Making Room for Missing Middle Housing

Mini Technical Assistance Panel
The Panel

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- Ron Dalal, JBG
- Mei Li, Redbrick LMD, LLC
- Shannon Roberts, Jacobs
- Susse Yuan, GSA
mTAP Overview

- The Missing Middle Challenge
- Regional and Arlington Context
- Lee Highway Study Area Analysis
- Missing Middle Precedents
- Missing Middle Financial Analysis
- Recommendations
What is the “Missing Middle”?

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.

Source: Article “Great idea: Missing middle housing | CNU”
DC Metro Regional Overview
DC Metro Region - Demographics

**Median age**

- 36.6
- A little less than the figure in Virginia: 37.8
- A little less than the figure in United States: 37.8

Population by age range:

- 0-9: 13%
- 10-19: 12%
- 20-29: 14%
- 30-39: 15%
- 40-49: 14%
- 50-59: 14%
- 60-69: 10%
- 70-79: 5%
- 80+: 3%

Population by household type:

- Married couples: 62%

Population by age category:

- 18 to 64: 65%
DC Metro Region - Economics

Income

$44,677
Per capita income
about 1.3 times the amount in Virginia: $34,780
about 1.5 times the amount in United States: $29,979

$93,294
Median household income
about 1.4 times the amount in Virginia: $66,262
more than 1.5 times the amount in United States: $55,775

Household income

- Under $50K: 25%
- $50K - $100K: 26%
- $100K - $200K: 32%
- Over $200K: 15%

DC Metro Region - Housing

Units & Occupancy

2,324,965
Number of housing units

Virginia: 3,468,952
United States: 134,793,665

Occupied vs. Vacant

Occupied 93%

Ownership of occupied units

Owner occupied 62%

Types of structure

- Single unit 65%
- Multi-unit
- Mobile home
- Boat, RV, van, etc.

Year moved in, by percentage of population

- Before 1970: 4%
- 1970s: 6%
- 1980s: 13%
- 1990s: 32%
- 2000-2004: 38%
- Since 2005: 7%

Types of structure (Table B25024)

<table>
<thead>
<tr>
<th>Column</th>
<th>Washington-Arlington-Alexandria, DC-VA-MD-WV</th>
<th>Virginia</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single unit</td>
<td>65.1% ± 0.5%</td>
<td>72.2% ± 0.4%</td>
<td>67.2% ± 0.1%</td>
</tr>
<tr>
<td>Multi-unit</td>
<td>34.2% ± 0.6%</td>
<td>22.8% ± 0.4%</td>
<td>26.5% ± 0.1%</td>
</tr>
<tr>
<td>Mobile home</td>
<td>0.7% ± 0.1%</td>
<td>5.1% ± 0.2%</td>
<td>6.3% ± 0.8%</td>
</tr>
<tr>
<td>Boat, RV, van, etc.</td>
<td>0.1% ± 0%</td>
<td>0% ± 0%</td>
<td>0.1% ± 0%</td>
</tr>
</tbody>
</table>

DC Metro Region - Housing Median Value

$401,500
Median value of owner-occupied housing units
about 1.5 times the amount in Virginia: $257,800
more than double the amount in United States: $194,500

DC Metro Region - Affordability

Regional Avg. Sales $/SF

Source: MRIS
DC Metro Region - Affordability

Income growth & rent growth D.C.

Rent/Personal Income Growth

Source: CoStar Market Analytics

As of 17Q1
DC Metro Region - Affordability

Washington - NoVA - MD Rent Level & Growth

Source: CoStar Market Analytics
*Year to Date  

As of 17Q1

Urban Land Institute
Washington
Arlington Overview
Arlington - Affordability

Population of Arlington Renters and Owners by % of Area Median Income

- 0-60% AMI: Renters 17,136, Owners 4,757
- 60-80% AMI: Renters 6,034, Owners 3,738
- 80-100% AMI: Renters 6,740, Owners 4,031
- 100-120% AMI: Renters 5,971, Owners 4,107
- 120+ AMI: Renters 21,696, Owners 33,890

Source: American Community Survey data via Arlington County
Arlington - Affordability

Share of Arlington Owners and Renters by Housing Type

- 1, detached: 54.4% (Owners), 7.5% (Renters)
- 1, attached: 16% (Owners), 6% (Renters)
- 2 units: 0.6% (Owners), 1.5% (Renters)
- 3 or 4 units: 2.1% (Owners), 5.7% (Renters)
- 5 to 9 units: 7.8% (Owners), 3.1% (Renters)
- 10 or more units: 23.7% (Owners), 71.1% (Renters)

Source: American Community Survey data via Arlington County
Arlington – Affordability Ownership

Average Sales Prices in Arlington County

- 4+BR detached: $1,070,380
- 3BR detached: $736,121
- <2BR detached: $558,568
- 4+BR attached/TH: $883,465
- 3BR attached/TH: $759,079
- <2BR attached/TH: $515,203
- All Condos/Coops: $423,228

Households of modest incomes are increasingly stretched to afford homes.

- $900,000+: Average sale price of a detached, single-family Arlington home
- $450,000: Home price a typical Arlington median-income household (earning $110,000) can afford without stretching to cover other expenses
- <$420,000: Average sales price of a condominium in Arlington (significantly more affordable)

$450,000: the home price a typical Arlington median-income household earning $110k/year can afford without stretching to cover other costs

Source: MRIS 2015 data from RBI
## Arlington Rent - Affordability

<table>
<thead>
<tr>
<th>Family Size</th>
<th>100% AMI of Median</th>
<th>30% AMI for RENT of Median per Month</th>
<th>Market Price Average Based on No. of Bedrooms</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$77,300</td>
<td>$1,933</td>
<td>$2,139 (assumes average 1 bedroom)</td>
</tr>
<tr>
<td>2</td>
<td>$88,300</td>
<td>$2,208</td>
<td>$2,139 (assumes average 1 bedroom)</td>
</tr>
<tr>
<td>3</td>
<td>$99,300</td>
<td>$2,483</td>
<td>$2,854 (assumes average 2 bedroom)</td>
</tr>
<tr>
<td>4</td>
<td>$110,300</td>
<td>$2,758</td>
<td>$2,854 (assumes average 2 bedroom)</td>
</tr>
</tbody>
</table>

Source: www.rentjungle.com
Lee Highway Study Area
Lee Highway Study Area - By the Numbers

- **Area**: 1,619 acres
  - Approx. 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

Sources: Arlington GIS Data, American Community Survey 2012, MRIS Listings
Study Area

Source: Arlington GIS Data
Study Area – Census Block Groups

Sources: Arlington GIS Data, American Community Survey 2012
Study Area – Current Residential Zoning

- R2-7: Two-Family and Town House Dwelling District
- R-5: One-Family, Restricted Two Family Dwelling District

Sources: Arlington GIS Data, American Community Survey 2012
Study Area – Owner vs Renter

Predominantly Owner Occupied
Predominantly Renter Occupied
50/50 Mix Renter/Owner Occupied

Sources: Arlington GIS Data, American Community Survey 2012
<table>
<thead>
<tr>
<th>Size</th>
<th>80%</th>
<th>120%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$61,840</td>
<td>$92,760</td>
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<tr>
<td>2</td>
<td>$70,640</td>
<td>$105,960</td>
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<tr>
<td>3</td>
<td>$79,440</td>
<td>$119,160</td>
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<tr>
<td>4</td>
<td>$88,240</td>
<td>$132,360</td>
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<tr>
<td>5</td>
<td>$95,360</td>
<td>$143,040</td>
</tr>
<tr>
<td>6</td>
<td>$102,400</td>
<td>$153,600</td>
</tr>
</tbody>
</table>

Sources: Arlington GIS Data, American Community Survey 2012
Missing Middle Precedents
Missing Middle Precedents + Trends

• **Missing Middle a Problem in Most Metro Areas Across the County**
  – Affordability linked to land prices, areas with more, cheaper land were able to address the missing middle

• **Strategies Being Used Across the Country:**
  – Land use and zoning changes
  – Property tax incentives
  – Regulatory (streamlined permitting) especially for small builders
  – Publicly-owned land
  – Affordable covenants
  – Inclusionary Housing
  – 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 Housing Design Precedent One

Sacramento, CA

Portland, Oregon

Fourplex
Designed by Seattle-based Neiman Taber Architects. It blends density with outdoor space and a mix of unit types all while using grade change/site conditions to its advantage.
Missing Middle Housing Design Precedent Two

Five low-height, but high-density townhomes

7,680 square-foot lot.

Relatively-skinny back-to-back and side-by-side combination layout; boasts excellent light and outdoor space for every unit along with parking.

Source: Photos courtesy of JBG
Missing Middle Housing Design Precedent Two

Five Units

Source: Photos courtesy of JBG
Missing Middle Housing Design Precedent Three

The original homes (grayed out) were lifted and new units slid in underneath them.

ECOheritage Plan
A Original Houses
B New Units
C Courtyard
D Laneway House

6,500 SF lot size

Vancouver, BC project by Shape Architecture.

Source: Photos courtesy of JBG

Seven Units
Missing Middle Housing Design Precedent Three

Sources: Photos courtesy of JBG

Seven Units
Walker Townhomes designed by Seattle-based Hybrid Architects.

It consists of:

• 7 Townhomes (1,200-1,450 SF)
• 1 Renovated Craftsman Home
• 7,200 SF Lot Size

This efficient design delivers modestly-sized, but extremely livable infill urban townhomes.

Source: Photos courtesy of JBG
Missing Middle Housing Design Precedent Four

Source: Photos courtesy of JBG

Eight Units
Missing Middle Precedents
Financial Analysis
Missing Middle Cost Feasibility Study

• Cost Assumptions:
  – Hard Costs (Construction Costs)
  – Soft Costs (Design Fees / Permitting)
  – Land Costs
  – Profit/Risk

• Variables that may Contribute to the Fluctuation of Cost:
  – Parcel Size
  – Unit Size
  – Number of Units
  – Amount and Type of Parking Spaces
  – Level of Finishes
  – Code Compliancy
  – ADA Requirements
  – County Special Exceptions Requirements
Missing Middle Recommendations
Recommendations – Parcels within ½ Mile Metro

Sources: Arlington GIS Data
Recommendations – Parcels within ½ Mile Metro

Source: Arlington GIS Data
Recommendations + Parcels within 1 Mile Metro

Sources: Arlington GIS Data
Recommendations + Parcels within 1 Mile Metro

Source: Arlington GIS Data
Recommendations + Mixed Owner/Renter Area

Sources: Arlington GIS Data, American Community Survey 2012
Recommendations with Existing MM Zoning

Sources: Arlington GIS Data, American Community Survey 2012
Recommendations

Regulatory Tools:

- Create an overlay zoning district allowing *Missing Middle* housing types as infill development in single family zoning districts.

- Wave mandatory minimum parking requirements for *Missing Middle* developments.

- Fast-track, i.e. create “pink zones” to facilitate *Missing Middle* 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
Recommendations

Financial Tools:

• 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 Arlington County employees who are purchasing a home for the first time.
  – Provide eligible homebuyers with tax credits

• Development financial education programs targeting 80%-120% AMI buyers; partner with potential lenders
Making Room for Missing Middle Housing

QUESTIONS?