

## Meeting in the Middle

**P**LANNERS KNOW BETTER THAN ANYONE that variety in housing types helps contribute to strong, inclusive, equitable neighborhoods. For this reason, they often develop ambitious comprehensive, general, or master plans that encourage the development of a diverse housing stock. Unfortunately, the execution of those plans doesn't just happen because planners want them to. Market forces and public opinion can—and often do—converge and derail even the best-laid plans.

Over the last few years, as the housing crisis in many parts of the country has intensified, the “missing middle” has become a topic of significance. The term refers to a range of multiunit or clustered housing types compatible in scale with single-family homes that offer entry into traditional and otherwise unaffordable single-family zones.

In part, the middle went missing because of the operation of the private market and local decisions that catered to the desire for high real estate returns. When zoning regulations favor development of only oversized single-family homes and high-end luxury housing, the result is a lack of diverse housing types.

In places where there is an oversupply of single-family zoned property, however, local governments can update zoning codes with the legal teeth to result in positive outcomes for more affordable and diverse housing developments.

### New proposals in Portland

After years of stagnant housing stock in Portland, Oregon, cranes began rising in all quadrants of the city. These developments trended toward luxury rentals and condominiums, though, not affordable or middle-range housing. According to the *2017 State of Portland Housing Report*, the city saw annual rent increases of five percent per year between 2012 and 2016; in that same four-year period, Portland's median home price increased by \$100,000, or 34 percent.

As a result, Portland planners are hard at work trying to expand the options for infill development to increase housing choices in existing neighborhoods. The city recently completed its comprehensive plan update with the addition of strong antigentrification language that aims to preserve housing affordability and local businesses, plus increase household and business assets to improve lower-income residents' ability to remain in neighborhoods that transform seemingly overnight as waves of high-wage earners move in. The plan adopts specific policies to protect existing residents, including land banking and aging-in-place strategies.

To help execute these antigentrification policies, Portland's

new Residential Infill Project—a proposal three years in the making—is attempting to meet neighborhood compatibility concerns while expanding housing choices. The “Additional Housing Options” overlay zone allows for housing types like duplexes and small triplexes. The proposal also waives the requirement for additional on-site parking and grants an increase in floor area ratio in exchange for affordable units (up to 80 percent of the median family income) on-site. By providing more housing choices, the city hopes to create and maintain diverse housing stock and prevent displacing existing residents.

The proposal is moving toward becoming a reality. It was recently vetted by the planning and sustainability commission with a recommendation for approval to the city council, the next step before the public hearings process, which could prove to be a challenge. The community has met the proposal with both enthusiasm and opposition—while some neighborhood interests advocated at the community advisory meetings to reduce density, prohousing advocates turned out just as strong, resulting in the commission instructing its staff last summer to make liberal changes that advance more missing-middle housing choices.

‘Missing middle’ housing offers entry into largely unaffordable single-family zones.

### Beyond the big city

Smaller cities are finding themselves in their own affordable and missing-middle dilemmas. Most land there is zoned for single-family housing, and rezonings do not carry forward the increased density permitted under higher-density zone designations. Thus, changes in zoning are accompanied by subdivision proposals that do not maximize the allowed density.

Consider the classic problem highlighted in 2017's *Avenue 6E Investments, LLC v. City of Yuma*. A developer sued Yuma, Arizona, after community opposition resulted in the denial of a project that would have created a donut of low-density housing around a small hole of higher-density housing. The Ninth Circuit Court of Appeals found that the reason for the denial was racial animus toward the expected residents of the new development. Significantly, the court found no principled opposition to the high-density zone change.

While this case is best known for its reversal of a race-based land-use denial, it brought to the forefront a developer's common response to even the slightest threat to a rezone: offering to expand the donut ring of lower density around the high-density development. When the high-density holes of donut subdivisions keep shrinking, missing-middle housing begins to disappear. Thus, these suburban cities should consider taking lessons from cities like Portland—or break from tradition and consider minimum density development to accommodate middle-income earners. ■

—Jennifer Bragar

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