

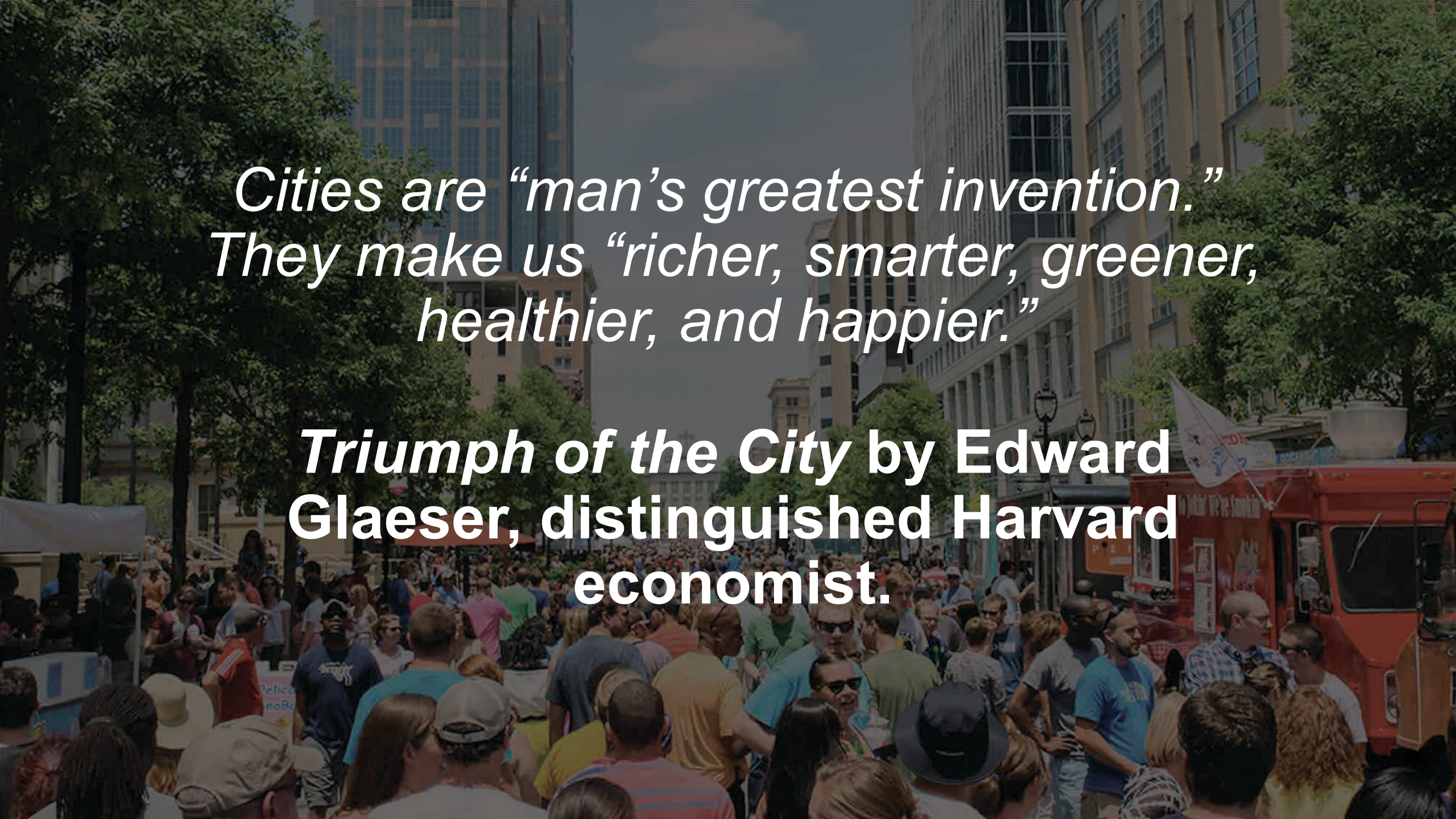


# Missing Middle Housing

A Raleigh for All

Patrick O. Young, AICP

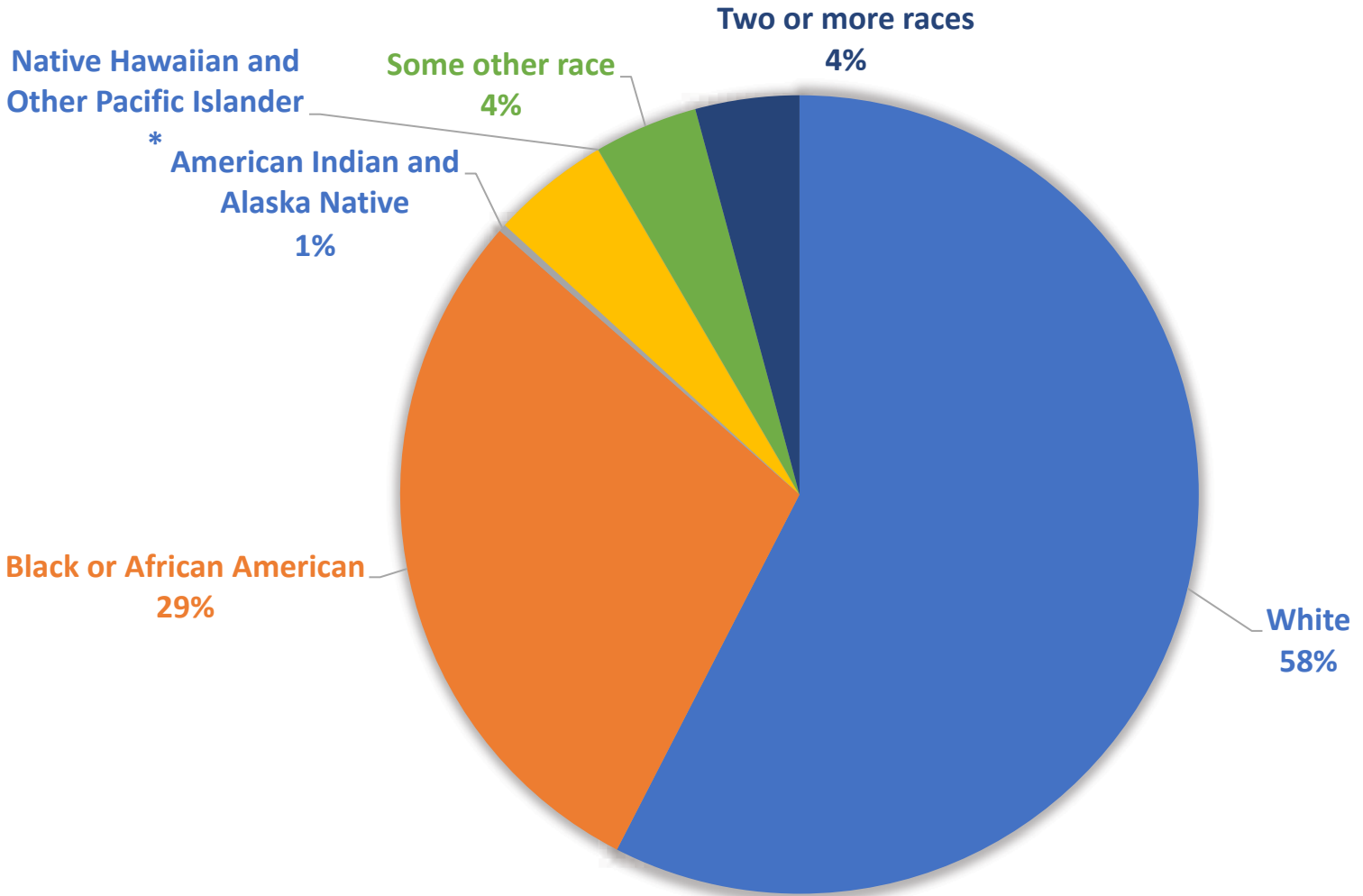
Planning and  
Development Director

A large crowd of people is gathered on a city street, likely for a festival or event. The crowd is diverse in age and appearance, with many people wearing casual summer clothing. In the background, tall city buildings and trees are visible. A red truck is partially visible on the right side of the street. The overall atmosphere is lively and urban.

*Cities are “man’s greatest invention.”  
They make us “richer, smarter, greener,  
healthier, and happier.”*

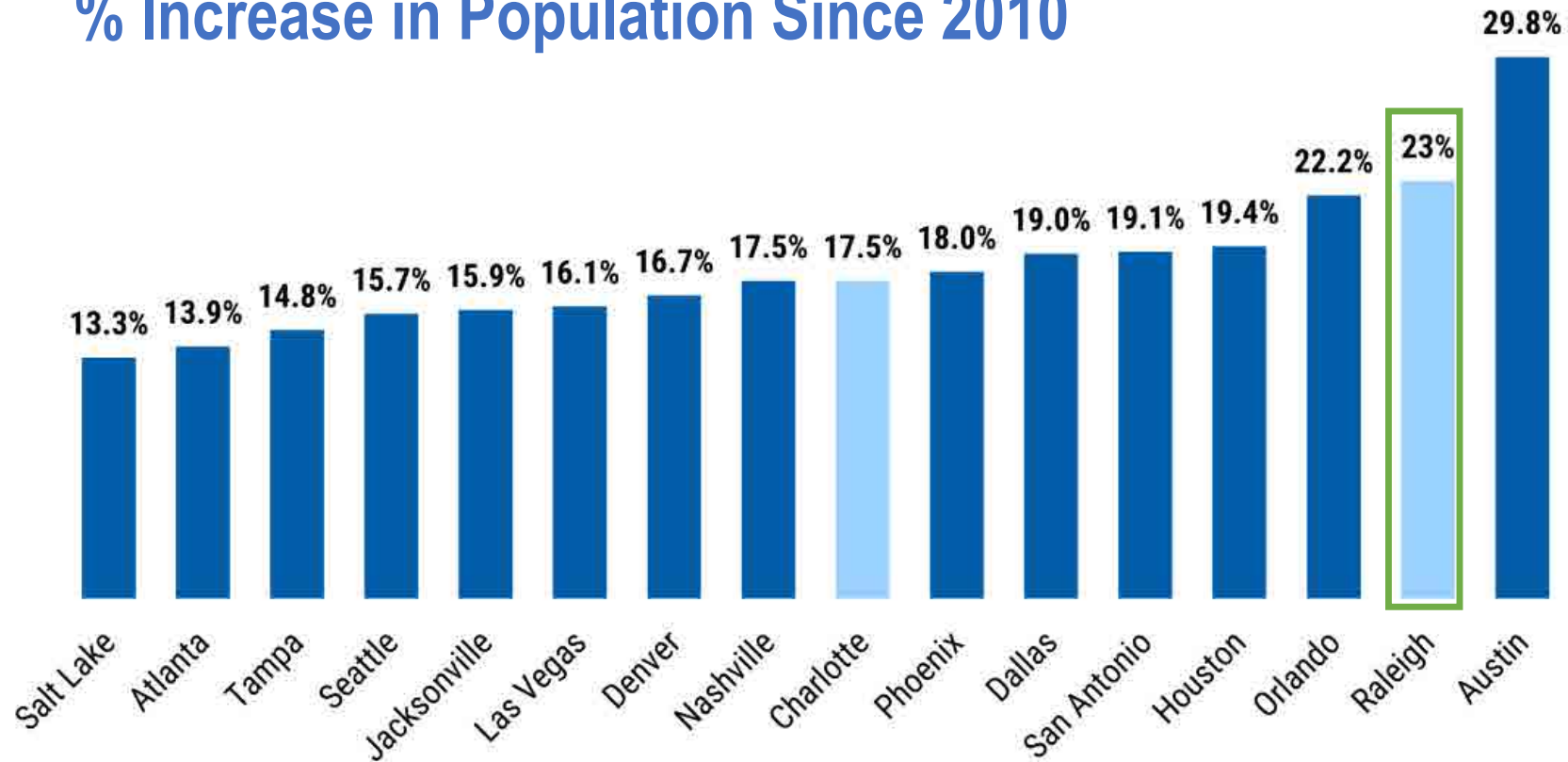
***Triumph of the City* by Edward  
Glaeser, distinguished Harvard  
economist.**

# RALEIGH POPULATION BY RACE, 2021



# Raleigh is one of the fastest growing large metro areas in the country

## % Increase in Population Since 2010



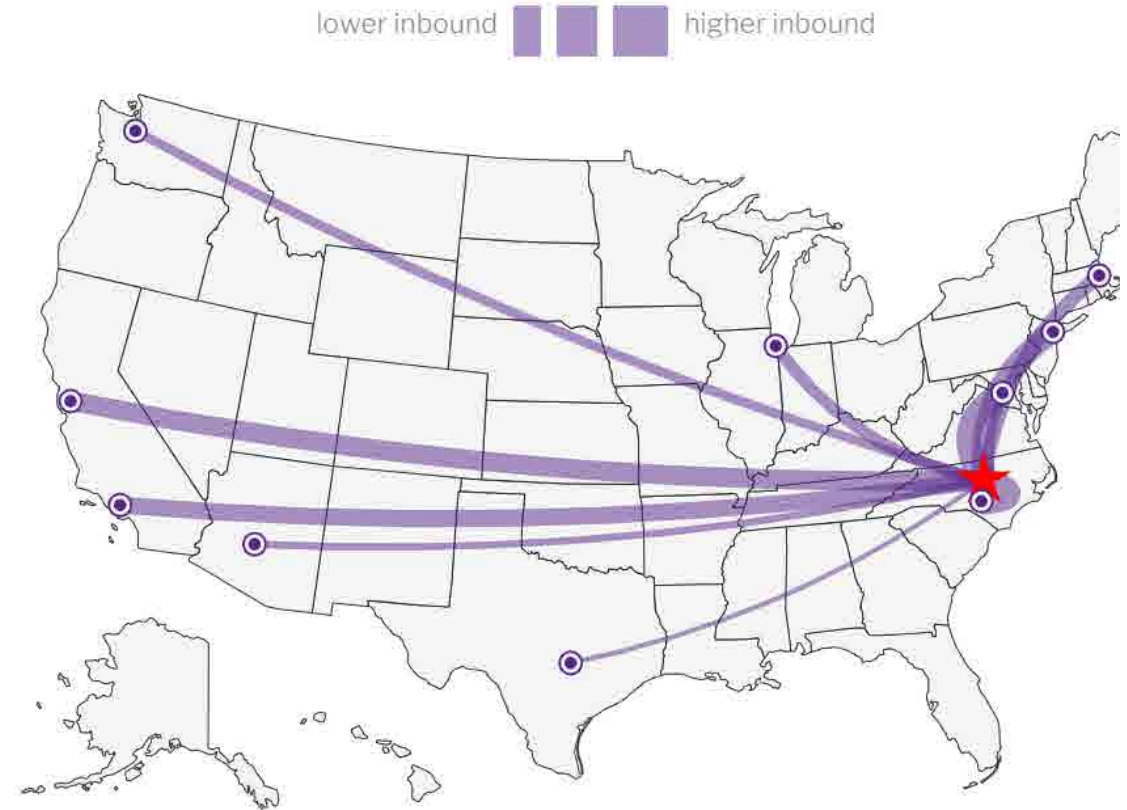
Source: 2019 Population Estimates, U.S. Census Bureau

CAROLINA  
DEMOGRAPHY

# Large number of people moving from expensive metro areas...

## Top 10 inbound metros 📍

Inbound Metros	Net Search Flow <span>📍</span>
	Jul '22 - Sep '22
1 Fayetteville, NC <span>+2</span>	893
2 Washington, DC, DC <span>+2</span>	702
3 New York, NY <span>+1</span>	582
4 San Jose, CA <span>+2</span>	560
5 Los Angeles, CA <span>+1</span>	421
6 Boston, MA <span>+2</span>	307
7 Chicago, IL <span>+1</span>	224
8 Seattle, WA <span>+1</span>	160
9 Phoenix, AZ <span>+1</span>	89
10 Austin, TX <span>+2</span>	79



# ...Chasing high paying jobs

**Google picks Durham for new Google Cloud Hub; hub to 'eventually support' 1,000+ jobs**



**Apple unveils \$1B investment to build east coast hub in Research Triangle**



**Fujifilm to break ground on Holly Springs facility that will bring 725 jobs, \$2 billion investment**



# Cities with the biggest change in annual income needed to afford a home, 2020 to 2022

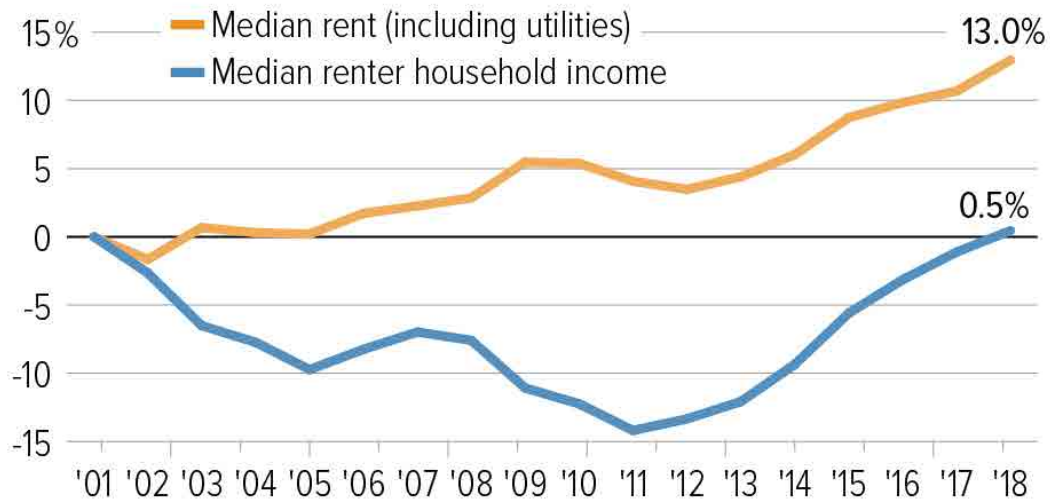
Minimum household income needed to spend 30% of monthly earnings on a typical home mortgage payment

	2020	2022	Change
Tampa, Fla.	\$32,472	\$72,255	+123%
Austin, Texas	\$47,641	\$103,080	+116%
Jacksonville, Fla.	\$32,673	\$69,962	+114%
Raleigh, N.C.	\$39,420	\$83,349	+111%
Miami	\$41,897	\$87,536	+109%
Charlotte, N.C.	\$34,545	\$72,016	+108%
Nashville, Tenn.	\$40,348	\$84,111	+108%
Orlando, Fla.	\$35,855	\$74,336	+107%
Atlanta	\$34,429	\$70,693	+105%
Phoenix	\$41,855	\$85,618	+105%
Dallas	\$35,740	\$72,268	+102%
Las Vegas	\$40,923	\$81,889	+100%
Riverside, Calif.	\$54,140	\$106,203	+96%
San Antonio	\$32,271	\$62,681	+94%
Salt Lake City	\$55,834	\$107,178	+92%
United States	\$34,976	\$65,714	+88%

# For most people, the cost of housing is out of reach

## Renters' Incomes Haven't Caught Up to Housing Costs

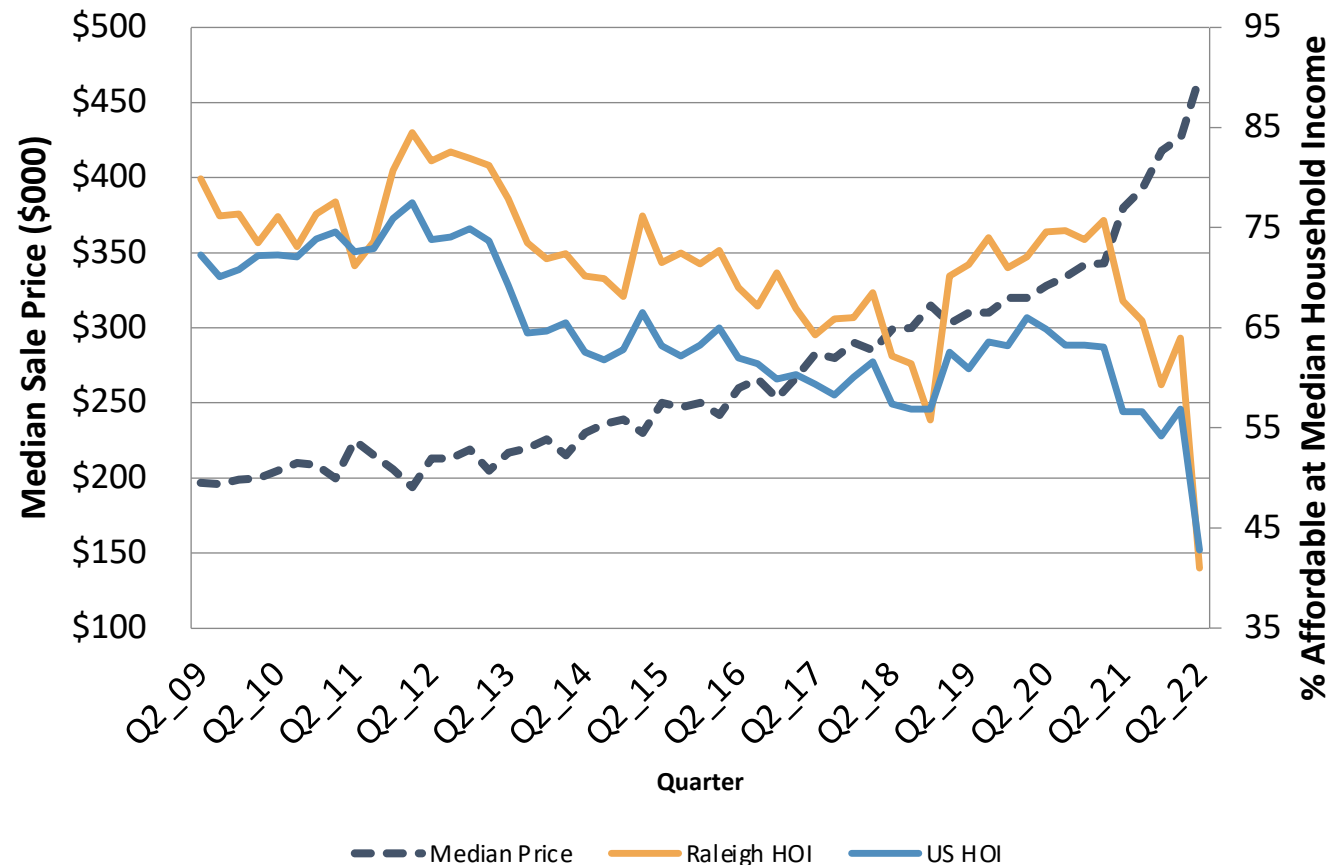
Percent change since 2001, adjusted for inflation



Source: CBPP tabulations of the Census Bureau's American Community Survey

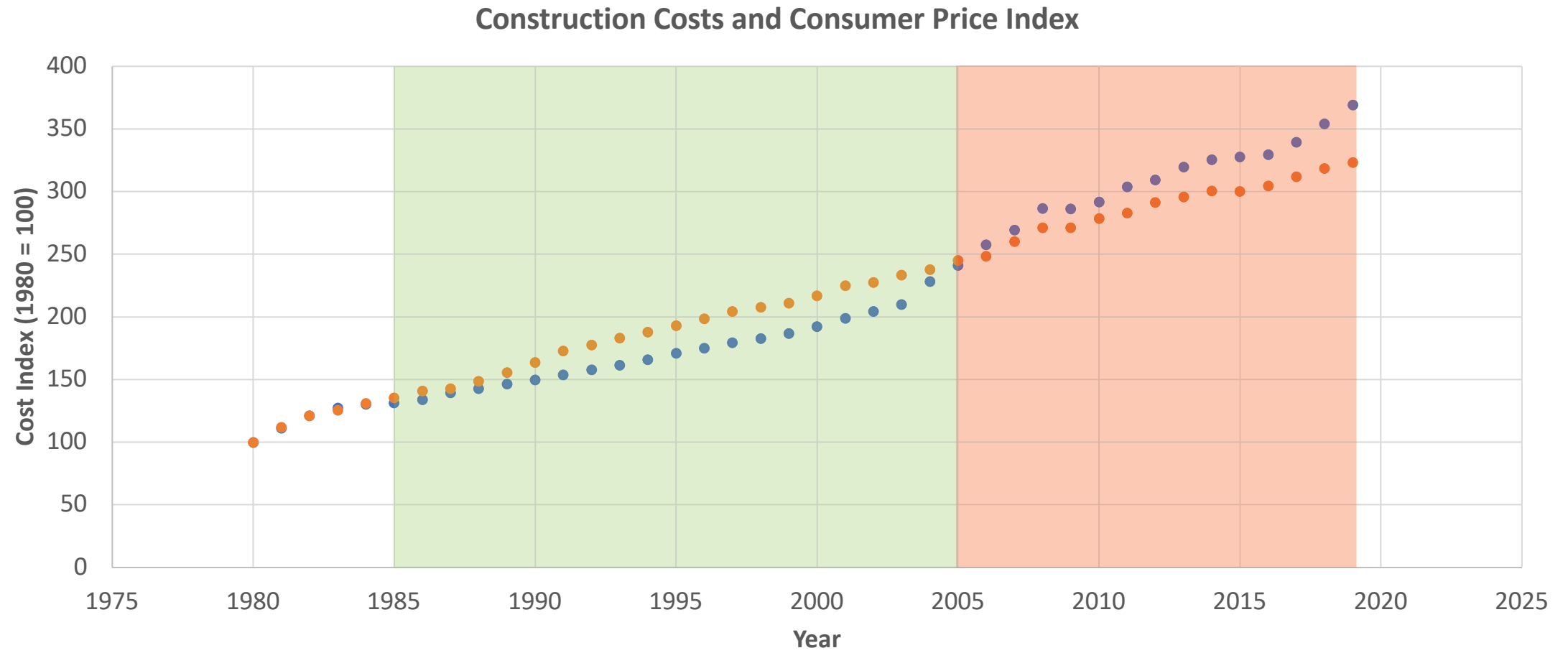
CENTER ON BUDGET AND POLICY PRIORITIES | CBPP.ORG

## Housing Opportunity Index





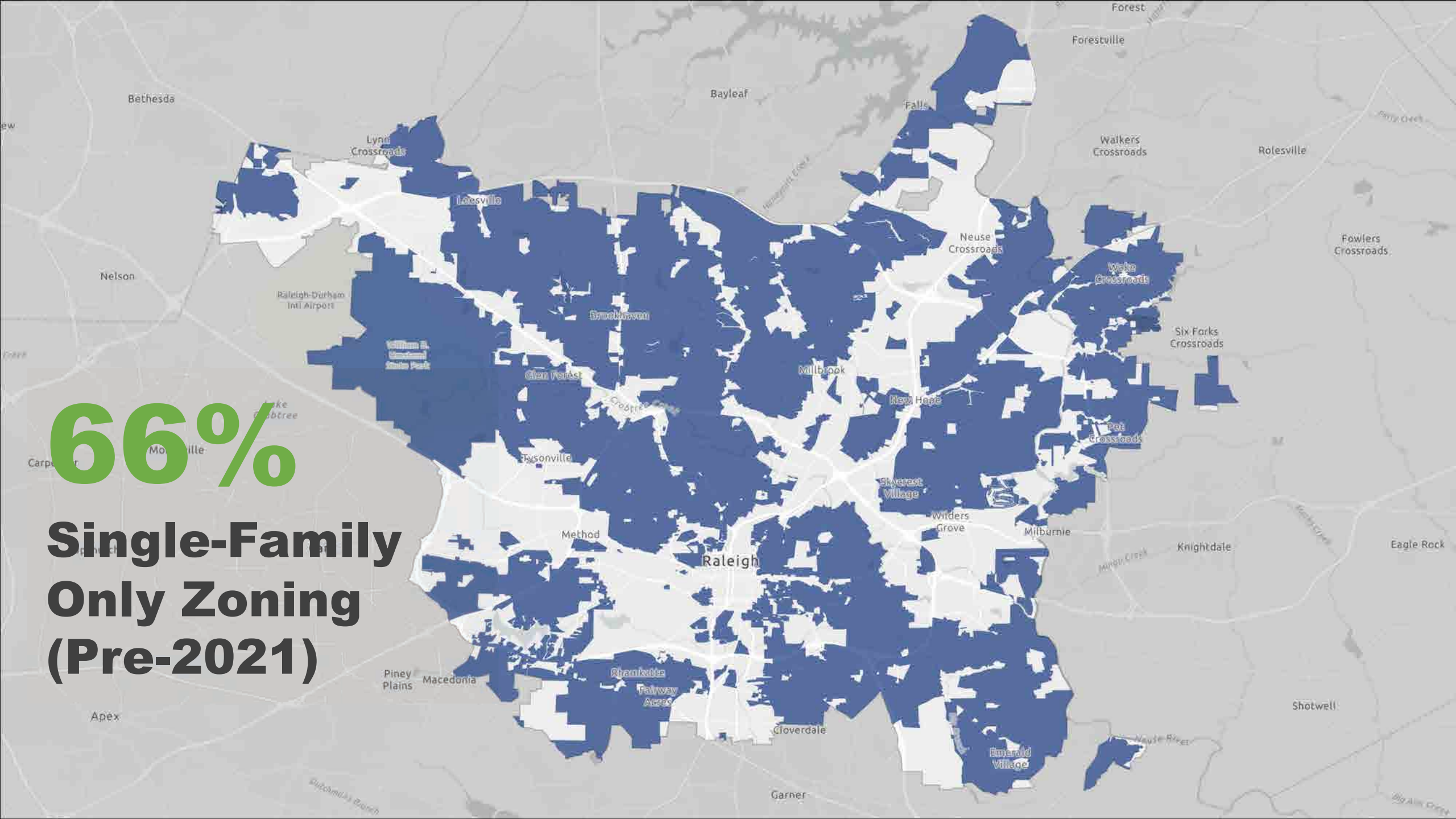
# Construction costs have also accelerated



Source: RSMMeans (January 1, 2020), Historical Cost Index; Bureau of Labor Statistics, Consumer Price Index, All Urban Consumers

66%

Single-Family  
Only Zoning  
(Pre-2021)



“

**SINGLE FAMILY HOME**

I've got a growing family; we need a place we can grow into.



“

I love my house, it gives me the space and privacy I need. I'm never moving.



**DUPLEX**

“

We're roommates looking for an affordable place we can share near school.



**APARTMENT**

“

I'm ready to downsize. I need a low maintenance place where I can walk.



**ACCESSORY DWELLING UNIT**

“

I'm a single young professional looking for my first house!



**STARTER HOME**





**VS**

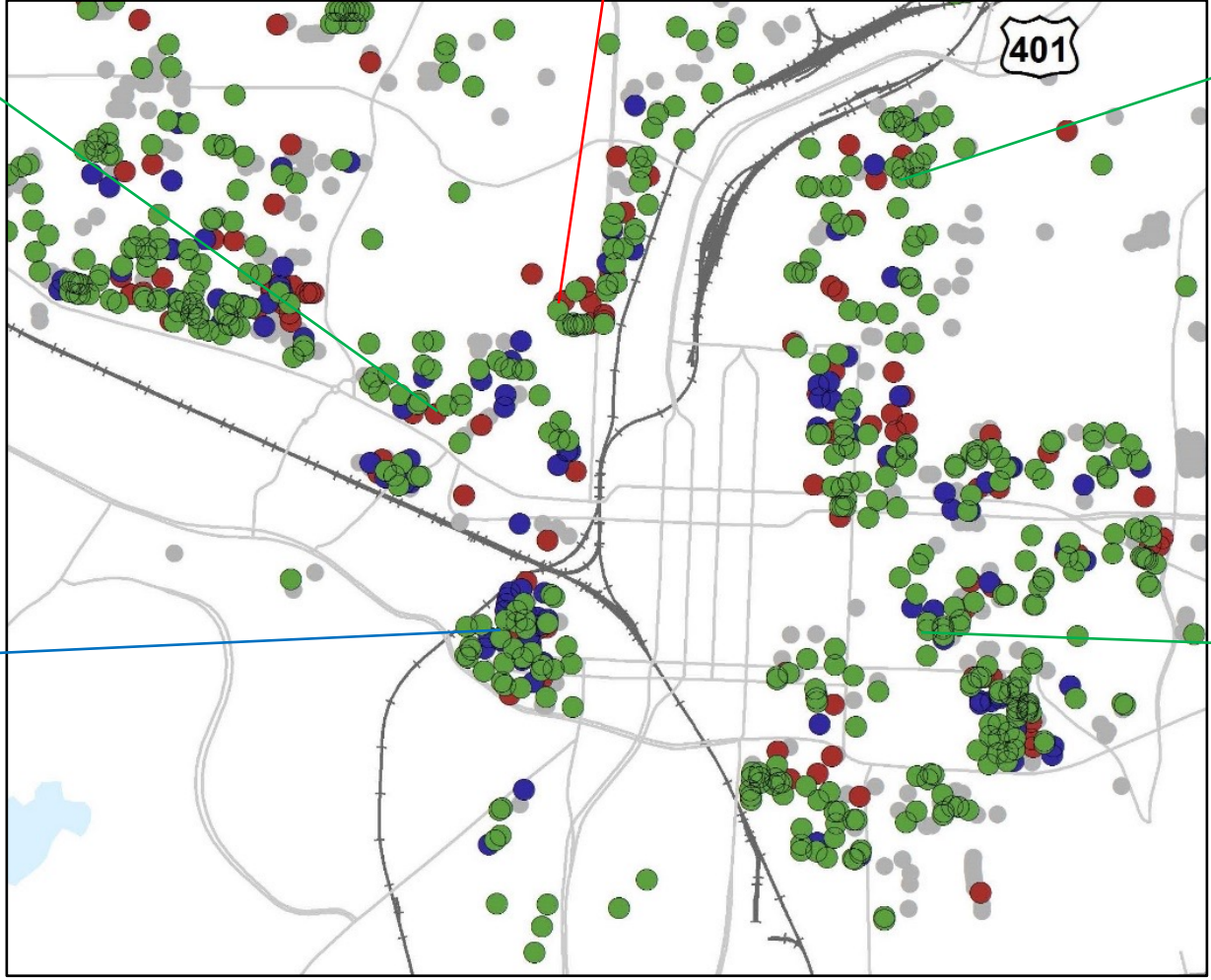
# Many in older neighborhoods



Glenwood-Brooklyn  
R-10. Four units/.2 acres



Mordecai  
R-10. Two units/.12 acres



Olde East  
R-10. Two units/.09 acres



Cameron Park  
R-6. Two units/.2 acres



Boylan Heights  
R-10. Three units/.17 acres

Average age of first-time home buyer reaches a new high at **36** years old

Share of first-time home-buyers reaches a new low at just **26%**



Population Growth

High-Income Earners

High Land Costs

High Construction Costs

Restrictive Zoning Regulations



---

**High Housing Costs**

# Loss of Naturally Occurring Affordable Housing (NOAH)

Occupancy	Year				
	2016	2017	2018	2019	2020
Occupied Units	174,014	176,870	180,046	183,335	206,328
Occupied Units Paying Rent	83,518	85,003	85,762	87,373	89,552
# of occupied units that rent for ≤\$999	45,931	40,901	35,822	31,029	26,895
% occupied units that rent for ≤\$999	55%	48%	42%	36%	30%
High HOME Rent Limit for 2-Bedroom	\$947	\$993	\$1,026	\$1,086	\$1,163

**-20K units in 4 years**



# 35% Increase in Sale Price 2020 to Today

Year Sold	Median Lot Size (ac)	Median Home Size (sf)	Median Sale Price (\$)
2022	0.17	1748	400,250
2021	0.17	1,803	332,500
2020	0.17	1,856	295,000
2019	0.14	1,724	270,000
2018	0.17	1,854	260,000
2017	0.17	1,886	240,000

\* Selection consists of parcels identified as 'single family', 'two family', 'three family', 'four family', and 'townhouse' residential structures per Wake Co. Real Estate Tax info

# What do we mean by “Affordable”?

## Capital “A”

**Subsidized; direct involvement from the government, non-profits or mission-based groups**

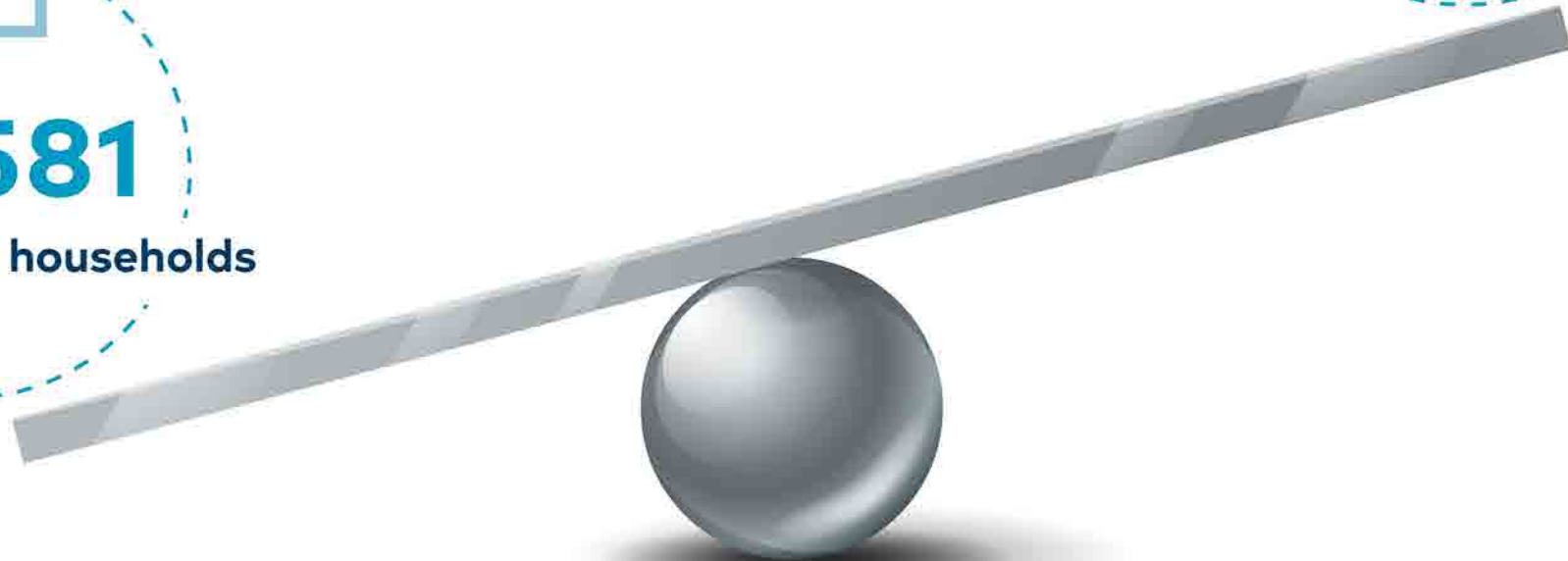
## Lower case “a”

**Produced by the market; affordable for a variety of reasons (age, condition, location, unit size, size of lot, etc.)**

Only **8%** of housing units produced in the last seven years were legally-binding “Affordable” units



- Decreasing federal funding
- Increased residential demand from higher income migrants



**“All of the Above”  
approach is needed**

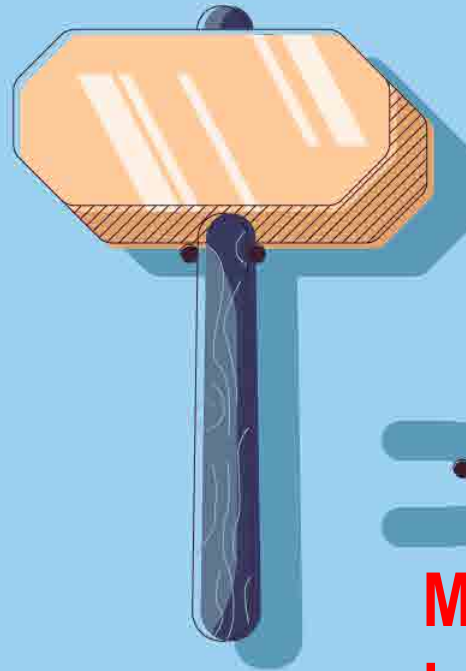
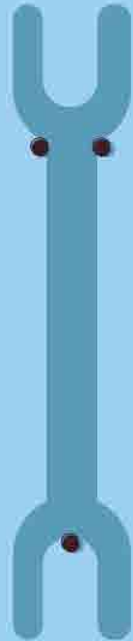
**Subsidy  
Tenant Protections  
Alternative Financing/Ownership  
Supply**

# Some tools are unavailable

Rent control



Mandatory  
affordable  
housing  
contributions

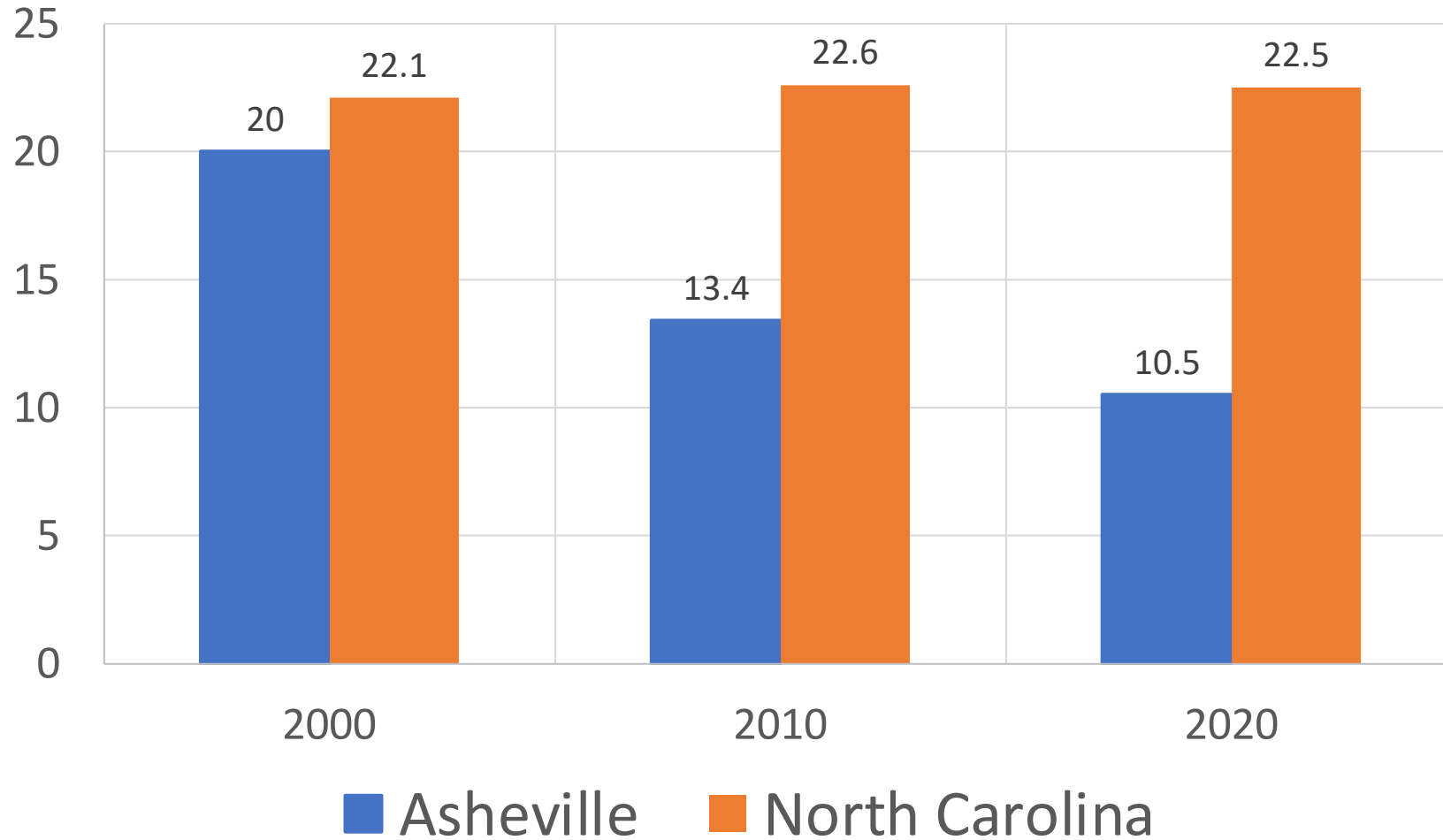


Mandatory  
inclusionary  
zoning

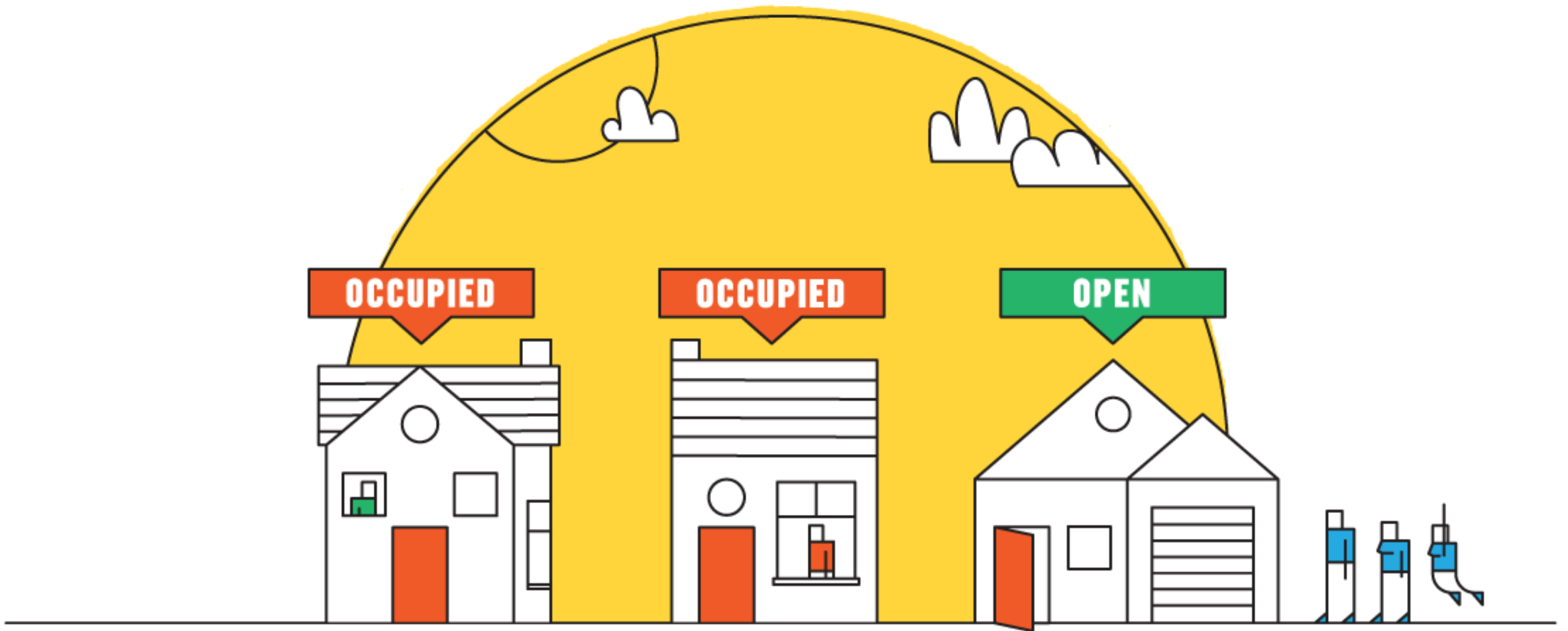
# Focus on affordable housing through zoning conditions



# Black population has decreased in Asheville



# More Housing is Part of the Solution





# **Solution:**

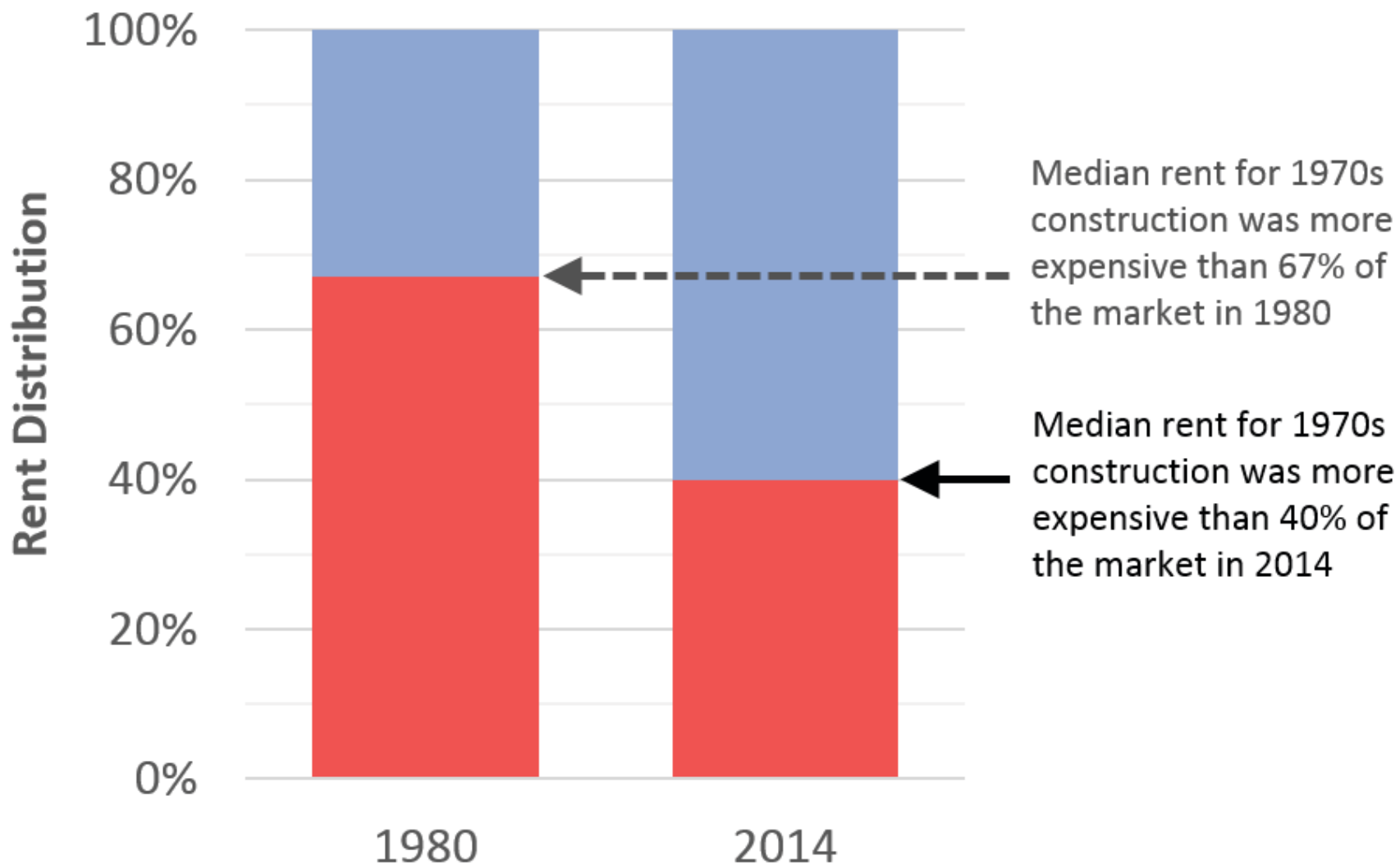
**More housing throughout more of the city for people of different ages, incomes, and lifestyle preferences**

W.E. UPJOHN  
INSTITUTE  
FOR EMPLOYMENT RESEARCH

*For every 100 luxury units built in wealthier neighborhoods, as many as 48 households in moderate-income neighborhoods are able to move into housing that better suits their needs, vacating an existing unit in the process. Somewhere between 10 and 20 of these households are coming from among the city's lowest-income neighborhoods, vacating units and reducing demand where housing is most likely to be affordable for working families.*

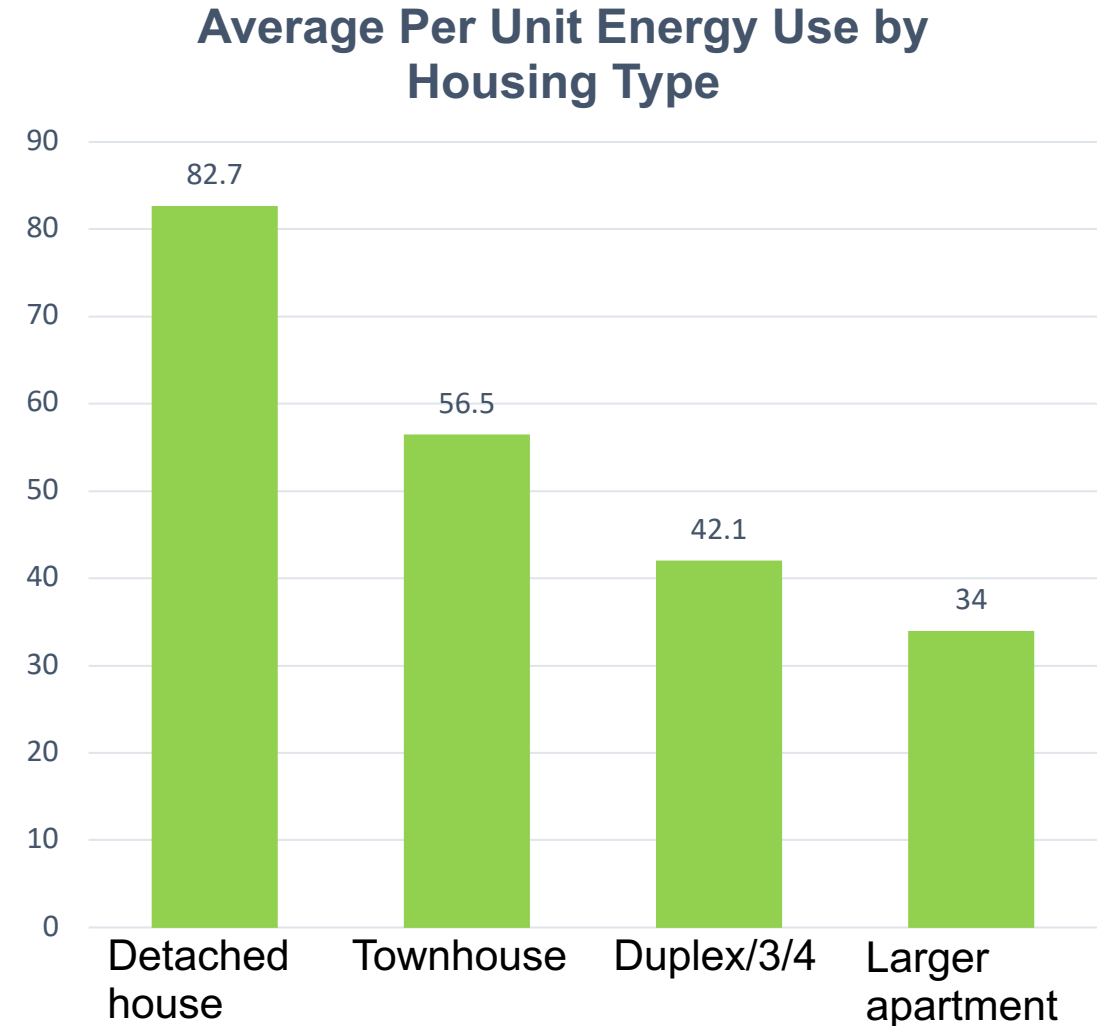
# Housing Does Filter

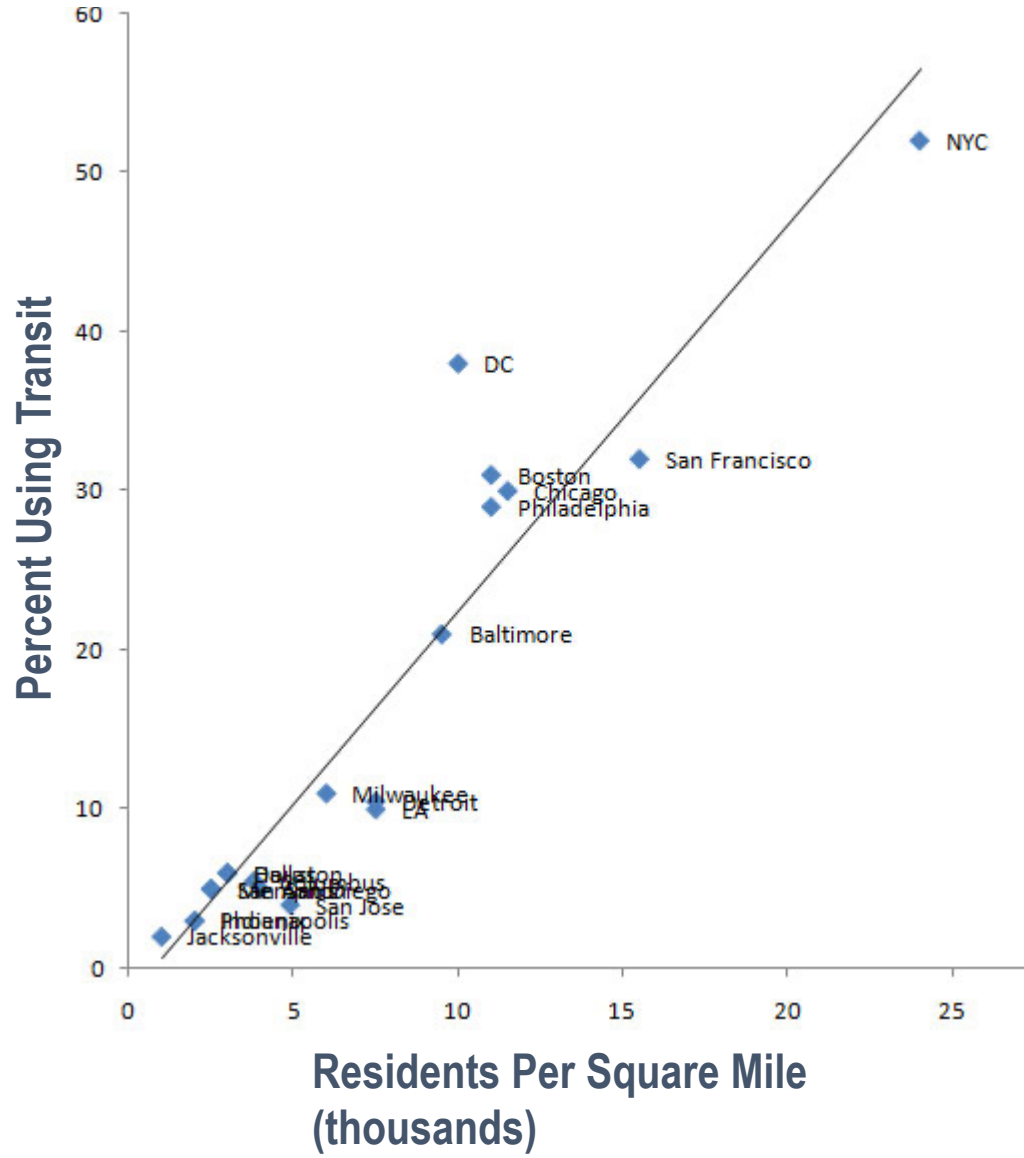
1970s-Built Rentals, 5 or More Units  
Clackamas, Multnomah and Washington Counties



# Sustainability

- Missing middle types are smaller and share walls and/or ceilings and are therefore more efficient
- Because they are more likely to be built in walkable areas near transit, they are likely to generate fewer vehicle and more walking/transit trips
- Both factors lead to reduced carbon emissions and other air pollution

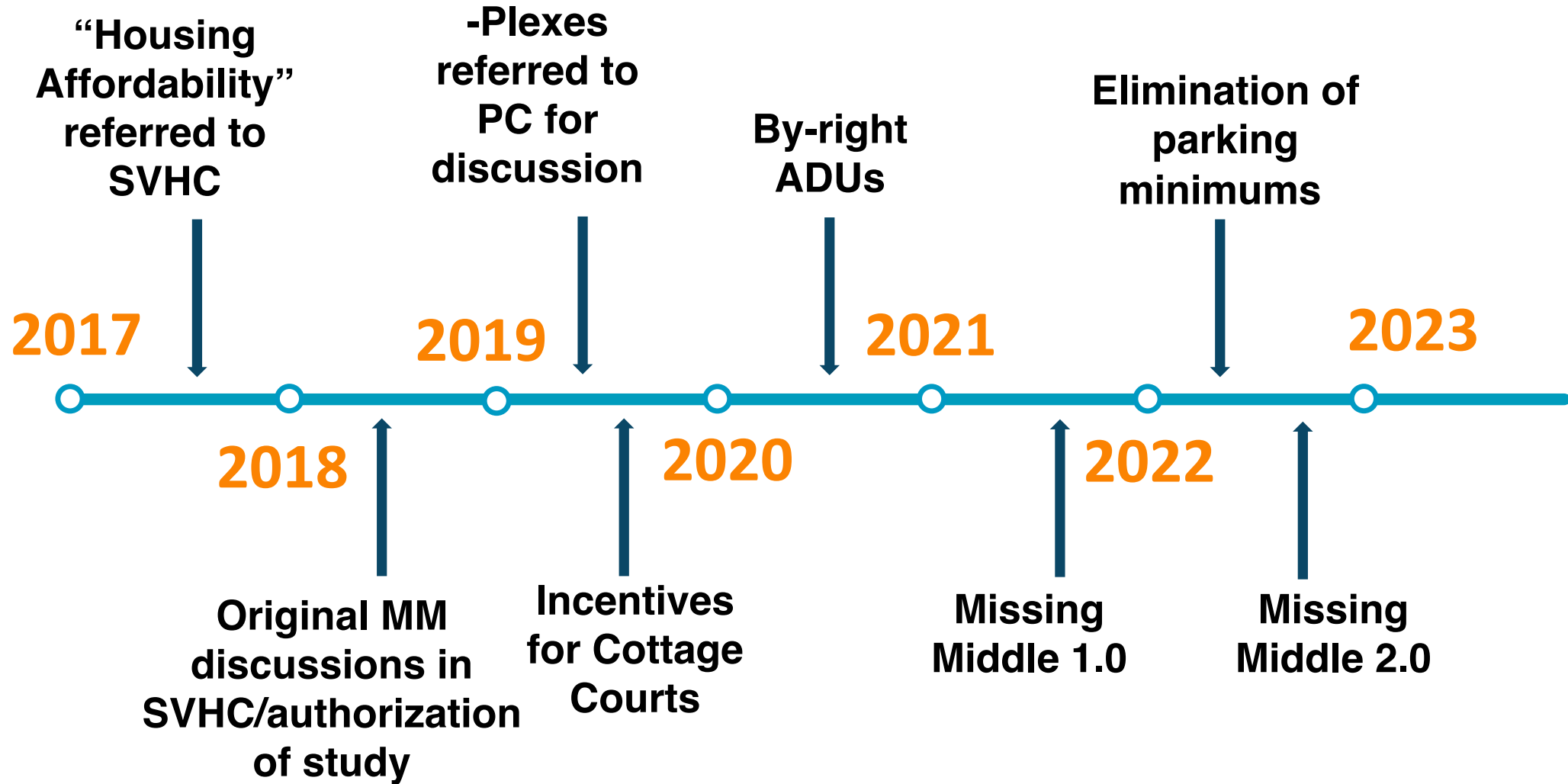




Long time horizon, but  
what we do **NOW** matters



# Related Zoning Reform Timeline



# Original Outreach

## Virtual Ask-A-Planner Sessions



### What is the Missing Middle?

How a text change called TC-5-20 can help improve Raleigh's housing options

UPDATED: JUN 9, 2022

Jump To:

- [HOUSING: THE MISSING MIDDLE →](#) [WHAT DOES TC-5-20 DO? →](#)
- [WHY SHOULD EXISTING NEIGHBORHOODS ALLOW MORE HOUSING? →](#)
- [MIDDLE HOUSING AND SUSTAINABILITY →](#) [FREQUENTLY ASKED QUESTIONS →](#)

Raleigh aspires to be an inclusive city with a wide variety of housing for households at different stages of life, at different income levels, and with different neighborhood preferences. Raleigh is a great city and by growing together, we can become even greater.

Check out why Raleigh and other places such as Minneapolis, Sacramento, and Portland have adopted laws to accommodate Missing Middle housing.

**CONTACT**

 Keegan McDonald  
Planning Supervisor

[Email Keegan](#)  
919-996-4630

**DEPARTMENT:**  
[Planning and Development](#)

**SERVICE CATEGORIES:**  
[Zoning](#)

**SUBSCRIBE**

5,000+ unique page views



# Original Outreach

1,700+ portal views

2,200+ social media engagements

## Text Change Engagement Portal

### Opportunities for Public Comment

Steps two thru four provide the opportunity for public comment!



#### Step One – Initiation

The public, city staff, or members of the Planning Commission or City Council have requested a change to the City Code of Ordinances.



#### Step Two – Drafting (WE ARE HERE)

The proposed text change is drafted and placed in the text change portal for two weeks of public question and comment.



#### Step Three – Review

The proposed text change is presented to the Planning Commission in a public hearing for review and recommendation.



#### Step Four – Decision

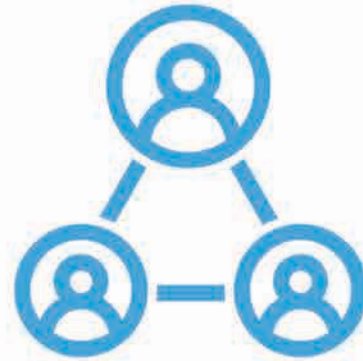
The proposed text change is presented to the City Council in a public hearing for review and final decision.



7,000+ video views

More Homes, More Choices

# Public Engagement Sessions



Consult the Public

Collect Feedback

Continue the Conversation

# Join us at our upcoming events to learn about zoning changes, housing affordability, and sustainable growth in the City of Raleigh.

Meetings are open to the entire public.

**Wednesday, Jan. 11, 6-8 p.m.**

**Durant Nature Preserve, Campbell Lodge**  
8305 Camp Durant Road, **District B**

**Thursday, Jan. 19, 6-8 p.m.**

**Five Points Center for Active Adults**  
2000 Noble Road, **District E**

**Thursday, Feb. 2, 6-8 p.m.**

**Dix Park, the Greg Poole, Jr. All Faiths Chapel**  
1030 Richardson Dr., **District D**

**Wednesday, Feb. 8, 6-8 p.m.**

**Virtual via Zoom**

**Tuesday, Feb. 14, 6-8 p.m.**

**Sertoma Arts Center**  
1400 Millbrook Road, **District A**

**Saturday, Feb. 25, 10 a.m.-Noon**

**Barwell Road Community Center**  
5857 Barwell Park Drive, **District C**



**Raleigh  
Planning**

For more information visit:

**Raleighnc.gov**

Search term: Missing Middle

# Environment



# Affordability



# Neighborhood Character

## Public Meeting

**AUGUST 24 AT 6:00 PM**

1<sup>st</sup> floor Urban Design Center

One Exchange Plaza, Raleigh NC, 27601

### Rezoning city-owned properties

225 E. Davie St.	927 E. Martin St.	224 S. Woodworth St.	317 E. Martin St.
226 E. Martin St.	210 S. Woodworth St.	226 S. Woodworth St.	319 E. Martin St.
228 E. Martin St.	214 S. Woodworth St.	228 S. Woodworth St.	323 E. Martin St.
240 E. Martin St.	216 S. Woodworth St.	230 S. Woodworth St.	325 E. Martin St.

Applicant Email: [matthew.klem@raleighnc.gov](mailto:matthew.klem@raleighnc.gov)

Applicant Phone: (919) 996-4637

**CHANGES ARE COMING  
TO YOUR COMMUNITY**

Want to know more?

# Infrastructure



TENANT  
NO'

# Community Engagement

# What has Raleigh done?

- Legalized duplexes
- Legalized ADUs
- Expanded townhouse permissions
- Promoted developments with common open space
- Incentivized construction of smaller homes



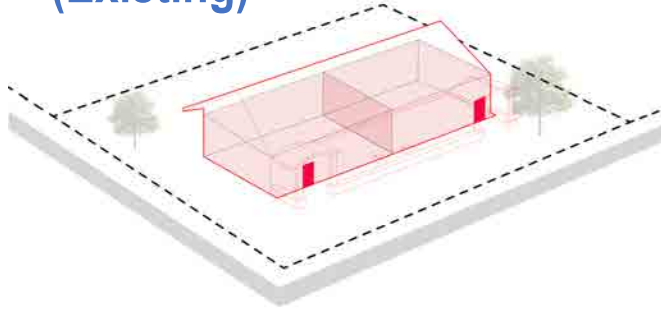
# Text Change Elements

1. Minimum Lot and Site Width Standards
2. Accessory Dwelling Units (also known as ADUs)
3. Attached Houses (also known as duplexes)
4. Two-Unit Townhouses
5. Density Changes
6. Townhouses in R-6
7. Small Apartments in R-10
8. Tiny Houses
9. Flag Lots
10. Compact and Conservation Developments
11. Frequent Transit Development

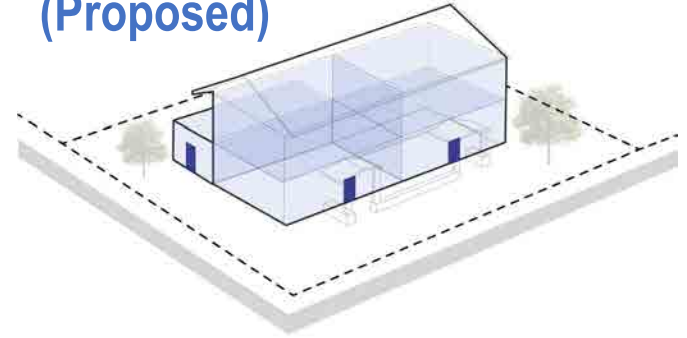
# Focus on planned high-frequency transit

- Incentivized multi-unit development
- Instituted affordability requirements for larger-scale projects

Duplex  
(Existing)



5 Unit Apartment  
(Proposed)



# MM Metrics Webpage



## Missing Middle Metrics

UPDATED: SEP 13, 2023

Jump To:

- [AUGUST 2023 →](#)
- [JULY 2023 →](#)
- [JUNE 2023 →](#)
- [MAY 2023 →](#)
- [APRIL 2023 →](#)
- [MARCH 2023 →](#)
- [FEBRUARY 2023 →](#)
- [JANUARY 2023 →](#)
- [DECEMBER 2022 →](#)
- [NOVEMBER 2022 →](#)
- [AUGUST 2021 - OCTOBER 2022 →](#)

*Note: Missing Middle data tracking includes running month-to-month totals going back to October 2022.*

August 2023

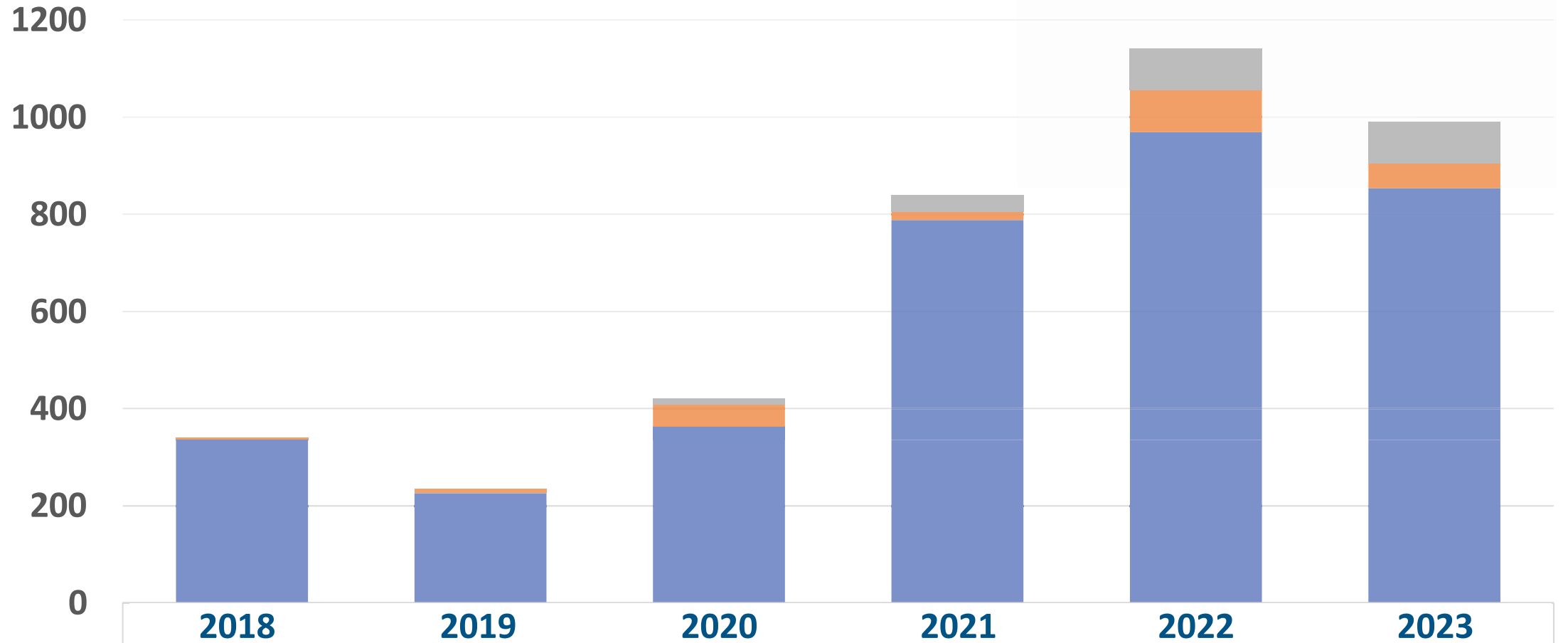


Missing Middle Housing Type	Submitted Applications (Approval sought from the City and must be granted if all UDO requirements are met)	Permitted (Under Construction or eligible to be Under Construction)	Completed (occupied or eligible to be occupied)
Land Subdivision	29 total MM subdivisions	10 MM subdivisions approved	0 built MM subdivision lots
ADU	192 units	67 units	67 units
Townhouse	30 units	21	0

*\*A next step may be tracking Frequent Transit Development Option Administrative Site Review Submittals*

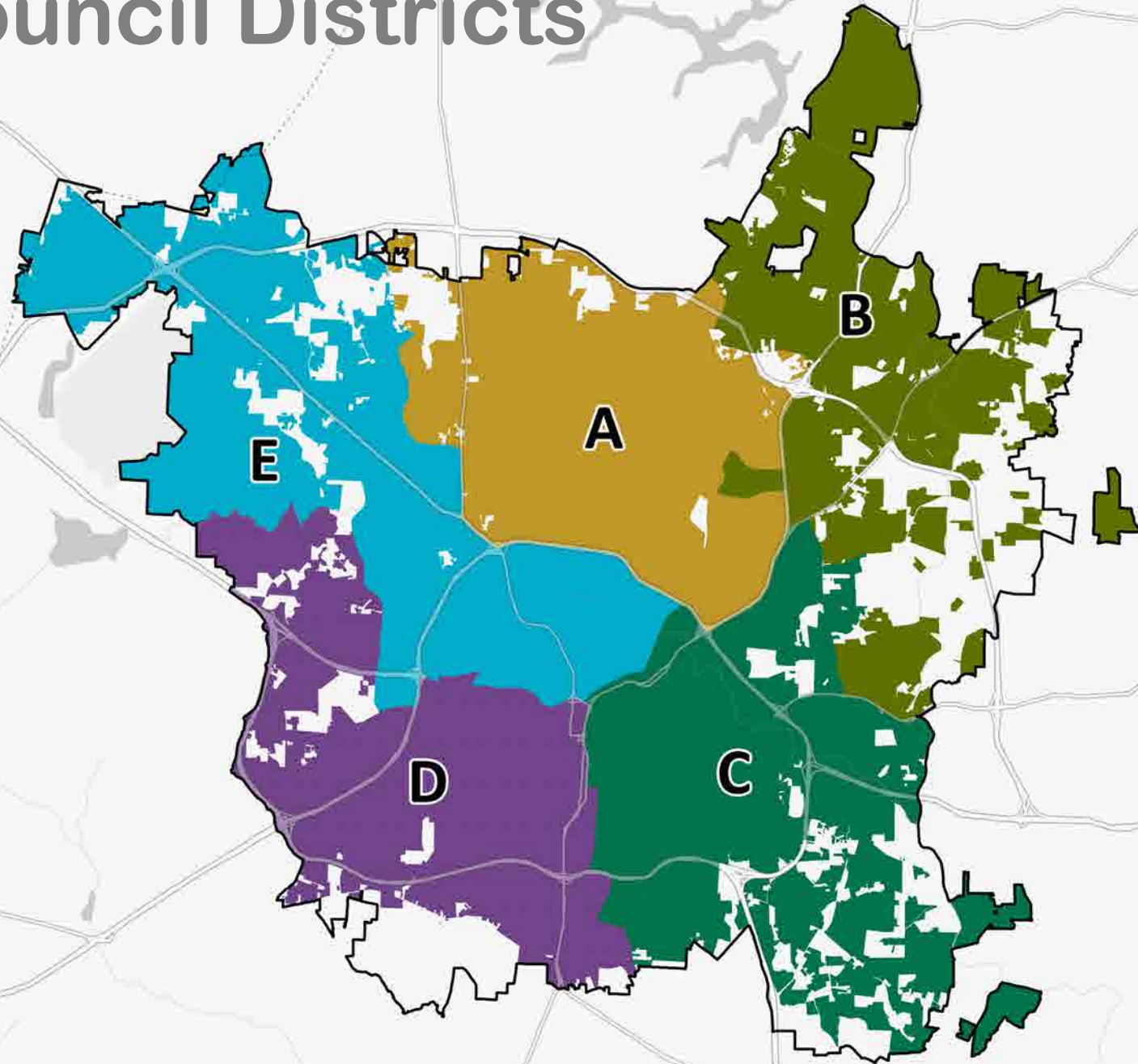


# Permit Applications (in Units)



■ ADU			11	34	86	86
■ Duplex	4	8	46	18	86	50
■ Townhouse	336	226	363	788	969	854

# Raleigh Council Districts



# MM Projects

Approved or In Review  
(through Aug 23)

● Approved: 522 DUs

A: 4 DUs

B: 164 DUs

C: 158 DUs

D: 0 DUs

E: 196 DUs

● In Review: 572 DUs

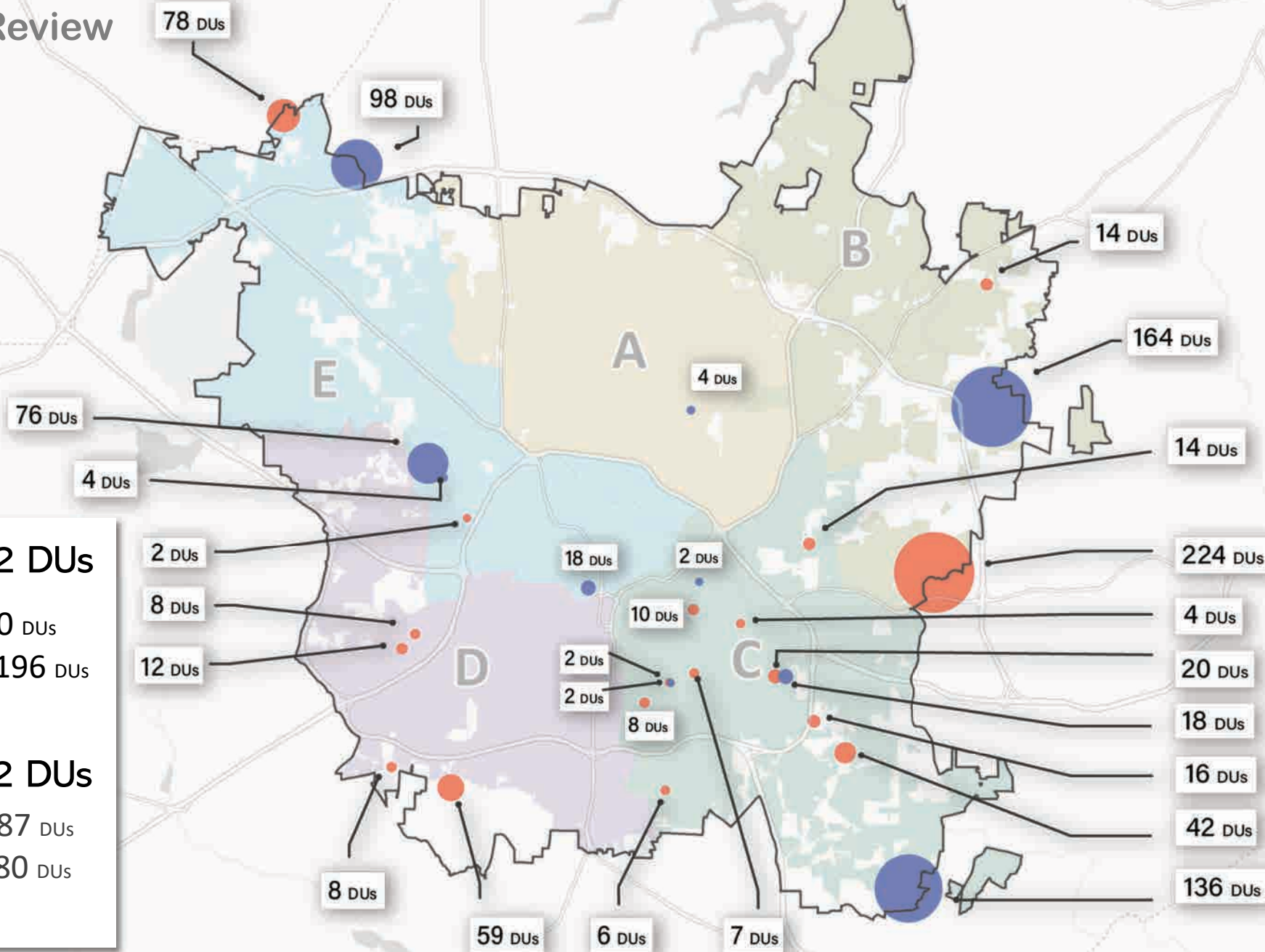
A: 0 DUs

B: 276 DUs

C: 129 DUs

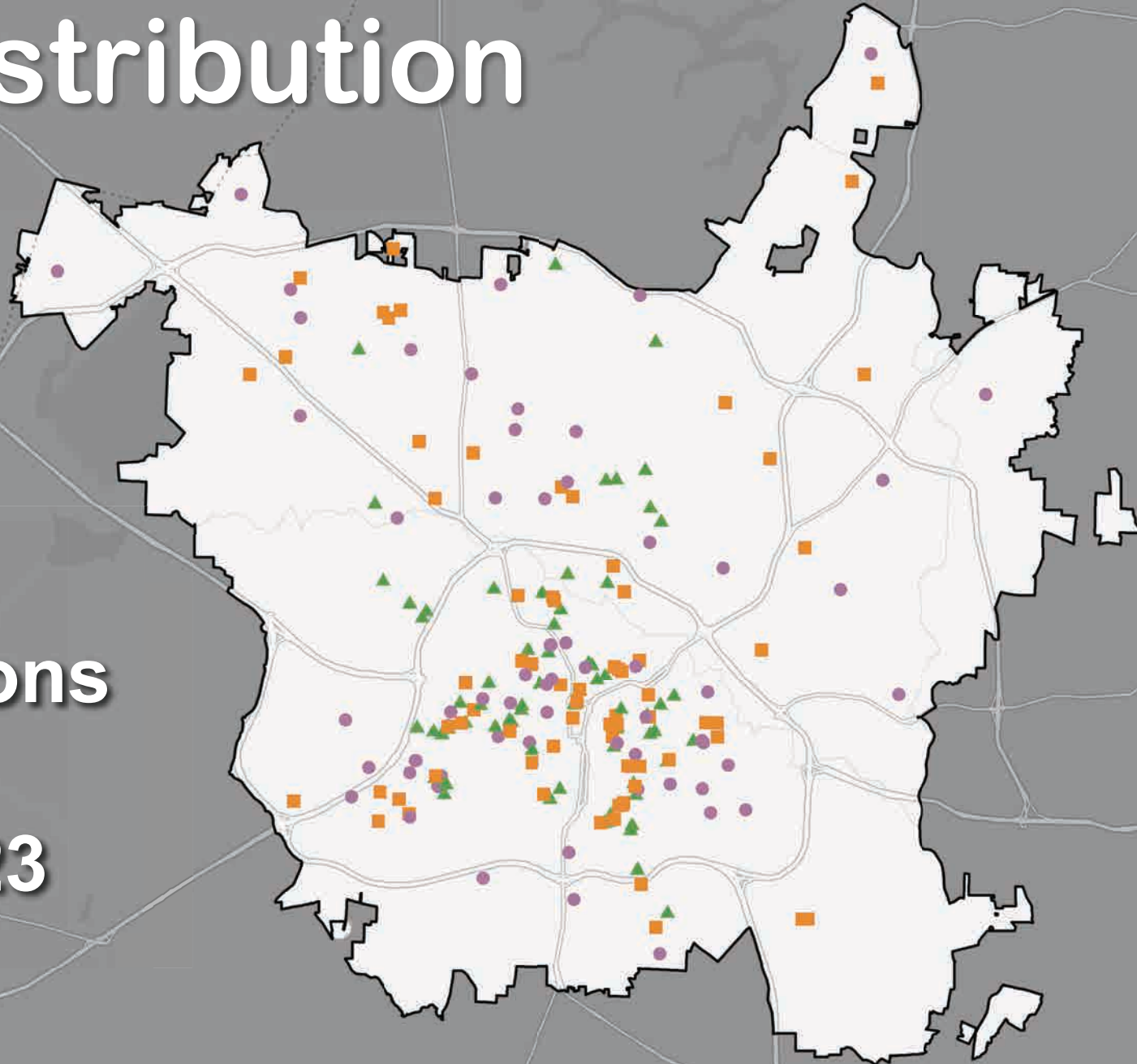
D: 87 DUs

E: 80 DUs



# ADU Distribution

215  
Applications  
as of  
11/1/2023

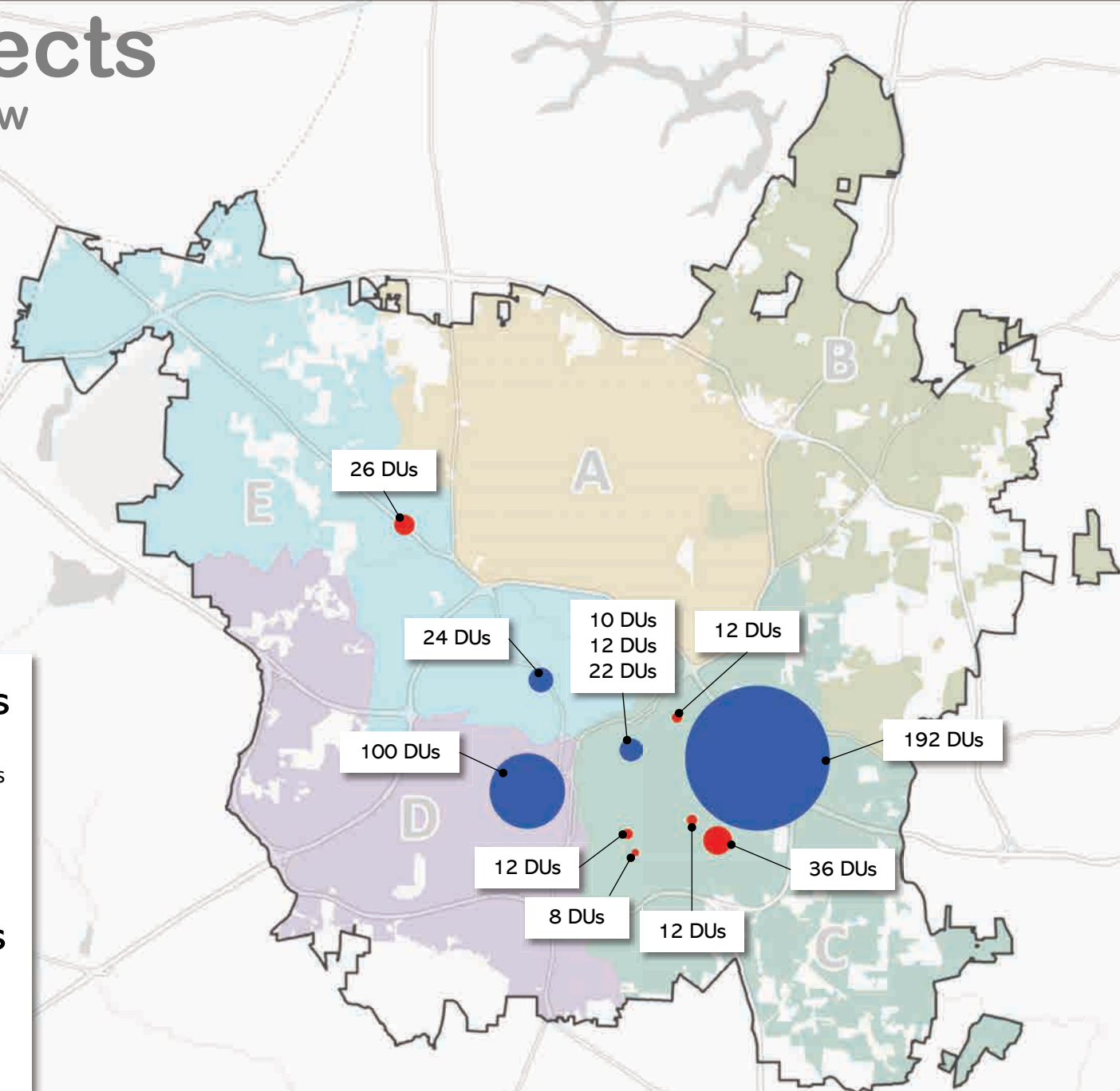
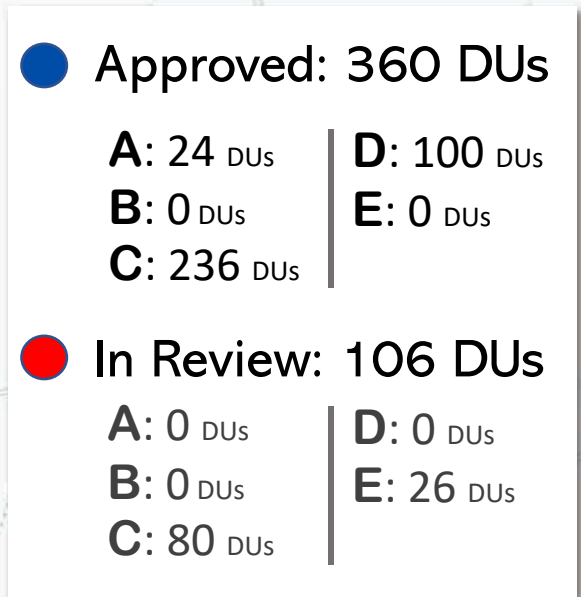


## ADU Permits

- Issued
- In Review
- Complete

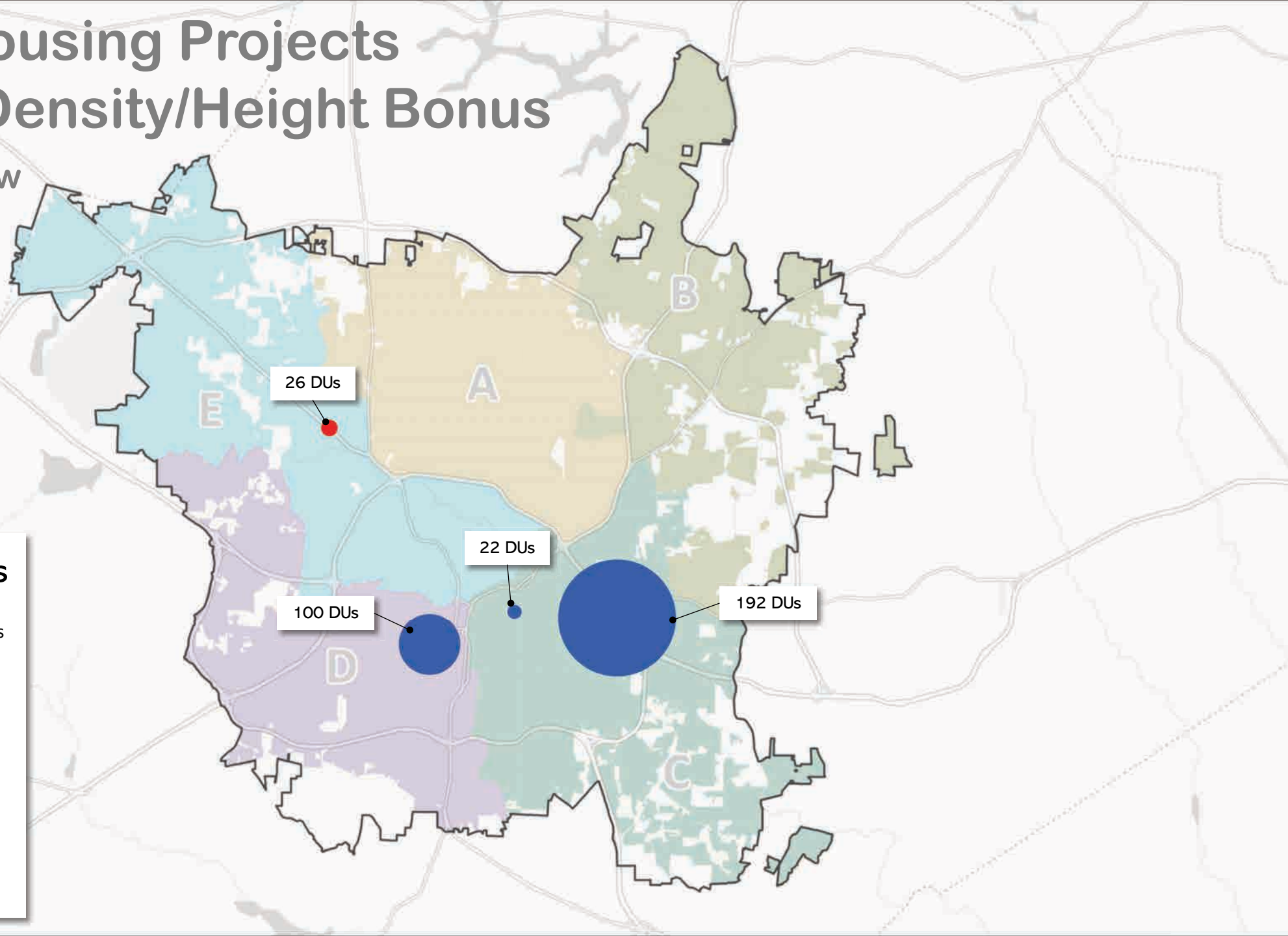
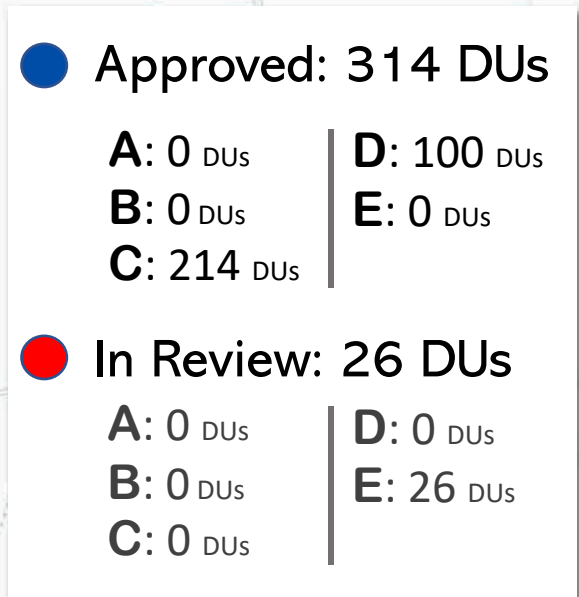
# FTDO Projects

Approved or In Review  
(through Aug 23)



# Affordable Housing Projects using FTDO Density/Height Bonus

Approved or In Review  
(through Aug 23)



Voluntary Inclusionary Zoning (VIZ)  
FTDO Height/Density Bonus Projects

#	Development Name	Address	ASR #	FTDO Incentive (Density/Height Bonus)	Project Type	Total Project Units	Total FTDO Affordable Units	Maximum Affordable AMI%	Minimum Affordability Period	Housing Tenure	Unit Type
1	Casitas Aqui II	1201 Brookside Drive	ASR-0028-2023	Density Bonus	Market-Rate w/Affordable	22	2	60%	30 Years	Rental	Apartments
2	1415 Hillsborough	1415 Hillsborough Street	ASR-0114-2022	Height Bonus	Market-Rate w/Affordable	100	8	60%	30 Years	Rental	Apartments
3	5710 Glenwood	5710 Glenwood Avenue	ASR-0003-2023	Density Bonus	Market-Rate w/Affordable	26	3	60%	30 Years	Rental	Apartments
4	New Bern Crossings	3312 New Bern Avenue	ASR-0077-2021	Height Bonus	100% Affordable (LIHTC)	192	48	60%	30 Years	Rental	Apartments
<b>Total</b>						<b>340</b>	<b>61</b>				

# Key Takeaways

- Approximately 1,775 units approved or permitted
  - Most of any US city that has undertaken zoning reform
- Majority in SE and NE Raleigh where demand for new housing is high and land costs are lower
  - More meaningful impact on affordability in these areas
- FTDO has produced 61 affordable units (60% AMI for 30 years)
  - More than any other bonus program in the State (by far)



**Questions?**