

Webinar

Missing Middle Housing Comes of Age

Date: October 20, 2023

00:00:01 --> 00:00:03: Good morning and good afternoon, everyone.

00:00:03 --> 00:00:06: Thank you for joining the Uli Twiliger webinar.

00:00:06 --> 00:00:10: Today I'm going to turn it over to our speakers

00:00:10 --> 00:00:10: in a moment.

00:00:11 --> 00:00:14: We want to cover some housekeeping items before we start.

00:00:15 --> 00:00:18: This webinar is being recorded and will be shared with

00:00:18 --> 00:00:19: attendees.

00:00:19 --> 00:00:22: If you have any questions, please put them in the

00:00:23 --> 00:00:23: Q&A box.

00:00:24 --> 00:00:27: We prefer that rather than the chat box and we

00:00:28 --> 00:00:31: will get to as many questions as we can at

00:00:31 --> 00:00:34: the end of the presentation On to our panel.

00:00:35 --> 00:00:40: I am pleased to welcome Dan Perelek, Jonathan Fern and

00:00:40 --> 00:00:42: Rick Severance today.

00:00:42 --> 00:00:47: Dan is an architect and Urban designer who founded Opticus

00:00:47 --> 00:00:50: Design in 1998 and has grown it to a national

00:00:50 --> 00:00:55: sought after firm for their expertise in urban placemaking, innovative

00:00:55 --> 00:00:59: housing design and zoning reform to enable 21st century towns

00:00:59 --> 00:01:01: and cities to thrive.

00:01:02 --> 00:01:06: Jonathan is the Head of Development of Oak Impact Group,

00:01:06 --> 00:01:10: A real estate firm specializing in the acquisition, development and

00:01:10 --> 00:01:13: management of commercial and residential properties.

00:01:15 --> 00:01:19: And Rick is President of Welland Park, one of America's

00:01:19 --> 00:01:23: largest and fastest selling master planned communities and home to

00:01:23 --> 00:01:26: the Atlanta Brave spring training facility.

00:01:27 --> 00:01:29: I now turn it over to Dan.

00:01:32 --> 00:01:33: Hello everybody.

00:01:33 --> 00:01:34: Thank you for joining us.

00:01:35 --> 00:01:37: First of all, I'd like to thank the Terwilliger Center

00:01:37 --> 00:01:38: for.

00:01:38 --> 00:01:42: Posting this important conversation about much needed housing choices.

00:01:43 --> 00:01:47: About a month ago, I was giving a similar missing middle presentation at the Utah League of Cities Annual Conference

00:01:47 --> 00:01:51: and just before me one of the state representatives was giving a housing focus.

00:01:51 --> 00:01:55: Presentation noted that 66% of households in the Salt Lake City region could not afford.

00:01:55 --> 00:01:57: To purchase a single family detached house.

00:01:57 --> 00:02:02: And so it just once again reinforced with me the importance of this conversation about this need for a broader range of housing choices, including the missing middle housing typologies.

00:02:02 --> 00:02:04:

00:02:05 --> 00:02:08: So if you haven't seen this document, this is a really great document that ULI published in partnership with RCL Co in 2019.

00:02:08 --> 00:02:11: I think it was.

00:02:11 --> 00:02:15: Focused on giving recommending a series of tools for the developers to deliver attainable housing, and it identified missing metal housing typologies as one of the three strategies to enable builders to deliver attainability as right land prices, materials prices, labor prices.

00:02:15 --> 00:02:20:

00:02:21 --> 00:02:25: Entitlement links had had had made it really, really hard to to deliver single family detached houses at attainable prices.

00:02:25 --> 00:02:31:

00:02:31 --> 00:02:32: And so just encourage you to take a look at that document.

00:02:32 --> 00:02:33: It's really, really great document.

00:02:34 --> 00:02:39: And so I I want to make sure as a start that we're all on the same page about how missing middle housing is defined because in that document and the way that we have defined missing middle housing since about 2011 is that.

00:02:40 --> 00:02:46:

00:02:46 --> 00:02:52: It's a range of housing typologies or product types first and foremost.

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00:03:34 --> 00:03:39: And with thoughtful design, those typologies can deliver attainability, but

00:03:39 --> 00:03:42: they can also be targeted at other market segments as

00:03:42 --> 00:03:43: well.

00:03:43 --> 00:03:44: We can talk a little bit about that in the

00:03:44 --> 00:03:45: conversation.

00:03:45 --> 00:03:47: So I think that's just a really important place to

00:03:47 --> 00:03:49: start the conversation.

00:03:50 --> 00:03:53: I think what's interesting, if you've another good resource for

00:03:53 --> 00:03:56: you to look at is this 2023 Community and Transportation

00:03:56 --> 00:04:00: Preference Survey by the National Association of Realtors.

00:04:00 --> 00:04:06: Some pretty staggering statistics that keep growing, it seems that.

00:04:06 --> 00:04:10: Now, 77% of Americans would pay a premium to live

00:04:10 --> 00:04:14: in a walkable neighborhood, and that goes up to 92%

00:04:14 --> 00:04:15: for Gen.

00:04:15 --> 00:04:18: Z, which is, you know, one of the largest market

00:04:18 --> 00:04:19: segments right now.

00:04:19 --> 00:04:24: And then even more applicable to the missing middle conversations

00:04:24 --> 00:04:28: is that over half of the respondents said that they

00:04:28 --> 00:04:28: would.

00:04:29 --> 00:04:32: Prefer to live in a non single family, detached housing

00:04:32 --> 00:04:34: type or missing middle housing.

00:04:34 --> 00:04:36: And so that just really goes to show you that

00:04:36 --> 00:04:39: there's a need for this to deliver attainability, but there's

00:04:40 --> 00:04:43: also a really strong demand for these missing middle housing

00:04:43 --> 00:04:44: types for this as well.

00:04:44 --> 00:04:47: And so I wanted to start the conversation today, and

00:04:47 --> 00:04:49: I'm going to hand it off to Rick.

00:04:50 --> 00:04:53: And Jonathan, I'm going to talk about first of all

00:04:53 --> 00:04:57: what missing middle housing needs in the context of for

00:04:57 --> 00:05:02: sale housing and trying to deliver that entry level home

00:05:02 --> 00:05:05: or what we often call attainability by design.

00:05:05 --> 00:05:09: And I'm sure many of you have seen this because

00:05:09 --> 00:05:13: of right land value, cost of construction, all these rising

00:05:13 --> 00:05:17: cost to deliver homes, we've really in most markets kind

00:05:17 --> 00:05:18: of pushed.

00:05:19 --> 00:05:22: A single family detached house to an extreme.

00:05:22 --> 00:05:25: We call these tall skinnies and they're kind of popping

00:05:25 --> 00:05:27: up in a lot of markets across the country.

00:05:27 --> 00:05:30: It's like how how far can you you push a

00:05:30 --> 00:05:32: single family detached house?

00:05:32 --> 00:05:35: And to me, what this is demonstrating is that we
00:05:35 --> 00:05:36: really need to think.
00:05:36 --> 00:05:40: Beyond the single family detached house and how we can
00:05:40 --> 00:05:44: remove the barriers for builders to deliver the broader range
00:05:44 --> 00:05:49: of missing middle typologies because it's a much better
solution
00:05:49 --> 00:05:51: for where most markets are at.
00:05:51 --> 00:05:55: So just one example of this that I just wanted
00:05:55 --> 00:05:58: to touch upon and it is a case study and
00:05:58 --> 00:06:02: UL is attainable housing document as well are the Muse
00:06:02 --> 00:06:05: homes that we designed for Holmes Homes.
00:06:05 --> 00:06:09: In the Salt Lake City region, in the the master
00:06:09 --> 00:06:15: plan community of Daybreak and these these homes
demonstrated that
00:06:15 --> 00:06:20: with thoughtful design that you you know missing middle
typologies
00:06:20 --> 00:06:24: can deliver attainable price points.
00:06:24 --> 00:06:28: And these units ranged from a little under 1000 square
00:06:28 --> 00:06:30: feet up to about 1400 square feet.
00:06:31 --> 00:06:34: And these prices are a little bit laughable at this
00:06:34 --> 00:06:34: point in time.
00:06:34 --> 00:06:39: This is pre COVID, they started at 185 and went
00:06:39 --> 00:06:40: up to 217.
00:06:40 --> 00:06:43: But the important thing here is to note that they
00:06:43 --> 00:06:46: were our client was able to sell them at a
00:06:46 --> 00:06:50: price point between 25 and \$30,000 less than the
conventional
00:06:50 --> 00:06:54: 3 story tuck under townhouse with parking on the ground
00:06:54 --> 00:06:55: floor.
00:06:55 --> 00:06:57: And that, but at the same time it's also you
00:06:57 --> 00:06:59: can see on the right hand side this double story
00:06:59 --> 00:07:00: living spaces.
00:07:00 --> 00:07:03: It's also delivering a very high quality of living which
00:07:03 --> 00:07:06: was really important for our client to not just deliver
00:07:07 --> 00:07:10: sort of lower cost attainable housing for housing sake that
00:07:10 --> 00:07:11: doesn't live well.
00:07:12 --> 00:07:17: And so the mixing of types became really important.
00:07:17 --> 00:07:20: It was an 8 acre piece that had really deep
00:07:20 --> 00:07:20: lots.
00:07:21 --> 00:07:23: And so we we did mix some of the more
00:07:24 --> 00:07:27: conventional 3 story tuck under townhouses that our client
was
00:07:27 --> 00:07:30: was building on the perimeter of the block and white

00:07:30 --> 00:07:33: with the internal muse homes that are having a dress
00:07:34 --> 00:07:37: on a pedestrian only walkway that goes connects east and
00:07:37 --> 00:07:39: West and North and South through the site.
00:07:40 --> 00:07:43: So you can see sort of the IT kind of
00:07:43 --> 00:07:46: took a a constraint of a deep lot condition and
00:07:46 --> 00:07:48: made it an opportunity to create.
00:07:49 --> 00:07:52: In a 24 foot deep building type that addressed an
00:07:52 --> 00:07:56: internal a pedestrian walkway, that's a really high quality
living
00:07:57 --> 00:08:00: address and we it's just a very basic concept that
00:08:00 --> 00:08:03: we like to follow which is fronts facing fronts because
00:08:04 --> 00:08:06: we see a lot of site plans with the tuck
00:08:06 --> 00:08:11: under townhouses in particular where fronts of buildings are
awkwardly
00:08:11 --> 00:08:15: facing backs of buildings and just feels really really awkward
00:08:15 --> 00:08:16: at times and so.
00:08:19 --> 00:08:22: What we've also find is that with a thoughtful approach
00:08:23 --> 00:08:28: including missing middle typologies is that it differentiates our
clients
00:08:28 --> 00:08:31: projects from anything else in the market as well.
00:08:31 --> 00:08:34: So it's a, it's sort of a risk mitigator in
00:08:34 --> 00:08:38: terms of differentiation and delivering something that nobody
else in
00:08:38 --> 00:08:40: the market is delivering.
00:08:40 --> 00:08:43: And so this is also just wanted to demonstrate if
00:08:43 --> 00:08:47: it's adaptable to climate in different market conditions.
00:08:47 --> 00:08:50: We're applying this to a number of different projects and
00:08:50 --> 00:08:53: this is one in Florence, AL that's actually using more
00:08:53 --> 00:08:54: of a courtyard configuration.
00:08:55 --> 00:08:58: And we also introduced a smaller sort of a AA750
00:08:58 --> 00:09:02: square foot house that our client wanted to really sort
00:09:02 --> 00:09:06: of hit the lower end of the the price point
00:09:06 --> 00:09:09: for in the highest level of attainability.
00:09:10 --> 00:09:13: And I guess where I feel the the for sale
00:09:13 --> 00:09:17: market really needs to go in most markets across the
00:09:17 --> 00:09:21: country are small missing middle scale condos.
00:09:21 --> 00:09:24: And there are a lot of reasons that we can
00:09:24 --> 00:09:28: talk about why this doesn't happen including construction
defect risk
00:09:28 --> 00:09:29: liability.
00:09:29 --> 00:09:32: But when I was even doing the research for my
00:09:32 --> 00:09:35: book, it was nearly impossible to find.
00:09:35 --> 00:09:38: Sort of a sub 15 unit condo building.

00:09:39 --> 00:09:42: The, the one example that I did recently come across
00:09:42 --> 00:09:45: is actually the, the the client of ours who built
00:09:45 --> 00:09:47: the Muse homes are building these.
00:09:47 --> 00:09:49: They're called Tempo condos.
00:09:49 --> 00:09:52: They're I think they're 11 unit condo buildings.
00:09:53 --> 00:09:56: And he said our clients said they can't build them
00:09:56 --> 00:10:01: fast enough and they're starting at about \$364,000 and
ranging
00:10:01 --> 00:10:04: in size from 1100 to 1500 square feet.
00:10:04 --> 00:10:06: So I do really feel like that's where.
00:10:07 --> 00:10:09: The for sale market really needs to go and so
00:10:09 --> 00:10:12: we need to find the ways to remove those barriers
00:10:12 --> 00:10:14: to enable that to happen.
00:10:14 --> 00:10:19: So this was actually an image shared to me by
00:10:19 --> 00:10:23: a colleague Troy Thiel who's a realtor.
00:10:23 --> 00:10:26: And it just if you look at this diagram in
00:10:26 --> 00:10:30: red are condo multi family buildings with condos and blue
00:10:30 --> 00:10:33: are the multi family buildings that were delivered for rent
00:10:33 --> 00:10:35: and you can see post.
00:10:35 --> 00:10:39: In 2008 basically there were just very, very few condos
00:10:39 --> 00:10:43: built and it the the market never recovered for the
00:10:43 --> 00:10:47: delivery of these condo buildings and we need to figure
00:10:47 --> 00:10:50: out a way to to to fix that and correct
00:10:50 --> 00:10:54: that to deliver sort of attainability in most markets.
00:10:54 --> 00:10:57: And so shifting then to a conversation about for rent,
00:10:57 --> 00:10:58: missing middle.
00:10:59 --> 00:11:02: And you know, a lot of our efforts over the
00:11:02 --> 00:11:06: 1st 10 years of missing middle advocacy, planning and
design
00:11:06 --> 00:11:08: with our developer clients focused on infill.
00:11:09 --> 00:11:12: But then we realized there's actually also a really strong
00:11:12 --> 00:11:15: need and a really strong demand for building.
00:11:15 --> 00:11:19: Missing middle housing at scale and the the opportunities
that
00:11:19 --> 00:11:22: we're seeing are #1 sort of 40 plus acre sites
00:11:23 --> 00:11:27: in Greenfield conditions to create a a complete new missing
00:11:27 --> 00:11:30: middle neighborhood and I'm gonna show you an example of
00:11:31 --> 00:11:32: that in just a second.
00:11:32 --> 00:11:36: Secondly, we're seeing like you know, 5-10 acre infill sites
00:11:36 --> 00:11:40: that our clients are finding in their communities to apply
00:11:40 --> 00:11:41: missing middle and then.
00:11:42 --> 00:11:45: What Rick's going to talk about in just a little
00:11:45 --> 00:11:49: bit here is actually larger master plan communities where the

00:11:49 --> 00:11:54: master developers identifying 1520 forty 60 acres adjacent to the
00:11:54 --> 00:11:57: commercial area or the Town Center where they feel the
00:11:57 --> 00:12:02: missing middles are great opportunity to transition from the commercial
00:12:02 --> 00:12:07: and the higher intensity residential into the primarily single family
00:12:07 --> 00:12:08: neighborhoods.
00:12:08 --> 00:12:10: And so this first case study I'm going to show
00:12:10 --> 00:12:12: before I hand it off to Rick.
00:12:12 --> 00:12:15: Is a project that we design and it's in Papillion
00:12:16 --> 00:12:18: NE which is in the Omaha NE Metro.
00:12:18 --> 00:12:23: But it's really redefining Class A multi family with missing
00:12:23 --> 00:12:24: middle application.
00:12:24 --> 00:12:27: And even by looking at this image on the right
00:12:27 --> 00:12:31: you can see this is not a conventional suburban garden
00:12:31 --> 00:12:32: apartment project.
00:12:33 --> 00:12:38: It's very much about it's it's a 50 acre site.
00:12:39 --> 00:12:42: It's going to deliver ultimately 742 units.
00:12:43 --> 00:12:47: About half of that is built and occupied.
00:12:48 --> 00:12:52: It's now outperforming every other suburban apartment project in the
00:12:52 --> 00:12:53: metro.
00:12:53 --> 00:12:56: And just one note here is this project, even in
00:12:56 --> 00:13:01: a a very isolated Greenfield condition is actually parking at
00:13:01 --> 00:13:03: one parking space per unit off St.
00:13:04 --> 00:13:06: and the rest of the parking is on street.
00:13:06 --> 00:13:09: And I'll I'll talk a little bit about that in
00:13:09 --> 00:13:09: a bit.
00:13:09 --> 00:13:11: But it's proving that I'm sort of you can you
00:13:12 --> 00:13:15: can deliver a functional and desirable project with lower parking
00:13:15 --> 00:13:16: requirements off St.
00:13:17 --> 00:13:19: in a in a suburban context like this.
00:13:20 --> 00:13:24: I love this image because it demonstrates the great variety
00:13:24 --> 00:13:28: and typology massing and how the buildings are really coming
00:13:28 --> 00:13:32: together to create what feels like a like a neighborhood
00:13:32 --> 00:13:36: and people are really finding this highly, highly desirable.
00:13:36 --> 00:13:40: And the number represents the number of units in each
00:13:40 --> 00:13:44: of the the typologies and you know building a a
00:13:44 --> 00:13:49: larger number of smaller buildings has inefficiencies obviously.
00:13:49 --> 00:13:54: But our client in this particular instance, Urban Waters, found

00:13:54 --> 00:13:59: ways to find efficiencies in the project like that this
00:13:59 --> 00:14:00: public St.
00:14:00 --> 00:14:03: becoming what would otherwise have been a parking lot and
00:14:04 --> 00:14:04: so.
00:14:04 --> 00:14:09: Super interesting project and application of missing Middle
and due
00:14:09 --> 00:14:13: to the large demand of this particular application, we actually
00:14:13 --> 00:14:14: recently launched.
00:14:15 --> 00:14:19: A licensing online licensing portal for the use of these
00:14:19 --> 00:14:24: typologies where they're available sort of quickly and at a
00:14:24 --> 00:14:28: low cost for quick delivery of a missing middle at
00:14:28 --> 00:14:28: scale.
00:14:28 --> 00:14:30: And so I just encourage you to take a look
00:14:30 --> 00:14:30: at that.
00:14:30 --> 00:14:33: We're really excited about instead of just doing project by
00:14:33 --> 00:14:36: project design, but actually looking to kind of take this
00:14:36 --> 00:14:38: idea of missing middle to scale.
00:14:38 --> 00:14:40: And so one of those types in that mix of
00:14:40 --> 00:14:43: the missing middle neighborhood kit is what we call the
00:14:43 --> 00:14:44: mansion apartment.
00:14:44 --> 00:14:47: And I think when I've been talking with Rick about
00:14:47 --> 00:14:49: this, I I knew Rick for, I've known Rick for
00:14:49 --> 00:14:50: about 20 years.
00:14:50 --> 00:14:53: We worked on Seaside Florida together when he was the
00:14:53 --> 00:14:55: CEO of Seaside and when he I think we've been
00:14:55 --> 00:14:58: talking about missing middle for a while and when he
00:14:58 --> 00:15:02: saw this mansion apartment design, sort of, it really struck
00:15:02 --> 00:15:02: his.
00:15:03 --> 00:15:06: His interest and sort of we sort of I wanted
00:15:06 --> 00:15:10: him to talk about from a master developer's perspective of
00:15:10 --> 00:15:14: why he's he see he's attracted to Missing Middle and
00:15:14 --> 00:15:18: like where it fits into the different types of of
00:15:18 --> 00:15:23: living options that he's delivering within Welland Park with
Madamy
00:15:23 --> 00:15:27: Homes, which is one of the the fastest, fastest selling
00:15:27 --> 00:15:30: master planned communities in the country.
00:15:30 --> 00:15:31: So I'll hand it off to Rick.
00:15:33 --> 00:15:34: Thank you very much.
00:15:34 --> 00:15:34: I appreciate it.
00:15:35 --> 00:15:37: And and you, you stole some of the Thunder.
00:15:37 --> 00:15:41: I was going to give folks history by the way.
00:15:41 --> 00:15:46: It's more like 20-7 years, 25 years than a long

00:15:46 --> 00:15:47: time.

00:15:47 --> 00:15:49: So I one of the things I wanted to reference

00:15:49 --> 00:15:49: was that.

00:15:51 --> 00:15:54: Dan and I sat on a panel probably 2 1/2

00:15:54 --> 00:15:57: years ago and I had seen the bones and the

00:15:57 --> 00:16:01: first progressions of the of the neighborhood in Nebraska and

00:16:01 --> 00:16:02: I was, I was smitten.

00:16:02 --> 00:16:03: That would be the understatement.

00:16:03 --> 00:16:04: I I was.

00:16:05 --> 00:16:08: I loved the the algebra and the calculus of solving

00:16:08 --> 00:16:11: a problem that we've all been talking about for so

00:16:12 --> 00:16:12: long.

00:16:12 --> 00:16:16: So having heard that and then having a relationship with

00:16:16 --> 00:16:20: Dan, I just kept thinking there was there's got to

00:16:20 --> 00:16:21: be a way, so.

00:16:21 --> 00:16:23: Let me give you a little background on Welland Park

00:16:23 --> 00:16:23: if I could.

00:16:23 --> 00:16:25: If you can go to the next slide that'd be

00:16:25 --> 00:16:25: great.

00:16:25 --> 00:16:28: So we are 12,000 acres.

00:16:28 --> 00:16:31: We have entitlements river 25,000 Du's.

00:16:32 --> 00:16:35: We sell give or give or take 1000 homes a

00:16:35 --> 00:16:39: year, which puts us always in the top ten in

00:16:39 --> 00:16:42: terms of top selling master plans.

00:16:42 --> 00:16:44: We peaked at 1400.

00:16:44 --> 00:16:47: We'll probably get back there in two years based on

00:16:47 --> 00:16:49: supply, a lot of residential.

00:16:49 --> 00:16:51: So this image gives you a.

00:16:51 --> 00:16:54: Sense of the master plan around us, everything you see

00:16:54 --> 00:16:57: in yellow is either under construction, actively selling.

00:16:57 --> 00:16:59: So the two neighbourhoods to the north are sold out.

00:17:00 --> 00:17:04: We just opened our new downtown with 40,000 square feet

00:17:04 --> 00:17:08: of, I'm sorry, 50,000 square feet of of retail and

00:17:08 --> 00:17:11: there's apartments that you can see are in the Navy

00:17:12 --> 00:17:14: blue around where this red arrow is.

00:17:14 --> 00:17:17: We had this site that.

00:17:18 --> 00:17:19: Is is awkward.

00:17:19 --> 00:17:21: It would not be a traditional, it wouldn't be a

00:17:21 --> 00:17:24: site that you would want a traditional multi family because

00:17:24 --> 00:17:25: it didn't have the geometry for that.

00:17:26 --> 00:17:29: And I just felt like this might be the perfect

00:17:29 --> 00:17:32: entree if you will, for missing middle because of the

00:17:32 --> 00:17:34: things that Dan's already referenced.

00:17:34 --> 00:17:37: Its proximity to the commercial core, it's fine.

00:17:37 --> 00:17:38: You can go to that slide.

00:17:38 --> 00:17:42: It's proximity to the commercial core, the walkability to downtown,

00:17:42 --> 00:17:43: it's lake frontage.

00:17:44 --> 00:17:46: You can do some on street parking as well and

00:17:46 --> 00:17:48: we had density goals for this area.

00:17:49 --> 00:17:51: To give you an indication, the star is the site

00:17:51 --> 00:17:54: that we're looking at, it's give or take 15 acres.

00:17:54 --> 00:17:57: We're getting what I think 12 1/2 units an acre

00:17:57 --> 00:17:59: on this particular site.

00:18:00 --> 00:18:02: So we worked on the site plan with Dan and

00:18:02 --> 00:18:05: his team and and as he referenced in the in

00:18:05 --> 00:18:08: the opening, you know, the Mansion House for me was

00:18:08 --> 00:18:09: the differentiator.

00:18:10 --> 00:18:12: He and I both, you know when when you have

00:18:12 --> 00:18:16: an affinity for architecture, you really know what you don't

00:18:16 --> 00:18:16: like.

00:18:16 --> 00:18:19: But then when you finally see something you do, you

00:18:19 --> 00:18:21: try to figure that out and and where is the

00:18:21 --> 00:18:22: place for it.

00:18:22 --> 00:18:25: For me, the Mansion House with the density was

00:18:25 --> 00:18:29: architecturally

00:18:29 --> 00:18:29: something I felt we could coastalize because we're in

00:18:29 --> 00:18:29: Sarasota

00:18:29 --> 00:18:29: County, Florida.

00:18:30 --> 00:18:33: And it still had traditional bones to it and candidly,

00:18:33 --> 00:18:34: it's great looking.

00:18:35 --> 00:18:37: So it was so close to the downtown that I

00:18:37 --> 00:18:39: knew it had to be great looking.

00:18:39 --> 00:18:41: But the site, as you can see, it's got wetland

00:18:41 --> 00:18:42: on one side, wetland on the other.

00:18:43 --> 00:18:44: It's kind of pinched.

00:18:44 --> 00:18:46: So we work together to create.

00:18:47 --> 00:18:50: A lamp plan that met our density goals, a product

00:18:50 --> 00:18:54: type and product differentiation that we felt would make

00:18:54 --> 00:18:55: sense

00:18:54 --> 00:18:55: for the market.

00:18:55 --> 00:18:59: So what I didn't share is we already have about,

00:18:59 --> 00:19:05: we'll call it 1700 multifamily units actively selling under

00:19:05 --> 00:19:06: construction

00:19:05 --> 00:19:06: or leasing.

00:19:06 --> 00:19:09: So we have traditional multifamily.
00:19:09 --> 00:19:12: We have a built to rent product with cottages at
00:19:12 --> 00:19:14: 1011 an acre alley loaded singles for rent.
00:19:14 --> 00:19:16: We have age restricted 200.
00:19:17 --> 00:19:19: Units of age restricted, multi family.
00:19:19 --> 00:19:22: So to me in order for everyone to play nice
00:19:22 --> 00:19:27: in the sandbox we needed stratification, stratification of
product and
00:19:27 --> 00:19:30: in one in one context in a radius we had
00:19:30 --> 00:19:35: some exclusives first rider refusals with another multi family
developer.
00:19:35 --> 00:19:37: And so we went to them and said hey this
00:19:37 --> 00:19:39: is the product, this is what we really want.
00:19:39 --> 00:19:41: What do you think and how do you think this
00:19:41 --> 00:19:43: would compete or you know?
00:19:44 --> 00:19:46: Because at the end of the day, we feel strongly
00:19:46 --> 00:19:49: that essential or attainable housing is a must.
00:19:49 --> 00:19:51: And if no one's willing to go out there and
00:19:51 --> 00:19:54: try, even if this product of 189 units, even if
00:19:54 --> 00:19:57: we did a proportionate share, that would be safe harbor,
00:19:57 --> 00:20:00: that would be rent, rent controlled, if you will, but
00:20:00 --> 00:20:01: nobody would know the difference.
00:20:02 --> 00:20:04: It gives us a lot of variables to work with
00:20:04 --> 00:20:07: and gives us some flexibility in terms of what the
00:20:07 --> 00:20:08: financial plan would be.
00:20:09 --> 00:20:12: The multi family developer was absolutely thumbs up so
much
00:20:12 --> 00:20:15: so so it's you know it's it's it's it's a
00:20:15 --> 00:20:18: rental product so much so that they're the ones that
00:20:18 --> 00:20:19: said we want to do it.
00:20:20 --> 00:20:21: So we were thinking it was going to be a
00:20:21 --> 00:20:22: competitor.
00:20:22 --> 00:20:24: They literally said it's so good we would like to
00:20:24 --> 00:20:27: actually take ownership of it and do the project ourselves
00:20:27 --> 00:20:30: even though we've never built something you know just like
00:20:30 --> 00:20:30: this.
00:20:30 --> 00:20:33: So I I will say parking was easier for us
00:20:33 --> 00:20:36: because we could do some on street.
00:20:36 --> 00:20:38: I think the amenity you know that we chose to
00:20:38 --> 00:20:40: do something embedded in the community.
00:20:40 --> 00:20:43: It's literally less than 1/4 of a mile back to
00:20:43 --> 00:20:46: our seaside days to the urban core of the playground
00:20:46 --> 00:20:49: and the the retail where you can get a drink

00:20:49 --> 00:20:52: and a cocktail and the rooftop bars and all of
00:20:52 --> 00:20:52: that.
00:20:52 --> 00:20:54: So it checks so many boxes.
00:20:55 --> 00:20:58: I would tell you the jury's out in terms of
00:20:58 --> 00:21:00: where we think the rents will be.
00:21:00 --> 00:21:03: But again, the intention is to have a product that's
00:21:03 --> 00:21:07: attainable, that fits and is curated, but it's also beautiful
00:21:07 --> 00:21:10: and fits with our architectural standards.
00:21:10 --> 00:21:13: And so we worked on this is the new elevations
00:21:13 --> 00:21:15: for our our project specifically.
00:21:16 --> 00:21:18: We basically took the bones of the of the Mansion
00:21:18 --> 00:21:22: House, did some front porches because actually the multi
family
00:21:22 --> 00:21:24: developer came to us and said we'll get better rates
00:21:24 --> 00:21:27: and given where we are in Florida and as hot
00:21:27 --> 00:21:29: as it's been, we really need to have some of
00:21:29 --> 00:21:30: those deep overhangs.
00:21:31 --> 00:21:34: So as you can see it's something we're I think
00:21:34 --> 00:21:38: collectively Dan, myself, Nicholas and Alex are really, really
very
00:21:39 --> 00:21:39: proud of.
00:21:39 --> 00:21:42: So I turned it back over to you.
00:21:42 --> 00:21:44: We just couldn't be any more excited to be a
00:21:45 --> 00:21:47: part of the missing middle solution.
00:21:53 --> 00:21:53: Thanks, Rick.
00:21:53 --> 00:21:57: And yeah, I just really like that.
00:21:57 --> 00:21:59: I mean 10 years ago if you had told me
00:21:59 --> 00:22:02: that you know there'd be large master plan developers
looking
00:22:02 --> 00:22:05: at applying missing middle at at these scales.
00:22:05 --> 00:22:07: I I would, wouldn't wouldn't have thought it was possible.
00:22:07 --> 00:22:10: But the markets have changed so much in the the
00:22:11 --> 00:22:14: demand for for for more rental choices that.
00:22:14 --> 00:22:18: It's great to see this application and I'm going to
00:22:18 --> 00:22:22: shift the conversation now the second part a little bit
00:22:22 --> 00:22:25: to more of public sector applications and part of it's
00:22:25 --> 00:22:30: what public sector, what cities are doing, what, what regional
00:22:30 --> 00:22:32: planning agencies are doing.
00:22:32 --> 00:22:35: That part of it's what the changes they're making are
00:22:35 --> 00:22:36: delivering.
00:22:36 --> 00:22:40: And because I actually noticed a lot of the registrants
00:22:40 --> 00:22:44: for this session were actually representatives of cities.
00:22:44 --> 00:22:47: And so that's that's really great to see because this

00:22:47 --> 00:22:51: is a conversation that sort of spreads across public sector
00:22:51 --> 00:22:55: and private sector professionals And it's I like that because
00:22:55 --> 00:22:59: it's our work is about half with public sector clients
00:22:59 --> 00:23:01: and half with private sector.
00:23:01 --> 00:23:05: So how do, how do innovate innovative housing solutions
that
00:23:05 --> 00:23:06: public sector?
00:23:08 --> 00:23:11: With public sector changes in zoning policy and future land
00:23:11 --> 00:23:13: use what what are they delivering?
00:23:13 --> 00:23:17: And you know, I I I've been a zoning geek
00:23:17 --> 00:23:18: for 23 years.
00:23:19 --> 00:23:21: I people love this slide.
00:23:21 --> 00:23:24: And when when I say that most city zoning codes
00:23:24 --> 00:23:28: the the foundation for them was created the same year
00:23:28 --> 00:23:32: that this camera was created right in the middle, realize
00:23:32 --> 00:23:33: like, why?
00:23:33 --> 00:23:38: Why all conventional zoning has been ineffective in delivering
housing
00:23:38 --> 00:23:38: choice.
00:23:38 --> 00:23:41: And what we really need to look to do is
00:23:41 --> 00:23:45: deliver you know a a state-of-the-art regulatory system that
can
00:23:45 --> 00:23:49: deliver these housing choices and and remove the barriers
for
00:23:49 --> 00:23:52: the types of housing that the market wants and that
00:23:52 --> 00:23:55: developers are are wanting to deliver as well.
00:23:55 --> 00:23:59: And so one thing we realized is that conventional planning
00:23:59 --> 00:23:59: tools.
00:24:00 --> 00:24:05: Weren't necessarily being effective in delivering the missing
middle in
00:24:05 --> 00:24:09: particular because it all got classified and clumped into this
00:24:09 --> 00:24:13: multi family category that could mean anything from a triplex
00:24:13 --> 00:24:15: up to a 300 unit building.
00:24:15 --> 00:24:18: And so one of the tools we've started using is
00:24:18 --> 00:24:19: what we call a missing middle scan.
00:24:19 --> 00:24:23: And we're doing this for cities across the country where
00:24:23 --> 00:24:26: it really does three things it introduces.
00:24:27 --> 00:24:31: Missing middle housing to a community with appropriate
messaging and
00:24:31 --> 00:24:32: strong graphics.
00:24:33 --> 00:24:38: Secondly, it identifies geographically where a city should
prioritize missing
00:24:38 --> 00:24:38: middle.

00:24:38 --> 00:24:42: And thirdly, it does a dive down into policy, zoning
00:24:42 --> 00:24:46: and even area plans to identify the the things that
00:24:46 --> 00:24:50: need to change to truly enable the missing middle housing.
00:24:50 --> 00:24:55: And Greenville, SC even used the missing middle priority
map
00:24:55 --> 00:24:57: in their comprehensive.
00:24:57 --> 00:24:59: Plan as A as a missing middle policy, which was
00:24:59 --> 00:25:00: great to see.
00:25:01 --> 00:25:04: We're also working on and cities are working on citywide
00:25:04 --> 00:25:05: missing middle plans.
00:25:06 --> 00:25:10: We're about 3/4 of the way through a a citywide
00:25:10 --> 00:25:12: strategy for Sacramento, CA.
00:25:12 --> 00:25:15: And one of the pieces of this that I'm really
00:25:15 --> 00:25:19: excited about it our colleagues at Cascadia are working on
00:25:19 --> 00:25:23: as a displacement risk analysis that sort of just understands
00:25:23 --> 00:25:27: what when we're, when we're turning levers on regulations
and
00:25:27 --> 00:25:32: policy, making sure that we're being thoughtful about
reducing, minimizing
00:25:32 --> 00:25:36: or eliminating A displacement especially of black and the
black
00:25:36 --> 00:25:38: and brown households.
00:25:39 --> 00:25:42: So also what we've found is that.
00:25:42 --> 00:25:46: Running the pro forma analysis for a range of missing
00:25:46 --> 00:25:51: middle build out scenarios is very, very critical in informing
00:25:51 --> 00:25:55: sort of the zoning, zoning and policy changes.
00:25:55 --> 00:25:57: So we're not just making changes and hoping that they're
00:25:57 --> 00:26:00: going to work, but rather letting the pro forma analysis
00:26:00 --> 00:26:03: sort of on a neighbourhood by neighbourhood basis inform
that
00:26:03 --> 00:26:04: decision making.
00:26:04 --> 00:26:06: Because what we've discovered is that.
00:26:07 --> 00:26:10: It's not actually that easy to find what we call
00:26:10 --> 00:26:13: the missing middle sweet spot, which is where you can
00:26:13 --> 00:26:14: deliver feasibility.
00:26:14 --> 00:26:18: You're changing your zoning to allow feasibility for a
developer,
00:26:18 --> 00:26:22: but you're also changing in a way that is incentivizing
00:26:22 --> 00:26:27: the delivery of attainably priced housing, but also delivering
livable
00:26:27 --> 00:26:27: solutions.
00:26:27 --> 00:26:31: And so just has to be a very thoughtful approach.
00:26:31 --> 00:26:32: And if it was easy, I tell people, it would
00:26:32 --> 00:26:33: have been done already.

00:26:34 --> 00:26:37: We're also seeing the need for regional solutions just to
00:26:38 --> 00:26:40: the dire because of the dire nature of the housing
00:26:40 --> 00:26:43: crisis in every corner of the country.
00:26:43 --> 00:26:47: And so we recently worked with the Washington State
Department
00:26:47 --> 00:26:51: of Commerce on some educational tools and a a zoning
00:26:51 --> 00:26:55: tool kit that could be applied to it's 82 jurisdictions
00:26:55 --> 00:26:57: in the Puget Sound region.
00:26:57 --> 00:27:00: And so that's really the scale we feel this conversation
00:27:00 --> 00:27:01: needs to happen at.
00:27:02 --> 00:27:05: And then so sort of jumping into a couple case
00:27:05 --> 00:27:08: studies before I hand it off to Jonathan, is what
00:27:08 --> 00:27:12: happens if a city allows EDUS to be sold separately.
00:27:12 --> 00:27:15: And this is a really interesting project that we worked
00:27:15 --> 00:27:17: on in Seattle with Rudd Development.
00:27:17 --> 00:27:20: It's a it's a little pocket neighbourhood or cottage court.
00:27:20 --> 00:27:25: So this is under Seattle's residential small lot zoning.
00:27:26 --> 00:27:29: And so just a couple examples is of how it's
00:27:29 --> 00:27:33: delivering really creative solutions for AD US is this is
00:27:33 --> 00:27:37: a typology that has a 2 1/2 story townhouse that's
00:27:37 --> 00:27:40: 12 foot wide on one side in the pink on
00:27:40 --> 00:27:42: the left hand side.
00:27:42 --> 00:27:45: You have a 1 1/2 story townhouse on the second
00:27:45 --> 00:27:47: and third floors with an Adu below.
00:27:47 --> 00:27:51: That could either be sold separately as its own primary
00:27:51 --> 00:27:54: unit, or it could be sold with the the unit
00:27:54 --> 00:27:54: 1 above it.
00:27:55 --> 00:28:02: And then secondarily, this design introduces a little two-story
attached
00:28:02 --> 00:28:04: Adu as a wing to this.
00:28:04 --> 00:28:08: What then becomes a triplex and and basically that Adu
00:28:09 --> 00:28:11: can be sold as its own separate unit.
00:28:11 --> 00:28:15: And because there's a maximum unit size, I think it's
00:28:15 --> 00:28:19: 850 square feet, if I remember remembering correctly, it's
delivering
00:28:19 --> 00:28:21: smaller, more attainably priced housing.
00:28:22 --> 00:28:25: To this market and that what's interesting is the the
00:28:26 --> 00:28:29: AD us do not count toward the density calculation which
00:28:29 --> 00:28:31: is a really great incentive.
00:28:31 --> 00:28:34: They do count toward the maximum FAR.
00:28:34 --> 00:28:37: But the other thing that this is a really nuanced
00:28:37 --> 00:28:40: set of standards that I really, we really enjoyed designing
00:28:40 --> 00:28:44: under because one of the things is that the maximum

00:28:44 --> 00:28:47: lot coverage is actually pretty low and what that does
00:28:47 --> 00:28:47: is it.
00:28:48 --> 00:28:51: Allows in this instance a density of about 31 units
00:28:51 --> 00:28:55: per acre, but it's sort of requiring the type
00:28:55 --> 00:28:59: of open space that we created in this courtyard oriented
00:28:59 --> 00:28:59: scheme.
00:28:59 --> 00:29:02: So it's a it's it's I just encourage you to
00:29:02 --> 00:29:04: take a look at that that Seattle approach, it's a
00:29:05 --> 00:29:07: really sort of nuanced way to regulate.
00:29:07 --> 00:29:10: And then you know, we've been talking about this a
00:29:10 --> 00:29:13: long time in our form based code conversations about what
00:29:13 --> 00:29:17: happens when a city removes density caps but still regulates
00:29:17 --> 00:29:17: form.
00:29:18 --> 00:29:21: And this is a little micro unit courtyard housing project
00:29:21 --> 00:29:25: that we're designing in Santa Maria, CA under their
00:29:25 --> 00:29:27: specific plan that did just that.
00:29:27 --> 00:29:30: It removed the density cap.
00:29:30 --> 00:29:34: There's no maximum density, but it does very thoughtfully
00:29:34 --> 00:29:38: regulate
00:29:38 --> 00:29:40: height, regulate setbacks and a percentage of open space
00:29:40 --> 00:29:41: that
00:29:41 --> 00:29:44: is required in the project.
00:29:45 --> 00:29:46: So what's interesting about this?
00:29:46 --> 00:29:50: So it's an 80 foot by 72 foot lot.
00:29:51 --> 00:29:51: It has 20 micro units.
00:29:52 --> 00:29:55: So it actually generates a density of almost 130 units
00:29:55 --> 00:29:59: per acre.
00:29:59 --> 00:30:02: And I'll tell you that when most comprehensive plans or
00:30:02 --> 00:30:03: zoning codes are allowing 130 units per acre, it's assuming
00:30:03 --> 00:30:07: that it's a a mid rise or a high rise
00:30:07 --> 00:30:10: building.
00:30:10 --> 00:30:13: And so this just demonstrates that with some thoughtfulness
00:30:13 --> 00:30:16: in
00:30:16 --> 00:30:17: in our zoning refinements that we can find ways to
00:30:18 --> 00:30:20: deliver a really broad range of high quality.
00:30:20 --> 00:30:23: Missing middle and this is a little bit more of
00:30:23 --> 00:30:26: that upper missing middle housing scale.
00:30:26 --> 00:30:29: And so with that I'm going to hand it off
00:30:29 --> 00:30:29: to Jonathan and I just want to note that Jonathan
00:30:29 --> 00:30:29: has been a missing middle geek for a while.
00:30:29 --> 00:30:29: We've been talking about missing middle probably for 10
00:30:29 --> 00:30:29: years,

00:30:29 --> 00:30:30: maybe even more.

00:30:30 --> 00:30:34: And Jonathan is great because he wears a couple of

00:30:34 --> 00:30:35: different caps.

00:30:35 --> 00:30:38: He's he's worked in the multi family industry for a

00:30:38 --> 00:30:40: long time with some larger.

00:30:40 --> 00:30:41: Multi family developer.

00:30:41 --> 00:30:44: So he understands sort of that larger system, but he

00:30:44 --> 00:30:48: also sort of functions as a planning commissioner for the

00:30:48 --> 00:30:50: city of Oakland and just a passionate urbanist.

00:30:50 --> 00:30:52: So with that, I'm going to hand it off to

00:30:52 --> 00:30:52: Jonathan.

00:30:54 --> 00:30:54: Well, thanks Dan.

00:30:54 --> 00:30:55: I appreciate that.

00:30:56 --> 00:31:00: And yeah, I I do come at this from my

00:31:00 --> 00:31:03: my career as one that has done.

00:31:04 --> 00:31:08: Multi family high density, multi family projects in the Bay

00:31:08 --> 00:31:09: Area for the last 20 years.

00:31:09 --> 00:31:12: And so through that experience and and the challenges of

00:31:13 --> 00:31:15: of actually doing that kind of work, I really tried

00:31:15 --> 00:31:19: to try to understand better the the policy environment that.

00:31:19 --> 00:31:22: I was operating in and and why it was so

00:31:22 --> 00:31:25: difficult to get housing built in the Bay Area in

00:31:25 --> 00:31:28: particular and the one of the reasons why is is

00:31:28 --> 00:31:29: this slide right here.

00:31:29 --> 00:31:32: I like to show this a lot because it basically

00:31:32 --> 00:31:35: shows how much of our residency zoned land in the

00:31:35 --> 00:31:38: Bay Area only allows for one unit, and it's fully

00:31:39 --> 00:31:41: 82% of all the residency zoned land that you can

00:31:42 --> 00:31:44: only put one unit on, or at least up until

00:31:44 --> 00:31:45: recent times.

00:31:46 --> 00:31:49: That meant that folks like myself had to find ways

00:31:49 --> 00:31:52: to put our projects in the remaining 18% of the

00:31:52 --> 00:31:56: of the developable land in the Bay Area and that

00:31:56 --> 00:32:00: obviously has has tremendous issues in our ability to

00:32:00 --> 00:32:02: respond

00:32:02 --> 00:32:05: to the housing crisis.

00:32:05 --> 00:32:08: And so zoning really kind of undergirds what our what

00:32:08 --> 00:32:11: our whole issue is from an environmental and economic and

00:32:11 --> 00:32:14: an economic standpoint in terms of this is forced forces

00:32:14 --> 00:32:15: people to drive longer distances to get to work to

00:32:15 --> 00:32:16: equity standpoint.

00:32:16 --> 00:32:20: Where folks can't access, you know, high resource areas.

00:32:21 --> 00:32:23: So if you could, if you could switch the slide,
00:32:23 --> 00:32:24: so how's that kind of built?
00:32:24 --> 00:32:26: How's that kind of played out in real life?
00:32:26 --> 00:32:28: And so I'd like to show this slide as well
00:32:28 --> 00:32:32: because this really kind of shows how the Bay Area
00:32:32 --> 00:32:34: has built out since World War 2.
00:32:34 --> 00:32:36: And what's become prominent as you see as we get
00:32:36 --> 00:32:39: into later years is that that dark blue and that
00:32:39 --> 00:32:42: dark blue really shows we're not doing any construction at
00:32:42 --> 00:32:42: all.
00:32:44 --> 00:32:47: And so we're either doing no construction or the other
00:32:47 --> 00:32:49: thing that starts to pop up are is the red
00:32:49 --> 00:32:53: where we're doing the the 50 plus unit structures that
00:32:53 --> 00:32:56: the high density kind of mid rise projects and and
00:32:56 --> 00:32:59: high rise projects that people are are familiar with.
00:32:59 --> 00:33:02: And what I'll say about this is that the Bay
00:33:02 --> 00:33:04: Area is not unique as a as it relates to
00:33:04 --> 00:33:05: its its land pattern.
00:33:05 --> 00:33:07: What what is unique about the Bay Area has been
00:33:07 --> 00:33:10: its economy for the last 20 years, which has created
00:33:10 --> 00:33:11: tremendous wealth.
00:33:12 --> 00:33:15: And the demand for high paying jobs and what we're
00:33:15 --> 00:33:18: seeing and experiencing in the Bay Area is that collision
00:33:18 --> 00:33:23: between that dynamic economy and an inelastic housing
market where
00:33:23 --> 00:33:26: we can't produce sufficient numbers of housing to to
00:33:26 --> 00:33:27: respond.
00:33:27 --> 00:33:30: And so the I, I fully support obviously as somebody
00:33:30 --> 00:33:32: who has done high density housing continues to do high
00:33:33 --> 00:33:35: density mid rise housing that that is a piece of
00:33:35 --> 00:33:36: the puzzle.
00:33:36 --> 00:33:38: The problem is it can't be the only piece.
00:33:38 --> 00:33:40: What we're doing is we're only doing one type of
00:33:40 --> 00:33:41: product type.
00:33:42 --> 00:33:44: And to to the next slide, thank you, Dan.
00:33:45 --> 00:33:48: That product type just in and of itself is inherently
00:33:48 --> 00:33:49: expensive.
00:33:49 --> 00:33:51: So as you can see there the kind of average
00:33:51 --> 00:33:54: construction cost that's not development cost, it's simply a
construction
00:33:54 --> 00:33:57: cost of that product type is about 400 KA unit
00:33:57 --> 00:33:58: and is likely more now.

00:33:59 --> 00:34:01: And that by itself, in and of itself is out
00:34:01 --> 00:34:03: of the reach of of many of many households in
00:34:03 --> 00:34:05: in the state of California.
00:34:05 --> 00:34:07: And there's reasons behind that these.
00:34:07 --> 00:34:10: These projects have elevator systems.
00:34:10 --> 00:34:13: They have large amounts of concrete for their parking.
00:34:14 --> 00:34:17: They are heavily amenities with pool decks and club rooms,
00:34:17 --> 00:34:18: so on and so forth.
00:34:18 --> 00:34:20: And so the the analogy that I like to say
00:34:20 --> 00:34:23: is like we're building Tesla Model S s and that's
00:34:23 --> 00:34:23: it.
00:34:24 --> 00:34:27: And our policy response is we are telling Tesla to
00:34:27 --> 00:34:31: either rent or lease, excuse me, rent or sell a
00:34:31 --> 00:34:34: portion of their fleet to folks that can't afford them
00:34:34 --> 00:34:37: or we're giving people money to afford.
00:34:38 --> 00:34:41: The cars that ordinarily couldn't do it, it it raises
00:34:41 --> 00:34:44: the logical question to the next slide Dan of well
00:34:44 --> 00:34:47: why don't we just simply build another product type and
00:34:47 --> 00:34:50: that's where the missing middle kind of comes in.
00:34:51 --> 00:34:55: You know we there's a lot of discussion around how
00:34:55 --> 00:34:59: do we reduce cost of housing delivery with modular off
00:34:59 --> 00:35:03: site construction, 3D printing and you name it.
00:35:04 --> 00:35:06: But I think it really doesn't take away from the
00:35:06 --> 00:35:09: inherent expense of those high density projects.
00:35:09 --> 00:35:12: What we really need to start focusing on from a
00:35:12 --> 00:35:17: policy standpoint is allowing for a different product type to
00:35:17 --> 00:35:18: to flourish.
00:35:19 --> 00:35:21: So if you move on to the next slide, Dan,
00:35:21 --> 00:35:24: you know fortunately we don't have to recreate the wheel
00:35:24 --> 00:35:24: here.
00:35:24 --> 00:35:26: I think you know in many of the cities in
00:35:27 --> 00:35:31: the Bay Area, Oakland, San Francisco, Berkeley, there are
examples
00:35:31 --> 00:35:34: of these product types that were built pre World War
00:35:34 --> 00:35:36: 2 that have, that have since been.
00:35:36 --> 00:35:39: The commonality here is that they've all been kind of
00:35:39 --> 00:35:41: zoned out of existence.
00:35:41 --> 00:35:44: You can't build these units any longer due to the
00:35:44 --> 00:35:46: zoning constraints primarily.
00:35:47 --> 00:35:48: And so how do we kind of unlock that?
00:35:48 --> 00:35:50: I mean that's what we really need to focus on.
00:35:50 --> 00:35:53: And in addition to these, we need to focus on

00:35:53 --> 00:35:55: kind of the next level up.

00:35:55 --> 00:35:56: So if you go to the next slide, Dan.

00:35:59 --> 00:36:01: You know this is an example of a of a

00:36:01 --> 00:36:04: of a 10 unit project and this is important as

00:36:04 --> 00:36:08: well because the removal of the of zoning is necessary

00:36:08 --> 00:36:10: but it's not sufficient.

00:36:10 --> 00:36:12: And so I think the next barrier where we will

00:36:12 --> 00:36:15: we will face certainly in places like the Bay Area

00:36:15 --> 00:36:19: where we don't have large Greenfield opportunities, we're going to

00:36:19 --> 00:36:23: have to kind of redevelop existing in in existing neighborhoods

00:36:23 --> 00:36:25: is how do we make this delivery economical.

00:36:25 --> 00:36:28: And so when you allow for the capacity for more

00:36:28 --> 00:36:29: units and and.

00:36:29 --> 00:36:33: Projects like these, I think those that that will allow

00:36:33 --> 00:36:37: these projects to be to be more feasible, but I

00:36:38 --> 00:36:38: think.

00:36:39 --> 00:36:42: We we don't even have to re invent the wheel

00:36:42 --> 00:36:44: in that regard either because I think we can kind

00:36:44 --> 00:36:47: of look at the playbook that has happened with AD

00:36:47 --> 00:36:50: US in California and and AD US over the last

00:36:50 --> 00:36:53: few years have really, really caught on as a as

00:36:53 --> 00:36:54: a product type.

00:36:54 --> 00:36:58: But that has been through years of policy changes that

00:36:58 --> 00:37:02: have allowed that it that that kind of prototype to

00:37:02 --> 00:37:06: to to flourish and there's fully now 83,000 I believe

00:37:06 --> 00:37:08: permits for AD US last year.

00:37:08 --> 00:37:09: It's it's.

00:37:09 --> 00:37:12: It's almost like a third of all the building permits

00:37:12 --> 00:37:16: that were issued in LA but what happened is they

00:37:16 --> 00:37:19: they the the the state laws that were passed allowed

00:37:19 --> 00:37:22: for a broad scale change of the zoning which allow

00:37:22 --> 00:37:26: these things to to flourish which allow for a new

00:37:26 --> 00:37:27: ecosystem to flourish.

00:37:27 --> 00:37:30: So, so that's kind of what we need to do

00:37:30 --> 00:37:35: with with with with small scale development there there have

00:37:35 --> 00:37:36: been.

00:37:37 --> 00:37:40: There there have been forays into this SB-9 was passed

00:37:41 --> 00:37:44: a couple years ago which you know which allowed for

00:37:44 --> 00:37:47: four units on a single family lot but there are

00:37:47 --> 00:37:51: a number of requirements and and and within that law

00:37:51 --> 00:37:55: that really prevented it from catching on along with SB-9

00:37:55 --> 00:37:58: kind of in the background SB10 caught on or or

00:37:58 --> 00:38:02: was passed that allowed for 10 unit buildings and under

00:38:02 --> 00:38:05: to be streamlined but but but a city has to

00:38:05 --> 00:38:06: opt into that rather than.

00:38:07 --> 00:38:10: Being mandated and I think that's a key issue and

00:38:10 --> 00:38:13: and Speaking of opting in, what what I'd like to

00:38:13 --> 00:38:17: highlight is, is the city of Oakland and and it

00:38:17 --> 00:38:20: as it relates to their general plan update, they did

00:38:20 --> 00:38:26: a whole suite of zoning modifications, planning modifications specifically targeted

00:38:26 --> 00:38:29: to encouraging missing middle housing.

00:38:29 --> 00:38:31: I really thought it was very smart, the kind of

00:38:31 --> 00:38:33: a suite of things that they were doing.

00:38:33 --> 00:38:35: A couple of examples.

00:38:35 --> 00:38:39: They established a new residential designation that allows 4 dwelling

00:38:39 --> 00:38:42: units on lots that are 4000 units and up.

00:38:43 --> 00:38:45: They adjusted maximum height limits.

00:38:45 --> 00:38:48: They reduced minimum lot coverages and lot sizes.

00:38:49 --> 00:38:53: And they reduce setbacks to allow products like these to

00:38:53 --> 00:38:54: to to to to to pencil out.

00:38:55 --> 00:38:58: They created to to one of Dan's points, they created

00:38:58 --> 00:39:01: the actual residential facility type called a 2 to 4

00:39:01 --> 00:39:02: unit residential facility.

00:39:02 --> 00:39:06: So previously they only had anything above 2 units was

00:39:06 --> 00:39:07: multi family.

00:39:07 --> 00:39:10: So they created an actual product type in the code

00:39:10 --> 00:39:13: that recognized 2 to 4 unit billing, which is important

00:39:13 --> 00:39:15: from a streamlining standpoint.

00:39:15 --> 00:39:18: They eliminated conditionally permitted densities and major.

00:39:19 --> 00:39:23: Conditional use permit requirements, again trying to streamline these things

00:39:23 --> 00:39:26: and then they also reduced open space regulations and they

00:39:26 --> 00:39:29: eliminated parking requirements as well, which is.

00:39:30 --> 00:39:30: Which is important.

00:39:30 --> 00:39:33: I think some of the things that they that we

00:39:33 --> 00:39:35: that they still have to think through which have significant

00:39:36 --> 00:39:39: impacts on smaller projects are things like inclusionary zoning.

00:39:39 --> 00:39:42: I think that's one thing that they're still working through

00:39:42 --> 00:39:45: where you know on a fourplex if you require one

00:39:45 --> 00:39:49: unit to be affordable then that's a 25% affordability

requirement

00:39:49 --> 00:39:52: which is challenging even for a 300 unit project to

00:39:52 --> 00:39:53: to accommodate.

00:39:53 --> 00:39:55: So you know, I think.

00:39:55 --> 00:39:57: The zoning as I mentioned is is the first thing

00:39:57 --> 00:40:01: to happen it's it's necessary but there still are barriers

00:40:01 --> 00:40:03: that are going to be needed to be worked through

00:40:03 --> 00:40:04: once that happens.

00:40:04 --> 00:40:08: But certainly the broad scale changing of the ground rules

00:40:08 --> 00:40:11: is is really the first thing and and I I

00:40:11 --> 00:40:14: give kudos to Oakland but again they are one city

00:40:14 --> 00:40:18: within a much, much broader region that that can only

00:40:18 --> 00:40:19: have so much impact.

00:40:19 --> 00:40:22: So that's the reason for the state to really come

00:40:22 --> 00:40:25: in and and and establish kind of a a floor

00:40:25 --> 00:40:25: for.

00:40:25 --> 00:40:27: That will allow for these kind of product types.

00:40:27 --> 00:40:29: So with that, I'll turn it back to you, Dan,

00:40:29 --> 00:40:30: and we can go on for our closing discussions.

00:40:35 --> 00:40:36: Thanks, Jonathan.

00:40:36 --> 00:40:38: I just have a few closing slides here and there's

00:40:38 --> 00:40:40: a lot of really good questions coming in.

00:40:41 --> 00:40:44: As Rick and Jonathan and I were talking about this,

00:40:44 --> 00:40:46: I think we identified right.

00:40:46 --> 00:40:48: Zoning is still a big barrier in a lot of

00:40:49 --> 00:40:50: communities I would say.

00:40:51 --> 00:40:54: At least 80% of cities across the country don't effectively

00:40:54 --> 00:40:57: regulate for the delivery of missing middle and we even

00:40:58 --> 00:41:01: have done zoning code updates for large cities that didn't

00:41:01 --> 00:41:04: have a single zoning district that really truly enabled missing

00:41:04 --> 00:41:05: middle.

00:41:05 --> 00:41:08: So some, but some of the other barriers once we

00:41:08 --> 00:41:11: get beyond the zoning is in places like where like

00:41:11 --> 00:41:15: Oregon where in in California where the states are allowing

00:41:15 --> 00:41:16: a multiple.

00:41:17 --> 00:41:19: Units on single family lots.

00:41:19 --> 00:41:23: One of the biggest barriers that we're seeing is building

00:41:23 --> 00:41:26: codes because once you jump from 2 to 3 units

00:41:26 --> 00:41:30: in a building, you go from the residential building code

00:41:30 --> 00:41:34: to the commercial building code, which has huge cost

00:41:34 --> 00:41:35: implications

00:41:34 --> 00:41:35: to the construction.

00:41:36 --> 00:41:40: There's also then I mentioned earlier, construction defect liability, which

00:41:40 --> 00:41:42: makes it and it's worse in some states.

00:41:42 --> 00:41:45: I know California's really onerous.

00:41:45 --> 00:41:46: I think Colorado.

00:41:47 --> 00:41:50: And Washington has been working on theirs, but it just

00:41:50 --> 00:41:53: makes it really hard to justify taking on the risk

00:41:53 --> 00:41:56: to do small scale condo projects and we just need

00:41:56 --> 00:41:58: to find a way to to fix that.

00:41:58 --> 00:42:01: And then in terms of what we all are seeing

00:42:01 --> 00:42:05: with efforts from cities is right, there are cities that

00:42:05 --> 00:42:08: are going through this very well intended efforts, but you

00:42:08 --> 00:42:12: know in some instances they they they don't sort of

00:42:12 --> 00:42:16: fix everything that really needs to be fixed like impact

00:42:16 --> 00:42:16: fees.

00:42:16 --> 00:42:19: Might have or they might have a wrong metric or

00:42:19 --> 00:42:22: even just higher parking requirements and what a project can

00:42:22 --> 00:42:24: truly fully accommodate.

00:42:24 --> 00:42:27: So there's just, there's often just something left even after

00:42:27 --> 00:42:31: well intended efforts to change zoning and policy that that

00:42:31 --> 00:42:32: is a barrier.

00:42:32 --> 00:42:35: And then in other places, there are cities that really

00:42:35 --> 00:42:38: just don't know what they want and they haven't gone

00:42:38 --> 00:42:43: through the process of, you know, changing their

00:42:43 --> 00:42:43: comprehensive plan

00:42:43 --> 00:42:43: or zoning.

00:42:44 --> 00:42:46: And they kind of are throwing their arms up and

00:42:46 --> 00:42:49: and sort of Rick even mentioned that you know they're

00:42:49 --> 00:42:52: saying well why don't you bring something to the table.

00:42:52 --> 00:42:55: And it's like a really kind of it's it's it's

00:42:55 --> 00:42:59: hard because it's it's just unpredictable about where those

00:42:59 --> 00:43:02: sorts

00:42:59 --> 00:43:02: of conversations are going to go and what the city's

00:43:02 --> 00:43:06: ultimately going to be sort of willing to accommodate.

00:43:06 --> 00:43:09: Just want to mention that there are some really great

00:43:09 --> 00:43:12: examples of higher end missing middle application, in

00:43:13 --> 00:43:13: particular to

00:43:13 --> 00:43:13: single.

00:43:14 --> 00:43:18: Person, households and baby boomers downsizing.

00:43:18 --> 00:43:20: And this is just a cottage court project that we

00:43:20 --> 00:43:21: designed in Healdsburg, CA.

00:43:21 --> 00:43:23: That's just one example.

00:43:23 --> 00:43:26: This was developed by Jim Hyde, who many of you

00:43:26 --> 00:43:29: might know because he's the author of the Building small
00:43:29 --> 00:43:31: book that Uli published.
00:43:31 --> 00:43:33: It's another really great resource I'd encourage you to take
00:43:33 --> 00:43:34: a look at.
00:43:35 --> 00:43:38: And there's also this response to the demand for car
00:43:39 --> 00:43:40: free living and.
00:43:41 --> 00:43:44: Especially with the younger population, this is just, this is
00:43:44 --> 00:43:47: the case study of a project we did the master
00:43:47 --> 00:43:49: plan and early architecture for.
00:43:49 --> 00:43:50: It's called cul-de-sac Tempe.
00:43:51 --> 00:43:56: It's going to have about 600 units over 15 acres
00:43:56 --> 00:44:00: upon completion and it has it's been all over the
00:44:00 --> 00:44:01: media.
00:44:01 --> 00:44:04: You've probably seen it, but it has about 11,000 people
00:44:04 --> 00:44:05: on an interested list.
00:44:06 --> 00:44:08: And so the demand is is really, really high for
00:44:08 --> 00:44:11: for something like this, especially at this missing middle
scale.
00:44:12 --> 00:44:17: Because of our rapidly aging population, AARP has become
one
00:44:18 --> 00:44:21: of the biggest advocates for missing middle.
00:44:21 --> 00:44:25: This is a a really excellent document that AARP recently
00:44:25 --> 00:44:28: made available for free download that we work with him
00:44:29 --> 00:44:29: on.
00:44:29 --> 00:44:31: Just encourage you to take a look at that as
00:44:31 --> 00:44:33: a really great resource for educating.
00:44:34 --> 00:44:39: Decision makers, planners, community members about the
the benefits of
00:44:39 --> 00:44:40: missing middle housing.
00:44:40 --> 00:44:43: So with that, I just want to, I want to
00:44:43 --> 00:44:45: thank our panelists for joining today.
00:44:45 --> 00:44:48: Taking the time I know you're super busy.
00:44:48 --> 00:44:50: Appreciate your insight.
00:44:50 --> 00:44:53: I do want to just to give a little plug
00:44:53 --> 00:44:53: for my book.
00:44:53 --> 00:44:56: If you haven't seen it, it's called missing Middle housing,
00:44:56 --> 00:45:00: Thinking big and building small to respond to today's housing
00:45:00 --> 00:45:00: crisis.
00:45:01 --> 00:45:03: Encourage you to look at your local bookstore to see
00:45:03 --> 00:45:04: if they might have it.
00:45:04 --> 00:45:06: If not, it is available on Amazon.
00:45:06 --> 00:45:11: So with that, I'm going to ask a few questions
00:45:11 --> 00:45:16: to Jonathan and Rick and then we're going to open

00:45:16 --> 00:45:18: it up to the larger.

00:45:19 --> 00:45:21: I know there have been a ton of questions coming

00:45:21 --> 00:45:22: in through the chat.

00:45:22 --> 00:45:24: I've sort of had a a few minutes to look

00:45:24 --> 00:45:27: at them while Rick and Jonathan, but I think.

00:45:29 --> 00:45:32: I think I'm going to start with Rick and just

00:45:32 --> 00:45:35: I want I'd like you to you talked about it,

00:45:35 --> 00:45:37: but I'd like you to dive a little bit more

00:45:37 --> 00:45:41: deeply into like finding that right partner to deliver as

00:45:41 --> 00:45:42: a master developer.

00:45:42 --> 00:45:45: Because we see this a lot, where the master developer

00:45:45 --> 00:45:48: identifies this as a real need in the market and

00:45:48 --> 00:45:52: they're interested in fitting this into their community, the larger

00:45:52 --> 00:45:53: community.

00:45:53 --> 00:45:53: But.

00:45:54 --> 00:45:55: There's nobody right.

00:45:55 --> 00:45:56: Nobody's done it.

00:45:56 --> 00:45:59: Nobody's built it and and most of the multi family

00:45:59 --> 00:46:03: developers are doing more conventional product types and so can

00:46:03 --> 00:46:06: you tell a little bit more about you know.

00:46:06 --> 00:46:11: Identifying the right partner and and how how you went

00:46:11 --> 00:46:14: about doing this and what you got.

00:46:14 --> 00:46:17: I I think first some, you know, the Mouse trap

00:46:17 --> 00:46:18: is really important.

00:46:18 --> 00:46:20: You have to have somebody who's already bought in to

00:46:20 --> 00:46:21: the market.

00:46:21 --> 00:46:24: They understand market demand economics.

00:46:25 --> 00:46:27: I wouldn't be bringing somebody fresh.

00:46:27 --> 00:46:30: That had didn't have an understanding of of our master

00:46:30 --> 00:46:34: plan and certainly who the consumer is who's renting, who's

00:46:34 --> 00:46:37: renting to own you know at a later time they're

00:46:37 --> 00:46:39: going to do a step up or or choosing to

00:46:39 --> 00:46:42: rent and and stepping down purposefully.

00:46:42 --> 00:46:43: So they understood the market.

00:46:43 --> 00:46:46: That was essential to me because I didn't really want

00:46:46 --> 00:46:48: to have to re educate someone on where we were,

00:46:48 --> 00:46:51: why we were successful and how they could be successful.

00:46:52 --> 00:46:55: I think for me it's always someone who.

00:46:55 --> 00:46:59: Wants to have an open mind for us.

00:46:59 --> 00:47:02: It was also multi family who has dabbled and were

00:47:02 --> 00:47:06: proportionate share of their businesses already on essential housing and

00:47:06 --> 00:47:07: attainable housing.

00:47:07 --> 00:47:11: They already they already have gone through those and and

00:47:11 --> 00:47:16: gone through those hoops if you will overcome those obstacles.

00:47:16 --> 00:47:18: They see that as part of their business strategy.

00:47:18 --> 00:47:21: So they have market and then and then more attainable

00:47:22 --> 00:47:23: and affordable for us.

00:47:23 --> 00:47:25: There was very, very few folks that.

00:47:26 --> 00:47:28: Hit those criterias and so when we went I was

00:47:28 --> 00:47:31: I was I would tell you I was really excited

00:47:31 --> 00:47:33: about their appetite right out of the gate.

00:47:34 --> 00:47:37: It was not a tough sell at all If anything

00:47:37 --> 00:47:40: they they viewed it and this was the CEO of

00:47:40 --> 00:47:42: of of Davis he he said I view this as

00:47:43 --> 00:47:45: another arrow in our quiver right.

00:47:45 --> 00:47:48: It just gives us another product that we can leverage

00:47:48 --> 00:47:50: and and layer in the market and see what the

00:47:50 --> 00:47:51: demand might be so.

00:47:52 --> 00:47:52: That's great.

00:47:53 --> 00:47:53: Thanks Rick.

00:47:53 --> 00:47:55: And then then, Jonathan?

00:47:56 --> 00:48:00: Obviously the like jumping to this infill discussion, I know

00:48:00 --> 00:48:02: people in the chat are like is this all a

00:48:02 --> 00:48:03: Greenfield discussion.

00:48:04 --> 00:48:05: I think it's it's both.

00:48:05 --> 00:48:08: I think really there's such a need for missing middle

00:48:08 --> 00:48:11: both in an infill condition and in a larger sort

00:48:11 --> 00:48:14: of neighbourhood scale or Greenfield condition.

00:48:14 --> 00:48:16: That's that's that's why I was excited to bring Jonathan

00:48:16 --> 00:48:19: and Rick to sort of bring that broad perspective.

00:48:19 --> 00:48:23: But in as you sort of have digested the.

00:48:24 --> 00:48:28: All of California's housing legislation over the last several

00:48:28 --> 00:48:31: years,

00:48:28 --> 00:48:31: right it's it's like a drinking through a fire hose

00:48:32 --> 00:48:35: and and it it's continuing right which is great they're

00:48:35 --> 00:48:38: they're trying to figure it out and I think the

00:48:38 --> 00:48:42: Adu legislation after like the 5th or 6th refinement finally

00:48:42 --> 00:48:45: they removed parking and it was able to deliver results

00:48:45 --> 00:48:48: but like you're you're sort of looking at why do

00:48:48 --> 00:48:51: you think more of this sort of missing middle and

00:48:51 --> 00:48:52: upper missing middle.

00:48:53 --> 00:48:57: Isn't happening and like do you feel that the it's
00:48:57 --> 00:49:02: going to take more state legislation or more nuanced
refinements
00:49:02 --> 00:49:07: from the local jurisdictions to really truly enable that that
00:49:07 --> 00:49:09: 10 Plex or 12 Plex on a you know on
00:49:09 --> 00:49:11: 100 by 100 foot lot.
00:49:13 --> 00:49:15: Yeah, I I I do, I mean I think really
00:49:15 --> 00:49:17: from a state level up to this point, you know
00:49:17 --> 00:49:20: we've been focused on from a from a housing legislation
00:49:20 --> 00:49:24: standpoint, it's really been focused on housing or transit.
00:49:24 --> 00:49:27: You know I didn't see it maximizing housing And so
00:49:27 --> 00:49:29: the, you know I think people have now started to
00:49:30 --> 00:49:32: see the opportunity that missing middle housing presents.
00:49:33 --> 00:49:36: I think a lot of smaller cities certainly are going
00:49:36 --> 00:49:39: to take a closer look at this now because they
00:49:39 --> 00:49:42: have requirements from the state in terms of housing units
00:49:42 --> 00:49:44: they have to provide or have to zone for and
00:49:44 --> 00:49:47: this is a more appropriate way of doing it.
00:49:47 --> 00:49:50: But as I mentioned, you know even in Oakland, you
00:49:50 --> 00:49:53: know I was, I was actually talking to the zoning
00:49:53 --> 00:49:57: administrator about what our zoning code looked like in 1935
00:49:57 --> 00:49:58: versus now.
00:49:58 --> 00:50:00: And it's just simply much more complex.
00:50:00 --> 00:50:03: And so to kind of peel back that complexity that
00:50:03 --> 00:50:06: is kind of baked into our, you know our our
00:50:06 --> 00:50:09: zoning code just region wide I think is going to
00:50:09 --> 00:50:13: take some time and some thought because you know when
00:50:13 --> 00:50:17: you start redeveloping in these in existing neighborhoods it's
going
00:50:17 --> 00:50:18: to be fraught.
00:50:18 --> 00:50:20: I mean I think that's that's really the issue.
00:50:20 --> 00:50:23: But you know we haven't gotten there from a state
00:50:23 --> 00:50:26: level from from a missing middle standpoint, we got there
00:50:26 --> 00:50:29: from AD us from an Adu standpoint.
00:50:29 --> 00:50:31: But there's still is a lot of wood to chop
00:50:31 --> 00:50:33: from from the state level and I and I do
00:50:33 --> 00:50:35: that's all question in the in the chat you know
00:50:35 --> 00:50:38: do do you think that state preemption is is going
00:50:38 --> 00:50:38: to be necessary?
00:50:39 --> 00:50:40: I, I, I unfortunately I do.
00:50:40 --> 00:50:42: I just don't think that we can we you know
00:50:42 --> 00:50:45: cities volunteering to do this is going to is going

00:50:45 --> 00:50:47: to move the needle enough.

00:50:47 --> 00:50:49: I think it does have to be at a minimum

00:50:49 --> 00:50:51: a regional response.

00:50:52 --> 00:50:55: But I think cities can think through that and then

00:50:55 --> 00:50:57: what that means to them on a city by city

00:50:57 --> 00:50:57: basis.

00:50:57 --> 00:51:00: But I think there's going to have to be something

00:51:00 --> 00:51:03: that sets that kind of floor in terms of what

00:51:03 --> 00:51:06: a a base density needs to be, you know, in

00:51:06 --> 00:51:09: order to really make it such that this, this, this

00:51:09 --> 00:51:12: kind of economy can, this kind of economy can flourish.

00:51:12 --> 00:51:14: It's just it really is going to require a little

00:51:14 --> 00:51:16: more than we are right now.

00:51:16 --> 00:51:16: Yeah.

00:51:18 --> 00:51:22: And you know, there's a, there's a lot of questions

00:51:22 --> 00:51:26: and comments about just ask asking like what are the

00:51:26 --> 00:51:28: factors to get to attainability?

00:51:29 --> 00:51:33: And what I would say first of all is.

00:51:34 --> 00:51:36: The attainable price point whether it's for rent or for

00:51:36 --> 00:51:38: sale varies market to market, right.

00:51:39 --> 00:51:43: And some some markets we target 60% of median income

00:51:43 --> 00:51:45: as the middle.

00:51:45 --> 00:51:47: In a lot of markets it's 80 percent, 100% like

00:51:48 --> 00:51:51: in higher value markets, right, it's 100% median income and

00:51:51 --> 00:51:51: above.

00:51:51 --> 00:51:52: So it it varies.

00:51:53 --> 00:51:58: It varies by market for sure, but also the solutions.

00:51:59 --> 00:52:03: And and what's feasible and what's necessary to get the

00:52:03 --> 00:52:04: feasibility varies.

00:52:04 --> 00:52:08: You know whether you're in Rick's context where it's you're

00:52:08 --> 00:52:10: you're building at scale.

00:52:10 --> 00:52:13: But it's a you're right you your your land costs

00:52:13 --> 00:52:17: are lower because you've right you've you you bought the

00:52:17 --> 00:52:18: land at large scale.

00:52:18 --> 00:52:21: Whereas in an infill condition and in like a hotter

00:52:21 --> 00:52:24: market like the Bay Area, the land cost and of

00:52:24 --> 00:52:26: itself sometimes becomes a real barrier.

00:52:27 --> 00:52:31: Can can you both talk about specific strategies whether it's

00:52:31 --> 00:52:35: unit size, sort of reductions in parking, what what other

00:52:35 --> 00:52:39: about some some just strategies for getting to attainability in

00:52:39 --> 00:52:43: your different contexts that you're working in well?

00:52:45 --> 00:52:46: I'll jump in.

00:52:46 --> 00:52:48: You know, one of the one of the questions in
00:52:48 --> 00:52:49: the chat had to do with.
00:52:49 --> 00:52:53: Is single family more profitable and and ironically this you
00:52:53 --> 00:52:56: know this was unique but you get you got to
00:52:56 --> 00:52:59: realize scale in context of 12,000 acres, right.
00:52:59 --> 00:53:02: So you have to have stratification of product.
00:53:03 --> 00:53:06: But I would say this met all the IRR hurdles
00:53:06 --> 00:53:08: even at market rate for the land and what they
00:53:09 --> 00:53:11: you know what the units would likely be.
00:53:12 --> 00:53:15: So I felt like you know yes single family can
00:53:15 --> 00:53:19: be but we wouldn't be doing multi family you know
00:53:19 --> 00:53:22: for free so or the OR the OR the missing
00:53:22 --> 00:53:23: middle for free.
00:53:25 --> 00:53:28: Dan re remind me what you what you ask, 'cause
00:53:28 --> 00:53:29: I I I apologize.
00:53:29 --> 00:53:32: Just like what sort of strategies to get to attainability?
00:53:32 --> 00:53:33: Like would you?
00:53:34 --> 00:53:38: Well, again, parking is 1, which we talked about what's
00:53:38 --> 00:53:39: on street.
00:53:39 --> 00:53:42: It could also be if you depending on you're at
00:53:42 --> 00:53:45: 60 or 80 AMI, you know what are those incentives,
00:53:45 --> 00:53:47: what are those reduced impact fees?
00:53:48 --> 00:53:51: Those are things you can go to the municipality with
00:53:51 --> 00:53:54: because you're creating a solution that they don't have, that
00:53:54 --> 00:53:55: they don't have and there isn't one.
00:53:56 --> 00:53:58: And for us, we were recently hit by a storm
00:53:58 --> 00:54:00: and we had a lot of the inventory that was
00:54:00 --> 00:54:03: in our particular region wiped out with whatever.
00:54:03 --> 00:54:06: I would say affordable or attainable housing wiped out with
00:54:06 --> 00:54:08: the with the storm and so you're you're one of
00:54:09 --> 00:54:11: the few that are willing, we were one of the
00:54:11 --> 00:54:13: few willing to put a product out there.
00:54:13 --> 00:54:17: So when we're asking for reduced impact fees or incentives,
00:54:17 --> 00:54:20: you know we're we're much more fortunate just based on
00:54:20 --> 00:54:23: some of the the opportunities that are presented to us
00:54:23 --> 00:54:23: what?
00:54:24 --> 00:54:27: About you Jonathan, what are you, what would you say
00:54:27 --> 00:54:29: some strategies for infill finding attainability?
00:54:30 --> 00:54:32: Yeah, I mean I think you know one I I
00:54:32 --> 00:54:35: saw the question as well about single stair reform and
00:54:35 --> 00:54:38: that's certainly you know strategies along that that you know
00:54:38 --> 00:54:40: would would help dramatically.

00:54:40 --> 00:54:42: I think, you know, it's funny I've spent a lot
00:54:42 --> 00:54:45: of time focused on planning and zoning reform.
00:54:45 --> 00:54:47: But building code reform to your point Dan is is
00:54:47 --> 00:54:50: really the next step and really it's it is very,
00:54:50 --> 00:54:54: very sneaky about how much building codes actually do add
00:54:54 --> 00:54:55: to the cost of housing.
00:54:56 --> 00:54:59: I'll also say that you know stuff like you know
00:54:59 --> 00:55:02: we have welfare tax exemption up to 80%, you know
00:55:02 --> 00:55:04: that went up to you know 100 hundred and 100
00:55:04 --> 00:55:06: percent, 120% in California.
00:55:06 --> 00:55:09: That would certainly move the needle in terms of making
00:55:09 --> 00:55:13: projects pencil out better but obviously that has tax
implications
00:55:13 --> 00:55:15: and revenue implications for the state.
00:55:15 --> 00:55:17: What I'll also say is that one of the reasons
00:55:17 --> 00:55:19: why I am a fan of of missing middle housing
00:55:19 --> 00:55:21: is from a displacement standpoint.
00:55:21 --> 00:55:24: I think when we talk about attainability we need to
00:55:24 --> 00:55:26: really focus on well what is the cost of you
00:55:26 --> 00:55:29: know attaining or a house in a in an existing
00:55:29 --> 00:55:29: neighborhood.
00:55:29 --> 00:55:32: And often times to your point, Dan, single family homes
00:55:32 --> 00:55:33: are just simply out of reach.
00:55:34 --> 00:55:37: And so people go migrate to other neighborhoods to find
00:55:37 --> 00:55:40: housing that's affordable to them and that pushes other folks
00:55:41 --> 00:55:42: out and displaces folks.
00:55:42 --> 00:55:45: But if you were to allow for a more affordable
00:55:45 --> 00:55:48: product type, it doesn't have to be necessarily affordable,
quote
00:55:48 --> 00:55:51: UN quote, like capital a affordable that would help in
00:55:51 --> 00:55:55: my opinion with some of the displacement pressures that we
00:55:55 --> 00:55:57: find certainly here in the Bay Area.
00:55:57 --> 00:55:59: So it's just important to keep that in mind, the
00:55:59 --> 00:56:01: relative cost of these homes and relative sale prices of
00:56:01 --> 00:56:02: these of these products.
00:56:03 --> 00:56:05: Absolutely.
00:56:05 --> 00:56:07: And like in an infill context, right.
00:56:07 --> 00:56:11: It's like I hate the concept of density and actually
00:56:11 --> 00:56:14: think we need to get rid of it because it
00:56:14 --> 00:56:16: doesn't mean anything.
00:56:16 --> 00:56:18: And what it does is when you have a system
00:56:18 --> 00:56:21: that allows a certain number of units per acre, it
00:56:21 --> 00:56:24: disincentivize the is the delivery of the smaller more

attainable
00:56:24 --> 00:56:25: unit.
00:56:25 --> 00:56:26: So just something to think about.
00:56:26 --> 00:56:29: So like in Santa Maria where the city's like.
00:56:30 --> 00:56:33: You can do whatever size you want, whatever number, but
00:56:33 --> 00:56:36: we're going to, we're going to define the the the
00:56:36 --> 00:56:39: container like that encourages the developer to say I know
00:56:40 --> 00:56:43: there's a market for you know lower price smaller well
00:56:43 --> 00:56:46: designed units and so they don't have that disincentive to
00:56:46 --> 00:56:47: deliver small.
00:56:48 --> 00:56:51: And so, like I I I think that's super interesting
00:56:51 --> 00:56:54: because if you're working on a small infill site in
00:56:54 --> 00:56:56: Oakland, like land value is high.
00:56:57 --> 00:56:59: It does have access to transit.
00:56:59 --> 00:57:00: Right.
00:57:00 --> 00:57:01: And it's bikeable.
00:57:01 --> 00:57:04: It's probably walkable to services amenities.
00:57:04 --> 00:57:07: So parking really needs to be removed from the equation
00:57:07 --> 00:57:11: completely and smaller units make sense and that's not the
00:57:11 --> 00:57:12: case everywhere obviously.
00:57:12 --> 00:57:15: But and what one thing I'll just add, you know
00:57:15 --> 00:57:19: talking about the 1935 code, they had five zoning
designations
00:57:19 --> 00:57:22: and they had a single family designation, A2 to 4
00:57:22 --> 00:57:25: unit designation and then a multi family designation that kind
00:57:25 --> 00:57:28: of varied but to your point they did not have
00:57:28 --> 00:57:29: any density calculations.
00:57:29 --> 00:57:31: It was defined by the box.
00:57:31 --> 00:57:33: And so again we we, we we don't have to
00:57:33 --> 00:57:35: you know recreate the wheel here.
00:57:35 --> 00:57:37: There is precedence for this.
00:57:38 --> 00:57:39: It's just we got to go dig it up.
00:57:39 --> 00:57:40: So it's just interesting to think about that.
00:57:41 --> 00:57:41: Yeah.
00:57:43 --> 00:57:44: I wanted to say 11.
00:57:44 --> 00:57:48: Quick thing Dan, I was just answering something that was
00:57:48 --> 00:57:52: in the chat relative to the perception or perspective of
00:57:52 --> 00:57:56: of the social infrastructure of somebody moving into these
units
00:57:56 --> 00:58:00: and the differentiation and I see them as elegant solutions.
00:58:00 --> 00:58:03: I don't see their you know we've we've been around
00:58:03 --> 00:58:05: right some affordable.
00:58:05 --> 00:58:09: And attainable housing is really not good looking and it

00:58:09 --> 00:58:12: almost the differentiation is easy because the aesthetic of the
00:58:12 --> 00:58:16: elevation you know dictates that these are these are really
00:58:16 --> 00:58:17: phenomenal designs.
00:58:17 --> 00:58:20: And so I don't see there being a social implication
00:58:20 --> 00:58:23: of somebody choosing to rent in there versus a traditional
00:58:23 --> 00:58:24: multi family.
00:58:24 --> 00:58:26: And then the other comment had to do with sustainability.
00:58:27 --> 00:58:29: I, you know, I used to be the President of
00:58:29 --> 00:58:31: Babcock and we did a lot of research on.
00:58:31 --> 00:58:35: Precision built homes and that would be called modular, but
00:58:35 --> 00:58:39: bring the factory to the area, SIP panel construction and
00:58:39 --> 00:58:40: related.
00:58:40 --> 00:58:43: I think we need to get some momentum in Florida
00:58:43 --> 00:58:45: on the product and get buy in and then we'll
00:58:45 --> 00:58:47: get an investor to layer that in.
00:58:47 --> 00:58:50: I also think you need enough runway to create that
00:58:50 --> 00:58:53: to create the manufacturing facility on site.
00:58:53 --> 00:58:55: So I think we're not there yet, but I think
00:58:55 --> 00:58:58: we're right for creating some of those solutions.
00:58:59 --> 00:59:00: Absolutely.
00:59:01 --> 00:59:03: I think we probably have time to discuss one more
00:59:03 --> 00:59:06: topic here and then we probably need to jump off.
00:59:06 --> 00:59:07: There's a lot more questions.
00:59:07 --> 00:59:10: Sorry, we didn't get a chance to answer them all.
00:59:11 --> 00:59:13: Let's see here there.
00:59:13 --> 00:59:16: I mean there's there's a lot of questions about, well,
00:59:16 --> 00:59:19: let's dive into this Adu question because I think it's
00:59:20 --> 00:59:24: super relevant and the question was like what difference
00:59:24 --> 00:59:26: differentiates
00:59:26 --> 00:59:30: an Adu and makes it attractive?
00:59:30 --> 00:59:35: To a developer and I guess what we're seeing in
00:59:35 --> 00:59:39: places like Sacramento like there's no impact fee for an
00:59:39 --> 00:59:44: Adu, they in in most instances right you cap the
00:59:44 --> 00:59:49: size so it's it's encouraging smaller in Seattle it didn't
00:59:51 --> 00:59:55: count toward the density maximum density calculation and.
00:59:55 --> 00:59:59: Didn't most places does not require parking where it's been
00:59:59 --> 01:00:03: successful because especially in infill conditions, you're not
01:00:04 --> 01:00:06: going to
01:00:07 --> 01:00:09: get a parking space and definitely no open space
01:00:09 --> 01:00:12: requirements.
01:00:12 --> 01:00:15: Any other thoughts from?
01:00:15 --> 01:00:18: From either of you, I know, I know Rick like

01:00:09 --> 01:00:12: we're for you, We're like we were trying to encourage
01:00:12 --> 01:00:14: like it makes sense to do sort of the Adu
01:00:14 --> 01:00:16: above the some of the parking spaces at the mid
01:00:16 --> 01:00:19: block, but it's a different context and rental than it
01:00:19 --> 01:00:19: is.
01:00:19 --> 01:00:20: The for sale.
01:00:20 --> 01:00:20: For sale.
01:00:21 --> 01:00:24: Jonathan, do you want to just just comment, especially
maybe
01:00:24 --> 01:00:26: California context what's happening?
01:00:27 --> 01:00:30: Yeah, I mean in the California context, I think you
01:00:30 --> 01:00:32: know from the, you know you're seeing it more from
01:00:32 --> 01:00:33: just the individual homeowner.
01:00:33 --> 01:00:37: I mean really that's really what's driving a lot of
01:00:37 --> 01:00:39: the the Adu production.
01:00:40 --> 01:00:43: You know developers I think would would would find them
01:00:43 --> 01:00:46: attractive because it's streamlined.
01:00:46 --> 01:00:49: I mean that you they don't there's there's really, really
01:00:49 --> 01:00:50: no kind of.
01:00:51 --> 01:00:54: Ability to kind of stop their development in essence like
01:00:54 --> 01:00:56: you would see in a in a typical project, a
01:00:56 --> 01:00:58: typical mid rise project.
01:00:58 --> 01:01:01: So that's one reason why it's attractive because you can
01:01:01 --> 01:01:02: just deliver it easily.
01:01:03 --> 01:01:05: But I think you know what we're what we're hoping
01:01:05 --> 01:01:08: is that you know individuals and the homeowners will find
01:01:08 --> 01:01:11: this stuff attractive because you you typically see that the
01:01:11 --> 01:01:13: the they will rent to folks at A at a
01:01:13 --> 01:01:14: much lower level.
01:01:14 --> 01:01:17: Actually, studies that have been done related they they have
01:01:17 --> 01:01:19: a different way of determining what they see as a
01:01:19 --> 01:01:20: as an acceptable rent.
01:01:21 --> 01:01:24: Typically lower than you than you would see on the
01:01:24 --> 01:01:26: market from a a new unit so but but it's
01:01:26 --> 01:01:30: just the streamlined ability to get them done is what
01:01:30 --> 01:01:33: makes them attractive and 20% of the units in California
01:01:33 --> 01:01:36: last year that were delivered were AD US just just
01:01:36 --> 01:01:36: came in.
01:01:37 --> 01:01:39: So closing thoughts, Rick, do you have any closing thoughts
01:01:39 --> 01:01:42: on Missing Middle to send send the group away?
01:01:42 --> 01:01:45: No, I just can't wait to come back in what,
01:01:45 --> 01:01:48: 18 months and and show instead of rendered elevations the

01:01:49 --> 01:01:52: real elevations and be able to speak to how people
01:01:52 --> 01:01:52: live.
01:01:52 --> 01:01:54: The one thing I love about working with you Dan
01:01:55 --> 01:01:57: and Opticos is it's very collaborative and we talk about
01:01:58 --> 01:02:00: how does the how does the pedestrian get from A
01:02:00 --> 01:02:02: to B, how do they interact with the space.
01:02:02 --> 01:02:05: You know we're very golf cart or low speed vehicle,
01:02:05 --> 01:02:08: electric vehicle friendly, how does that, how does that work?
01:02:08 --> 01:02:10: So I'd love to test ourselves in two years and
01:02:10 --> 01:02:12: and share with everyone.
01:02:12 --> 01:02:12: How?
01:02:12 --> 01:02:16: How it actually lives Great Jonathan, closing thoughts.
01:02:17 --> 01:02:19: Yeah, I just that you know, I don't want anybody
01:02:19 --> 01:02:21: to think that this is going to be the silver
01:02:22 --> 01:02:22: bullet.
01:02:22 --> 01:02:25: It's just one of the necessary tools in the quiver.
01:02:25 --> 01:02:27: You know we we need all kind of housing, but
01:02:27 --> 01:02:29: what we really need the most is housing choice.
01:02:29 --> 01:02:32: And I think people don't really realize how limited we
01:02:32 --> 01:02:35: are certainly in the Bay Area about what what we
01:02:35 --> 01:02:36: can actually live in.
01:02:36 --> 01:02:38: And I think given the the real, true changing nature
01:02:39 --> 01:02:42: of the American family, we just need different product types
01:02:42 --> 01:02:42: and.
01:02:42 --> 01:02:45: Missing middle really solves a whole lot of of issues
01:02:45 --> 01:02:46: in that in that regard.
01:02:46 --> 01:02:48: So I I love that comment is is like, yeah,
01:02:48 --> 01:02:52: it's like this we're not saying that bigger development isn't
01:02:52 --> 01:02:53: necessary, right.
01:02:53 --> 01:02:55: It's like yes, you need to do that.
01:02:55 --> 01:02:58: But yes we need to enable this middle scale which
01:02:58 --> 01:02:59: we haven't done.
01:02:59 --> 01:03:02: So it is yeah it's I love the analogy of
01:03:02 --> 01:03:03: the quiver.
01:03:04 --> 01:03:05: So just it's just one.
01:03:06 --> 01:03:08: So it's just part of a a housing strategy that
01:03:08 --> 01:03:10: every city, every region needs.
01:03:10 --> 01:03:14: And we are seeing, you know, a really strong interest
01:03:14 --> 01:03:18: from developers because of where costs have gone.
01:03:18 --> 01:03:20: And so I think there's a real real and and
01:03:20 --> 01:03:22: there's just a need for it every in every corner
01:03:22 --> 01:03:23: of the country.

01:03:23 --> 01:03:26: And so I will say that I'm pretty active on
01:03:26 --> 01:03:28: LinkedIn, if anybody.
01:03:28 --> 01:03:30: If I didn't get a chance to answer your question,
01:03:30 --> 01:03:32: feel free to reach out via LinkedIn.
01:03:33 --> 01:03:35: Rick and Jonathan, how do you feel about that, a
01:03:35 --> 01:03:36: LinkedIn connection?
01:03:37 --> 01:03:41: Of course absolutely so but it was a great conversation
01:03:41 --> 01:03:43: today it's it's hours and never enough.
01:03:44 --> 01:03:46: Hopefully we'll get a chance to do a follow up
01:03:46 --> 01:03:49: with the Terwilliger Center here to to sort of do
01:03:49 --> 01:03:51: even even more of a deep dive as as the
01:03:52 --> 01:03:54: missing middle application continues to progress.
01:03:55 --> 01:03:57: Thank you for the attendees.
01:03:57 --> 01:04:00: Thank you to Rick and Jonathan and thanks to the
01:04:00 --> 01:04:03: Terwilliger Center for hosting us in this important missing
middle
01:04:04 --> 01:04:04: discussion today.
01:04:07 --> 01:04:08: Thank you.
01:04:08 --> 01:04:12: Thank you to all our panellists for a wonderful presentation
01:04:12 --> 01:04:13: and discussion.
01:04:13 --> 01:04:16: We will share a link to the report that Dan
01:04:16 --> 01:04:19: referenced and the webinar recording.
01:04:19 --> 01:04:22: We will also include a link to our next Housing
01:04:22 --> 01:04:26: Attainability conference in Austin next February, which I also
think
01:04:26 --> 01:04:29: it's being added right now to our chat box.
01:04:29 --> 01:04:32: And yeah, thank you all for for joining us.
01:04:32 --> 01:04:33: See you next time.

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