

Miami-Dade County Missing Middle Housing Program

 Southeast Florida/
Caribbean

Final Report



**July
2025**

**Prepared by
Team #2**

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Introduction



As requested by Miami-Dade County, members from the ULI Leadership Institute Class 2025 have prepared this report to provide recommendations for establishing a Miami-Dade County Missing Middle Housing Program.

Our recommendations are based upon extensive research, conversations with affordable housing advocates, developers and substantial review of different jurisdictions where a Missing Middle Program has been successfully incorporated.

As part of the assignment, we were asked by the County to identify the following:

1. Funding sources for the missing middle housing program, including, but not limited to, state, federal, local, and private funding that would assist in the development of missing middle housing;
2. Specific areas in the County with the potential to incorporate missing middle housing;
3. Regulatory barriers or other challenges related to missing middle housing;
4. Recommended changes in local zoning legislation;
5. Recommended changes in design requirements to support missing middle housing;
6. Recommended changes in rules related to the approval and permitting processes that would facilitate a missing middle housing program; and
7. Provide any additional recommendations that should be considered by the County.

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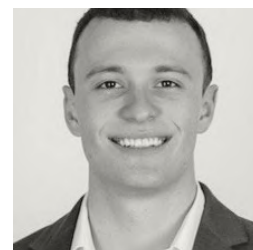
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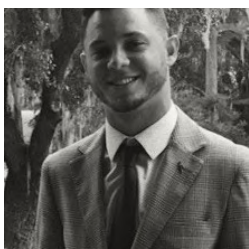
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Background





Background:

Miami-Dade County is the largest of the three counties that make up the Miami-Fort Lauderdale-West Palm Beach Metropolitan Statistical Area. With 2.7 million residents, it is the most populous County in Florida.

The County encompasses more than 2,000 square miles and is bounded by Biscayne Bay and the Atlantic Ocean to the east, the Everglades National Park to the west, the Florida Keys to the south, and Broward County to the North.

Miami-Dade County is home to 34 incorporated cities, towns, and villages, as well as unincorporated communities and neighborhoods. The City of Miami is the largest municipality, followed by Hialeah, Miami Gardens, Miami Beach, North Miami, and Coral Gables.

Demographic & Affordability Context

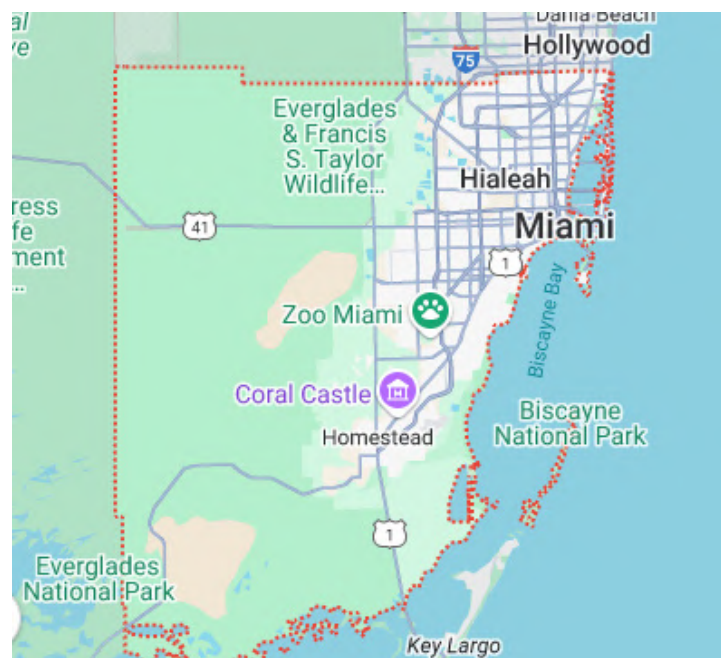
Miami-Dade County faces a growing affordability crisis that limits access to suitable housing for a significant portion of its population.

In December 2024, the Miami-Dade Board of County Commissioners adopted a resolution that formally *prioritizes the creation, development, financing, and long-term retention of "missing middle" housing*. This bold policy move reflects a local understanding that Miami's housing challenges are unique, and require tailored solutions that support a broader spectrum of the workforce and local residents.

According to 2024 data, nearly 30% of two-person households in Miami-Dade County fall within the 80% to 140% AMI income band (approximately \$90,800 to \$158,900). These are the very residents that the County seeks to support through this initiative.

While the State of Florida's Live Local Act (SB 102) and the Glitch Bill (SB 328) define this band more narrowly—only up to 120% AMI—Miami-Dade's broader approach recognizes the local economic pressures and high cost of living that differentiate the region from statewide and national norms.

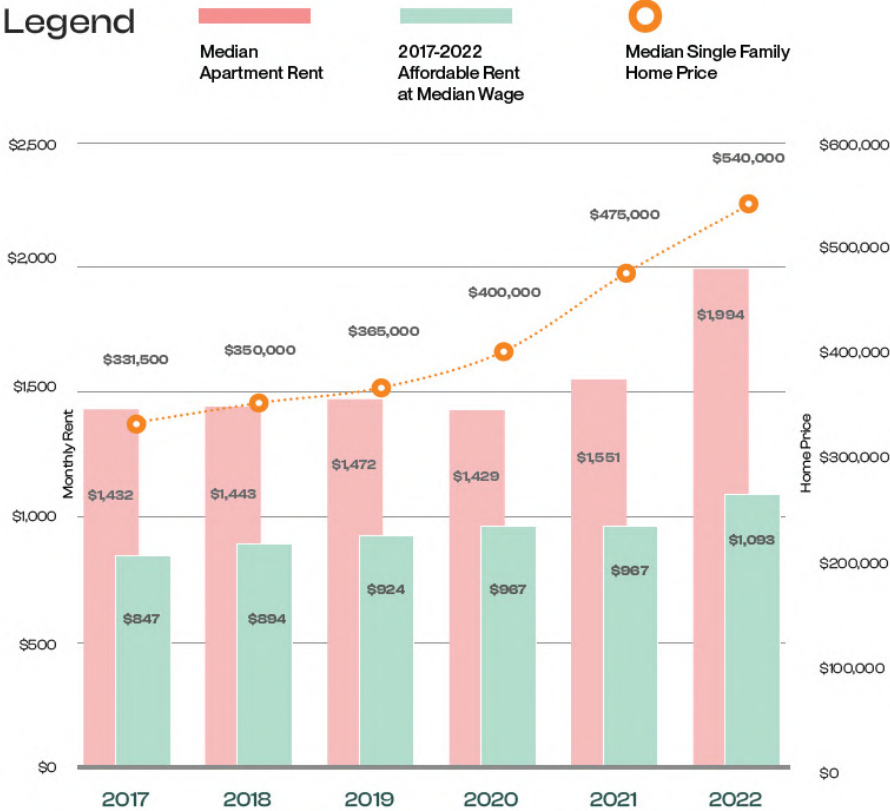
This recognition is evident in the County's deliberate policy choice, which broadens eligibility to capture moderate-income working households that still struggle to find affordable and appropriate housing options.



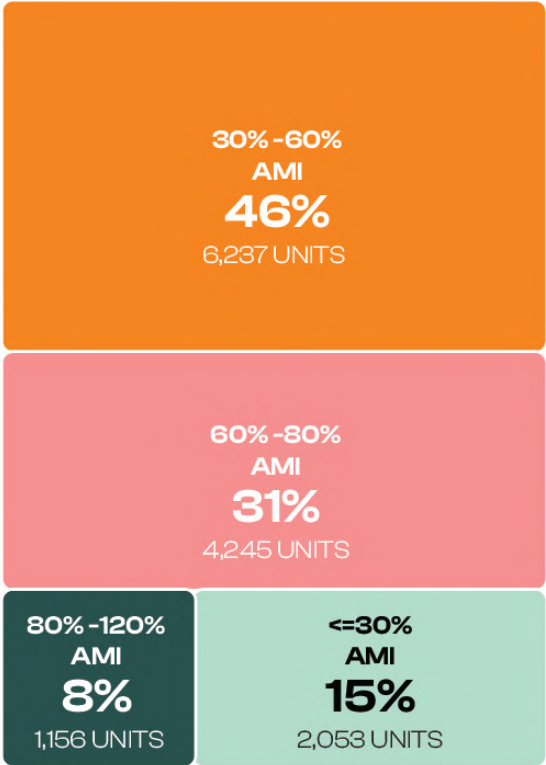
Background-continued

The "2023 Miami-Dade Housing Needs Assessment" commissioned by Miami Homes for All, shows that the gap in affordable housing is concentrated among lower income households. The county faces a shortfall of 90,181 affordable units for renter households earning below 80% of the Area Median Income (AMI), or approximately \$75,000 annually. Above this income threshold, the shortage falls precipitously to just under 17,000 units

MEDIAN WAGES | APARTMENT RENT | SINGLE FAMILY HOME PRICES
MIAMI-DADE COUNTY, 2017-2022



PIPELINE UNIT BREAKDOWN BY AFFORDABILITY
BASED ON AREA MEDIAN INCOME





Background- continued

Demographic & Housing Affordability Comparison:

Metric	Miami Dade County	Florida	United States
Population	2.69 million (2023)	22.2 million (2023)	334.2 million (2023)
Number of Households	965,000 (2023)	8.3 million (2023)	129.9 million (2023)
Median Household Income	\$68,694 (2023)	\$67,917 (2022 avg)	\$78,538 (2023)
Median Home Value	\$425,400 (2023)	\$292,200 (2022 avg)	\$349,000 (2023)
Rent-Burdened Households	~50% of renters	61.7% of renters	49.7% of renters

2024 AMI Levels for a 4-person Household- Miami Dade County

% of AMI	Annual Income	Affordable Housing Monthly Housing Cost
30%	\$34,050	\$851
40%	\$45,400	\$1,135
60%	\$68,100	\$1,703
80%	\$90,800	\$2,270
100%	\$113,200	\$2,838
120%	\$136,200	\$3,405
140%	\$158,900	\$3,973

National Trends and Local Opportunity:

Across the country, cities like Houston, St. Petersburg, Portland, Minneapolis, Salt Lake City, and Sacramento have enacted zoning reforms to enable the construction of smaller-scale, multi-unit housing in traditionally low-density neighborhoods. These forward-thinking policies include reducing minimum parking requirements, legalizing ADUs, and allowing duplexes and triplexes in areas previously zoned only for single-family homes. The result has been more diverse housing stock, lower rent growth, and greater housing accessibility.

Miami-Dade County is positioned to follow and build upon these successful models by developing a locally tailored Missing Middle Housing Program that addresses zoning constraints, streamlines development processes, and incentivizes smaller-scale, context-sensitive infill development. With a stronger policy foundation and actionable administrative framework, the County can create housing opportunities that meet the evolving needs of its residents—especially the working families who too often fall between the cracks of affordability programs and market-rate housing.

By focusing on the production of 1-9 unit structures and medium-density buildings within established neighborhoods, Miami-Dade can lead with a balanced approach to growth—preserving neighborhood character while expanding housing access for those who need it most.



Defining Missing Middle

The term "missing middle housing" was defined under the Resolution by the Board of Commissioners as housing types that fit seamlessly into existing residential neighborhoods and fall somewhere in between a single-family home and mid-rise apartment buildings – such as *townhomes, row homes, duplexes, triplexes, fourplexes, cottage court, courtyard building, multiplex, live-work and courtyard clusters*; and *accessory dwelling units*, which such housing shall be affordable to households earning between 80% and 140% of Area Median Income (AMI).

“Missing Middle Housing” was coined by Opticos Design founder Daniel Parolek in 2010 to define a range of multi-unit or clustered housing types — compatible in scale with detached single-family homes — that help meet the growing demand for walkable urban living.



Missing Middle Housing is not a new type of building. It is a range of house-scale building types that exist in cities and towns across the country and were a fundamental part of pre-1940s neighborhoods.

When a variety of Missing Middle building types are combined in a neighborhood (and usually with detached single-family homes), this helps to provide enough households within walking distance to support local businesses and public transit.



Existing Barriers and Challenges

Administrative, financing and construction barriers continue to hinder the widespread development of missing middle housing nationwide. Developers of missing middle housing across the country may face several regulatory hurdles including the following:

RESTRICTING ZONING

Current zoning laws favors single family homes and larger apartment complexes. Lack of flexibility makes it difficult for Missing Middle Typologies.

DENSITY BASED ZONING

A system based on allowed densities and minimum unit sizes discourages developers from creating residential products in a range of sizes and leads to the largest units that the market will accept.

PARKING REQUIREMENTS

Off-street parking requirements have a tremendous impact on small-scale residential infill. On most small lots, Missing Middle types work well when parking requirements are reasonable (1 per unit or less).

IMPACT FEES

In many cases, the impact fees are tied to the number of units, not unit size. This is a disincentive for developers to construct small-scale, multi-unit buildings and encourages building units as large as the market would support, since higher sales prices would help mitigate the impact fee for that project

HIGH CONSTRUCTION COSTS

Construction costs such as land costs, developer fees and construction materials make small-scale projects unfeasible.

INSUFFICIENT FUNDING & FINANCING

Lack of federal and state funding and limited access to capital markets and potential investors due to lower rate of returns.

LOCAL OPPOSITION

Many communities and municipalities may resist changes to zoning out of concern for increased density or changes to neighborhood character.

APPROVAL PROCESS

Seeking changes to zoning regulations, including density and parking requirements, often requires a lengthy process including a public hearings, which can make local opposition an even greater obstacle to developing missing middle housing.

Miami-Dade County has successfully addressed some of these challenges by incorporating regulations aimed to facilitate and encourage affordable and workforce housing development, some of these are further discussed in page 30.



Missing Middle Housing Benefits

Establishing a Missing Middle Program could provide many benefits in Miami Dade County including the following:

1. Increase the diversity of types of housing and increase local stock;
2. Add more financially attainable housing options at a wide variety of price points;
3. Pathway to homeownership;
4. Support use of multi-modal transportation such as walking, biking, transit, etc;
5. Create incremental increases in housing in existing neighborhoods;
6. Support neighborhood character through quality of design and house scale buildings;
7. Provide housing for more than one family on a single lot with more affordable construction costs than building multiple single-family homes;
8. Allows housing options that can better accommodate people of all ages, physical abilities and life stages, including multi-generational families.

Missing Middle housing is one possible solution to the on-going housing affordability crisis in Miami-Dade County as missing middle housing is typically more affordable than single family housing. These type of units could provide a housing option that may better fit the needs of many residents including those with lower incomes.





Review of Jurisdictions

Review of Cities that have implemented a Missing Middle Housing Program

The increasing demand for “missing middle” housing is pushing cities and counties nationwide to rethink solutions for first-time home buyers, smaller families, couples, retirees aging in place, adults with disabilities, car-free households, and many others. The following section analyzes each of the cities and their initiatives/changes implemented to promote Missing Middle Housing development.

Houston, TX

Houston is the U.S.’s fourth most populous city with over 2,300,000 residents. The city is facing a housing crisis similar to Miami, FL. Houston has been famous for having no zoning and complicated land-use codes.

Houston City Council approved the Livable Places Housing Recommendations in September 2023 to update portions of the City’s residential development regulations to expand the types of homes that are built to meet the needs of all Houstonians. The changes focus on walkability, affordability and equity. The rules became effective on Monday, November 27, 2023.

The new ordinances include recommendations for small lot developments, small multi-family developments, accessory dwelling units, and lot access to public streets. The new regulatory framework presents opportunities to increase affordable housing by allowing for an increase in the number of multi-family buildings with 3-8 units as well as expanding ADUs.

Additionally, the plan introduces a unique housing typology—courtyard-style developments, which allows for the construction of several units around a central courtyard without minimum lot size or maximum density restrictions.

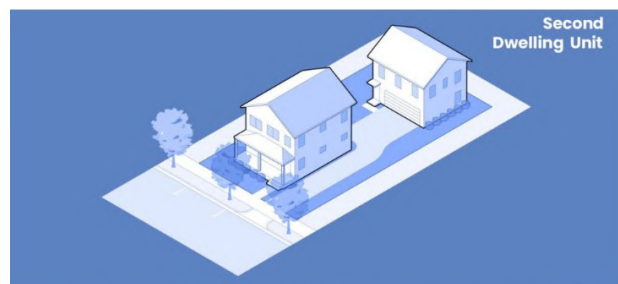
The changes to Chapters 42 and 26 of the Code of Ordinances addressed four main areas:

- **Second Dwelling Unit/ADU:** The amendment allows this housing type to be larger and parking based on the unit size where deed restrictions do not prohibit their construction. Changes: *included limit second unit to 1,500 SF & parking based on unit size.*
- **Multi-Unit Residential:** Changes include: reduce driveway width, limit dept of lot to 150 feet, limit height to 30 feet, set parking requirements to unit size, require one guest spot for every 6 units and allow 3 and 4 units on local streets, up to eight units (max. four along local streets) are now allowed to be constructed on a single property without replatting or going through a multi-family review.



- **Courtyard Style Development:** The amendment promotes this housing type where lots are located around a common courtyard, and do not require street frontage. Changes include: eliminate minimum lot size and maximum density, set maximum lot size at 3,500 SF and unit size at 1,800 SF, limit height to 30 feet, de-couple parking from lot, set parking requirements according to unit size and require one guest spot for every 6 units.
- **Narrow Lot Development:** The amendment incentivizes this housing type where lots take rear access or shared access to reduce the number of times pedestrians come in potential conflict with automobiles. In addition, the regulations help the redevelopment be more walkable by reducing the driveway widths, reducing impervious surfaces in the right-of-way and preventing vehicles from hanging into the sidewalk. They require front doors and windows along the street to fit in with the neighborhood character and provide better visibility on the street

Requirements regarding access, building and parking are summarized for some of these missing middle housing typologies per new ordinance under Livable Spaces:



Requirements

- Maximum detached unit size of 1,500 sq. ft.
- Allowed on single family residential lots when deed restrictions do not prohibit a detached second dwelling unit.

Access

- Alley access when abutting an alley
- Maximum one 12-foot wide driveway for lots less than 40 feet wide

Parking

- Based on unit size
- If the first dwelling unit meets parking requirements, then:
 - no additional spaces are required for a second dwelling unit less than or equal to 1,000 sq. ft.
 - 1 additional space is required for a second dwelling unit between 1,001 and 1,500 sq. ft.
- Parking must be located on the side or rear of the property



Requirements

- 50' of frontage with a maximum depth of 150 feet and a total SF of 3,500.
- 5-foot building line along local streets and 15-foot building line along major thoroughfares (ROW <80 feet). Must face street with entry feature and pedestrian access
- Max building height 30 feet
- All parking on site and located behind or next to building



Requirements

- Buildings are subject to a height limit of 30 feet and a maximum unit size of 1,500 square foot. Lots are subject to a maximum size of 3,500 square feet.
- Courtyard-Style Developments are allowed to have a 5-foot building line on local streets.
- A one-way 12 foot driveway is allowed for corner properties. At least 50% of lots must face the courtyard or public street
- Each unit 1,000 square feet or less requires one parking space, and two spaces are required for units greater than 1,000 square feet



Requirements

- Properties may not be subdivided to lots narrower than allowed by active deed restrictions
- No more than 27 dwelling units per acre, except properties with side or rear access via alley, flag staff, shared driveway or permanent access easement (PAE) may increase to 35 dwelling units per acre

Building Line

- For properties taking access from alley, shared driveway or permanent access easement (PAE): at least 5 feet along local and collector streets, or at least 15 feet along major thoroughfares with right-of-way of 80 feet or less
- For properties with garages facing the street, at least a 10-foot building line and 19- foot garage building line.

MISSING MIDDLE HOUSING CONCEPT IN PRACTICE

The following two communities are missing middle developments currently under construction in Houston and are located in two high-opportunity neighborhoods:

- **Old Spanish Trail (OST)** located at 3500 Old Spanish Trail, Houston, TX: The project is a forthcoming seven (7) unit rental community located in the vibrant OST/Almeda neighborhood near the Texas Medical Center.
- This small rental development will offer affordable options for working families. The units are a mix of one and two-bedrooms serving residents at or below 80 percent of the area's median income. OST is one of the two small rental collaborations between the City of Houston and SBP, a national disaster recovery and resilience nonprofit organization. The City of Houston contributed \$4.5 million of Community Development Block Grant (CDBG) Harley Disaster Relief (DR-17) funds toward the acquisition and construction of these small rental communities.
- **Tabor Street** located at 1404 Tabor Street, Houston, TX: The project consists of a seven (7) unit rental community located in North Houston, the construction began in 2023. Tabor Street is in the charming Brooke Smith neighborhood of Greater Heights and is within walking distance of a park, community center and various retail options.



St. Petersburg, FL

The City of Saint Petersburg is the 5th largest city in Florida with a population of 262,292 as of July 1, 2024. The city is currently facing a significant housing crisis, with a lack of affordable housing options leading to high living costs and a struggle for residents to find suitable housing.

The City of St. Petersburg implemented a housing development and affordability initiative that includes new and improved housing programs, text amendments to the City's Comprehensive Plan and Land Development Regulations ("LDRs"), and associated map amendments to the Official Zoning Map and Future Land Use Map.

These amendments are intended to enable a variety of dwelling units in response to market demands from first-time home buyers, smaller families, couples, retirees aging in place, adults with disabilities, car-free households, and many others.

In March 2023, the St. Petersburg City Council approved new zoning rules to create more density for eligible communities and property owners.

This new opportunity gives eligible property owners the option to convert their home into or build up to four (4) residences on a typical sized single-family lot. The two new ordinances for qualified properties now classified as NTM-1 (Neighborhood Traditional Mixed Residential). The rezoning affects 2895 properties in the core sections of the city.

The converted home's exterior will resemble the character of the community since it can be no larger than what is currently allowed for a traditional home with a maximum height of 24 feet and maximum width of 40 feet. The lot size and development will dictate the numerous options for expansion, including an accessory dwelling unit or garage apartment, duplex, triplex, or fourplex.



All eligible properties are also within 175 feet of "future major streets" or heavily traveled roads and must have access to an alley for parking. Property owners must also meet the following criteria:

- A minimum of one (1) parking space per unit
- Designated extra space for garbage pickup and containers for three (3) or more units
- Alley must be paved across the entire surface width from the property to the closest street for three (3) or more units.

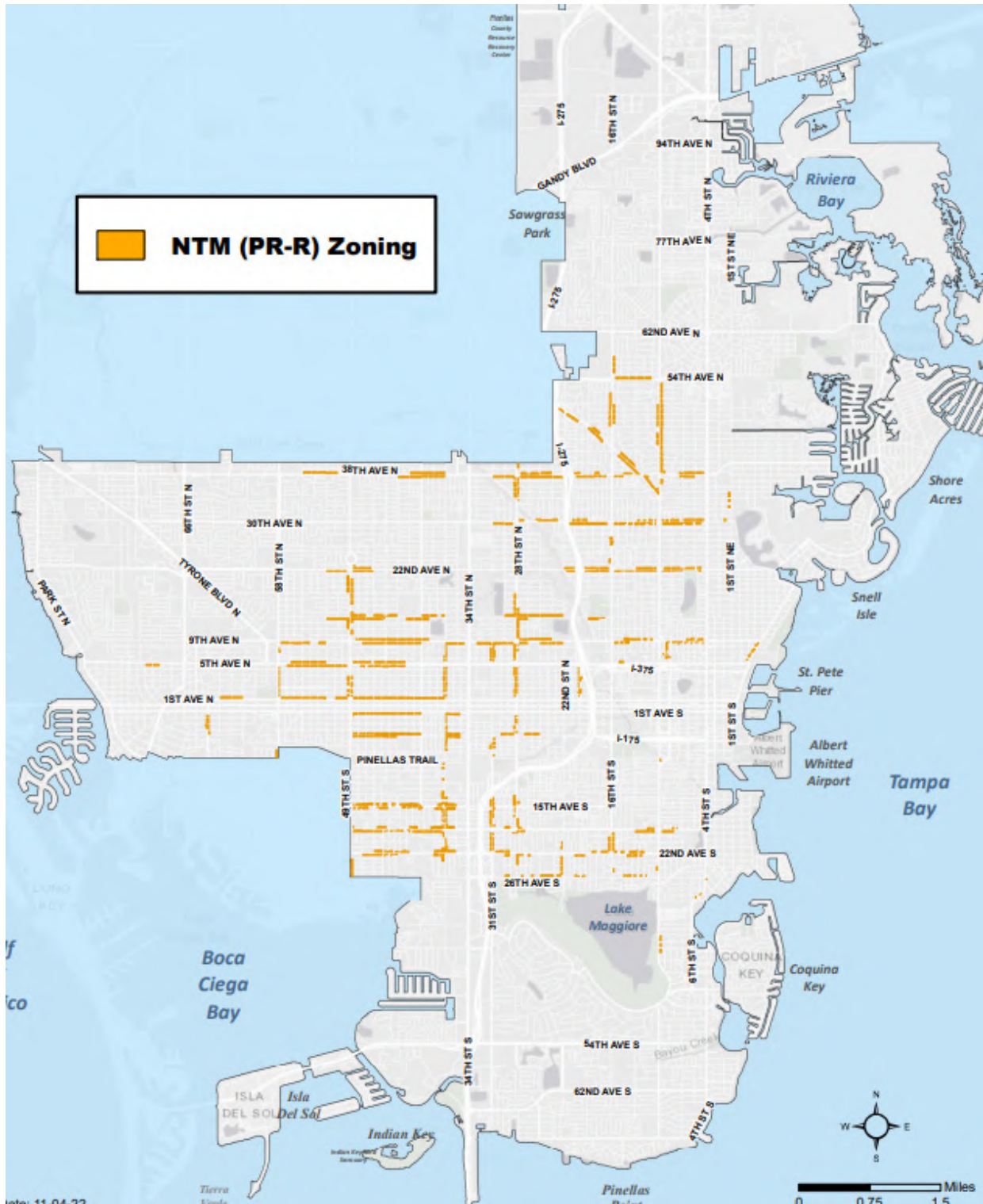
Density Bonus: A missing middle housing density bonus is allowed for multi-family uses at a maximum density of 30 dwelling units/acre and following all dimensional and design requirements in Section 16.20.015 Neighborhood Traditional Mixed Residential-1 (NTM-1) and NTM parking requirements.

The missing middle housing density bonus is not allowed in addition to the workforce housing density bonus.

St. Petersburg, FL

The City of St. Petersburg is initiating a rezoning of qualified properties to NTM-1 (Neighborhood Traditional Mixed Residential) along qualified Future Major Streets.

Under this proposed change, single-family houses may expand to include accessory dwelling units (e.g. garage apartments) or be redeveloped up to a maximum of four (4) residential units. These units may be developed as rental apartments, townhouses, or condominium.



Portland, OR

Portland, Oregon's largest city has been pushed to reconsider its zoning and housing policies due to population growth in recent years. As of 2023 the population was 630,498.

To address the need for more affordable housing options due to population growth, the city introduced the Residential Infill Project (RIP) plan in 2020.

Portland's Residential Infill Project (RIP) is a two-phase zoning reform initiative designed to increase housing diversity and affordability by allowing more housing types—such as duplexes, triplexes, fourplexes, and cottage clusters—in areas once limited to single-family homes. The first phase (RIP1) eliminated exclusive single-family zoning in most of Portland and introduced key changes including permitting up to four housing units per lot, allowing two accessory dwelling units (ADUs), removing off-street parking requirements, and setting building size limits to encourage affordability.

The second phase (RIP2), approved in 2022, extended these reforms to lower-density zones (R10 and R20) and added provisions for attached houses and cottage clusters citywide, permitted up to six units per lot if all meet affordability criteria, and introduced the Middle Housing Land Division (MHLDD) process, enabling individual fee-simple ownership of each unit.

Key results from Portland's Residential Infill Project:

- Middle housing production has grown significantly since RIP went into effect, with the City permitting over 1,400 Accessory Dwelling Units (ADUs) and middle housing units between August 1, 2021 and June 30, 2024 in Single-Dwelling Zones.
- Not counting ADUs, fourplexes were the most common middle housing type following RIP 1. However, in the first half of 2024, cottage clusters were more commonly permitted than fourplexes or ADUs.

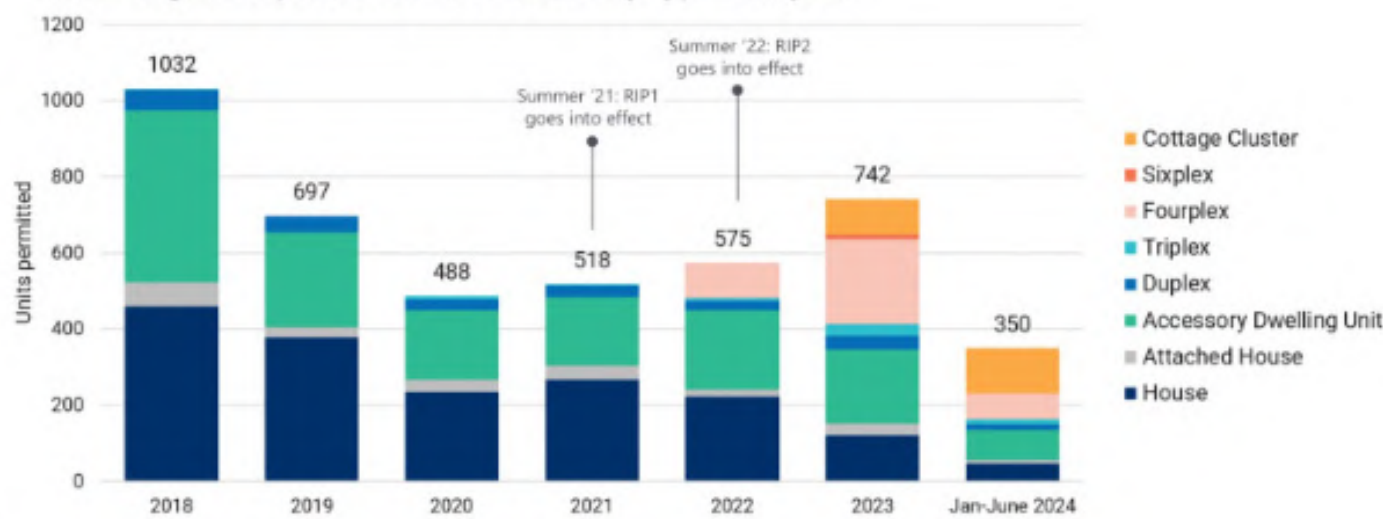


Since RIP went into effect, single detached houses which previously made up more than half of new units in Single-Dwelling Zones, now comprise less than 20% of new production in these zones.

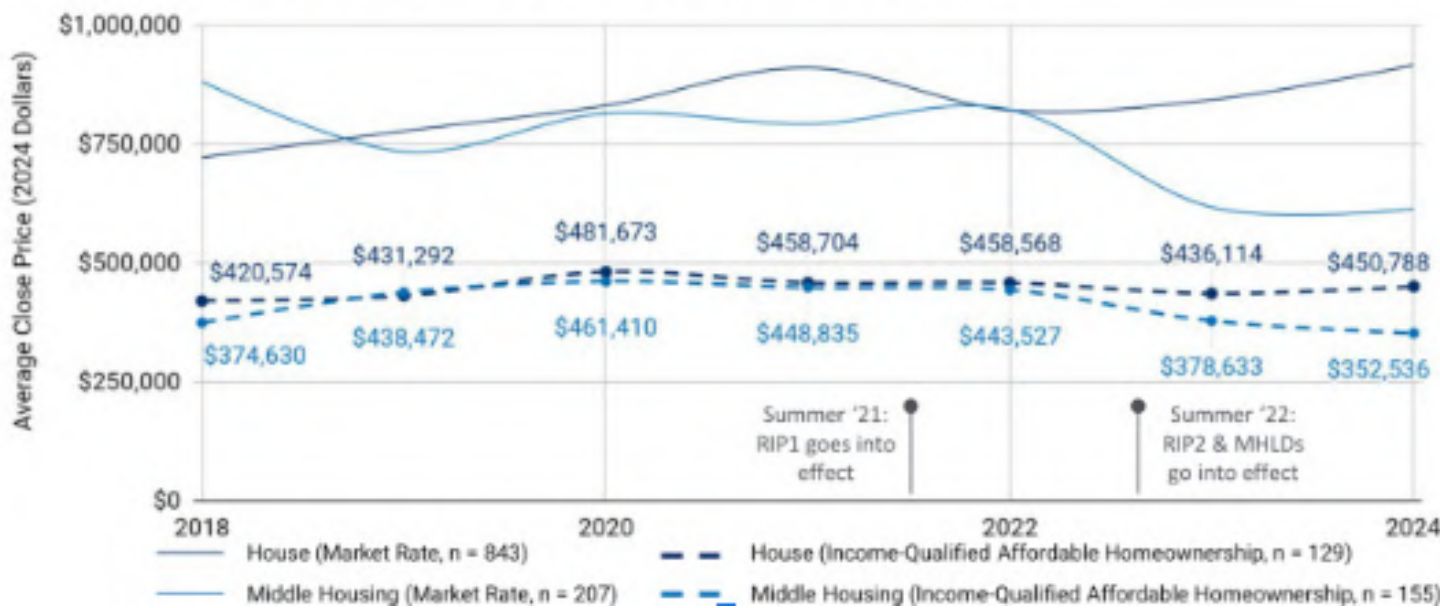
- Due to the variety of types that fall within the category of middle housing (from duplexes to cottage clusters), there appears to be a middle housing product for every lot size.
- The most common middle housing dwelling unit is a 2-bedroom, roughly 900 square foot for-sale unit.
- In 2023-24, the average sales price of a new market-rate middle housing unit was about \$250,000 less than that of a new single dwelling unit.
- The Housing Bureau's affordable homeownership programs sold for roughly \$500,000 less than new market-rate single detached houses.

Portland, OR-Continued

Housing units permitted in SD zones by type and year



Average closing price (2024 dollars) by housing type



Minneapolis, MN

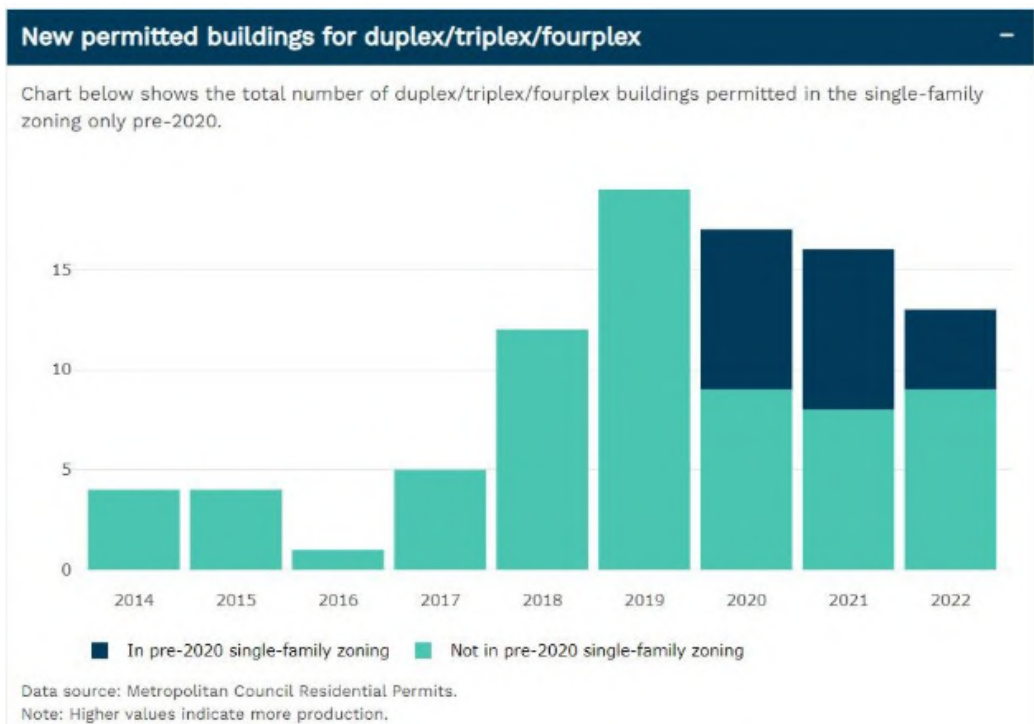
Minneapolis, like most cities, has a housing affordability problem. While the city has recently received national attention for its relatively steady housing prices, a third of Minneapolis residents pay more than 30% of their income on housing costs. Various factors — residents' incomes, the overall availability of housing, the cost of construction, the availability of public subsidy — shape the level of housing affordability.



The Minneapolis 2040 Plan, adopted in 2019, is a comprehensive initiative aimed at addressing housing shortages, promoting equity, and fostering sustainable urban growth. A central component of this plan is the "missing middle" housing initiative, which seeks to promote duplex, triplex, and fourplex construction. These housing types are considered "missing" because they fill the gap between single-family homes and large apartment complexes, offering more affordable and diverse housing options.

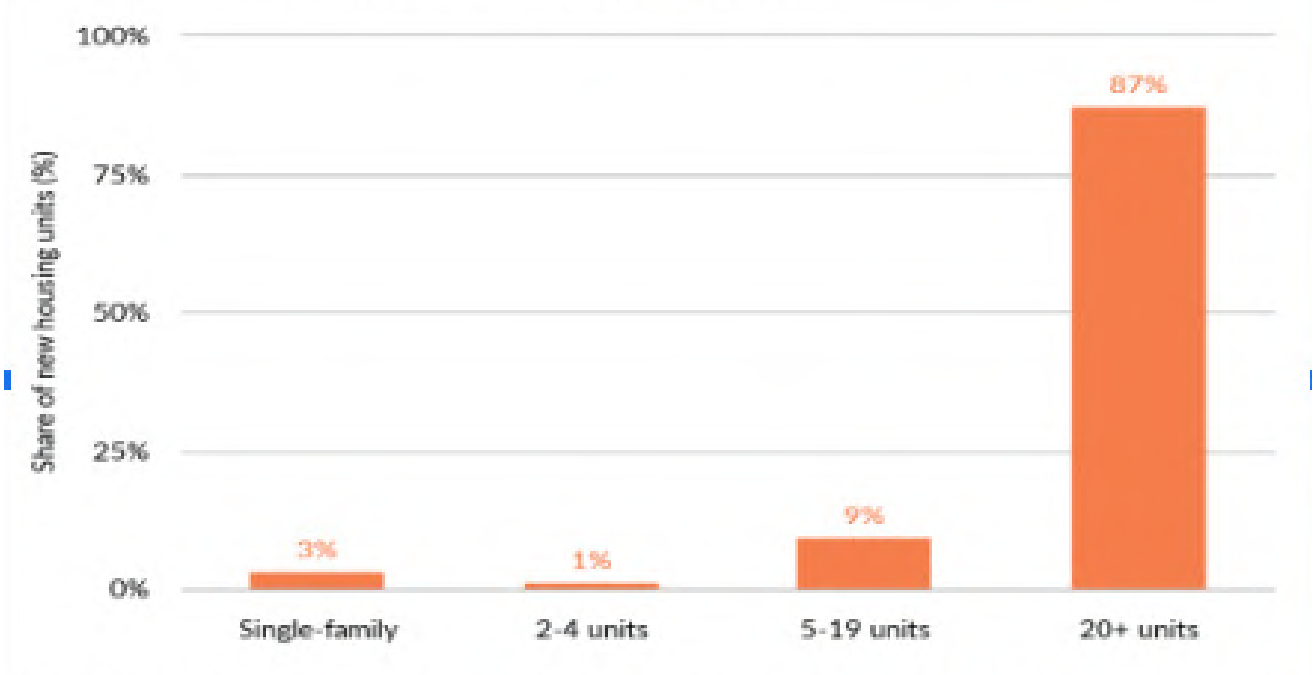
Key results from The Minneapolis 2040 Plan:

- **Significant Increase in Housing Supply:** Between 2017 and 2022, Minneapolis expanded its housing stock by 12%, surpassing the 4% growth in the rest of Minnesota. This expansion helped keep rent increases to just 1% in Minneapolis, compared to a 14% rise statewide.
- **Effective Zoning Reforms:** The city eliminated single-family zoning in 2018, permitting duplexes and triplexes citywide. However, the most impactful changes included up zoning along commercial and transit corridors and removing minimum parking requirements, which facilitated the construction of more apartment buildings.
- **Positive Social Outcomes:** These reforms contributed to a 12% decrease in homelessness in Hennepin County (which includes Minneapolis) from 2017 to 2022, while homelessness increased by 14% in the rest of Minnesota.
- **Economic Benefits for Renters:** Due to the slower rent growth, Minneapolis renters are estimated to save approximately \$1,700 annually compared to if rents had increased at the statewide rate.



Minneapolis, MN-Continued

Apartment Buildings Drive Housing Growth in Minneapolis
Share of the city's total housing units added, 2017-22



Is The Minneapolis 40 Plan achieving the Missing Middle goals?

These results indicate that the city’s duplex and triplex policy has so far had a modest impact on the housing stock, while reforms promoting apartment building construction have expanded the number of available units. In part, the limited success of the duplex and triplex policy may be linked to other aspects of Minneapolis’ zoning code that make building such structures challenging, including low maximum floor-area ratios and 2.5-story height limits in the lowest-density zones.

Between 2020 and 2022 a total of 20 duplexes, triplexes and four-plexes were built on lots previously allowing only single family residences. An additional 27 small multifamily properties were constructed during the same period on lots that allowed for them even prior to 2040’s loosened restrictions. In contrast, up zoning along commercial and transit corridors and eliminating minimum parking requirements have made housing development cheaper and easier. In other places that have expanded the availability of apartments in commercial areas and eliminated parking requirements, more housing has been built and affordability has improved. In 2022 3,563 multi-family apartment units were built in Minneapolis. Although apartment construction is at a 50 year high, a nominal amount is produced in the Missing Middle product type.

Salt Lake City, UT

The Salt Lake City Housing Market Area (HMA) is coterminous with the Salt Lake City, UT Metropolitan Statistical Area (MSA). The current population of the HMA is estimated at 1.28 million.

Salt Lake City, UT implemented a rezoning initiative to advance a new housing policy by the close of in response to approximately 7% population growth from 2010 to 2020 and soaring housing costs that increased by over 5%. Moreover, only 25% of land that is currently zoned for residential use permits Missing Middle Housing.

At the core of the city's reform is the goal to improve housing affordability through incentives that promote *the development of missing middle housing*.

In 2021, the Utah Foundation ("The Foundation") issued a four part report focused on the rising prices to homeownership and rents within Salt Lake City. Historical data has indicated that Utah was experiencing an annual increase in home ownership of 5.7% since 1996, while the national average is only 2.7%. The recommendations provided throughout their analysis focused on (1) promoting efficient land use, (2) preserving and improving community character and (3) avoiding undue taxpayer subsidy for new growth.

Highest concerns identified from local constituents:

- Provide development in areas supported by local transportation, walk-ability or designated bike paths to assist in limiting traffic congestion.
- Provide daily services and amenities nearby where people live (employment, local shopping, parks, etc)



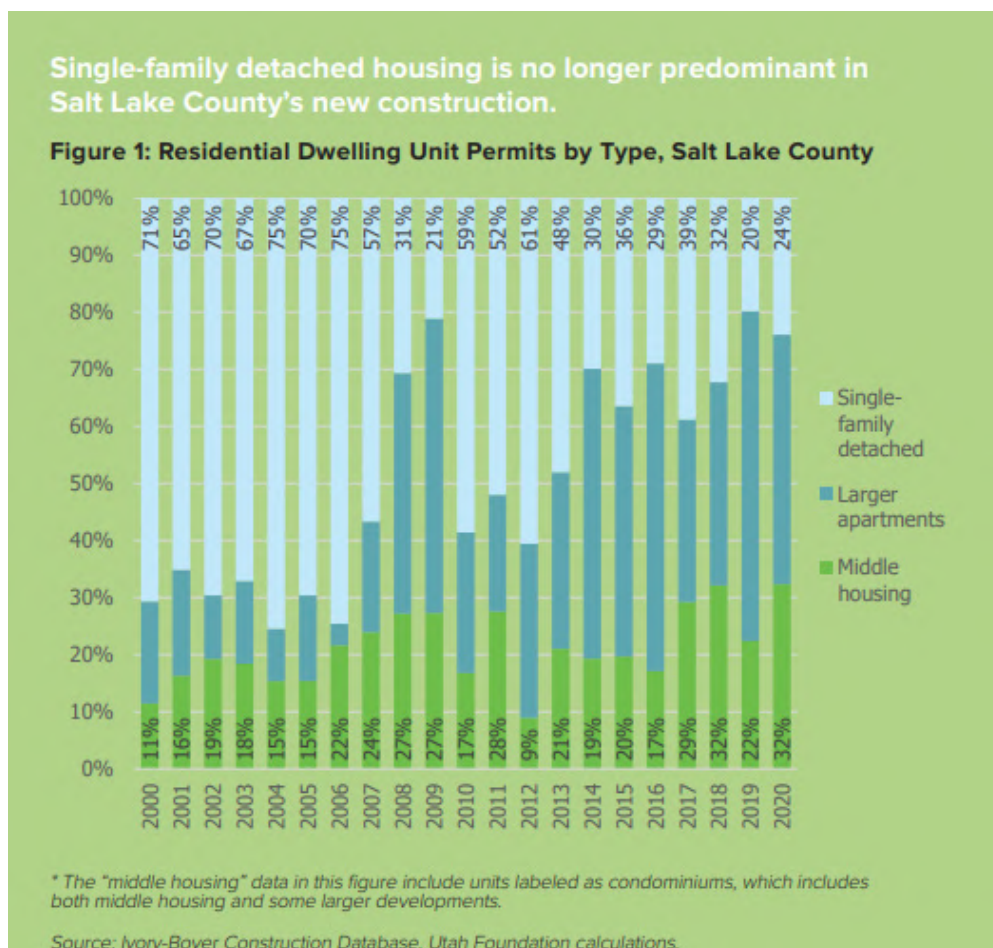
Below are the changes that address the missing middle concerns:

- Increase in Density: Allowing the development of Duplex, Triplex, and Row Style homes in residential areas which they were previously banned. In addition to allowing for an increase in building height, location specific, to support higher density without the need for additional land.
- Size of Homes: Focus on smaller homes ranging from 500 - 1,000 SF vs a typical home of 2,000 - 3,000 SF to reduce lot size required and bring down construction costs.
- The Council also adopted new regulations for accessory dwelling units to make it easier for property owners to get approval and construct an ADU that fits their needs.

Obstacles to be removed aiming to reduce Missing Middle Housing:

- Streamlined approval process reducing time, uncertainty and effort to start a new development
- Expand the multifamily housing allowed in commercial use areas
- Reduce minimum parking requirements
- Expand areas where ADUs are permitted
- Emphasis on increasing supply in ways that are not objectionable to neighbors (high focus on street scape)
- Creation of Overlay Zones to allow for Missing Middle Housing in traditional single-family zoned areas near retail, transit, downtown and transition areas from higher density to lower density product.

Salt Lake City, UT-continued



As seen above, new housing in UTAH is less likely to be single-family detached than housing built in past decades. In Salt Lake County, according to an analysis of residential housing permits, only 24% of new housing units in 2020 were single-family detached. Meanwhile, the new residential units in categories that could be considered middle housing make up a whopping 32% – far greater than the county's existing inventory

Conclusion:

Overall, Utah is continuing to face a housing crisis, especially in the income segments classified as Missing Middle Housing. Lawmakers emphasize that providing affordable housing is a top priority, they are continuing to block legislation that would support the necessary changes. This year alone, two bills have already been stopped with focused on permitting the use of ADUs and allowing single family homes to be developed on lot sizes smaller than 6,000 SF. Lawmakers fear that passing of these bills removes the control from local officials and limits their ability to plan their communities.

Sacramento, CA

Sacramento is currently facing a severe housing crisis. Roughly 70% of residential areas in Sacramento are designated for single-family housing, highlighting the need for zoning reform to promote a more diverse range of housing types and facilitate faster housing construction. This has contributed to significant housing affordability challenges, especially with population growth, with 39% of households being housing cost burdened. Moreover housing affordability has declined by 44 % from 2011 to 2020 with a 19% increase in rent.

As a response, the city embarked on an effort to promote missing middle housing typology through its new comprehensive plan (2040 General Plan) adopted in February 2024.

The City of Sacramento released a report in December 2022, focused on the Missing Middle Housing Crisis. The study focused on identifying ways for the City to respond to the growing demand for housing choices, walkable living, and the urgent need for attainable housing at all income thresholds.

The Sacramento Housing Element has identified that there has been a 44% decreased in housing affordability from 2011 to 2020, which emphasizes the current need for more affordable housing. Through the Missing Middle Housing Study, they focused on the following:

- A place-based, community-vetted approach to enable housing choice, livability and attainability
- Empower residents to invest in their community through neighborhood-scale projects that can create generational wealth and new housing
- Increase reliance on local investors and buildings to provide much needed-housing.
- Establish zoning and design recommendations for MMH suitable for Sacramento.



Regulatory Barriers facing Sacramento:

- Density - Most jurisdictions place a maximum limit on the density permitted in residential zones.
- Minimum Parking Requirements - Minimum parking standards are too high that only larger parcels can work for development to allow for the required parking
- Building heights and setback - Setbacks and building heights are a focus of large-scale apartment development without consideration for small-scale infill housing
- Private Open Space - Open spaces, which are required to be private restrict the development of Missing Middle Housing as a larger lot is typically required.
- Financing Barriers - Traditional financing mechanisms, such as banks and financial institutions, are hindered in lending due to the lack of comparable properties.
- Development Barriers - California's Senate Bill 800 creates liability risk for small-scale developers who otherwise would be interested in creating Missing Middle Housing fear lawsuits and avoid small multifamily projects. Additionally, most jurisdictions will classify a building with three or more units as commercial buildings requiring International Building Code regulations vs the International Residential Code which creates an increase of construction costs

Sacramento, CA- continued

Missing Middle Housing Recommendations and Interim Ordinance:

- Rezone residential areas to promote construction of duplex, triplex, and fourplex;
- Encourage “human scale” design, preservation of trees and open space areas to meet climate goals
- Permit a greater array of housing types to allow for more efficient use of land ;
- Focus on housing designs catering to the growing population - older adults, single-parent households, and multi-generational households;
- Missing Middle Housing developments can be reviewed by staff, if they do not deviate from code requirements.

Conclusion: Sacramento has adopted one of the most progressive Missing Middle ordinances based on the Interim Ordinance mentioned above. The ordinance goes beyond the typical missing middle reforms and enables the development of four-plexes, six-plexes, eight-plexes, cottage courts, and small homes on small lots. The also removes the density caps and focus on a maximum floor-area ratio.

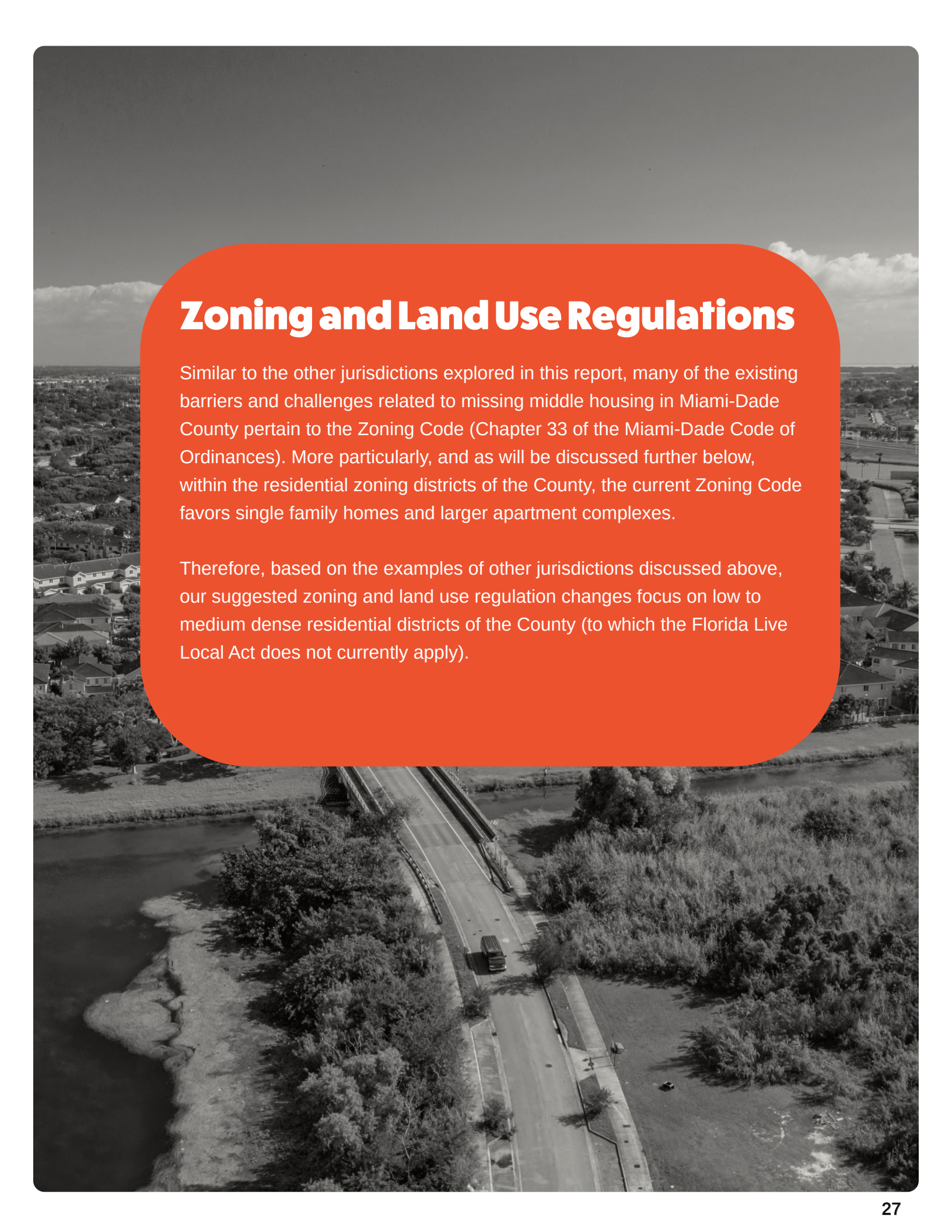
Key features include:

- A sliding scale floor area ratio encouraging attainable housing types and discouraging large McMansions.
- Allow development into front setbacks in exchanges for porches, trees, and other frontage improvements. This reduces a typical 20' setback to 10-15'.
- Provide additional square footage for deed-restricted affordable homes based on a local bonus program.

At such time, results have not been formally studied, but through three years of collaboration with engaged residents, the Sacramento community has delivered a promising solution response to the challenge.



Zoning & Regulations

An aerial photograph of a residential area. In the foreground, a road runs horizontally, with a body of water to its left and a dense line of trees to its right. A single vehicle is visible on the road. In the background, a suburban neighborhood with various houses and trees is visible under a clear sky.

Zoning and Land Use Regulations

Similar to the other jurisdictions explored in this report, many of the existing barriers and challenges related to missing middle housing in Miami-Dade County pertain to the Zoning Code (Chapter 33 of the Miami-Dade Code of Ordinances). More particularly, and as will be discussed further below, within the residential zoning districts of the County, the current Zoning Code favors single family homes and larger apartment complexes.

Therefore, based on the examples of other jurisdictions discussed above, our suggested zoning and land use regulation changes focus on low to medium dense residential districts of the County (to which the Florida Live Local Act does not currently apply).

Zoning and Land Use Regulations- Context

Under the Miami-Dade County Comprehensive Development Master Plan (“CDMP”), densities relevant to missing middle housing are categorized and permitted as follows:

Category	Housing Type	Density Range
Estate Density	Detached estates	The residential densities allowed in this category shall range from a minimum of 1.0 to a maximum of 2.5 dwelling units per gross acre.
Low Density	Single family housing, single family detached, cluster, townhouses, low-rise apartments, or a mixture of housing types	The residential densities allowed in this category shall range from a minimum of 2.5 to a maximum of 6.0 dwelling units per gross acre, except: Residential densities of blocks abutting activity nodes as defined in the Guidelines for Urban Form, or of blocks abutting section line roads between nodes, shall be allowed a maximum residential density of 10.0 dwelling units per gross acre.
Low-Medium Density	Single family homes, townhouses and low-rise apartments	This category allows a range in density from a minimum of 6.0 to a maximum of 13 dwelling units per gross acre, except zero-lot-line single-family developments in this category shall not exceed a density of 7.0 dwelling units per gross acre.
Medium Density	Townhouses and low-rise and medium-rise apartments	This category allows densities from 13 to 25 dwelling units per gross acre.
Medium-High Density	Apartment buildings	This category authorizes apartment buildings ranging from 25 to 60 dwelling units per gross acre.

However, low to medium density residential districts under the Miami-Dade County Zoning Code currently permit the following uses and densities:

Zoning and Land Use Regulations- continued

District	Permitted Uses*	Permitted Density
EU-M, Estate Modified EU-S, Estate Suburban EU-1, Single Family 1 Acre Estate EU-1C, Single Family 2.5 Acre Estate EU-2, Single Family 5 Acre Estate	One-family residence	1 single family residence with the following minimum lot sizes: EU-M: 15,000 square feet EU-S: 25,000 square feet EU-1: 1 acre EU-1C: 2.5 acres EU-2: 5 acres
RU-1, Single Family RU-1Z, Zero Lot Line Single Family RU-1M(a), Modified Single Family RU-1M(b), Modified Single Family	One-family residence	1 single family residence
RU-2, Two Family	RU-1 uses, a duplex or two-family residence, or two separate houses	The maximum density is 50 dwelling units per net acre.
RU-TH, Townhome	RU-1 and RU-2 uses and townhouses, meaning “a one-family dwelling unit of a group of 3 or more such units separated by a common party fire wall”	The maximum number of units per net acre shall not exceed 8.5
RU-3, Four Unit Apartment House	RU-1 and RU-2 uses and four-family buildings or multiple family housing developments	Not more than 4 families shall occupy a building. For multiple family housing developments, the maximum number of dwelling units shall be 23 dwelling units per net acre.
RU-RH, Rowhouse	RU-1, RU-2, RU-TH, RU-3 uses and rowhouses, which are “one-family dwelling unit of a group of three (3) or more such units, each separated from the next by a common party fire wall.”	The maximum number of dwelling units shall be 12 units per net acre.
RU-3M, Minimum Apartment House, RU-4L, Limited Apartment House, and RU-4M, Modified Apartment House	RU-1, RU-2, RU-TH, RU-3, RU-RH uses and multiple family apartment house use with only 1 principal building on a lot, parcel or tract, designed for more than 4 family units	The maximum number of dwelling units shall be the following per net acre: RU-3M: 12.9 units RU-4L: 23 units RU-4M: 35.9 units
RU-4, High Density Apartment	RU-1, RU-2, RU-TH, RU-3, RU-RH uses, multiple family apartment house containing fewer than 11 units in a single building, and multiple family apartment house containing 11 or more units, subject to site plan review	The maximum number of dwelling units shall not exceed a density of 50 dwelling units per net acre or 871.2 square feet of lot area per dwelling unit.

*This table does not list all permitted uses for each applicable district but rather focuses on the relevant uses for purposes of this report.

Zoning and Land Use Regulations- continued

In addition to the densities and uses for residential zoning districts in the County being more restrictive than what is permitted under the CDMP, the zoning regulations for the County zoning districts also include certain setback, height, unit size, open space, minimum lot size, floor area ratio, parking, design, and other requirements, as applicable to the type of housing, which can lead to the construction of a housing type with lower density than the applicable zoning district otherwise permits. While a property owner can apply for modification or variance from applicable County zoning requirements, generally, requests for changes in use or density of a property, or significant variances from the zoning regulations for a property, require a public hearing, which can be a lengthy process and lead to further obstacles where there is local opposition to missing middle housing – such as in single family residential areas. Additionally, as discussed below, while the County zoning regulations in the lower dense residential districts favor single family homes, the density incentives under Miami-Dade’s Workforce Housing Program and general cost effectiveness favor larger apartment complexes, creating a shortage in missing middle housing.

RECENT ZONING AMENDMENTS THAT APPLY TO MISSING MIDDLE HOUSING

Miami-Dade County has taken steps towards addressing some of the foregoing barriers to the construction of missing middle housing through prior Zoning Code amendments, including implementation of an Accessory Dwelling Unit program pursuant to Section 33-22 of the Code and implementation of the Workforce Housing Development Program under Chapter 33, Article XIIA of the Code. However, as will be discussed below, perhaps more can be done either within these programs or in addition to these programs to further encourage missing middle housing in the County.

Accessory Dwelling Unit (ADU) Program

In November 2022, the County implemented an Accessory Dwelling Unit program pursuant to Section 33-22 of the Code, which permits one Accessory Dwelling Unit (or ADU) per lot in the AU (Agriculture), EU (Estate), and RU (Residential) districts, subject to the requirements of Section 33-22 of the Code.

- **Definition of ADUs.** Accessory Dwelling Units, or ADUs, are defined in the Code as “an attached or detached accessory building, or portion thereof, that is used as an ancillary residential unit and is located on the same lot as the principal single-family dwelling; has a separate kitchen, bathroom, and sleeping area; and is intended for use by a separate family of occupants.”
- **Benefits of ADUs.** Under the Code, charging a fee to use an ADU separately from the principal dwelling does not constitute an unlawful duplex or multiple family use (subject to the terms of Section 33-22 of the Code). The provision also exempts off-street parking requirements for properties located 660 feet of a CDMP-designated major corridor served by transit, CDMP-designated mixed-use corridor, or rapid transit activity corridor. Additionally, the County has created and implemented a pre-approved ADU program to streamline the building permitting process to add an ADU to a property.

Zoning and Land Use Regulations- continued

Workforce Housing Development Program (WHDP):

Miami-Dade County has also implemented a Workforce Housing Development Program (“WHDP”) under Chapter 33, Article XIIA of the Code, which applies to missing middle both in terms of income range and housing type.

- **WHDP Income Range:** The WHDP applies to dwelling units, the sale, rental or pricing of which is restricted to households whose income range is established at 60 percent up to 140 percent of the most recent area median income for the County, adjusted for household size, reported by the U.S. HUD as maintained by the Department (referred to as “WHUs” or “Workforce Housing Units”), which includes missing middle housing under Resolution No. 1089-24.
- **WHDP Housing Types:** “Single Family Development” under the WHDP includes townhomes, duplexes, triplexes, villas, patio, or courtyard homes, while “missing middle housing” under Resolution No. 1089-24 includes “townhomes, duplexes, triplexes, fourplexes, courtyard clusters, and accessory dwelling units.”
- **Benefits of the WHDP:** The WHDP offers, among other things, certain density bonuses, administrative approvals, impact fee deferrals, and (under the Building Code) expedited permitting for the development of workforce housing within unincorporated Miami-Dade County. The density bonuses and administrative processes are discussed in further detail below.

Density Bonuses under the WHDP

However, while the WHDP offers density bonuses for the development of housing that includes missing middle housing, as discussed below, the density bonus structure offers greater incentives for the development of larger multifamily projects that target the lower range of the missing middle-income scale rather than the development of smaller missing middle type housing.

- **Density Bonuses for the development of 20 or more units.** Under the WHDP, if a development includes 20 or more units, single family and multifamily developments that provide at least 5% of the total units in the development as WHUs are entitled to a density bonus of 5% over the maximum number of units allowed by the applicable CDMP land use designation (discussed below) and, for every 1% increase in WHUs provided, the development is entitled to an additional density bonus up to a maximum density bonus of 25%.
 - However, to qualify for these density bonuses, at least 50% of the WHUs must target households with incomes ranging up to 110% of the area median income, which includes missing middle housing, but incentivizes development of larger multifamily projects targeting the lower range of the missing middle-income scale.
 - o Additionally, developments of 20 or more units targeting all remaining WHUs to the income range of 60-79% receive an additional 3% density bonus up to the total density bonus of 25%, which further incentivizes development of larger multifamily projects targeting at or below the lower range of missing middle housing income. Of note, the minimum required and maximum permitted density under this bonus is calculated on a gross lot area (similar to the CDMP), rather than net lot area, permitting even greater density than is otherwise allowed under the Code for a particular district.

Zoning and Land Use Regulations- continued

- ***Density Bonuses for development of less than 20 units.*** For residential developments with less than 20 dwelling units (which would include most of the missing middle housing types), density bonuses are available under the WHDP (i) if 100% of the proposed housing units are set aside as WHUs in accordance with the intensity standards under Section 33-193.11 of the Code, or (ii) one of alternatives to onsite construction is used, which include the following:
 - Offsite construction of WHUs at one or more alternative sites within a 2-mile radius of the market rate units within unincorporated Miami-Dade County (which can be a difficult requirement for builders to meet – both in terms of the radius restriction and in terms of being able to commence construction on both sites simultaneously),
 - Monetary contribution to the affordable housing trust fund in lieu of construction of the required on-site workforce housing units (in which case, construction of said units will depend on the availability, application for, and timing of disbursement of such funds),
 - Rehabilitating certain sites located in unincorporated Miami-Dade County (which may result in significantly delayed provision of missing middle units), and
 - Conveying land acceptable to the County for significantly more WHUs (which may also result in significant delays in providing such units, particularly if the request for proposal process is needed and assuming there are applicants seeking to develop the units).

Therefore, for this density bonus, a developer must either set aside 100% of its units as WHUs, which may be cost-prohibitive without additional financial incentives, or a developer may seek an alternative to onsite construction of WHUs that will likely result in the significant or indefinite delay in the development of such units. Additionally, residential developments of less than 20 dwelling units may not receive density bonuses above the maximum number of units allowed by the applicable CDMP land use designation, which further limits the development of smaller missing middle type housing compared to larger multifamily developments.

- ***Administrative Approvals under the WHDP:***

In addition to density bonuses, the WHDP offers the ability to obtain certain variances from the zoning regulations of an applicable district either as of right or through an administrative review process, without the need for a public hearing, which would expedite the approval process (saving developers time and expense) and would avoid the obstacle of public opposition to the development of missing middle housing. For example, for workforce housing units developed within 660 feet of a CDMP-designated major corridor served by transit, CDMP-designated mixed-use corridor, or CDMP-designated Rapid-Transit Activity Corridor, which includes the SMART Plan Corridors, the WHUs are entitled to certain parking reductions. Additionally, the Director of the Department of Regulatory and Economic Resources has authority to approve adjustments from setback, lot coverage, height, building spacing and open space requirements through an administrative review process (without the need for public hearing), up to the WHDP limitations, to achieve the allowable density under the WHDP, all of which help overcome regulatory barriers to missing middle housing

Zoning and Land Use Regulations- continued

• Restrictive Covenant Requirement for WHUs

While the administrative approval process under the WHDP is beneficial to the development of missing middle housing, the requirement to record a restrictive covenant against the development may not be. Developments utilizing the WHDP must record a restrictive covenant against the property that limits the price/rent of the applicable WHUs for future sellers/lessors of the property, which may hinder marketability of the development where certain smaller missing middle housing types may otherwise have sold/leased at the missing middle pricing/rental range without the need for a restrictive covenant. Given the cost of construction being shared across multiple units, smaller unit sizes, and a generally lower sales price for the smaller missing middle housing types (townhomes, duplexes, triplexes, fourplexes, courtyard clusters, and accessory dwelling units) compared to single family detached housing, an owner or developer may be able to construct market rate missing middle housing with a sales price/rent attractive to buyers/renters in the missing middle income range without the need for a restrictive covenant.

PROPOSED RECOMMENDATIONS:

1. RECOMMENDATIONS FOR THE ADU PROGRAM:

We suggest additional community outreach and education to raise awareness of the availability of ADUs and the pre-approved ADU program provided by the County. Perhaps lessons can also be taken from Portland's successful ADU program (with over 1,400 ADUs permitted between August 1, 2021, and June 30, 2024, as discussed above).

2. RECOMMENDATIONS FOR THE WHDP:

Working within the framework of the WHDP, changes could be made to the density bonus structure to encourage the development of more missing middle housing, such as:

- Lowering the percentage of lower income units required for density bonuses applicable to the development of 20 or more units or creating a separate category of density bonuses for missing middle housing with 20 or more units;
- Lowering the percentage requirement of WHUs to be set aside for the development of less than 20 units;
- For developments of less than 20 units seeking to obtain a density bonus through offsite construction of WHUs, increasing the area in which the offsite WHUs can be constructed to any unincorporated area of County or other radius greater 2 miles from the market rate units; and
- Permitting density bonuses above applicable CDMP land use designations for developments of less than 20 units.

However, lowering certain requirements or increasing certain limits for density bonuses under the WHDP may require an amendment to the CDMP, which would be a lengthy process requiring public hearings, but if approved, such an amendment would make developing missing middle housing easier.

Proposed Recommendations

3. ESTABLISHING A SEPARATE MISSING MIDDLE HOUSING PROGRAM

A separate missing middle program could be implemented to address some of the obstacles remaining under the WHDP but would keep many of the benefits of the WHDP for missing middle housing. The missing middle housing program would apply specifically to the development of townhomes, duplexes, triplexes, fourplexes, courtyard clusters, and accessory dwelling units (which would be defined as “Missing Middle Housing”) and would provide the following:

- Density bonuses as of right (without the need for public hearing) up to the maximum density permitted under the CDMP, including calculation of lot area based on gross area rather than net area, as permitted under the CDMP, which would be separate from (and not allowed in addition to) WHDP density bonuses, similar to the missing middle density bonus offered in St. Petersburg, as discussed above;
- Administrative review rights (without the need for public hearing for certain variances from zoning regulations where necessary to achieve the permitted increase in density);
- Impact fee deferrals similar to the WHDP; and
- Expedited permitting similar to the WHDP.

4. CREATING A SPECIAL DISTRICT

Additionally, the County could implement a missing middle special district implemented over a portion of unincorporated Miami-Dade County, preferably near mass transit (but not necessarily rapid transit). The special district would permit development of townhomes, duplexes, triplexes, fourplexes, courtyard clusters, or a mix thereof, within said district and could also include the following:

- Increased density,
- Smaller setbacks
- Lower parking requirements
- Less restrictive height requirements
- Smaller lot sizes and unit sizes,
- Larger floor area ratios,
- Administrative review of variances without the need for public hearing, and
- Design requirements based on the surrounding neighborhood and examples of missing middle housing from other jurisdictions. Examples of potential design requirements for missing middle housing are discussed below.

However, the process of creating a special district can also be lengthy, requiring public hearings, and may face challenges at the neighborhood or County level.

Proposed Design Requirements

The Miami-Dade Zoning Code generally requires all buildings constructed to be of an architectural style and color which will harmonize with the premises and with other buildings in the same neighborhood. However, this requirement may require further guidelines, such as the ones below, where multifamily residential is introduced into single family neighborhoods, especially in Miami-Dade County, where single family residences tend to be only a single story in height. Additionally, to accommodate the below suggested requirements, the setback, open area, landscaping, and lot size requirements may also need to be lowered or minimized, while the lot coverage restrictions may need to be increased.

Height

Similar to the other jurisdictions evaluated, multifamily residences in former single-family districts will most likely need to be developed with at least one additional story in height. Given that the surrounding neighborhood will most likely be single story residences, we suggest requiring, similar to the Perrine district, either recessed verandahs on any story or a projecting porch on the ground story (see examples below), so that the building blends in more with the surrounding residences.

Variety

The Code could also require articulation within the front elevations of missing middle housing, which is visually more appealing. For example, the design standards for rowhouses under Section 33-202.5 of the Code requires the front elevation of rowhouse units to be differentiated and articulated by at least two of the following design variations: (1) varying front elevations, (2) varying roof pitches and/or directions, (3) articulating front elevations with fenestration, bay windows and/or balconies, (4) varying building heights, and (5) staggering of the front elevation(s) so that 50% of the elevation(s) are setback a minimum of 10 feet from the front property line and the remaining 50% of the elevation(s) are setback a minimum of 15 feet.



Proposed Design Requirements-continued

Parking

As ascertained from other jurisdictions reviewed, reducing parking requirements is important to encourage the development of missing middle housing. Ways in which this could be achieved are as follows:

- Similar to other sections of the Code, missing middle housing could be exempt from certain off-street parking requirements where the property is located within 660 feet of a CDMP-designated major corridor served by transit, CDMP-designated mixed-use corridor, or rapid transit activity corridor;
- Similar to other housing types in the Code and jurisdictions reviewed, parking could be required to be in the rear or sides of lots, or dispersed around the development, rather than being in the front of the lot; and
- Parking could also be permitted in the swale for missing middle housing to lower the need for off-street parking. While this may raise drainage issues by replacing the grass in the swale with a parking area, the County could consider using pervious pavers in the swale to still assist with drainage.

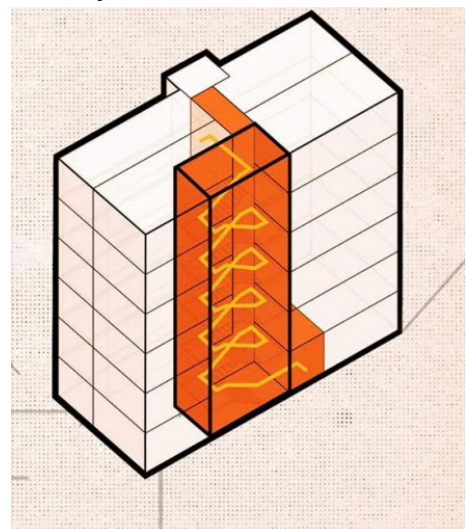


Single-Stairwell

Allowing the construction of Single-Stairwell buildings in Miami-Dade County specifically for Missing Middle Housing. This initiative continues to gain momentum nationally due to the on-going affordability crisis as well as the increase in construction costs. A new Pew study confirms that single-stair buildings are no riskier than double-stair buildings which contradicts the common belief that has led to restrictive zoning codes that outlaw single stair buildings in most U.S. Cities. Cities required two stairwells for fire safety, but modern fire safety advancements and new building materials make the requirements superfluous.

Today, New York City, Seattle, and Honolulu are the only major U.S. cities to allow single-stair construction up to six stories, but the movement to legalize single-stair construction is growing, with bills to reform stair requirements proposed in jurisdictions including the Washington, D.C. region. Baltimore is currently proposing to allow mid-rise, one-stairwell buildings.

Per Study, Single-stairway four-to-six-story buildings with relatively small floor plates cost 6% to 13% less to construct than similar dual-stairway buildings. They can also fit on smaller infill lots, potentially increasing the supply of apartments in high-opportunity urban and suburban neighborhoods. And to the degree that these modern buildings replace older, non-code-compliant buildings, or enable residents to move out of older housing, single-stairway apartment buildings will actually increase fire safety





Financing Incentives and Funding Sources



Financing Incentives

To encourage the construction, retention and development of missing middle housing, the County can offer financial incentives which are implemented for affordable and workforce housing throughout the country:

1 Property tax-based programs (including abatements, exemptions and other forms of tax relief): these have been implemented in many cities across the United States to incentivize not only new development but also the renovation and preservation of existing properties. Developers are given opportunities to fill gaps in their financing and operating budget, especially when affordability requirements will cap potential operating income, while municipalities benefit with new housing, new residents, and therefore new resident spending.

The following table summarizes the efficacy of different tax-based incentive programs offered by municipalities across the United States:

Geography	Minneapolis	Portland	St. Louis	Buffalo	Seattle	Los Angeles	Manhattan	San Antonio
Program Type	Abatement	Exemption	Abatement	PILOT	Exemption	Partial Exemption	Abatement with cap	PFC Exemption
Avg. % of Annual Deliveries Utilizing Program	1.9%	19.0%	34.8%	39.2%	44.5%	N/A	37.6%	16.9%
% of 2023 Inventory Utilizing Program	2.5%	4.8%	4.6%	17.4%	18.9%	1.0%	4.6%	3.8%
Avg. Year Built of Buildings Utilizing Program	1949	2015	1973	1985	2016	1933	2008	2017
Avg. Number of Units in Buildings Utilizing Program	17	118	115	96	114	49	149	251
Avg. % Affordable in Buildings Utilizing Program	68.1%	33.8%	23.3%	Minimum 60%	20.8%	N/A	Minimum 25%	80.7%

- Public Facility Corporations, or PFCs, are legal entities that own or operate multifamily properties that must meet certain requirements for providing affordable housing in exchange for an exemption from ad valorem property taxes. Note, other taxes imposed such as taxes imposed by a conservation and reclamation district are not exempted.
- PFCs are created by sponsoring organizations, which include local housing authorities, as well as county and municipal governments, school districts or special districts.
- PFCs may enter into agreements with “Operators” to construct new affordable housing, renovate an existing multifamily property or place income and rent restrictions on an existing multifamily property in exchange for becoming a PFC property. Operators include real property owners and developers.
- In 2023, the Texas Legislature approved HB 2071 which substantially changed the way public facility corporations are owned and operated to provide affordable housing in the state.

Financing Incentives-continued

The following are examples of Property Tax Based programs that reduce the overall tax amount due by a property through several different mechanisms:

- **Abatements:** For this report, abatements are defined as a direct reduction in real estate taxes. The property is assessed at its full value, but the bill will reflect the reduction agreed upon under the program. *Municipalities with abatement programs include Cleveland, Ohio, St. Louis, Missouri and Minneapolis, Minnesota.*
- **Exemptions:** Tax-based programs that utilize exemptions have a very similar outcome, but the primary difference is the program is exempt from taxes, reducing the overall assessed value. *Governing bodies that have used this type of mechanism include Texas, Seattle, Washington and Richmond, Virginia.*

Tax Credit Programs: Similar to the federal Low-Income Housing Tax Credit (LIHTC) program, some states have tax credit programs, where the municipality will grant a lump-sum amount to the project which can be applied to the real estate tax bill for some period of time (typically 10 years). *These have mainly occurred at the state level, with some examples being Colorado and South Carolina.*

- **Payment in Lieu of Taxes (PILOT):** A PILOT program attempts to bridge the gap between a full abatement and a partial abatement. Instead, projects that participate in a PILOT program essentially pay a small percentage above the pre-development assessed value, which can increase every year. This can allow the municipality to regain some share of its abatement on an annual basis. *Some examples include Buffalo, Downtown Memphis, as well as Metro Nashville/Davidson County in Tennessee.*

Notable Examples:

- **Live Local Act (Florida):** provides that certain multifamily developments with at least 71 units may be eligible for a 75% or 100% ad valorem tax exemption (known as the Missing Middle" property tax exemption).
- **Washington, D.C.** implemented a tax-based incentive program in 2022 (with abatements added in 2023 and 2024) that is designed to encourage new housing development in the city, primarily through the conversion or demolition of existing office properties. The abatement will last 20 years, the amount of which would be based on caps set by the city, but it requires an affordable component of either 10% of units at 60% of AMI or 18% of units at 80% of AMI. *This is a great example of how a tax based incentive program can increase the supply of missing middle housing in Miami Dade County as the land availability is one of the main issues.*
- **Washington State MFTE Program:** The Multi-Family Housing Property Tax Exemption (MFTE) program provides a property tax exemption in exchange for the development of multifamily and affordable housing in designated "residential targeted areas". It authorizes 8-year exemptions to encourage the development of multifamily housing, and 12- and 20-year exemptions to encourage the development of affordable housing. Over 50 Washington jurisdictions currently participate.

Financing Incentives-continued

2 Reduced Development Costs: Land costs represent one of the biggest barriers to creating missing middle housing and affordable housing in general. Miami-Dade along with some municipalities have a significant amount of publicly-owned land that is being underutilized or vacant. At present, there is no policy that prioritizes housing development for missing middle or affordable housing for this land's redevelopment. Currently there is an approach being proposed by Public Land for Public Good Miami, that perhaps can be used to leverage this land with existing subsidies to create a significant supply of both affordable units and missing middle housing which are both in great need.

Additional financing incentives options that could be offered under the Missing Middle Housing Program are (i) provide publicly owned land at a discount or for free to developers to reduce project costs; (ii) assist with site preparation using public works resources; (iii) eliminate marketing expenses by partnering with a local bank to pre-qualify buyers; and (iv) offer low-cost loans through a revolving loan fund.

Some of these incentive programs could potentially reduce costs in the following budget line items: *land costs or purchase price, site preparation costs, marketing expenses and financing costs.*

3 Reduced Impact Fees & Streamline permitting process: Miami Dade County has implemented changes related to impact fee exemptions for affordable and workforce housing development in the incorporated and unincorporated areas. Chapter 33E of the Code of Miami-Dade County expands the current impact fee exemption for affordable housing of up to 80% of the County's Area Median Income (AMI) to now include housing developments targeted for housing for up to 120% of AMI.

The new impact fees exemption became effective beginning August 8, 2022. Additionally, to encourage and promote the construction of workforce housing units and affordable housing projects, Miami-Dade County has established an expedited plan review program to ensure the timely processing of permit applications and review of plans. Upon written request of the permit applicant, the County will expedite the review of building permit plans submitted for developments that include workforce housing units and affordable housing projects, provided the request to expedite meets all the necessary conditions.

These reduced fees and streamlined procedures could also be incorporated under the Missing Middle Housing Program and impact fees should be further reviewed to be adjusted down based on the type and project size. Further fee reductions should be considered in exchange for affordability under the Missing Middle Housing Program.

Funding Sources for Missing Middle

Financing missing middle housing projects is complex and typically involves a combination of funding sources that typically involve federal and local government grants. Typical GAP funding sources for Missing Middle include the following:

1. **Government Programs and Grants:** Many states and localities are implementing dedicated funding programs for missing middle housing, offering grants to cover pre-development costs, construction assistance, or gap financing to bridge the gap between development costs and potential revenue.
2. **Tax Credits:** Some jurisdictions offer tax credits specifically designed for middle-income housing developments, similar to the Low-Income Housing Tax Credit (LIHTC), which can incentivize private investment in missing middle projects.
3. **Municipal Bonds:** Issuing bonds through local government entities can provide access to lower interest rates for financing larger missing middle housing projects, particularly when the project meets certain affordability requirements.
4. **Land Trusts:** Land trusts can purchase land at a lower cost and lease it to developers, reducing the upfront cost of land acquisition and making missing middle housing more affordable.

Examples of these include the following:

- **HOME funds:** HOME is a HUD-administered federal program that provides funding for local communities to provide affordable housing for low- and very low-income residents. Miami-Dade County and the cities of Miami, Hialeah, Miami Beach, Miami Gardens and North Miami receive federal HOME funds.
- **SHIP funding:** The State Housing Initiatives Partnership program (SHIP) provides funds to local governments as an incentive to create partnerships that produce and preserve affordable homeownership and multifamily housing. The program was designed to serve very low, low and moderate income families. *Although SHIP funding may have fluctuated downward in recent years, the recent Florida Live Local Act allocated substantial dedicated funding to the SHIP program*
- **Community Development Block Grant-Disaster Recovery (CDBG-DR)** Jurisdictions across Miami-Dade County can also potentially use Community Development Block Grant-Disaster Recovery (CDBG-DR) funding for housing rehabilitation and neighborhood revitalization. However, Miami-Dade County's HUD CDBG allocation has decreased over the last few years. Other entitlement communities in Miami-Dade County have seen similar decreases in their HUD-CDBG allocations, including the City of Miami.
- **HUD Section 108 Loan Guarantee:** The HUD Section 108 Loan Guarantee Program allows Miami-Dade County to leverage their annual Community Development Block Grant (CDBG) allocation to access low-cost, flexible financing for various community development projects.
- **Fannie Mae Small Balance Local Program:** Fannie Mae offers a Multifamily Small Loan program designed to meet the financing needs of owners of smaller rental properties, including those in Miami-Dade County. This program is designed for smaller properties. This Program is used nationwide by small developers to finance 5-50 unit buildings.

Funding Sources for Missing Middle-continued

Cities that have implemented successful bond & fund programs that can serve as examples to tackle the missing middle funding puzzle in Miami-Dade County. The following section summarizes the two programs implemented in Palm Beach and Pinellas Counties:

Palm Beach Bond:

The program, which will be paid for through higher property taxes, aims to encourage developers to build discounted houses and apartments by using public money to offset the profits they lose by reducing their prices. It comes amid a historic spike in rents and housing prices.

- Administrators concede that how well the program functions will depend on developers' willingness to participate.
- As proposed, the primary component requires developers to agree to create housing they're willing to sell or rent at discounted rates. In exchange, they would receive subsidies from the county government. But it's a potentially cumbersome process that developers may choose to avoid if they believe they can earn similar or better profits building market-rate homes.
- To pay the cost of the bonds, property owners will face slightly higher property taxes.
- A county proposal published in summer 2024 calls, in the initial years, for charging about 2 cents in extra taxes for every \$1,000 of appraised value on a property, then raising the cost to a little more than four cents in the fourth year.

Penny for Pinellas:

The Penny for Pinellas is a 1-percent sales tax that funds long-term capital infrastructure projects in Pinellas County and its 24 cities.

Penny Facts:

- Funds only long-term capital infrastructure projects that support our local community
 - Shared between the County and 24 cities
 - Not a new tax; the Penny has been in effect since 1990
 - Only applies to the first \$5,000 of a single purchase
 - All Penny funds are collected in Pinellas and stay in Pinellas
- The Penny makes it possible to do more capital projects without relying on property taxes. The Penny generates the equivalent of 2.4 mills of property taxes (\$314 on the average single-family home with a taxable value of \$131,000). Without the Penny, the County and cities would rely more heavily on other funding sources such as property taxes to fund these projects or many would have to be delayed or not completed.

Funding Sources for Missing Middle-continued

In addition, developers could also utilize the following financing tools which could be applicable to missing middle housing developments:

01. Low-Interest or Forgivable Loans

Capital at reduced rates to support feasibility.

02. Loan Guarantees

Government or nonprofit backstop reduces lender risk.

03. Tax Increment Financing (TIF)

Future property taxes fund current development costs.

04. Pre-Development Grants

Covers feasibility, design, and site costs.

05. Revolving Fund Loans

Reusable funds for ongoing small project support.

Some notable examples include the following:

- Mass Housing's Workforce Housing Initiative (MA)- Provides gap financing for middle-income housing.
- California HCD: Offers loan guarantees to support infill and ADU projects via the IIG Program.
- Chicago, IL: Uses TIF to support small-scale mixed-use and housing in targeted corridors.
- Local Initiatives Support Corporation: Provides Pre-Development funding to small developers.
- Denver, CO: Created a revolving loan for affordable housing development and preservation.

Challenges in financing missing middle housing:

- **Smaller Profit Margins:** Compared to large-scale developments, missing middle projects often have smaller profit margins, making them less attractive to traditional lenders.
- **Permits and Development Costs:** Complex permitting processes and high construction costs can further strain the financial feasibility of smaller-scale missing middle projects.
- **Market Demand Uncertainty:** Developers may face uncertainty about market demand for missing middle housing, particularly in areas where the housing market is primarily dominated by single-family homes.
- **Insufficient Federal Funding-** previously discussed.

Strategies to overcome challenges:

- **Public-Private Partnerships:** Collaborating with local governments and non-profit organizations can help access funding sources and streamline development processes.
- **Technical Assistance Programs:** Local governments can provide technical support to developers, including guidance on financing options, design strategies, and navigating permitting processes.
- **Community Engagement:** Building community support for missing middle housing development can help overcome local resistance to denser housing options.

Existing Programs that could apply to Missing Middle Housing:

Housing Preservation through NOAH Grant Program:

The Miami-Dade County Department of Housing and Community Development (HCD) has issued a request for applications for the Housing Preservation through NOAH (Naturally Occurring Affordable Housing) Rehabilitation Grant Program to be funded with **\$9 million in general funds**.

NOAH refers to unsubsidized privately owned residential properties that are “affordable” without the benefit of government subsidies. The goal is to preserve affordability by providing Miami-Dade County’s low- and moderate-income households with access to decent housing that is affordable, convenient to jobs, transportation and essential services.

The NOAH Grant Program is dedicated to owners or developers of rental property in need of rehabilitation, and owners of condominium homeownership units in need of rehabilitation allowing owners and developers to apply for grant funding to assist with improvements to their properties. NOAH Grants are distributed on a reimbursable basis.

Eligibility includes:

- Affordable housing rental unit(s) in Miami-Dade County
- Renovations or repairs that preserve or improve the basic livability, safety or utility of the roof, windows, doors, HVAC and mechanical systems, energy and water saving improvements of an existing structure
- Income limits are up to 140% of the Area Median Income for a family of four in Miami-Dade County, while meeting set-aside requirements for lower incomes
- Rents for NOAH set-aside units must not exceed rent limits annually published by Florida Housing Finance Corporation.

Affordability Period: Up to 30 years to be negotiated between HCD and the applicant. All terms can be modified at the discretion of HCD based on underwriting assessments and need.

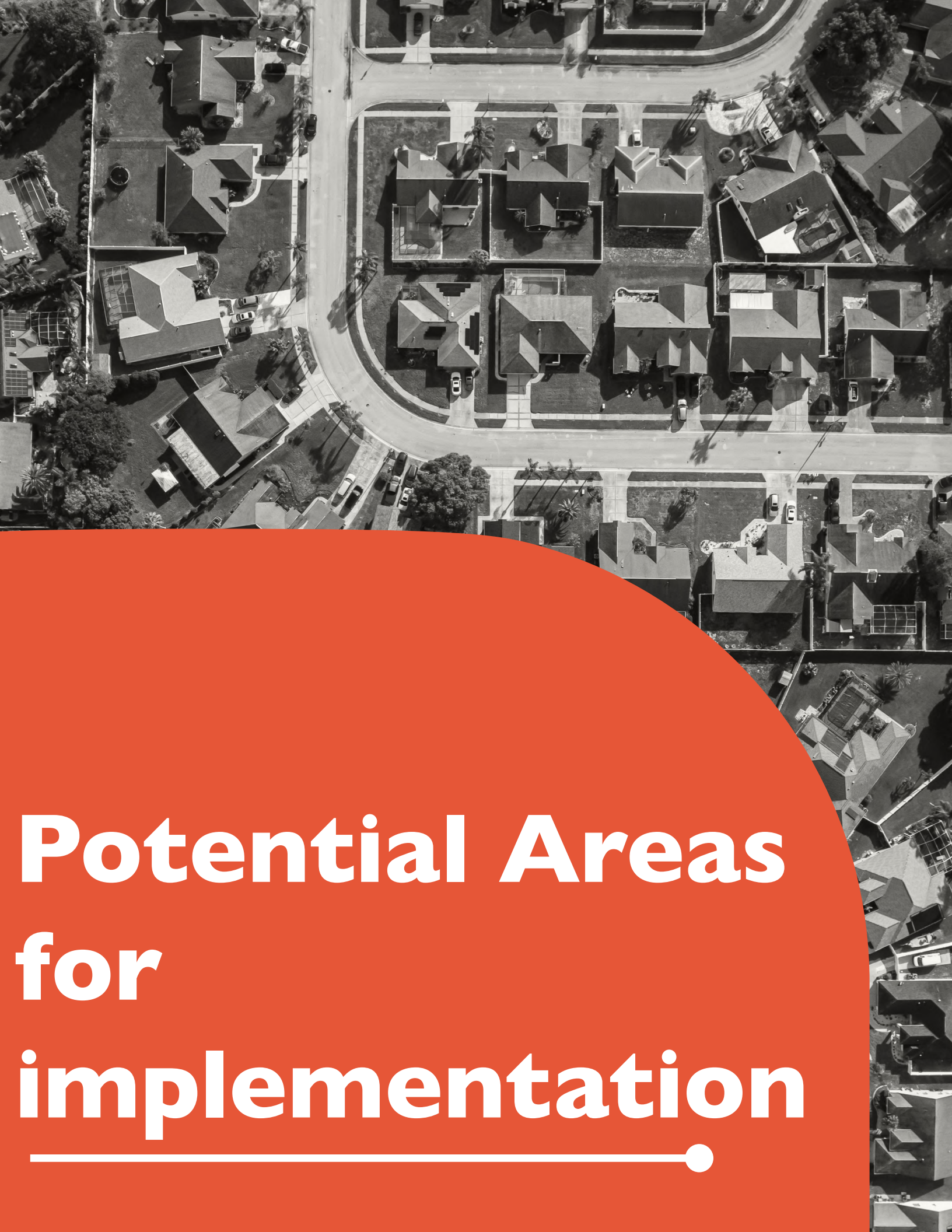
In-Fill Housing Initiative Program:

The purpose of the Infill Housing Program (Infill Program) is to increase the availability of affordable homes for very low-, low- and moderate-income persons and households, maintain a stock of affordable housing; redevelop urban neighborhoods by eliminating the blight of vacant, dilapidated or abandoned properties; equitably distribute homeownership opportunities within the Infill Target Areas, and generate payment of ad -valorem taxes.

The Infill Program shall encourage the sale or transfer of County-owned properties to Infill Developers.

The Infill Developers shall be required to build affordable homes to be sold to very low, low- and moderate-income persons. Although the Infill Program is primarily designed to create affordable homeownership of single family homes, the County, under limited circumstances, at its sole discretion, may allow Infill Developers to rent these homes to qualified very low-, low- or moderate-income families.

Miami Dade-County Workforce Housing Program:
Previously discussed under current zoning and regulations.



Potential Areas for implementation

Existing areas/neighborhoods for potential Missing Middle Development

Implementing Missing Middle Housing (MMH) in Miami-Dade County requires strategic zoning adjustments to balance density, affordability and community character. The team was able to identify key areas for Missing Middle Housing implementation:

- 1. Transit-Oriented Zones:** Areas within a half-mile of Metrorail, Metromover, and express bus stops are prime candidates for Missing Middle Housing due to the existing infrastructure.
- 2. Underutilized Urban Corridors:** Neighborhoods that have undergone zoning transformations to encourage higher density housing. For Instance, some examples are neighborhoods like Allapattah within the City of Miami where T3 to T4 zoning changes permit up to 36 units per acre, facilitating the development of duplexes and small apartment buildings.
- 3. Single Family Residential Neighborhoods:** Areas such as Kendall, The Crossings, Olympia Heights, Tamiami, West Perrine and Princeton could be considered for MMH by allowing duplexes and accessory dwelling units (ADUs) on existing lots.
- 4. Historic and Cultural Districts:** Areas rich in cultural heritage that are facing challenges in balancing preservation with new housing needs. Some notable examples include: Little Havana & Coconut Grove.

Additionally, Miami Dade County owned land should be considered and analyzed for potential missing middle housing implementation specifically in the Unincorporated UMSA,



Conclusion and Recommendations

Conclusion

By addressing the challenges to missing middle housing and exploring innovative solutions it is possible to promote the development of this type of housing in Miami-Dade County.

As mentioned in this report, there are potential solutions to the missing middle housing such as (i) implementing more flexible zoning codes that allow for a variety of housing type and densities in different neighborhoods, (ii) simplifying and accelerating the permitting process to reduce development costs and delays, (iii) providing grants, subsidies, low-interest loans, and other financing incentives discussed. It is also imperative to encourage local communities to invest in missing middle housing projects and pursuing collaboration between the local municipalities, non-profits and private developers and adjusting some of the existing policies and programs to incorporate the Missing Middle Initiative.

Some additional recommendations to be Considered by Miami-Dade County include the following:

- Considering lowering the AMI limitations under the Missing Middle Program from 80% to at least 60% of AMI in order to broaden potential investors and encourage deeper collaboration with of local non-profits organizations in order to preserve and increase the supply of missing middle housing typology.
- Exploring more efficient cost effective construction methods, such as modular or prefab construction, tiny homes and Accessory Dwelling Units (ADUs).
- Establishing a Missing Middle Development & Retention Fund where funds are strictly for the retention and creation of missing middle housing in the county.
- Consider potential re-zoning of abandoned office or retail properties for residential zoning that allows missing middle typology.

Note that the above additional recommendations were not fully explored in the report.

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