



Build the Middle Playbook



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Executive Summary

Throughout the United States, the housing deficit has created an affordability crisis. The underbuilding of new homes following the recession coupled with restrictive policies has led to historically low housing supply—and the high costs that come with it. To highlight the solutions that will address this crisis, Zillow and the Casita Coalition have assembled a playbook of strategies to “Build the Middle” by expanding affordable, middle-scale housing options.

Middle housing has long been a part of the American landscape. Duplexes, townhomes, bungalow courts, and other neighborhood-scale home types allowed families from all economic backgrounds to thrive in a community. But decades of exclusionary zoning and over 100 years of governmental focus on single detached houses have limited available housing options. By reimagining our neighborhoods, millions of new homes can be added to meaningfully address the housing supply shortage and the affordability challenges it creates.

Proven Strategies from the Political Playbook

Successful reform begins with an effective message that appeals to a broad political landscape.

The “**Build the Middle**” playbook draws from efforts found in communities across the country to establish an actionable framework, with detailed Case Studies from these leading cities and states:

- Vancouver, British Columbia
- Portland, Oregon
- Seattle, Washington
- California
- Auckland, New Zealand
- Montana
- Minneapolis, Minnesota
- Texas

- Draw from public polling to demonstrate public support for middle housing
- Share human stories that show the real-life impacts of the housing crisis
- Gather a broad coalition of elected and community leadership
- Draft an achievable and adaptable action plan
- Play the long game—zoning reform is incremental
- Draft effective messaging that appeals to a broad political landscape

Change must include realistic policy recommendations aimed at removing the barriers to middle housing. A multi-pronged approach is necessary, including policies that allow for new construction and improved standards that address regulatory restrictions at the local, regional, statewide, and federal levels. These complex solutions require a reexamination of zoning, financial, permitting, and development practices, but are achievable through flexible and creative collaboration.

Proven Strategies from the Policy Playbook



Remove first-generation zoning barriers that make middle home types infeasible or too costly



Start small with ADUs



Address second-generation barriers, including financing, implementation, cost of development, and workforce development

The playbook ties it all together with eight case studies where these reformative actions have helped transform a community. We hope this playbook provides a roadmap to successful middle housing reform for stakeholders across the country as we work towards equitable and affordable communities for everyone.

Introduction

The “Build the Middle Playbook,” co-authored by Zillow and the Casita Coalition, is designed to empower advocates, policymakers, and community leaders in expanding affordable housing choices by building more middle-scale homes.

This playbook is a snapshot of best practices and successful strategies collected from around the United States, Canada, and beyond to provide guidance and inspiration for the growing number of advocates, policymakers, and citizens working to build the middle as an important component of addressing the housing crisis.

Middle Housing Defined

The term “middle housing” describes home types between a single home on a lot and a large multifamily building, encompassing ADUs (accessory dwelling units), duplexes, triplexes, other multiplexes, townhomes, cottage clusters, house-plexes (homes divided into apartments), and low-rise multifamily structures of three stories and fewer. The term “missing middle” is used generally to describe the scale of homes but sometimes refers to homes that are affordable to people in middle-income categories. In this playbook, “middle housing” refers to the scale of the home.

A Partnership for Change

As the most trusted and visited residential real estate platform in the country, Zillow has a unique perspective on the pain points of buyers, sellers, and renters, which it uses to inform its products, policy positions, and partnerships in its mission to get more people home. Zillow is firmly committed to reducing barriers to housing, including one of the largest barriers facing renters and buyers today: affordability.

Casita Coalition, a multisector nonprofit, works to remove these barriers to create a more inclusive, equitable housing ecosystem through change management, narrative work, policy reform, and capacity building. With a proven track record of scaling up ADU production on the West Coast, Casita Coalition brings together diverse stakeholders across sectors, disciplines, and geographic regions to learn together and quickly implement reforms to expand beyond ADUs and build the middle housing ecosystem.

Given our organizations’ shared goal of addressing housing affordability, we are thrilled to create this playbook on one of the central solutions to this pressing crisis: increasing middle-housing supply. We’ve brought together our research, lessons learned, and recommendations to dismantle obstacles to the viable creation of diverse and affordable housing options in all communities.

Fostering partnerships and exchange of information among advocates, policymakers, and the broader community is key to this work. Join us on this transformative journey as we strive to create a more equitable and accessible housing landscape for all.

Housing Crisis Affects Us All

Nearly every region of the United States is affected by the housing affordability crisis, with serious and far-reaching social and economic consequences.

Households paying more than 30 percent of their income on housing are at risk of displacement when faced with economic setbacks and emergency household needs. Excessive housing costs also reduce saving rates and increase debt repayment challenges, including student debt.¹ Research finds that communities in which people spend more than 32 percent of their income on rent can expect a more rapid increase in homelessness.² As an upstream determinant of health, the impact of housing ranges from the positive — demonstrating that safe, stable, and affordable homes help people thrive — to the negative — showcasing that the health impacts of high housing costs include increased stress, inability to afford or access health care, and isolation.³

Because people tend to move where job opportunities are more abundant, barriers to new housing supply push prices higher and prevent some people from moving to those locations. This slows national mobility and artificially suppresses economic growth. Since workers are more likely to move to growing job centers, exorbitant housing costs in those centers may impede the growth of companies and harm employment prospects for the next generation of workers.

Research has shown that these housing constraints reduced the overall growth of the United States economy by more than 50 percent between 1964 and 2009⁴ — and that was more than a decade before housing costs soared even higher following the global COVID-19 pandemic.

At any given time in 2022, there were about 3.55 million vacant homes available for sale or rent.⁵ At the same time, approximately 8.09 million individuals or families were living with non-relatives, potentially preferring to live on their own — a difference of more than 4.5 million so-called “missing homes.” Roughly 1.45 million homes were built in 2023, marking the best calendar year for construction since the Great Recession. However, a large pre-existing deficit suggests that even if the nation were to see no population growth, that increase would still be far below what would be needed to close the deficit.⁶

In large part due to the serious and persistent lack of inventory and the resulting high housing costs, housing insecurity and cost burdens have soared. Half of all U.S. renter households were cost-burdened in 2022, spending more than 30 percent of their income on housing costs. Twelve million of those households were severely burdened, spending more than 50 percent of their income on housing. Nearly one in four (23.2 percent) homeowner households were also cost-burdened. Today, individuals spend 36–39 percent of their income on housing,⁷ compared to 21–23 percent before the pandemic.⁸

In areas with higher costs of living, like Los Angeles, average home buyers must allocate more than 75 percent of their income on a mortgage, assuming a 20 percent down payment — an overwhelming burden.

1 <https://hope.temple.edu/sites/hope/files/media/document/HopeSurveyReport2021.pdf>

2 <https://www.zillow.com/research/homelessness-rent-affordability-22247/>

3 <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8974342/>

4 <https://www.nber.org/papers/w21154>

5 <https://www.zillow.com/research/affordability-housing-shortage-34153/>

6 <https://www.zillow.com/research/affordability-housing-shortage-34153/>

7 <https://www.zillow.com/research/understanding-affordability-32538/>

8 <https://www.zillow.com/research/return-affordable-mortgages-32569/>

SIDEBAR

Top Takeaways from Casita Coalition's
Opening the Playbook Webinar

see appendix B

Why Can't We Build Affordable Housing Options?

Current rules make constructing new homes difficult by:



Limiting allowable locations

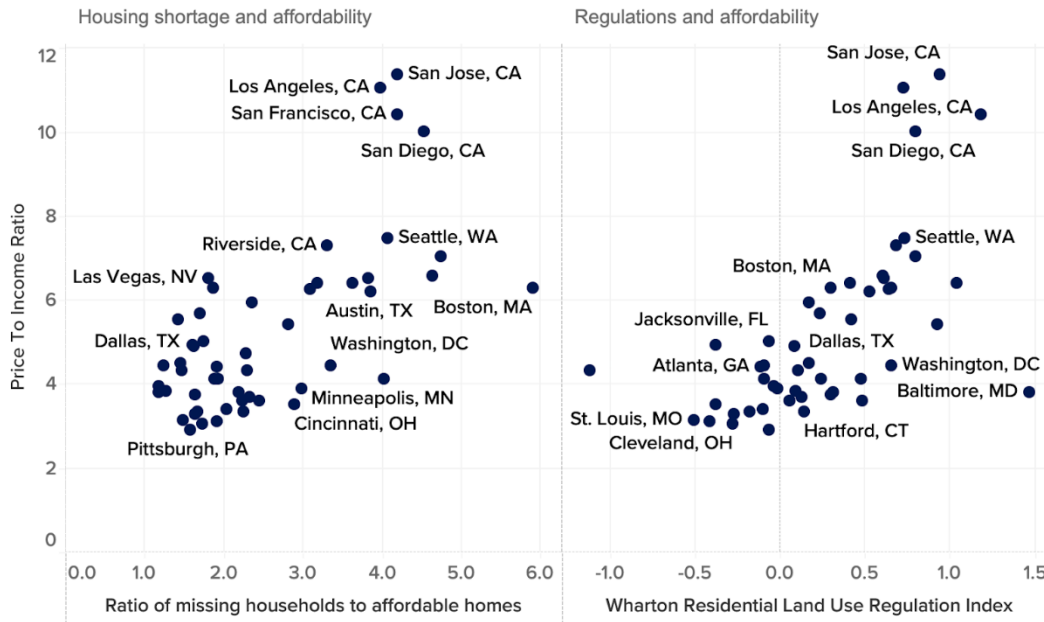


Layering prohibitive costs and complexities for builders, thus increasing costs for buyers beyond what most can afford



Allowing processing delays and extended timelines, providing the opportunity for political opposition

In 2022, housing was least affordable and the housing shortage was most severe in markets with more land use restrictions



Research found that, in 2022, the housing shortage was most severe, and housing the least affordable, in communities with more land use restrictions, revealing the opportunity to address these crises.⁹

After decades of underbuilding, policy shifts are needed to restore plentiful housing to all communities. Among the most promising options for rapidly and equitably adding affordable homes to neighborhoods is to build the middle — or increase the variety of home types in neighborhoods where this variety has previously been restricted. Importantly, building the middle-housing sector complements, but does not replace, efforts to build traditional, publicly subsidized affordable housing.

How Did We Get Here?

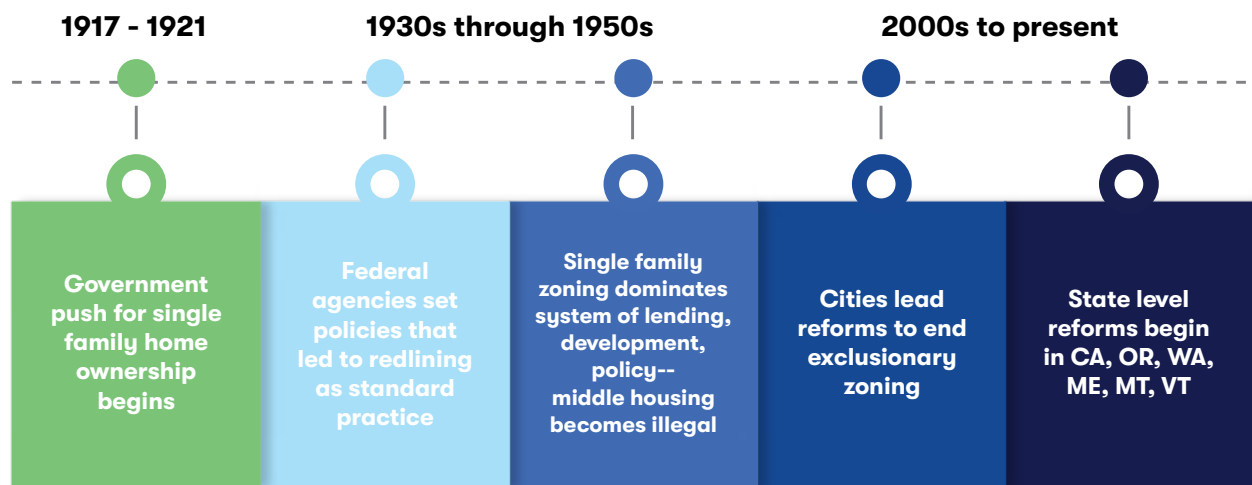
Middle housing is not a new concept. A walk through historic neighborhoods in many early American cities will reveal a variety of middle-housing options, including apartments, townhomes, row houses, backyard dwellings, and multiplexes — often mixed with single detached homes.

However, after the publication of the State Zoning Enabling Act in the 1920s and the advent of exclusionary zoning regimes, this type of residential land use grew in dominance, and single-detached homes flourished. By 1968, when the Fair Housing Act made many forms of racial discrimination illegal, these problematic exclusionary zoning practices were firmly established and continued to prevent certain people from joining certain communities.¹⁰

⁹ <https://www.zillow.com/research/affordability-housing-shortage-34153/>

¹⁰ <https://www.epi.org/publication/the-color-of-law-a-forgotten-history-of-how-our-government-segregated-america/>

Zoning, and its companion regulations (development standards, deed restrictions, lending restrictions, tenancy restrictions, and more), created rules with the design and effect of excluding all but nuclear family households through a myriad of creative restrictions. Discriminatory use of these zoning rules often created communities that were filled with only white and wealthy households. The redlining-styled rules outlawed sales to Black and brown households through deed restrictions and lending rules, zoned away multiple or shared forms of housing, and created institutional and process barriers.¹¹ As a result, about 70–80 percent of residentially zoned urban land in the United States is now zoned for single detached homes only, severely restricting the type and number of homes that can be built.



A development and regulatory ecosystem to support the production of these types of homes grew around exclusionary zoning practices. This included lending rules, appraisal guidelines, utility connection standards, and professionals trained to maintain this specific ecosystem.

The harms of discriminatory housing policies continue to have enduring impacts today. For instance, the racial homeownership gap between Black and white households has remained around 25 percentage points for thirty years, according to U.S. Census data.¹² Thoughtful approaches to advancing equity through middle housing demand significant resources and dedication to implement. A commitment to housing equity requires targeting resources that will address and remediate disparities.

Local organizations doing the hard, on-the-ground work of supporting underserved homeowners and those with low-to-moderate incomes are closest to their communities’ needs. These critical groups require more support to continue providing and expanding these services. There is great value in the trust that these local organizations have spent decades building with underserved communities, and those relationships are not easy to replicate. Additionally, approaches that work well in one community may fall short in others, and local experts are best positioned to advise on which areas need more attention to create substantial and lasting change.

Casita Coalition’s ADU-specific guidebook on the subject, “Accessory Dwelling Unit Equity Strategies: Promising Practices to Advance Equity/Inclusion in the ADU Housing Ecosystem,” includes a survey of local programs. For in-depth discussions of redlining and other discriminatory housing policies, as well as a call for middle housing to remediate historic wrongs, see “The Color of Law: A Forgotten History of How Our Government Segregated America” by Richard Rothstein, published in 2017, and “Just Action: How to Challenge Segregation Enacted Under the Color of Law” by Leah Rothstein and Richard Rothstein, published in 2023.

Restoring middle housing requires recreating a more inclusive vision of neighborhood living, widespread adoption of new rules and regulations to deliver this vision, and regrowing a housing ecosystem able to deliver middle homes.

¹¹ <https://www.epi.org/publication/the-color-of-law-a-forgotten-history-of-how-our-government-segregated-america/>

¹² <https://www.ipums.org/>

Types of Middle Housing Options

Throughout this playbook, we will discuss an expanded view of middle housing, a broad category encompassing many living situations and housing types. These housing types face unique barriers, and we will offer strategies to address them later in this playbook. Below is an overview of middle-housing types and common barriers:

Homesharing

Sharing underutilized bedroom with a housemate under homeshare agreement.

Barriers: Definitions and limits on non-family occupants; awareness & messaging; lack of support for nonprofit homesharing programs.



JADU Junior ADU

Attached interior living space with own entrance and cooking facilities-- may share both with primary.

Barriers: Zoning; occupancy and tenancy restrictions; firewall requirements; unpermitted unit legalization barriers.



Moveable Tiny Home

Allowed as ADUs in some regions, movable tiny homes are classified as RVs but built with standards more suited to full-time living.

Barriers: Limited locations for full-time legal living; lack of lower-cost finance options; stringent certification requirements; awareness & messaging.



Manufactured Homes

Allowed as ADUs on primary homes, manufactured to HUD code.

Barriers: Local design and structural standards; delivery challenges; installer certification requirements.



ADU

Accessory to a primary dwelling; may be attached, detached or conversion of existing space.

Barriers: Zoning prohibitions; owner occupancy and parking mandates; long permitting timelines; energy codes and other regulations for larger homes; cost of construction; high fees & connection charges; limited finance options.



ADU Condominiums

Accessory dwelling units on a lot sold separately from the primary home as a condo regime.

Barriers: Many cities/countries do not yet allow; cost of construction; lender approvals; Subdivision Map Act complexities.



Duplex

Two units on a lot, detached or attached; units can be stacked or side-by-side.

Barriers: Zoning; inexperienced new developers or families need support to plan and build; may not pencil at affordable rents.



Fourplex

Four homes on one lot, may be configured in several different ways.

Barriers: Zoning; development standards such as open space; setbacks; height restrictions; complexity of approvals and permitting.



Cottage Court

Smaller detached homes on one lot with a shared common space or other amenities.

Barriers: Zoning; minimum lot sizes; rear & side setbacks; parking requirements.



Townhome

May be detached or attached. Typically don't share amenities beyond shared driveway.

Barriers: Zoning; impact fees; parking; setbacks; approval process uncertainties; system skewed to benefit larger units or higher unit counts.



Houseplex

A home divided into multiple independent living spaces, may be a conversion or new construction. Co-living with shared spaces also an option.

Barriers: Zoning; adding heating/cooling; fire egress; cooking and sanitation facilities for each unit; parking; approval process; relatedness restrictions.



Low-rise Multifamily

Multifamily structures with 3-4 stories. Cost-effective design is wood-framed, no elevator.

Barriers: Zoning; building code; impact fees; soft costs of development; labor and construction costs; parking and other development standards.



Middle Housing Can Help

Implementing middle-housing reform has the potential to restore the full range of home types to our neighborhoods and meet the needs of all kinds of people, in all stages of life, while yielding the following benefits:

- Increased affordability for renters and homeowners
- Reduced energy and resource use
- Reduced sprawl
- Multigenerational living
- The growth of intergenerational wealth
- Improved social connections and quality of life
- An entry point for smaller developers
- Remediation of historic housing policy inequities
- Reduced racial wealth¹³ and homeownership gaps
- Job creation
- Allows seniors to age in place in their communities
- Improved economic mobility

Middle housing works. Data from cities and states show that increasing the supply and variety of homes is a scalable solution that improves affordability. Research shows that flexible zoning¹⁴ and a greater mix of housing options tends to result in lower rent growth¹⁵ and less racial segregation within neighborhoods.¹⁶

Between 2010 and 2017, home values grew most in markets with strict land use regulations.¹⁷ Economists and housing experts overwhelmingly agree that zoning reform is one of the best ways to make homes more affordable — and that local jurisdictions need to streamline and ease the approval process for new housing.¹⁸



¹³ <https://www.zillow.com/research/black-white-wealth-gap-housing-29353/>

¹⁴ <https://www.pewtrusts.org/en/research-and-analysis/articles/2023/04/17/more-flexible-zoning-helps-contain-rising-rents>

¹⁵ https://72187189-93c1-48bc-b596-fc36f4606599.filesusr.com/ugd/7fc2bf_2fc84967cfb945a69a4df7baf8a4c387.pdf

¹⁶ <https://www.zillow.com/research/diverse-housing-racial-integration-27555/>

¹⁷ <https://www.zillow.com/research/home-values-land-use-regs-20860/>

¹⁸ <https://www.zillow.com/research/zhpe-zoning-affordability-32235/>



However, removing roadblocks to building new homes is easier said than done. This playbook sets out to provide recommendations to identify and address the range of zoning (first-generation barriers) and other institutional and process barriers (second-generation barriers) to creating new housing inventory, specifically accessory dwelling units (ADUs) and other types of middle housing.

People Like Middle Homes

A generation of policymakers, elected officials, and advocates have been successful in turning the tide of public opinion away from restrictive land uses and in favor of policies that create more housing. Polling conducted by Zillow researchers found that 82 percent of homeowners and renters now support policies that add more housing in their communities.¹⁹

While support exists to tackle these first-generation barriers, significant challenges remain in going beyond zoning-reform conversations to implementing solutions that create new roofs in neighborhoods and make more housing accessible for all.

The Path Ahead

This Playbook is a snapshot of best practices and successful strategies collected from around the United States, Canada, and beyond to provide guidance and inspiration for the growing number of advocates, policymakers and citizens working to rebuild the middle as an important component of addressing the housing crisis.

The Impact of More Middle Homes

The potential for scaling middle-housing solutions is significant. Researchers examining 17 U.S. metropolitan areas found that allowing just 10 percent of single-family lots to house two homes instead of one could yield almost 3.3 million additional homes.²⁰ Under several scenarios, the extent of new housing provided by modest densification could exceed what is likely needed to meaningfully slow housing price growth over the long term, relative to the unsustainably rapid pace of recent decades, even in the most expensive coastal metropolitan regions.

¹⁹ <https://www.zillow.com/research/missing-middle-affordability-32711/>

²⁰ <https://www.zillow.com/research/modest-densification-new-homes-25881/>

Key Elements of Effective Reform

Effective housing reform to build the middle requires a focused effort that delivers hearts, minds, and homes to the cause. Based on successful reform efforts across the country – and the world – we’ve identified common elements found in effective reform:

1

Message matters. Centering these policy conversations on human stories is what wins over hearts and minds – and ultimately, votes. Advocates for middle housing must bring communities along in the process to more fully embrace middle-housing reforms by showing examples, helping people visualize change, and communicating the connection to top-of-line issues like helping families, reducing homelessness, and addressing climate change. Successful advocates tailor the messaging based on local values, from protecting middle-class families and workers to promoting stable homeownership with shared homes and “mortgage helper” units. Each of these value-based benefits can help persuade skeptics during these conversations.

2

Effective coalitions have leadership and persistence. Successful coalitions consist of members who cross political and other divides and remain committed through incremental wins and losses. Coalitions may begin as a housing task force convened by an elected official, a working group built to gather data on solutions, or a collection of aligned organizations and institutions. Groups that remain flexible, expansive, and focused on long-range goals can realize meaningful progress toward increasing middle-housing supply.

3

All barriers must be addressed. Zoning policy reforms must remove regulatory barriers. Once zoning reforms are complete, systemic and institutional barriers must be identified and removed, likely requiring regulatory innovations and institutional reform. Barriers that need to be addressed may include timely permitting, uniform real estate data systems and appraisals, widely available lending, and the availability of professional expertise to design, build, and deliver homes. This shift requires scale, widespread public acceptance, and interest from owners and renters.

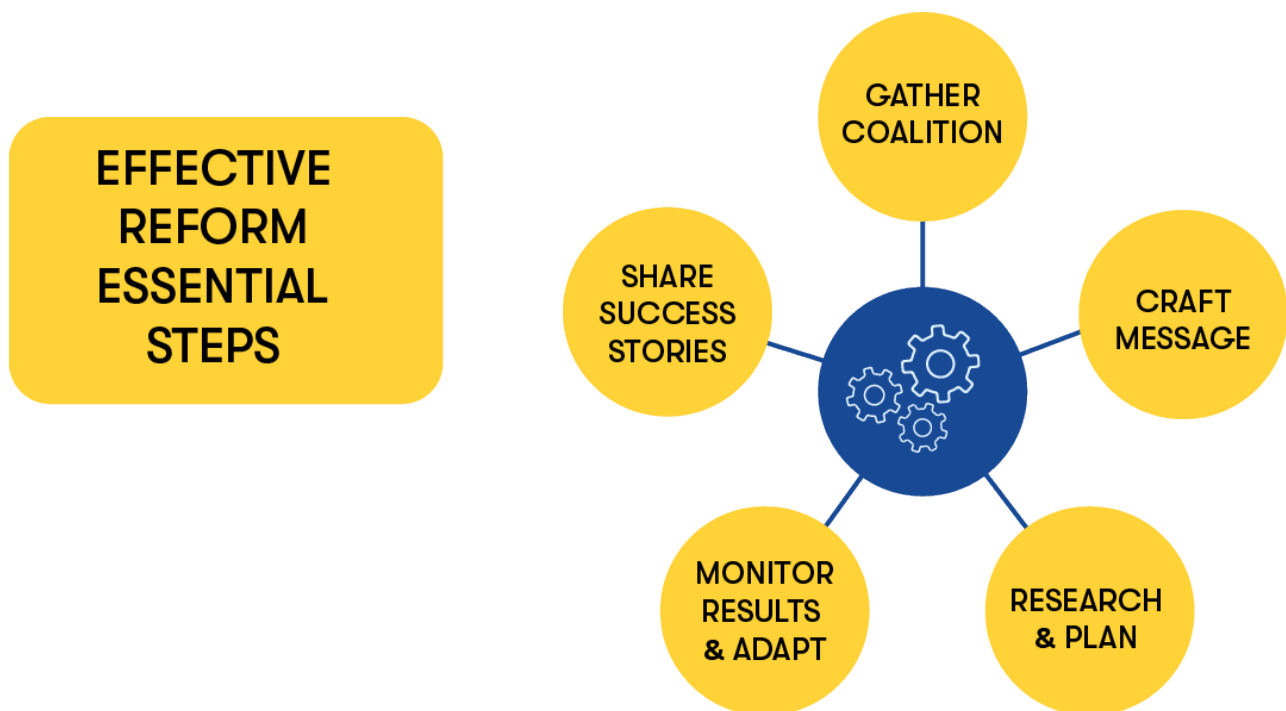
4

Change may be incremental. Building the middle is a step-by-step process, and it often begins with small wins, such as ADU legalization, before moving on to embrace a wider range of middle housing options. In some regions, innovative cities take the lead before reforms scale to the state level. This approach allows local jurisdictions to refine approaches to inform successful statewide policymaking and implementation.

Case Studies: Overview

Since the early 2000s, cities, states, nonprofits, and academics have been searching and studying models for encouraging middle-housing strategies and elevating best practices to guide their work and inspire others. Many of these organizations now know each other's work, learn from each other's successes and failures, and share models for others to follow — all to create what could be called a “middle-housing movement.” The movement includes dozens of organizations and individuals in the U.S., Canada, Australia, New Zealand, and beyond, working, learning, innovating, networking, and collaborating. These dedicated people are pushing to improve the effectiveness of their own middle housing work and thereby increase the effectiveness of the entire movement, all across the globe.

The learning and action loop enabled by this growing coalition of academics, allies, nonprofits, and government leaders continues to deliver solid policy wins with demonstrated benefits. It also provides an expanding set of examples for others to follow. The brief case studies of successful reform efforts in this chapter are happily incomplete and immediately outdated, as new middle-housing wins are announced almost every day. Still, they present useful considerations and analysis in our ever-evolving efforts.



Case Study: Montana

In Montana, pro-housing advocates in a Governor’s Task Force convened to address the worsening housing affordability crisis in the state. These advocates built a bipartisan coalition that relatively quickly promoted and passed significant ADU reform statewide. Bills allowing one ADU per lot statewide and two homes per lot in larger cities were passed and became state law. To avoid listing all standards separately, Montana law states that rules can’t be more restrictive for two homes on a lot than they are for a single detached home. In late 2023, some components of the reform package were blocked by a district court judge, with the legal battle headed to the Montana Supreme Court.

State Population



1.13 million (2023)

Message

Messaging for this campaign centered on statements about rural land protection, individual rights, and economic freedom. This message was rooted in the history and community of the state. These messages included:

- Zoning reform is the opposite of one-size-fits-all planning. Zoning reform gives landowners the freedom to build denser, more affordable starter homes if they choose.
- Strict zoning regulations within our urban city limits have serious implications for surrounding rural communities. As demand grows, the inability to build more homes within the city will necessitate developers to do what California cities did: look outward and build on undeveloped rural land.
- Rejecting 1920s urban planning regulations like single-family zoning, minimum lot sizes, setbacks, and parking requirements will restore the original vision of property rights and economic freedom held by America’s founders.

Coalition

Formed by Montana Governor Gianforte (R) in July of 2022, Montana’s Housing Task Force was a broad bipartisan working group charged with making recommendations to improve access to affordable homes. Task force members included legislators, academic researchers, developers, housing advocates, data scientists, planners, urbanists, mayors, nonprofit housers, lenders, and environmentalists, among others. Led by Chris Dorrington, the director of Montana’s Department of Environmental Quality, this dedicated group moved quickly and, in just two years, succeeded in passing a very powerful suite of housing reforms. Following the publication of reports by the Housing Task Force, a state legislative coalition was formed by the Frontier Institute and Shelter WF, which coordinated the recruitment and management of Republican-facing and Democratic-facing partners, respectively.

Reforms

The bipartisan coalition was successful in passing several effective reforms, which included the following middle-housing-friendly guidelines:

- Multifamily and mixed-use development allowed in commercial zones
- State planning statutes rewritten to front-load public participation during planning phases, with administrative approval for projects deemed in compliance with a housing plan
- Duplexes allowed on parcels previously zoned for one dwelling
- Eliminated architectural and design reviews by local boards
- ADUs up to 1,000 square feet are permitted on residential lots without owner-occupancy or additional parking requirements, impact fees, or design requirements



Results

A subsequent lawsuit forced a pullback on some of these changes. Housing advocates from Shelter WF joined the lawsuit as a defendant, and the outcome is still pending as of summer 2024. The Governor's Task Force was recently tasked with monitoring new housing projects across Montana – both those that have moved forward and those that faced obstacles. Task Force research and reports will assist legislators and advocates in understanding what can help get a project over the finish line and what can hold development back.



The Political Playbook

Successfully navigating the political process is key to effective regulatory reform. At its core, this requires well-crafted strategic messaging and careful selection of a series of ambitious but achievable regulatory and process-change goals, delivered by a cross-sector coalition with strong and effective leadership.

Build and Demonstrate Public Support for Middle Housing

Research shows broad support for ADUs, duplexes, and triplexes in residential neighborhoods. In a Zillow survey of 26 U.S. metropolitan areas, 82 percent of adults voiced support for allowing at least one multifamily option in their neighborhood. Among homeowners, 78 percent reported support for at least one, with support even higher among renters at 89 percent.²¹ Demonstrating this support to elected officials can help them understand the backing among their constituents for reform and build political will for action.

Across the 26 metropolitan areas surveyed, residents had the highest levels of support for allowing ADUs in their neighborhoods, with 68 percent supporting the option versus 25 percent opposing it. Seven percent were unsure. When surveyed about duplexes and triplexes, 59 percent supported the option, while 35 percent opposed it.

Of the small percentage (13 percent) of respondents who opposed allowing all types of multifamily homes, about a quarter said that they would be more supportive under certain conditions, like requiring that newly built multifamily homes be within a 15-minute walk of parks and recreation (25 percent), be within a 15-minute walk of frequent transit service (25 percent), or set aside at least 10 percent as affordable living for low- and middle-income families (22 percent).

Develop Effective Messaging

In recent years, awareness of the role that zoning has played in creating the housing shortage and affordability crisis has increased significantly. Effective messaging for middle-housing advocates should reinforce this connection, sharing human stories that show the real-life impacts of the housing crisis and data-driven reporting detailing the connection between zoning restrictions and the high cost of housing.

The Story

Sharing human stories can also help remove the “fear factor” of middle-housing types that may be less familiar or raise concerns about fitting in with the character of a neighborhood. Messaging professionals recommend painting pictures, both verbally and visually, of the solutions proposed, using photos to demonstrate that ADUs and middle housing can look both friendly and familiar. Choose words carefully. While middle-housing options create density, using that word can trigger unreasonable fears. Instead, use more widely understood terms like family-friendly, intergenerational, gentle changes, diverse options, walkable neighborhoods, or vibrant places where people like to live and hang out.

²¹ <https://www.zillow.com/research/zhar-2024-middle-housing-34293/>



Middle housing can be demystified through images of ADUs and multiplexes that exist today in virtually every city and town across the U.S., where blocks mix a variety of housing types in lively and popular parts of a city. Reminding audiences that most popular travel destinations have walkable streets with a variety of home types, mixed with commercial uses, can be helpful too.

In addition, be sure to regularly name and explain the downstream harms of the current exclusionary zoning status quo. The status quo can often be seen by policymakers, media, and the public as the natural state of things rather than the product of past and current policy choices. If we can help our target audiences understand that the status quo is man-made, broken, and eminently changeable, we open a window for the positive possibilities of middle-housing reform.

Tip: Focus on the benefits of middle homes for communities and families of all incomes: Affordable choices, of all shapes and sizes, for all our neighbors, with more middle-class and workforce homes near jobs, schools, and transit.

– Sightline

SIDEBAR

Napa County's Forgivable ADU Loan Program terms
see [appendix B](#)



Case Study: Auckland, New Zealand

New Zealand's past zoning restrictions led to housing shortages and high housing costs. Success in the city of Auckland with middle-housing reforms provided proof of concept, and those advances led to a successful bipartisan effort to enact national reforms.

Message

The messaging of this campaign drew on themes of inclusion, human rights, and community responsibility. These messages included:

- Everyone deserves a safe, healthy, and affordable place to live.
- Auckland's culture and quality of life are being threatened by the high cost of housing.
- Unless we do something, we will lose our teachers, new residents, and young people.

City Population

1.5 million (2023)



Country Population

5.3 million (2023)

Coalition

Generation Zero, a climate-action group formed to combat sprawl, spun off into the Coalition for More Homes, a broad coalition including social housing providers, design and development companies, health and welfare organizations, and prominent individuals. This coalition was critical in moving these reforms forward.

Reforms

After amalgamating six cities into one Auckland super-city, the Auckland Unitary Plan was passed to address high housing costs and housing shortages. Three-quarters of Auckland's residential land was upzoned in 2013. The upzoning stimulated construction immediately. Permits for new housing nearly doubled within five years, and they have continued to rise. The success of upzoning in Auckland provided the blueprint for more recent national zoning reforms.

Results

The Auckland Unitary Plan significantly shifted where new housing was being built — away from fringe suburbs far from the city center and into existing suburbs, closer to the center and near existing transport infrastructure. Permits for standalone houses fell from 70 percent of those issued to under half. Immediately before the plan, new housing units permitted peaked at about 6,000 in 2015. By 2020, that figure had climbed to over 14,300. The policy also shifted much of the city's residential construction into attached multifamily housing. A 2023 paper found that six years after the Auckland Unitary Plan was enacted, rents for three-bedroom dwellings were 26–33 percent lower than they likely would have been, compared to rents in other urban areas in the country.²²

²² <https://cdn.auckland.ac.nz/assets/business/about/our-research/research-institutes-and-centres/Economic-Policy-Centre--EPC--/WP016%203.pdf>

Audience and Messengers

As you refine the message, think carefully about your audience and identify the values shared by a majority of residents. It is also advantageous to understand the motivations of local opponents of middle housing and the messages they will use.

However, even the most finely honed message can land poorly if the choice of messenger isn't considered carefully for each opportunity. Selecting trusted messengers who represent widely accepted views or who have established trust in the community or with specific target audiences can be very helpful in opening audience ears and hearts. For example, AARP has been an effective advocate for ADU and middle-housing reforms for years. AARP first published an ADU model state act and local ordinance in 2000,²³ and the group is a trusted community voice with a unique story to tell on the benefits of middle-housing options for everyone, not just older adults.

Tailoring the message to local and regional values is also key, and there are notable examples of this action in California and Montana. In the early days of California ADU advocacy, the “local control begins at home, not at city hall” messaging was effective in bringing decision-makers on board — as was sharing the benefits of ADU flexibility to help families take care of vulnerable members.

In Montana, the high value placed on open land for recreation and agriculture drove advocates' choice of an anti-sprawl messaging approach. “California-style zoning” was portrayed as the cause of sprawl, traffic, high costs, and exclusion.²⁴



SIDEBAR

Essentials of ADU Zoning Reform
see appendix B

Establish a Broad, Committed Coalition

Every local and state “build the middle” success story had an active, politically diverse, multi-sector coalition with effective elected and community leadership. Several of the most successful zoning reform efforts began with cross-sector working groups that met regularly to build coalitions, research existing conditions, connect with mentor groups outside their area, and draft messaging, legislation, and public outreach to build support. The most successful coalitions are formed many months or even several years before the most intense phases of their policy campaigns, ensuring that the broad coalitions helped to define the campaigns and proposals from the beginning.

Draft an Achievable Action Plan (and Plan On It Changing)

Zoning reform is incremental by its nature; no system this large can be changed with one action. Your coalition could begin with a small first step, as California did with legislation to allow existing accessory structures to be converted into dwellings, or it could start with a carefully developed comprehensive middle-housing plan modeled on other state reform efforts, as Montana and the New York City tri-state metropolitan areas are doing. Either way, it will most likely be a long process with setbacks, shifts, and refinements.

²³ <https://www.aarp.org/livable-communities/housing/info-2021/adu-model-state-act-and-local-ordinance.html>

²⁴ <https://www.bloomber.com/news/articles/2023-04-28/montana-s-uimbu-revolt-aims-to-head-off-a-housing-crisis>

It is important to know that you're not in this struggle alone. Seek out mentors and allies outside your area, such as Casita Coalition, and national pro-housing networks, like the Welcoming Neighbors Network, which helps local advocates craft and implement their plans.

Engage and Activate

While public support is growing for middle housing and zoning discussions are increasingly common in public discourse about the housing crisis, raising public awareness of barriers and solutions is still an essential part of any reform movement. Focusing on top-of-mind local issues like housing affordability or the need for multi-generational homes to help families meet their challenges can help connect zoning reform efforts with commonly shared challenges. Choose messengers carefully for public platforms and specific audiences.

Below are options to facilitate effective engagement:

- Meet with elected officials.
- Create a neighborhood pro-housing organization.
- Organize tours of existing middle housing and ADUs for elected officials and the public.
- Partner on public workshops with municipalities.
- Collect a list of media outlets and talk with housing journalists.
- Write press releases to celebrate milestones.
- Develop a list of real people with positive stories about middle housing who will talk to the press and consent to a filmed interview.
- Present to local groups, including service groups, faith-based organizations, and nonprofit volunteers.
- Meet with large employers to discuss workforce housing, employee recruitment, and staff retention.
- Organize groups to show support for housing at city council meetings.
- Foster understanding by telling human stories about why a family would add a unit, including to house elders, help other vulnerable family members, or assist with property taxes and maintenance costs.

Examples of effective middle-housing and ADU storytelling include content from Sightline Institute, Opticos, and the ADU Center, along with San Mateo's Second Unit Resources Center "Why Build" videos.²⁵

Because zoning and land use policies are not well understood by most policymakers or the public, first impressions are particularly important. If your coalition can define the campaign and the policy proposals early and before the opposition can mobilize, you will be in a more advantageous position for the entirety of your campaign.



²⁵ <https://secondunitcentersmc.org/why/>

Case Study: California

California's reform advocates began this process by watching the actions of Portland, Vancouver, and Seattle. Now California's statewide ADU success is widely modeled by others looking to replicate the scaling of ADUs that California achieved from 2017 to 2023.

Message

The effective messaging of this campaign focused on relatable shared values and ADU benefits that should be available to all. These messages included:

- Neighbor permission shouldn't limit how we use our homes. Families are blended, mended, and extended. Housing should reflect changing private needs rather than a neighbor's preferences.
- Regulations should not allow for lifestyle vetoes. Family choices include your number of children, number of cars, number of dogs, who you love, and who lives where.
- Local control begins at home, not at city hall. The government should stay out of who sleeps where and whether your extended family lives with you.
- Safety first. If you don't make it safe at the state level, they'll be built anyway by families who need them. This will put the people who live in them at risk.
- The state must allow ADUs so family homes can address family needs, and so every neighborhood can expand housing choices.
- ADUs help older adults age in place near their families.
- ADUs help homeowners buy and keep their homes, stabilizing homeownership and providing an effective anti-displacement strategy.
- ADUs fit into neighborhoods without changing them, providing a form of invisible density.

State Population

39 million people,
across 58 counties
and 482 cities



City of San Diego Population

1.38 million (2023)

City of Sacramento Population

528,000

Coalition

Casita Coalition's first efforts at legislative reform started small, allowing existing backyard structures to be permitted as ADUs. Building a broad coalition was critical to get this and subsequent bills passed. Early bill supporters included:

- Some cities and planning advocates
- Environmentalists and infill advocates
- Chambers of Commerce, realtors, and employers
- YIMBYs, or "Yes in My Backyard," advocates

- Older adults
- Nonprofit builders and advocates
- Unions, including teachers and employees
- Equity and environmental justice advocates
- The governor

Many of these groups and individuals were first-time supporters of a housing bill. For some proponents, it was their first time on the same side as their typical opponents. Working groups, learning from best practices elsewhere, were an important part of the California story.

Casita Coalition continues to build a coalition, mentor other advocates, and strengthen the movement. Its 2023 Build the Middle national housing policy convening brought together 250 advocates from 12 U.S. states and Canadian provinces to share lessons learned and workshop solutions for critical barriers.

Reforms

Beginning in 2016 with a simple bill to allow ADUs to be permitted from existing backyard structures, California has followed an incremental approach to reform, continually fine-tuning state law in response to emerging obstacles.

California State Laws to Streamline Multifamily Production

Recognizing that multifamily housing is a critical piece in the solution kit, legislators in recent years passed several laws aimed at streamlining the production of multifamily properties. A partial list includes:

- **SB 35** allows qualified multifamily infill projects to go through a simplified and expedited housing approval process in jurisdictions that are not on track to meet their housing production goals. Eligible projects must provide a minimum share of affordable units, follow certain labor provisions, and be consistent with local planning standards. Over 18,000 new homes have either been approved or had an application pending for streamlining under this law between 2018 and 2021.²⁶
- **SB 9** requires ministerial approval of a housing development with no more than two primary homes in a single-family zone, the subdivision of a parcel in a single-family zone into two parcels, or both. SB 9 facilitates the creation of up to four housing units in the lot area typically used for one single-family home. As of this date, more than 360 projects under SB 9 are in various stages of completion statewide. A recent successful lawsuit by five Southern California charter cities is working its way through appeals, but even if this oppositional ruling is upheld, charter cities could still decide to keep SB 9 provisions in place — though they would not be mandated to allow such projects.
- **SB 330** prohibits local jurisdictions from enacting new laws that would have the effect of reducing the legal limit on new housing within their borders or delaying new housing via administrative or other regulatory barriers.
- Modifications to the state’s Regional Housing Needs Allocation process have provided powerful encouragement for localities to engage in single-unit zoning reforms.



²⁶ <https://ternercenter.berkeleyu.edu/blog/sb-35-evaluation/>

California State Laws to Streamline ADU Production

A suite of state laws since 2017²⁷ have incrementally fine-tuned the implementation of ADUs, including laws that allowed:

- An ADU with a full kitchen and bath plus a Junior ADU (JADU) converted from internal living areas with minimal kitchen and bath facilities, which helped facilitate Marin and Sonoma Counties to later innovate ADU allowances to produce immediate replacement housing in the aftermath of wildfires;
- Amnesty for existing unpermitted units, with fee waivers or deferrals, and detailed homeowner information about costs and risks of building;
- One ADU, one JADU, plus one attached or interior-conversion ADU on every lot with a single detached home;
- ADUs on multifamily properties in unused interior and exterior spaces, creating a fast and low-cost way to add middle units in infill areas, which has become a popular option for apartment owners;
- No impact fees on ADUs less than 750 square feet; no school fees for ADUs below 500 square feet;
- ADU permit approvals to occur within 60 days;
- Separate sale of ADUs as condominiums, creating the next wave of more affordable homeownership opportunities in desirable and costly urban areas, modeled after Portland and Texas successes; and
- Pre-approved and repeated ADU plans to be re-approved in a faster over-the-counter process, saving staff processing time, and allowing architects and factory builders to sell the same homes multiple times. This helps homeowners select and purchase a pre-approved plan directly from the designer with faster approval times and greater certainty of on-budget delivery because it has already been built and priced by others. Los Angeles and San Jose programs led the way with this streamlining.



In addition to legislative efforts, multiple coalitions and nonprofits inside and outside California worked on public awareness campaigns — sharing human stories and data about the benefits of ADUs. AARP, Casita Coalition, Dwell Magazine, the Los Angeles Times, Sightline Institute, Build Small Coalition in Portland, Oregon, Small Housing in British Columbia, LA Mas in Los Angeles, and many others helped raise the profile of ADUs and middle housing as important solutions in the tool kit to address the growing crisis in housing availability and affordability. Researchers such as Karen Chapple at UC Berkeley’s Turner Center for Housing Innovation and UCLA’s CityLab, among many others, provided valuable reports that highlighted results and identified barriers, keeping reform efforts on track.

²⁷ <https://turnercenter.berkeleyu.edu/california-land-use-housing/>

Results

ADU permits dramatically increased across California as advocates chipped away at zoning and other barriers, rising from 1,269 ADUs permitted in 2016 to 27,900 in 2023. From 2017 through 2023, more than 113,000 ADUs were permitted statewide.²⁸ ADUs make up 21 percent of all housing permitted statewide, and up to 40 percent of all housing permitted in some California cities and counties. California's ADU laws are widely recognized as one of the most effective single-housing production reforms in the state's history, creating a new lower-cost housing pipeline over just a few short years, all without significant public funding or programming.

City Innovators

California cities continued to innovate beyond state minimums. We've included two examples below, and you can find more in Casita Coalition's "ADU Best Practices Guidebook."²⁹

City of San Diego

The City of San Diego's innovative ADU bonus program allows additional ADUs in certain identified parts of the city in a one-to-one ratio of deed-restricted affordable ADUs and market-rate ADUs. For some areas, unlimited ADUs may be added up to the development standards of the underlying zone. Deed restrictions are for terms of 10 years for very low- or low-income tenants and 15 years for moderate-income tenants, administered by the San Diego Housing Commission. As of January 2023, more than 300 deed-restricted bonus ADUs had been built through the program, with many more in the pipeline.³⁰

Project Example

This project added five ADUs to a single detached home on a 6,000-square-foot lot. The ADUs included one studio garage conversion by right; two one-bedroom, one-bathroom 480-square-foot ADUs that are deed restricted at moderate income levels; and two one-bedroom, one-bathroom 480-square-foot bonus ADUs at market rate. The projected total project cost for all five units, including all soft and hard costs, is \$800,000.

City of Sacramento

The City of Sacramento is an example of successful coalition-building to unanimously pass a middle-housing policy. In November 2023, the city passed a law that converts all R-1, or single detached-only, zoned areas to allow a "form-based" zoning code. This permits an unlimited number of homes on each lot, with expansion limited instead by square footage relative to lot size.

²⁸ <https://www.hcd.ca.gov/planning-and-community-development/housing-open-data-tools/housing-element-implementation-and-apr-dashboard>

²⁹ <https://static1.squarespace.com/static/5f2c2d67c58236227115e0de/t/6407f40eaf7c1a426ca55ee6/1678242834504/ADU-Best-Practices-Casita-Coalition-Third-Edition-BD-ADA-3072023.pdf>

³⁰ <https://ternercenter.andberkeleyu.edu/research-and-policy/san-diego-adu-bonus-program/>

The Policy Playbook

For most forms of middle housing, addressing zoning barriers is the most critical element of policy reform.

1ST GEN BARRIERS: ZONING & PERMITTING



REMOVE ZONING BARRIERS



MONITOR & ADAPT



SIMPLIFY THE PROCESS

Remove Barriers to Middle-Housing Variety

To restore middle housing to our neighborhoods, the first task is to address the first-generation barriers of exclusionary zoning, particularly regimes that ban all home options other than single detached houses.

Zoning barriers that prevent the development of middle-housing forms include large minimum lot sizes, restrictive building dimensions, limits on the number of homes on a lot, restrictive requirements around height and configuration of structures and yard areas, parking requirements, design guidelines, and discretionary reviews. These restrictions are complex and can create major barriers to middle housing — or render them infeasible.

Across the range of middle-housing options, each faces a unique set of zoning barriers and other challenges to broad adoption. As accessory structures to primary residences, ADUs have unique challenges not found in the development of most middle homes. Cottage clusters and townhomes also have their own set of barriers specific to their form and legal structure.

As a housing strategy, ADUs are effective in beginning incremental changes in middle-housing policy in the majority of urban and suburban areas dominated by single-detached, one-home-on-a-lot zoning. They are often the starting point for zoning reform, with wide appeal for policymakers and homeowners — and a proven track record for successful scale and affordability. We will first share some background on ADU reform, then cover their specific barriers and ways to address them, and finally share more general policy playbook guidelines relevant to most middle housing types.

Starting Small with ADUs

In cities along the West Coast of the U.S. and Canada, middle-housing reform began with ADU reforms. Cities such as Portland, Vancouver, Santa Cruz, and Seattle began reforming zoning more than a decade ago to remove the barriers that largely prevented ADUs on every lot. They did so by establishing ministerial or by-right standards and approvals. The successes and failures of these cities were studied and chronicled by advocates and researchers, including those at nonprofits and in academia.³¹

Successful reforms at the city level allowed states to take these models and scale them to address the broader systems of housing production, finance, and development. These issues cannot be widely reformed until systems-level zoning reform has begun.

Statewide zoning reform creates uniform standards across all communities, ensuring that every community does its fair share to address the housing crisis.

While local zoning reforms are a critical first step, systems change can't begin until uniform standards and predictability exist. State zoning reform is critical to shifting the systems that finance, design, and build housing. With uniform rules and predictability, market demand can grow, along with innovations and products that make it possible to build more homes at a lower price point.

Early ADU advocates relied on both facts and real human experiences to develop attractive messaging that appealed to the community, making the effective doubling or tripling of the number of homes on a parcel feel safe and familiar. Messaging described small homes, gentle density, and granny flats. It voiced support for homeowners and families over invasive governmental policies that were controlling private family decisions, like whether you live with family members and where they sleep. Images of families sharing space, seniors aging in place, and visually appealing middle housing from history all cleared the way for early ADU reform. These messages also linked these new reforms to historic trends in neighborhood design and the human needs of families. ADU policies became associated with a wide variety of benefits for community stability, housing choice, climate change reduction, and the support of diverse families as they change over time.

Studies of the pioneering reform efforts from pro-ADU cities, including Portland, Vancouver, and Seattle, made it clear that all barriers to ADUs had to be removed to get results. Similar zoning reforms developed to allow ADUs are now necessary to widely allow other middle-housing types, such as multiplexes and townhomes.



SIDEBAR

Finance action items from Casita Coalition's Build the Middle convening breakout session
see appendix B

³¹ See Appendix B: Reading List and Resources

Case Study:

Vancouver, British Columbia

In Vancouver, the city's geography, and related Agricultural Land Reserve, limits available land for development, resulting in more compact urban centers characterized by innovative building forms, including those with mixed use. More discrete, alley-facing second units called laneway houses were built in such numbers and formed such an essential part of the housing stock that legalization was a necessity to keep people housed. Another local innovation is the secondary suite: an embedded second unit within a home or condo that offers residential tenancy while contributing revenue toward mortgages.

City Population

722,014 (2023)



Province Population

5.52 million

Messaging

After an extensive public engagement process, messaging was sourced directly from residents' own words. These messages included:

- If prices were lower, more people could own a home.
- Homeownership helps build equity toward financial stability.
- Building more housing means more available options if municipalities support diverse housing stock.
- More intensive housing forms are possible without land assembly.
- It's good for families to consider urban housing options near schools, jobs, and services.
- Small housing forms can be designed to ensure privacy while also contributing to more socially vibrant neighborhoods.



Coalition

In British Columbia, Small Housing BC (an early member of the Casita Coalition) took the coalition lessons of Portland and California very seriously. The group brought together a consultant team and professional network with expertise in architecture and design, development, planning, land economics, real estate law, nonprofit housing, green building, and prefabrication. This team provided technical assistance that built capacity, educated, and made connections between local government, the general public, and industry. Their activities included:

- Advocacy, technical advising, and convening;
- Partnerships with select municipalities to support progressive, innovative work;
- Community of Practice for planners — sharing tools, resources, and insights, while highlighting gaps and needs;
- Cross-jurisdiction roundtables on infrastructure, affordability, and other topics; and
- Celebration and promotion of innovations and good practices through design awards.

Reforms

In 2023, British Columbia passed a sweeping reform and budget package, called Homes for People, to encourage small-scale, multi-unit housing, including row homes, townhouses, and triplexes. The team moved public input upfront to the planning process and held no hearings at the project level. Building on the 2018 Homes for People housing plan, the 2023 plan allocated significant funds to boost the production of affordable homes, including middle housing. The organizers of these efforts studied the successes and failures of West Coast cities and states and assembled the best practices they found to create the most comprehensive package of middle-housing reforms on the West Coast including:

- Permitted one secondary suite and/or one detached ADU (laneway home) in all single-family or duplex residential zones, allowable in all communities throughout BC;
- A \$40,000 forgivable loan pilot program with affordable rents;
- Permitted three or four homes, depending on lot size, on traditional single-detached home lots and duplex lots in most BC communities;
- Permitted six homes on traditional single-detached home lots and duplex lots near frequent transit; and
- A policy manual, site standards, and building designs to create small-scale, multi-unit homes.



Results

Nearly 30,000 lock-off suites now make up the majority of ADUs in Vancouver. Detached laneway homes are becoming more common, with nearly 20 percent of newly built homes including one. The province of British Columbia adopted provincewide ADU and middle-housing reform in 2023, modeling the success of Vancouver, Portland, and California, with broad allowances for ADUs, multiplexes, and other middle-housing forms

First-Generation Barriers

Zoning standards, regulatory processes, and related regulations all must be modified to allow a greater variety of middle housing. Removing just one of these barriers is insufficient to allow more middle homes, as demonstrated by early ADU reforms that yielded few results until all barriers were removed. Below are barriers that have been shown to restrict or eliminate middle-housing production.³²

REDUCE OR ELIMINATE DEVELOPMENT STANDARDS THAT EFFECTIVELY ELIMINATE MOST/ALL NEW MIDDLE HOUSING



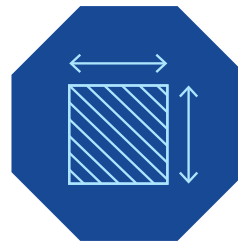
PARKING & OPEN SPACE REQUIREMENTS



DENSITY RESTRICTIONS



MINIMUM LOT SIZES & SETBACKS



FLOOR AREA RATIO & HEIGHT LIMITS



ROAD, DRIVEWAY & ACCESS STANDARDS



Reduce or eliminate development standards that effectively prevent most or all new middle housing.

Development standards like minimum lot size, open space, density, and off-street parking requirements can prevent ADUs and other middle-housing forms. In effective reform programs, these rules are eliminated or modified to allow one or two ADUs on all lots in a variety of configurations, such as allowing detached or attached new construction, conversions of existing space or garages, and “junior” units that may not have a full kitchen or bath. In broader middle-housing reforms, these rules must be changed to allow multiple attached or detached unit configurations on all lots, or at least on larger and corner lots. That would allow duplexes, triplexes, fourplexes, townhomes, and row houses to be widely added to neighborhoods formerly restricted to one single-detached home on a lot. Form-based zoning allows housing flexibility by regulating the size and shape of housing forms and not where or how many people live within them.

Standards that encourage and incentivize middle-housing development will have flexibility so that existing developments of various types (subdivisions, large multifamily properties, etc.) will have the opportunity to add new forms of housing and evolve with community needs. Providing for the future evolution of new developments is also important to consider.

³² See Appendix A for example statewide codes for ADUs and middle housing.

The table below shows selected development standards that either restrict or allow middle housing.

Development Standard	Restricts or Prohibits Middle Housing	Allows Middle Housing
Minimum Lot Sizes (in square feet)	5,000 square feet per unit	1,400 square feet per home or applying an identical lot-size standard to middle housing as single detached housing
Parking minimums	Two parking spaces per unit	Zero to one parking space per unit; zero parking spaces near transit; allow tandem parking, with one spot in front of the other, on driveways; no replacements required for conversions of garages or carports
Open space	Standards created for single detached homes, subdivisions, and large multifamily projects	Flexible standards for open space and brush management zones so that new housing forms can be added to existing developments and new developments can continue to evolve.
Density	One home per lot; high minimum densities designed for large multifamily	Allow 2–12 homes on single detached lots; form-based codes; density bonuses as incentives or subsidies
Setbacks	More than four-foot side and rear setbacks	Four-foot side and rear setbacks; acceptable to replace existing structures on the lot line
Floor Area Ratio	Ratios that preclude 800-square-foot ADUs or discriminate against smaller primary homes	Size allowances that encourage ADUs and middle homes in a range of sizes for different households, either universally large enough to accommodate four or more family-sized homes or graduated FAR with each additional home on the lot
Height Limits	Limits of less than 25 feet, which will prevent two-story structures	Limits sufficient for middle-housing types (up to four stories)
Road, Driveway, and Access Lanes	No flag lots; access to rear homes required at 14 feet wide; no shared driveways	Irregular and flag lots allowed; 10 feet access roads; walk access lane to rear homes
Multifamily Density Limits	Minimum densities that restrict middle-housing types	Allow an additional 25 percent of unit count by right (CA)

We'll take a closer look at specific development standards that, when reduced or removed, can create dramatic improvements in the number of homes built.



Reduce minimum lot sizes. Reducing minimum lot sizes has proven to be a key element of zoning reform, with studies showing dramatic improvements in the production of more affordable middle homes after minimum lot size requirements were cut.³³ Cities with reduced lot sizes include Houston, Texas; Boise, Idaho; Auburn, Maine; and Helena, Montana, with statewide reforms accomplished or pending in Arizona, Massachusetts, Oregon, Montana, New York, Texas, Vermont, and Washington, among others.

³³ See Houston, TX case study in The Policy Playbook Chapter, after "Second-Generation Barriers".

Case Study: Colorado

Colorado's housing shortage is second only to California's. Its mountain resort areas have particularly high housing costs (where a \$4 million median priced home is not unusual) with severe shortfalls of rentals affordable for service workers, but housing cost burdens are widespread across the Front Range. After a near miss in 2023 for an omnibus housing bill, Governor Jared Polis and allies separated the legislation into several bills and passed strong ADU and middle housing legislation in 2024.

State Population

5.8 million



Message

Successful messaging positioned zoning reform as necessary to address the 'pain points' of high housing costs. Messages also focused on property rights and local housing planning as upholding the state's tradition of local control; for example, transit-oriented development allows cities to choose where to increase density near transit. Building in infill locations preserves the natural landscapes that Colorado residents and visitors treasure.

Coalition

The broad coalition supporting the slate of housing bills included organizations with environmental, transportation, labor, progressive, economic development and housing justice policy priorities.



Reforms

Housing bills passed in 2024 include:

HB 1313: Requires 31 jurisdictions in Colorado’s five major metros to zone for increased density near transit. Includes \$35 million in financial incentives over four years for communities that comply.

HB 1152: Broadly legalizes ADUs across Colorado and prevents cities from enacting development standards that make ADUs infeasible. It also creates state grant and loan programs to help finance the construction of ADUs built by low- to moderate-income homeowners and for local governments to incentivize their regulatory work on ADUs. Local development standards:

- Must allow an ADU of up to at least 750 sq ft
- May not require off-street parking, setback minimums larger than 5 ft, minimum lot sizes, or special design standards for factory-built ADUs
- May require the owner to occupy the property when permit application is submitted, but may not require ongoing owner occupancy after ADU is developed

HB 1304: Eliminates parking mandates for multifamily properties in metro areas near major transit.

HB 1007: Bans local occupancy restrictions, which put a limit on how many unrelated individuals can live together.

SB 174: Requires regular housing need assessments and progress reporting by all jurisdictions with populations of 1,000 or more under the Dept of Local Affairs, which is tasked with reporting on population projections and analyzing land-use scenarios and their impacts. Includes funding for grants and incentives.

Results

Updates to this Playbook will track results from Colorado’s reform efforts.



Reduce or eliminate parking minimums. Prioritize space for people rather than cars. Don't require new parking, replacement parking, or upgrades to non-conforming parking when homes are added to a parcel. Most small, formerly single detached residential parcels cannot practically or cost-effectively add off-street parking and still fit more homes. Street parking, if crowded, can be rationed with permit parking that limits the number of permits per lot. Studies done in Sacramento and elsewhere show that additional parking is not needed.³⁴



Establish ministerial approvals. Ministerial, or by-right, approvals mean approval is given if all development standards are met, with little to no discretionary judgment from permitting staff and no action needed from a deliberative body. Zoning reform that prioritizes by-right development standards to allow more homes on every lot with just a building permit reduces uncertainty and cuts costs.

Ministerial approvals can prevent the need for zoning reviews, design reviews, or hearings for permit approval, all of which create major barriers to permitting and can prevent middle homes from being constructed.

California created a category of ADU known as the “state-exemption ADU” that local standards cannot preclude. Local jurisdictions must allow detached and conversion ADUs on single-family and multifamily properties that meet basic size, height, and setback minimums. ADUs that otherwise don't meet the state exemption standards may be permitted under local ADU ordinances. Adding statewide by-right allowances for other middle-housing types would powerfully incentivize production by cutting costs and uncertainties.

Eliminate limits on tenure, occupancy, and ownership. Tenancy restrictions, which mandate whether owners must live on-site to rent out an ADU, restrict the ability of ADUs to be used as rental homes, undermine the ability of middle-class homeowners to finance ADU construction, and create artificial limits on the ability for ADUs to add long-term housing stock to the market. These restrictions often disincentivize or entirely prevent homeowners from building units at all. Other tenancy restrictions that limit lower-cost housing options include unreasonable occupant caps, limits on unrelated persons living together, archaic definitions of families or relatedness, or restrictions on co-ownership and use of pooled resources for purchasing homes.

Eliminating tenancy restrictions for ADUs encourages their development and creates more options for financing. It also ensures that homeowners can take advantage of the flexibility ADUs can offer. For example, homeowners can use the unit for rental income until it comes time to move aging parents into the space.

Removing restrictions on separate sales of ADUs is also an effective strategy for creating a pipeline of much-needed entry-level homeownership opportunities. Texas, New Jersey, Washington state, California, British Columbia, and Portland, Oregon, all allow for the separate sale of ADUs in some or all circumstances.

Tip: Localities can test out their existing regulations by reviewing plans for missing middle units – such as older units that already exist in the locality, or examples from elsewhere – and analyzing whether they would be permissible under current regulations.

– Local Housing Solutions website,
NYU Furman Center's Housing Solutions Lab

³⁴ <https://www.itlu.org/index.php/itlu/article/view/1947>

Case Study:

Seattle, Washington

Seattle pioneered the ADU and middle-housing reforms that were later applied statewide in 2023's impressive Washington state reform package, HB 1337. Washington state advocates carefully studied reform efforts in California and Oregon and included key provisions that had been shown to boost production.

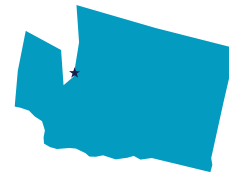
Messaging

Sightline Institute developed messaging for Seattle and Washington state efforts, which included:

- Exclusive zoning puts up invisible walls around our cities, making all housing more expensive.
- We need more homes, of all shapes and sizes, for all our neighbors.
- We need to expand opportunities for all and protect the American dream for families of all incomes, especially young people and seniors.
- This is what solutions truly look like, and here are examples of these familiar home types, including duplexes, triplexes, and small apartments.
- These solutions matter for real people, and here are examples of affordable choices that make the city work for all kinds of families.

City Population

757,992 (2023)



State Population

7.95 million

Coalition

Multiple pro-housing coalitions gathered support for Washington state's 2023 "Year of Housing" bills, including AIA's Seattle Housing Task Force, the Housing Coalition, and the Washington State Coalition for More Housing Choices. Supporters included a broad spectrum of regional leaders, civic organizations, businesses, labor, and nonprofits.



Reforms

Seattle's City Council began its reform push in mid-2019, allowing two ADUs per lot — either two attached ADUs or one attached and one detached. Townhouses and rowhouses can each have an ADU. Owner occupancy and off-street parking requirements were dropped. Detached ADUs could be built larger (up to 1,000 square feet with additional garage space), taller, and on smaller lots than before.

Accessory Dwellings, a volunteer-run ADU information hub³⁵, notes some key features that make Washington state's HB 1337

the country's best ADU reform package, including:

1. No owner-occupancy requirements are allowed;
2. Attached and detached ADUs are allowed;
3. At least two ADUs are allowed in all urban growth areas with single-family zoning;
4. ADUs may be up to 24 feet in height, allowing for two stories;
5. Impact fees for ADUs must be no more than 50 percent of the fees for the primary home; and
6. Limitations on ADUs generally may not be stricter than those for the primary home.



Additionally, cities and counties may not:

1. Require off-street parking for ADUs within a half-mile walking distance of major transit stops;
2. Require more than one off-street parking space per ADU on lots smaller than 6,000 square feet or more than two spaces on larger lots;
3. Prohibit the sale of a condo unit independently of a principal unit if it was originally built as an ADU; or
4. Require public street improvements as a condition for permitting ADUs.

Results

ADU permits increased by 250 percent as a result of these changes. As of March 2023, Seattle was permitting more ADUs than single-detached homes. In 2022, 44% of new ADUs were condominiums, with a median sales price of \$757,500, compared to \$1.18 million for principal dwelling units and \$1.61 million for new detached homes, creating more affordable homeownership opportunities. ADU permits now outnumber single-family residential permits two to one, with 70% of new single-family residences permitted with one or more ADUs on site.³⁶

SIDEBAR

A reality check for middle-housing development standards, from the Washington State User Guide for Model Local Ordinances

see appendix B

³⁵ accessorudwellings.org

³⁶ <https://seattle.legistar.com/View.ashx?M=F&ID=13134437&GUID=BD27EA78-D4C4-4695-B315-E6F7669B4B8F>

Second-Generation Barriers

If zoning rules have been changed to allow middle housing, but no one is applying for permits or building, it's important to reexamine whether all zoning barriers are truly gone and then take action to remove or improve any remaining barriers. If all first-generation barriers have been addressed, it is time to turn your attention to second-generation barriers or follow the example of coalitions that have tackled first- and second-generation barriers at the same time by undertaking a comprehensive development ecosystem analysis and process review. The following review of second-generation barriers will provide insight into how to identify the obstacles and appropriately address them.

Case studies demonstrate that most second-generation barriers are related to finance, implementation, cost of development, and education or awareness. To improve equitable access to middle-housing benefits, all these categories must be addressed at their sources, whether local, regional, statewide, or federal.



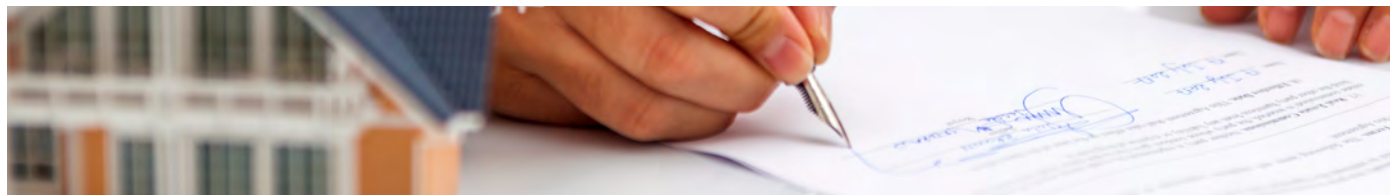
Finance

Barriers related to finance vary depending on the middle housing type and the number of homes on the lot. ADUs are most often built with cash, home equity lines of credit, Fannie/Freddie/FHA renovation loans, or a combination of sources. Lower-resourced homeowners, those most in need of ADU benefits, may not meet standard qualifying criteria such as debt-to-income and loan-to-value ratios, or other standards. Low-cost, patient-capital sources can be one option to help fill gaps, incentivize homeowners, and mitigate risk — all of which will expand equitable access.

The need for a secondary market for second-position loans that don't require homeowners to lose their low-interest first mortgage rate has been a persistent barrier. Freddie Mac announced in May 2024 the first steps toward this loan product for certain borrowers.³⁷

Grants and forgivable loans are another way to help cover the high costs of construction and make ADU projects feasible for families. California created an ADU grant program for low- to moderate-income homeowners to assist with pre-development costs, which helped homeowners build 2,500 ADUs across the state. State and local agencies in California and elsewhere are also designing innovative financial tools to encourage more — and more affordable — ADUs.

For other middle-housing types with one to four units, conventional financing is widely available, with commercial finance structures and processes for four- to 12-unit middle-housing projects similar to large multifamily spaces. The learning curve for commercial lending products may be steep for new or small firm developers, and training would likely be beneficial. The UC Berkeley Turner Center's new interactive tool, Demystifying Development Math,³⁸ with its accompanying reports, is a valuable resource for new developers entering the middle-housing field.



³⁷ <https://www.federalregister.gov/documents/2024/04/22/2024-08479/freddie-mac-proposed-purchase-of-single-family-closed-end-second-mortgages-comment-request>

³⁸ <https://www.turnercenter.app/demustifying-development-math>

Middle-Home Finance Overview

The chart below from CoreSGB shows common types and sources of financing for middle-home projects.

Financing Type	For Whom?	Type of Project	Funds	Sources of Funds	How do you access these sources?
Conventional	Individuals who own their property	<ul style="list-style-type: none"> ▪ Single-family homes (new construction or renovation) ▪ One ADU per property ▪ Owner-occupied ▪ Limited investment purposes 	<ul style="list-style-type: none"> ▪ Cash ▪ Borrowed funds from relative ▪ Home Equity Line of Credit ▪ Construction loan or renovation loan 	<ul style="list-style-type: none"> ▪ FDIC-insured sources: ▪ Fannie Mae ▪ Freddie Mac ▪ FHA 	<ul style="list-style-type: none"> ▪ Banks ▪ Credit unions ▪ Independent mortgage brokers
Unconventional	Builders, developers, and real estate investors	<ul style="list-style-type: none"> ▪ Duplex, triplex, and fourplex units ▪ Multiple ADUs ▪ Cottage clusters ▪ Generally not owner-occupied 	<ul style="list-style-type: none"> ▪ Cash ▪ Borrow from relative ▪ Line of credit on another property ▪ Guidance lines on subject property ▪ Temporary construction loan 	<ul style="list-style-type: none"> ▪ Private equity funds ▪ Wealth funds ▪ Private foundations ▪ Social impact investing funds 	A “financial matchmaker”

Statewide scale is likely needed to address barriers related to financial systems, as the conservative-by-nature finance and real estate ecosystems are always looking for predictable processes, examples of strong loan performance, buyer demand, transaction data from comparable properties, and other proof that their investments are safe. With high costs for finance and development, incentives such as tax relief, density bonuses, and fee waivers or reductions may be needed to make certain middle-housing projects feasible.

Implementation

There are significant challenges to implementing middle-housing reforms. Local agencies, often understaffed and under-resourced, are tasked with implementing new laws, adapting their systems, training staff, educating the public, and reporting progress to elected officials and state agencies.

In California, as with some other states, all cities and counties are required to regularly plan for their housing needs and report annually on progress. The state’s Housing and Community Development agency makes progress reports available to the public on a data dashboard and receives feedback from practitioners and homeowners on implementation issues at local agencies. It also issues technical assistance to municipalities to promote compliance with state laws and coordinates with the attorney general’s office for enforcement if needed. Massachusetts’ 40B program is another example of this reporting and feedback system.

Advocates and legislators agreed that this accountability structure was necessary, as before it was established, municipalities had little incentive to do their share of building homes with a range of affordability. In other states, a lack of accurate tracking data regarding the impact of zoning changes has limited effective program and policy design.

Other challenges also remain. Implementation is uneven and not enough philanthropic funding is focused on critical implementation work. Coalitions must continue to monitor implementation, look for solutions, and keep the lines of communication open with public and private practitioners to stay informed of emerging challenges.

Below are common barriers and proven strategies to consider.



Reduce permit timelines and fees. Many of these middle-housing forms are built by homeowners and small builders who do not have the capacity to endure long, costly approval processes or high fees. Allowing these homes to be delivered quickly and cost-effectively is critical to keeping them widely attainable without subsidy. Adoption of by-right development processes creates regulatory certainty and a clear path to approval for projects that comply with city requirements, as opposed to approval processes of uncertain length and outcome.

Local agencies can create a culture of yes by encouraging plan reviewers to be partners with applicants and providing direction and feedback about what is expected in the next submission. This strategy has been shown to cut staff hours and backlogs by improving submission completeness.

Advocate for lowering the cost of development. Building the middle, whether through an ADU, duplex, townhome, or other forms, depends on cost-effective construction so the homes can be built at prices that middle-income families can afford. Construction costs across the country have reached historic highs. Federal, state, and local agencies are focusing on how best to reduce costs. Strategies under consideration or piloting include streamlining for pre-approved plans, simplified permit processes, automated construction techniques, lowered fees, streamlined approvals for manufactured homes, and expanded allowance of ownership forms, such as laws that facilitate condominium construction and conversion. Many strategies are being examined as a means to inject more sources of capital into the creation of homes and expand homeownership opportunities.

Work to develop uniform standards to create markets for lower-cost homes. California offers an excellent model of how state zoning reform can unleash lower-cost housing production. Because all California cities have the same basic ADU rules, architects, designers, and ADU builders are rapidly developing innovations in the design and construction process to lower the cost and speed the delivery time of ADUs.

This includes a spike in factory-built homes, some built to the HUD code and some built to the California Manufactured Housing Code. This allows for more cost-effective, simplified designs, as the units are inspected and certified in the factory and then approved for all permits. The streamlined process eliminates the need for local officials to conduct additional inspections. Homeowners in California, from their phone or desktop computer, can review dozens of ADU companies, compare designs and costs, and select a builder who will handle all permitting, design, and installation for them. Factory-built homes are being craned into backyards, flat-packed onto trucks, and 3D-printed in many localities across the state by start-ups trying to lower construction costs and speed up development timelines.

Many California nonprofit Community Development Financial Institutions, or CDFIs, and HUD counselors, including Neighborhood Partnership Housing Services and HPP Cares, are now partnering with manufactured-home

companies to sell lower-cost ADUs to low- and moderate-income homeowners, wrapped with financing options. California's statewide zoning reform and attention to other barriers to ADUs is finally showing significant signs that comprehensive zoning reform can unlock major systems change in how homes are built, financed, and installed — shifting the entire housing ecosystem.

Encourage local ADU programs and incentives. A menu of incentives and programs can help expand access across diverse communities and make ADU production more equitable. Jurisdictions can offer fee waivers, a method that brought a surge of permits in Portland;³⁹ create forgivable loans and grants; establish one-stop shop programs that educate, manage projects, conduct landlord-tenant training, and offer property management; and encourage resource-pooling and other creative finance options. The industry needs funding to support more nonprofits in homeowner ADU education, feasibility studies, project management, and landlord-tenant training.

Minimize deed restrictions that limit flexible ADU use. In some programs, incentives have been tied to rent-affordability restrictions. Unlike professional affordable housing developers, however, homeowners are not used to rental regulations, affordability deed restrictions, or the fees required to operate these programs. Additionally, homeowners do not typically have the same level of access to the attorneys, lenders, and others who help large-scale professional owners navigate these restrictions and their enforcement.

Where affordability restrictions are in place, many homeowners may avoid legally adding a housing unit in order to avoid concerns about lack of flexibility in who they can rent to or in housing a tenant who no longer qualifies for an income-restricted unit. The potential stress and expense are often prohibitive. If they are used, very short-term affordability restrictions (five to seven years) set at moderate incomes (80–120 or 150 percent of area median income) in exchange for significant financial assistance may avoid suppressing ADU construction. Regulating individual ADUs and enforcing covenants can be a logistical nightmare for local agencies who typically do not have the financial resources to adequately staff, monitor, and enforce housing affordability requirements that apply one unit at a time, as opposed to more typical affordable housing regulations that apply to multi-unit projects owned by professional for-profit or nonprofit organizations.

Studies on rental rates of ADUs do not support the need for price controls. The majority of ADUs are rented at below market rates, with about 16 percent rented at very low- or no-cost.⁴⁰

Mostly built by homeowners without public subsidy, ADUs are an important pipeline of new affordable rental homes. Encouraging and incentivizing the production of ADUs should be a priority for any jurisdiction struggling with housing affordability.



³⁹ <https://www.loveportland.com/new-blog/2018/6/20/the-abcs-of-adus>

⁴⁰ <https://www.aducalifornia.org/wp-content/uploads/2021/04/Implementing-the-Backward-Revolution.pdf>

Lessen utility and regulatory barriers. Implementation challenges in the utility category are some of the industry’s most persistent barriers, resulting in unpredictable construction timelines and costs that can derail projects. Deferred infrastructure upgrades impact system capacity in some communities, with applicants sometimes asked to bear the costs of water, sewer, road, or electrical equipment improvements. Regulatory reform to curb high capacity and connection charges for ADUs, as well as requirements for separate meters, have had limited success so far in California, though efforts continue.

Align the real estate ecosystem. This implementation barrier is mostly relevant to ADUs, as other middle-housing forms, if present in the local market, fall into more standard categories and systems. Real estate agents, mortgage brokers, and appraisers may benefit from training on ADU/JADU definitions and what’s allowed according to their local ordinances and state laws. This would improve the accuracy of property information, communication with clients, and ADU valuation.

As of summer 2024, an effort to standardize ADU data fields on MLS platforms is now underway by the Real Estate Standards Organization. This update will bring much-needed clarity to the transaction side. A scarcity of comparables and low valuations for ADUs are another barrier in this category, one that is slowly improving as more ADUs are built and as agencies, including Fannie Mae, Freddie Mac, and FHA, continue to update their policies and loan programs to be more ADU-friendly.



Tackle workforce shortages and sector capacity limits.

The ADU and middle-housing fields are new. Each year brings new laws, opportunities, and implementation challenges. Practitioners need resources to keep up with changes and to share issues and solutions. Advocacy coalitions that can provide these resources will help build capacity in all sectors, public and private. Education efforts can also provide upskilling in ADU and middle-housing subjects for those just entering the field from related professions. Casita Coalition’s education program, Casita Academy,⁴¹ combines self-paced online learning with live instruction to broadly expand awareness and access to ADU and middle-housing information.

Efforts to address construction labor shortages for middle-housing and ADU builders are also needed. Many regions face acute shortages of construction workers, impacting owners who want to build ADUs.⁴² Manufactured home builders, working in a production line model at fixed locations with predictable inspections and no weather delays, can offer products at lower costs, and employment with worksite conditions more amenable to workers.⁴³



⁴¹ <https://www.casitacoalitionacademy.org/#/home>

⁴² <https://hbi.org/wp-content/uploads/Spring-2022-HBI-Construction-Labor-Market-Report.pdf>

⁴³ <https://ternercenter.berkeleyu.edu/wp-content/uploads/2022/01/Southern-California-Off-Site-Construction-February-2022.pdf>

Case Study:

Texas

In Texas, cities and counties have the authority to establish and enforce zoning regulations, and as a result, standards and allowances for ADUs and other middle-housing forms vary greatly across the state. Advocates are working toward statewide reforms that would override local standards for minimum lot size, set limits on permitting timelines, and make commercial-to-residential zoning changes easier.

Message

The messaging in Texas has focused on the struggles of middle-income and working-class families, and that these middle-housing options can alleviate some of those challenges. It has rested on ideals around the free market, highlighting values around decreased government control. These messages included:

- Texas is at risk of pricing out our middle-income and working-class folks, the people who make up the economic engine of the state.
- High housing costs not only affect individual families but also limit Texas' growth and economic potential.
- Allowing the free market to work and balancing the supply and demand for housing will benefit Texas communities, and the restrictive land use environment we live in today must be changed.

Coalition

A broad coalition, including Texans for Housing, Texans for Reasonable Solutions, and the Austin Housing Coalition, supported a strong housing package in 2023 that found bipartisan backing but ultimately failed to pass. Efforts continue.

Reforms

The Texas Uniform Condominium Act allows by-right condo conversions of ADUs and other housing types while prohibiting regulations for condos that aren't applied to physically identical homes with different ownership structures. This innovation creates broad opportunities for affordable middle-housing homeownership statewide. As a result, ADU condos are common across the state, with thousands of two-unit "site condos" established and sold using Texas condo law.

In the absence of statewide standards, some Texas cities have stepped forward with effective middle-housing reforms. Below are some examples:

State Population

30.5 million



Houston

The city reduced minimum lot sizes from 5,000 to 1,400 square feet in 1998 for the city’s central area and in 2013 for outer areas. In 2023, the Houston City Council amended its ordinance to increase the allowable footprint for ADUs from 900 to 1,500 square feet and to reduce parking requirements so that anything up to 1,000 square feet does not require an off-street parking spot.

Austin

In Austin, a 2015 study commissioned by the city concluded that ADU restrictions were a barrier to fair housing. Despite strong opposition, the council passed a bold ordinance to relax them, which reduced the minimum lot size required to build an ADU from 7,000 square feet to 5,750 square feet, which encompasses most lots. The 2015 reforms also removed the ability of neighborhoods to opt out entirely of allowing ADUs. The number of ADUs

constructed tripled from 2015 to 2019. In December 2023, the city went even further with its HOME Phase I initiative, which allowed up to three homes on lots previously zoned for one home, among other changes. ADUs sold as condos in Austin are popular as starter homes. HOME Phase 2, if it passes, will reduce the minimum lot size for an ADU to 2,500 square feet.

Statewide

An ADU reform bill that would have established statewide protection for the rights of homeowners to build ADUs was part of a housing package passed by the Texas Senate in early 2023, but it failed to gather adequate support in the House. Advocates say that changes will also have to be made to “protest rights,” a section of the Texas Local Government Code that allows property owners living near a zoning change to protest it, which then elicits a requirement of a three-fourths majority to pass the change.

Results

At least 34,000 townhouses were built in Houston from 2007 to 2020. A study of 5,000 townhouses built on lots previously occupied by single detached houses showed a median cost of \$340,000 for the townhouses, considerably lower than the \$545,000 median value of other new single-detached homes in the city — and an amount that was affordable in 2020 for families earning at least 105% of the area’s median family income.



What's Next: Emerging Lower-Cost Options

As costs of construction and development continue to rise, advocates across the country, including in Portland, Oregon, and several cities and counties in California, are pushing forward policies that remove barriers and encourage lower-cost homes that can be quickly deployed at a fraction of the cost and timeline of standard construction.

Manufactured Homes

In many states and localities, manufactured housing built to HUD code is a readily available lower-cost home type, allowed as primary homes and ADUs on single detached zoned lots in California. However, barriers remain to a national policy, including zoning, lending, and development standards. Addressing these barriers to manufactured homes is a critical strategy to rapidly producing more homes in more places that people can afford.

Movable Tiny Homes

Classified as recreational vehicles but built for four-season use, movable tiny homes, or tiny homes on wheels, are now allowed to be occupied as dwellings alongside single-detached homes on any residential parcel in Portland, Oregon. Requiring just an RV-style hookup to the primary home's utilities, with no certification required, uptake has been strong. These dwellings can be purchased new or used at a range of \$40,000 to \$80,000, with installation costing approximately \$10,000. Portland has gone further and also allowed the occupation of standard self-powered RVs, which are already allowed to be parked on lots with a single detached home. While tiny homes on wheels are allowed in several major California cities, numbers are very limited, suggesting the need to identify and address barriers, which could include certification requirements, awareness gaps, and more.

Garage Pods

A handful of companies are innovating to create pods that contain the kitchen and bath utilities for garage conversion to ADUs. The pods slide into place once the interior shell is brought to code and finished, creating a studio ADU at approximate costs of under \$150,000.

Homesharing

As the lowest cost way to add living space to a home without renovations (maybe just cleaning out a closet), homesharing can provide important social connections and housing stability. Older homeowners especially can benefit from homesharing if they are struggling to afford their mortgages and other expenses — and, at the same time, they'll be providing an affordable rental (averaging from \$750 to \$1,100) to someone priced out of market-rate options⁴⁴

These spaces are becoming digitally accessible as well. Renters using Zillow can search for “room” listings alongside traditional “entire place” options.⁴⁵ Nonprofit programs are also available to provide tenant vetting, matching, and help with agreements and mediation. Shared living arrangements are another option for housing more people in existing homes, but barriers in local codes may need to be removed.

⁴⁴ https://scholarworks.sjsu.edu/cgi/viewcontent.cgi?article=1985&context=etd_projects

⁴⁵ <https://zillow.mediaroom.com/2024-02-08-Zillow-expands-rental-marketplace-with-room-listings,-offering-more-affordable-and-flexible-options>

Case Study: Portland, Oregon

Coalitions and local advocates led a grassroots reform effort that kept Portland in the spotlight as the leading ADU innovator city for several years. Local successes broke ground for the passage of an ambitious statewide middle-housing package.

Messaging

Portland's early messaging focused on the benefits of infill housing production within the urban boundary to preserve farms, forests, and deserts from housing sprawl.

City Population

648,097 (2023)



State Population

4.2 million

Coalition

Two coalitions played a key role in Oregon's reform journey: the Space Efficient Housing Workgroup (2010–2017) and the Build Small Coalition (2017–present). Portland's Build Small Coalition convened some of the first West Coast multi-sector "sharing" sessions, with representatives of Canada, California, and Washington state, inspiring what later became the Casita Coalition. Portland's small housing advocates met regularly to:



Network across industries



Discuss regulatory barriers and reforms



Organize initiatives, such as ADU tours and conferences; and



Focus on research needs and fund studies.

Reforms

In 1973, Oregon passed an urban growth boundary law that set the stage for a positive attitude toward urban infill housing. Even though strong ADU-allowing rules were in place, not much happened until 2010 when:

1. An ADU impact fee waiver was added and education and awareness efforts began;
2. ADU tours and classes increased interest, with more than 800 people attending the first citywide tour; and
3. Cross-industry working groups and coalitions began meeting to discuss regulatory barriers and reforms, organize initiatives, and focus on research needs.

Results

Portland built on the success of ADUs with RIP, the Residential Infill Project. In its first year, 42 percent of permitted housing units were middle-housing units. Out of those units, 76 percent were fourplexes, 13 percent were duplexes, and 23 percent were second ADUs. Only 16 percent were single detached homes. Portland middle-scale homes sold for an average of \$117,000 less than a traditional median-size detached home.

Conclusion

“While we need to make it easier to incrementally grow neighborhoods and add housing, we also, specifically, need to work to make it viable to build small, modest homes again. This can mean a lot of things. It can mean smaller apartments, with less floor space and amenities. It can mean the missing middle housing, built mostly by small local developers, that used to be the backbone of every city. It can mean accessory dwelling units or just small-lot houses.”

–Daniel Herriges, Strong Towns

To succeed in our efforts to restore a robust variety of housing types and improve affordability and supply of homes in every neighborhood, the Build the Middle movement will have to improve the consistency of rules and standards, lower development costs, simplify permitting, zone more land for middle housing, and enable a major increase in the number and type of workers, companies, and capital sources to build homes in as many innovative ways as possible. A future where all people – including young families, retirees, and essential workers – can afford to own or rent in vibrant, amenity-rich, walkable neighborhoods is worth every ounce of our collective efforts.

We hope you have found this playbook a useful companion in your middle-housing advocacy journey. As a living document, it will be updated, revised, and expanded as we learn together. Please send us your questions, corrections, and additions so we can incorporate your feedback.

We hope you’ll reach out to us and join the Build the Middle movement so we can share your successes and lessons learned in our next edition.



Appendix

Appendix A – Example Statewide Codes for ADUs and Middle Housing

Examples of statewide ADU law

California ADU/JADU Code, Gov Code Chapter 13 66310-66342

https://leginfo.legislature.ca.gov/faces/codes_displayexpandedbranch.xhtml?lawCode=GOV&division=1.&title=7.&part=&chapter=13.&article=2.&goUp=Y

Washington State

(RCW 36.70A.680 and 36.70A.681)

<https://app.leg.wa.gov/RCW/default.aspx?cite=36.70A.681>

Examples of statewide middle housing law

Washington State Middle Housing Code

<https://deptofcommerce.app.box.com/s/2l4yetpanyztkjbpumdfdadghh2rfag7>

Oregon State Model Code Middle Housing

https://www.oregon.gov/lcd/Housing/Documents/OAR660046_EXHIBIT_B-Large_Cities_Middle_Housing_Model_Code_20201209.pdf

British Columbia Small-Scale, Multi-Unit Province-Wide Law

Policy Guidance Manual

https://www2.gov.bc.ca/assets/gov/housing-and-tenancy/tools-for-government/local-governments-and-housing/ssmuh_provincial_policy_manual.pdf

Appendix B: Reading List and Resources

[AARP Livable Communities: Discovering and Developing Missing Middle Housing](#)

[Re-Legalizing Middle Housing: A Model Act and Guide to Statewide Legislation](#)

[The ABCs of ADUs: A Guide to Accessory Dwelling Units and How They Expand Housing Options for People of All Ages](#)

[Accessory Dwelling Units: A Step-by-Step Guide to Design and Development](#)

[Accessory Dwelling Units Model State Act and Local Ordinance](#)

[Menu of Ideas: Incentives to Invest in the Development of Affordable ADUs](#)

[Evaluating CA's ADU Reforms: Preliminary Evidence and Lessons for State Governments](#)

[ADU Financing White Paper](#)

[Death to Single-Family Zoning...and New Life to the Missing Middle](#)

[ADU Best Practices](#)

[Discovering and Developing Missing Middle Housing](#)

[Making Room: Housing for a Changing America](#)

[ADU Equity Strategies](#)

[Housing Choices Guidebook: A Visual Guide to Compact Housing Types in Northwest Oregon](#)

[The Infill Design Toolkit: Medium-Density Residential Development](#)

[Equity in Zoning Policy Guide](#)

[Small Multifamily Homes and Wealth Building: 2-4 Unit Housing Market Brief May 2022](#)

[Expanding ADU Development & Occupancy: Solutions for Removing Local Barriers to ADU Construction](#)

[Menu of Ideas: Incentives to Invest in the Development of Affordable ADUs](#)

[What is Missing Middle Housing?](#)

[Missing Middle Brief—UC Berkeley Turner Center](#)

[California Community Builders: Effects of Upzoning SF Neighborhoods on Supply and Affordability](#)

[The Effects of Minimum Lot-Size Reform on Houston Land Values](#)

[How to Enable Missing Middle Housing](#)

[Development Process Efficiency: Cutting through the Red Tape](#)

[Local Housing Solutions by NYU Furman Center's Housing Lab](#)

[AARP Livable Communities Missing Middle Slideshow](#)

[Washington State User Guide for Model Local Ordinances](#)

[Enabling Better Places: Congress for New Urbanism and Vermont HCD](#)

[Learning from Houston's Townhome Reforms](#)

[We Just Built It: Code Enforcement, Local Politics, and the Informal Housing Market in Southeast Los Angeles County](#)

[Yes in My Backyard: Mobilizing the Market for Secondary Units](#)

[Gentle Density Toolbox: an extensive resource repository by Small Housing](#)

Sidebars

Sidebar: Napa County's Forgivable ADU Loan Program terms

The County of Napa's AADU Program, the Affordable ADU Program, combines incentives and low-interest forgivable loans to expand access to ADUs for their residents. Below are its terms:

- Open to any county homeowner who occupies their residence full-time
- Three percent simple interest, deferred, through the construction period and the five-year required period of affordable rent amount
- The unit must be rented to tenants with 80 percent AMI or less for five years; renters can be family if they meet those qualifications
- Incentives include pre-reviewed ADU plans, managed construction escrow services, loan closing costs and fees, and permit fees
- Base loans and incentives are scaled to ADU size: a studio ADU allows for up to \$45,000, a one-bedroom ADU allows for up to \$80,000, and a two-bedroom ADU allows for up to \$105,000

Sidebar: A reality check for middle-housing development standards, from the Washington State User Guide for Model Local Ordinances

Do established building setbacks, especially rear setbacks, need to be modified to accommodate development on small lots?

Do current road standards account for the need for narrow driveways to access development on the rear of a lot if the primary home is retained or if new middle-housing development occurs on a vacant lot? Will there typically be enough room between the retained home or new middle-housing development and the side property line?

Are there subdivision standards that require large landscape buffers? These may be appropriate for traditional low-density single-family subdivisions but could be challenging to implement for infill subdivisions with middle housing.

Sidebar: Top Takeaways from Casita Coalition's Opening the Playbook Webinar

Kol Peterson, Build Small Coalition, Accessory Dwelling Strategies Portland, Oregon

1. In 1973, Oregon passed an urban growth boundary law that set the stage for a positive attitude toward urban infill housing.
2. Even though strong ADU-allowing rules were in place, not much happened until 2010 when an ADU impact fee waiver was added and education and awareness efforts began.
3. ADU tours and classes were a very effective strategy in increasing interest. More than 800 people attended the first citywide ADU tour.
4. Cross-industry working groups and coalitions met to discuss regulatory barriers and reforms, organize initiatives, and focus on research needs.
5. Portland built on the success of ADUs with a residential infill project. In its first year, 42 percent of permitted housing units were middle-housing units. Of those units, 76 percent were fourplexes, 13 percent were duplexes,

and 23 percent were second ADUs. Only 16 percent of these new units were single detached homes. Middle-scale homes in Portland sold for an average of \$117,000 less than a traditional median-size detached home.

**Jake Fry, Small Housing
Vancouver, British Columbia**

1. Vancouver has serious affordability issues. Only five percent of the population can afford its median-price home.
2. A province-wide nonprofit promoted and encouraged ADUs and middle-housing solutions and provided supporting data through research projects.
3. Elected officials need to know that the public approves of gentle infill homes.
4. With strong public awareness campaigns, 72 percent of residents see infill homes as an affordability solution.
5. ADUs and infill homes are a once-in-a-generation opportunity to unlock untapped wealth in properties and create homeownership opportunities.

**Denise Pinkston, Casita Coalition
California**

1. Zoning is just the first barrier. Only when that wall comes down can you begin to see and tackle the others.
2. A system of step-by-step incremental changes using lessons learned from other regions regarding ADUs was a successful initial strategy. These lessons learned can eventually be applied to remove all first- and second-generation middle-housing barriers.
3. Statewide change is essential to create ecosystem transformation.
4. The message that reached the most people was that local control begins at home, not at city hall. It was also key to share that people should not experience lifestyle-veto from neighbors or government — and that modern families are constantly changing. They need zoning flexibility so their home continues to meet their needs through all stages of life, from their first home purchase with mortgage payment help from ADU rental income to providing shelter for vulnerable family members to aging in place.
5. Identifying and amplifying deeply shared values instead of demanding people change their worldviews and values, along with the creation of a broad coalition, was essential to getting the first statewide law passed. It remains essential to continued progress.

**Anna Fahey, Sightline Institute
Washington State**

1. In 2019, the removal of owner-occupancy and parking requirements caused ADU production to quadruple.
2. After years of churning out best practices, research, and meetings with legislators and allies, the housing crisis hit everyone in 2023. It then became clear to more people that the housing shortage was the problem and zoning reform was a necessary fix.
3. Show, don't tell. Make the message about people and connect your audience to stories. The anti-sprawl message was particularly effective in this way.
4. Share photos of ADUs and middle housing to make these options seem familiar, pleasant, and desirable.
5. Build broad coalitions that reach across the aisle. The 2023 ADU and middle-housing bills would not have passed without Republican votes, demonstrating the necessity of this becoming an inclusive issue.

Tanner Avery, Frontier Institute

Montana

1. Demonstrate the problem in an easily understandable way. A partnership with the National Zoning Atlas helped to demonstrate how restrictive local zoning was excluding low- and middle-income residents, worsening the housing crisis.
2. Place a strong focus on freedom, property rights, and maintaining open space.
3. Public relations efforts and advertising campaigns gave voice to Montanans from the right, the left, and the business community. Across the board, people were given space to talk about why zoning matters to them.
4. Talk to other ADU policy leaders to build successful strategies and compile lessons learned.
5. Efforts led to bills that allowed one ADU statewide and two homes per lot in larger cities. Statewide law prevented local rules for two homes on a lot from being more restrictive than they are for a single detached home.

Sidebar: Essentials of ADU Zoning Reform

1. Allow all types of ADUs, including those attached to, or located within, the proposed or existing primary dwelling. Conversions of attached garages, other accessory structures, detached garages, and other structures away from the proposed or existing primary dwelling should all be permissible, so long as they are located on the same lot as the proposed or existing primary residence. Multifamily ADUs should also be allowed.
2. Require ministerial and by-right permit approvals with no hearings, neighbor notice, or design review required. There should be no local standards that can functionally prevent the development of ADUs, and the reforms should allow, at minimum, for an 800-square-foot ADU, including standards for open space, landscaping, and front setbacks.
3. Set a permit timeline for approval or denial. In California, the timeline is 60 days.
4. Many ADU reform efforts begin slowly, with state laws that allow one ADU per lot. In California, owners are currently allowed one new detached unit, one attached or interior conversion, and one JADU. In Washington, owners are allowed two ADUs, either detached or attached, on any lot that has detached dwellings.
5. Reduce or eliminate parking minimum requirements. For example, in California, the parking requirements cannot exceed one space per accessory dwelling unit or bedroom, whichever is less. Near transit, no parking is required. Spaces may be provided as tandem parking on a driveway. These reforms may also eliminate parking requirements for ADUs. When a garage, carport, or covered parking structure is demolished in conjunction with the construction of an ADU or converted to an accessory dwelling unit, the local agency should not require that those off-street parking spaces be replaced. In 2019, Seattle removed owner-occupancy and parking requirements, causing ADUs to quadruple.
6. Create standards for a statewide by-right ADU that local permitting authorities must permit. For example, California created a state-exemption ADU of 800 square feet with 16-foot height (taller under some circumstances) and four-foot side and rear setbacks that all local governments are required to permit.
7. Set separate size standards for conversions of existing structures, attached ADUs, and interior conversions that local ADU ordinances cannot go below. Set minimum square footage based on bedroom count for detached ADUs permitted under local ordinances.
8. New ADU development should not trigger requirements for the primary residence to add fire sprinklers.
9. Determine lot size and setback requirements. For example, California state law does not set minimum lot sizes but states that local agencies may create lot size and setback standards as long as they don't unduly constrain the creation of all types of ADUs.

10. Create height standards that allow adequate height for two-story ADUs and ADUs above garages. For example, Washington prohibits a maximum ADU height of less than 24 feet, or no less than the height limit that applies to the main house, if that limit is less than 24 feet.
11. Eliminate subjective design standards such as “must fit into neighborhood character” or “similar in look and feel.” For example, Washington prohibits design standards that are more restrictive than those placed on primary homes and those that require an ADU to match the primary home.
12. Establish that off-site improvements, such as sidewalks, roads, and other infrastructure, by an ADU applicant can’t be required for permit approval.
13. Establish that the local agency shall not deny an application for a permit to create an ADU due to the correction of nonconforming zoning conditions, building code violations, or unpermitted structures that do not present a threat to public health and safety and are not impacted by the construction of the ADU.
14. Incentivize ADUs through reduced impact fees. For example, tie these impact fees to unit size and make them proportional.
15. Remove the ability of homeowners associations to restrict ADU development.
16. Establish a provision in state law that ADUs are an accessory to the primary residence or multifamily property and do not change occupancy codes or increase housing density, and therefore do not create conflicts with existing zoning.

Sidebar: Finance action items from Casita Coalition’s Build the Middle convening breakout session

Casita Coalition’s Build the Middle housing policy convening brought together more than 250 advocates, policymakers, and practitioners in the middle housing field to brainstorm solutions. The financing breakout and federal policy main sessions yielded these ideas and action items to improve access to finance, particularly around ADUs where the fewest financial products are available for people who need them.

The following are financial action items that could be beneficial for reform efforts:

- Develop a model for a one-time close construction loan for ADUs.
- Create a capital market for secondary mortgages that will allow homeowners to keep their low-interest first mortgage while freeing up equity to build ADUs.
- Tap into Community Development Financial Institutions, or CDFIs, for ADU development. Get CDFIs certified as FHA lenders.
- Bring jurisdictions to the table in the capital stack with a private partner to build ADUs.
- Turn to PLHA, REAP 2, Home Funds, PIP, hotel taxes, and in-lieu funds for ADU grant and loan programs.

