

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

00:01:55 --> 00:01:57: City region could not afford.

00:01:57 --> 00:02:02: To purchase a single family detached house.

00:02:02 --> 00:02:04: And so it just once again reinforced with me the

00:02:04 --> 00:02:05: importance of this conversation about this need for a broader

00:02:05 --> 00:02:08: range of housing choices, including the missing middle housing typologies.

00:02:08 --> 00:02:11: So if you haven't seen this document, this is a

00:02:11 --> 00:02:15: really great document that ULI published in partnership with

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

00:02:20 --> 00:02:21: Co in 2019.

00:02:21 --> 00:02:25: I think it was.

00:02:25 --> 00:02:31: Focused on giving recommending a series of tools for the

00:02:31 --> 00:02:32: developers to deliver attainable housing, and it identified

00:02:32 --> 00:02:33: missing metal

00:02:33 --> 00:02:34: housing typologies as one of the three strategies to enable

00:02:34 --> 00:02:39: builders to deliver attainability as right land prices, materials

00:02:39 --> 00:02:40: prices,

00:02:40 --> 00:02:46: labor prices.

00:02:46 --> 00:02:52: Entitlement links had had had made it really, really hard

00:02:52 --> 00:02:59: to to deliver single family detached houses at attainable

00:02:59 --> 00:03:00: prices.

00:03:00 --> 00:03:01: And so just encourage you to take a look at

00:03:01 --> 00:03:04: that document.

00:03:04 --> 00:03:08: It's really, really great document.

00:03:08 --> 00:03:10: And so I I want to make sure as a

00:03:10 --> 00:03:11: start that we're all on the same page about how

00:03:11 --> 00:03:13: missing middle housing is defined because in that document

00:03:13 --> 00:03:15: and

00:03:15 --> 00:03:19: the way that we have defined missing middle housing since

00:03:19 --> 00:03:23: about 2011 is that.

00:03:23 --> 00:03:28: It's a range of housing typologies or product types first

00:03:28 --> 00:03:29: and foremost.

00:03:29 --> 00:03:33:

00:03:33 --> 00:03:34:

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
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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