acres
- Approximately 80% of land is zoned for residential
 - 66% is single family only districts
 - 2% allows two-family dwellings
 - 11% is apartment (multi-dwelling) districts
- Median Income: \$154,931
- Average Sale Price: \$825,000 (April 2017)
 - Low Sale Price: \$210,155
 - High Sale Price: \$1,977,257

The Missing Middle is a problem in most metro areas across the country. Affordability is linked to land prices, and areas with more and/or cheaper land were able to address the missing middle more successfully than other locations.

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Strategies Being Used Across the Country:

- Land use and zoning changes
- Property tax incentives
- Regulatory (streamlined permitting) especially for small builders
- Publicly-owned land and/or land banks/trusts
- Affordable covenants
- Inclusionary Housing
- Special Programs (homebuyer assistance, Fair Housing)
- Pilot Mixed-middle-income Program
- Relax or reduce parking requirements
- “Pink zones” or pink planning where red tape will be cut to help small developers and to remove obstacles to new residential developments

Missing Middle Precedents & Assumptions:

We looked at multiplex units, specifically as infill solutions, transitional or ones that did not affect the look from the street. We used four, five, seven, and eight units examples. Our assumptions were a family size of four (4) with a 120% AMI could afford a \$630,000 mortgage based on 30% of their income going towards housing. The average unit size was assumed to be 1,200 SF on a lot of approximately 7,600 SF. Our analysis noted that some costs are fixed and that there are also economies of scale.

Recommendations:

After examining 0.5-1.0 mile radius from the Metro in the Lee Highway Corridor, we found some intersecting areas. Our recommendation is to focus on those areas as well as areas that have a mixed Renter/Owner ratio so as not to drive out those with lower incomes and change the diversity and feel of the neighborhood.

- Create an overlay zoning district allowing Missing Middle housing types as infill development in single family zoning districts.
- Wave mandatory minimum parking requirements
- Fast-track, i.e. create “pink zones” to facilitate developments
- Increase bonus density for projects that set aside 20% for 80%-120% AMI
- Waive impact taxes and offer 10-year property tax abatement for projects that set aside 20% for 80%-120% AMI
- Expand homebuyer assistance programs:
 - Don't limit to first-time purchasers
 - Raise maximum purchase price
 - Increase maximum loan amount
 - Offer loans up to 3.5% of the home price to be used as a down payment
 - Provide assistance to employees of the Arlington County who are purchasing a home for the first time.
 - Provide eligible homebuyers with tax credits
- Develop financial education programs targeting 80%-120% AMI buyers and partner with potential lenders