

Missing Middle Zoning Proposal Recommendations

Kristin Allin, Planner, Affordable Housing Initiatives



Missing Middle Recommendations

Tonight's Presentation: application for text amendments to Article 2, Article 3, Article 6, Article 7, and Article 12 of the City of Decatur Unified Development Ordinance to allow duplex, triplex, and quadplex residential units in R-50, R-60, R-85 and RS-17 single family zoning districts.



Background: Affordable Housing

14 Years • 4 Years • 2 Years

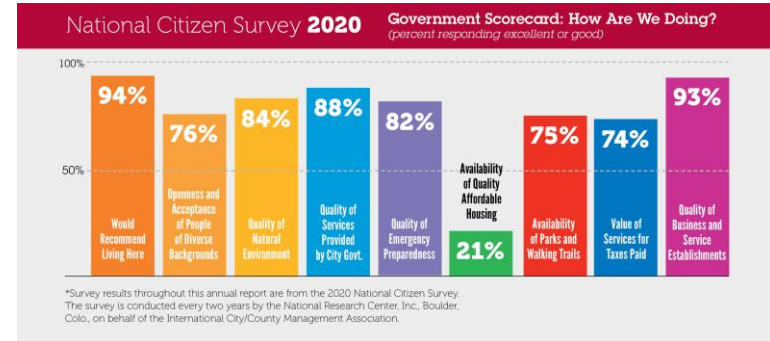
- **2008:** Affordable Housing Report
- **2018:** Housing Summit “to find actionable solutions to prevent the issue from continuing further and open the doors to those who are underserved by Decatur’s real estate market.”
- **2020:** 2020 Affordable Housing Task Force and Report with 23 Recommendations to create, preserve, oversee, and fund affordable and workforce housing.

Accepted by Decatur City Commission and fully incorporated into *Destination 2030*: City of Decatur adopted 2020 Strategic Plan and into the *Destination 2030 Community Work Program*



National Citizen Survey: Decatur 2020

Variety of housing options: 44%
Cost of living in Decatur: 28%



Vision: Decatur will foster an equitable, thriving, and welcoming community for all, today and in the future.

Destination 2030



AHTF Recommendations In Progress

Mandatory Inclusionary Housing (2020)

Affordability in new construction projects
10% Affordable Units, Rent and Owner
5+ units

Establishment of Land Trust (2021)

Decatur Land Trust
501c3 / Permanently Affordable Housing

Year-Round Repair Program (2022)

Decatur Home ReHAB
Senior Homeowners / Possibly NOAH Properties



Recommendation Missing Middle

Increase supply of smaller housing units, diversity of housing for diversity of people, allow more options to provide affordability.

- Maintain scale and height of single-family home
- Ability for reduced land cost over total developed units
- Subsidy question: affordable vs. market-rate (unsubsidized)
- Precedence for 2-4 unit homes in neighborhoods

Public hearings are part of the process of finalizing the policy recommendations



“Missing Middle” Defined

Missing Middle Housing is a range of house-scale buildings with multiple units – compatible in scale and form with detached single-family homes – located in a walkable neighborhood.

- Middle-sized
- Middle-income (60% to 120% AMI)
- Middle between large apartment and single-family home



Why Diversity of Housing in Residential Neighborhoods?



City of Decatur

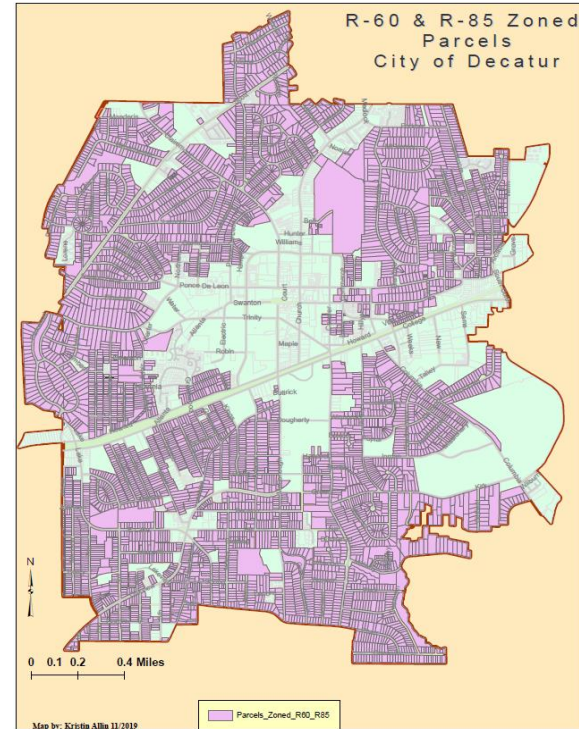
Four+ Square Miles

67% Single-Family Zoning

Average For-Sale Home Price over \$800k
(09/2022)

Rent downtown (2-bedroom): \$2,500-\$3,200/mo.

Diversity of housing formerly allowed in residential areas of Decatur. Duplexes were the last type to be disallowed in 1986.

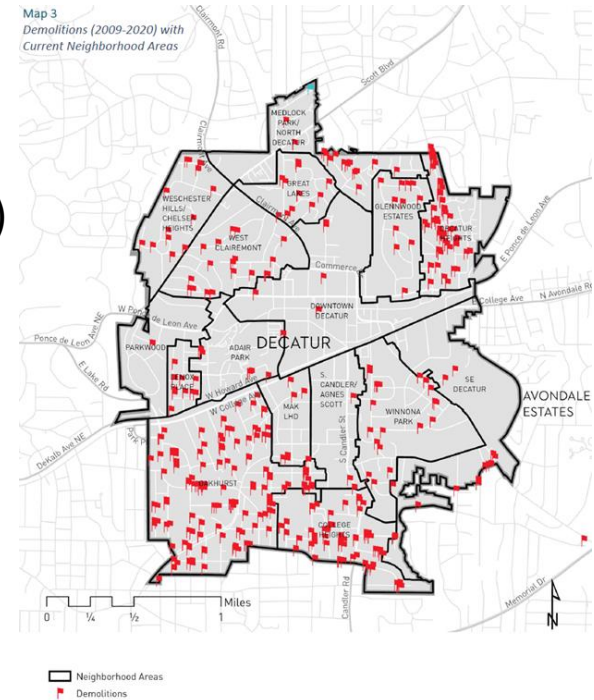


Housing Trajectory

- Single-family construction and demolitions (map)
- Time frame from 2009 to 2020
- Market and zoning = attractive for tear-downs
- Small homes replaced with \$1M + homes
- Allowing smaller/market rate units and working on new affordable multi-units.

Avg. Home Sale	
Year	Price
2008	\$384,715
2021	\$802,715
% change	
	109%

Source: 2020 Affordable Housing Task Force Report, Avg Home Price Detached Adams Realtors Intown Market Survey, Single Detached Home Sales as of 9/1/22



Source: City of Decatur Housing Rehabilitation Strategy, July 2021
Prepared by Atlanta Regional Commission



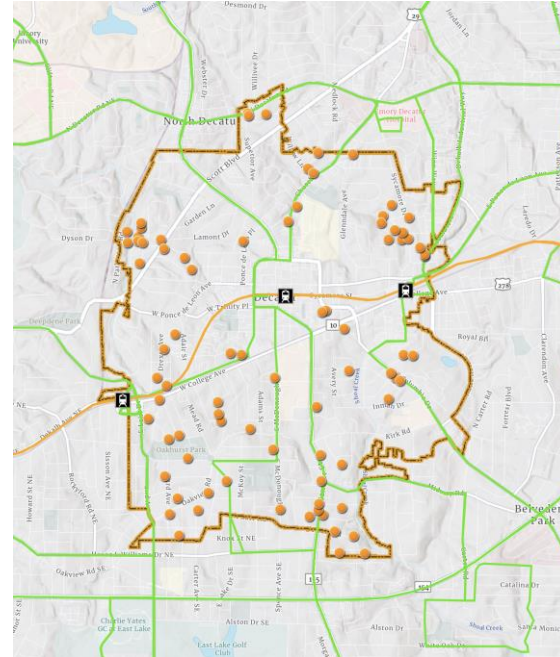
Smaller, Older Homes in Decatur

Smaller Homes

- ❖ Homes valued under \$500k
- ❖ Approximately 20-25 per quadrant
- ❖ Likely to be replaced by larger homes.
- ❖ SF development is lucrative.

Missing Middle Options

- ❖ “Gentle density” of 2-4 unit dwellings
- ❖ Preserve smaller homes through DLT
- ❖ Option to subdivide



Source: Urban Land Institute mTAP report
prepared for City of Decatur, utilizing DeKalb Assessments 2021



Decatur's Disappearing Middle 2000 to 2020

Housing Type	# Housing Units 2000 8,513	# Housing Units 2020 9,975	% Increase 2000 to 2020	# Increase 2000 to 2020
1-Unit Detached	4,794	5,272	10%	478
1-Unit Attached	603	1,013	68%	410
2-Unit	313	252	-19%	(61)
3-4 Unit	1,015	734	-28%	(281)
5-9 Unit	388	380	-2%	(8)
10 to 19 Units	461	285	-38%	(176)
20 or more Units	931	2,031	118%	1,100
Net Change				1,462

Source: American Community Survey 2000 and 2020

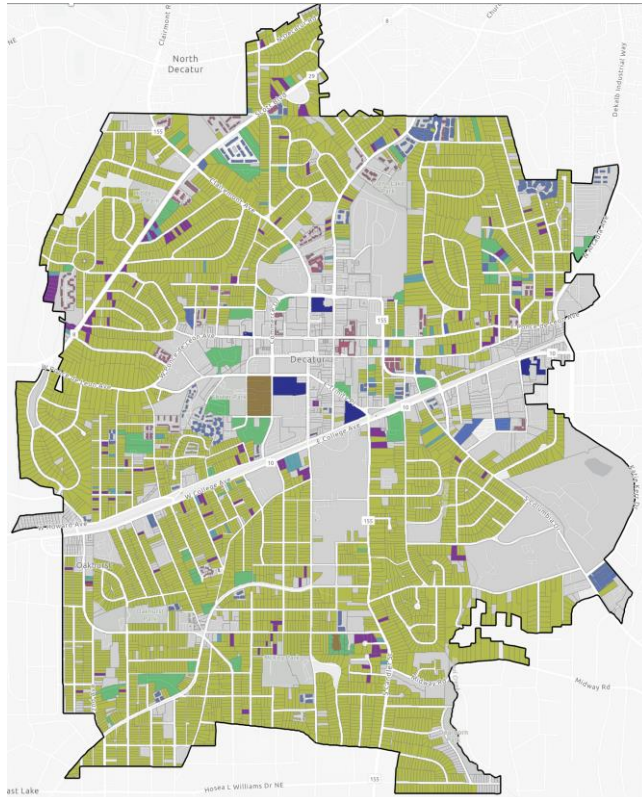


2020 Housing Unit Mix

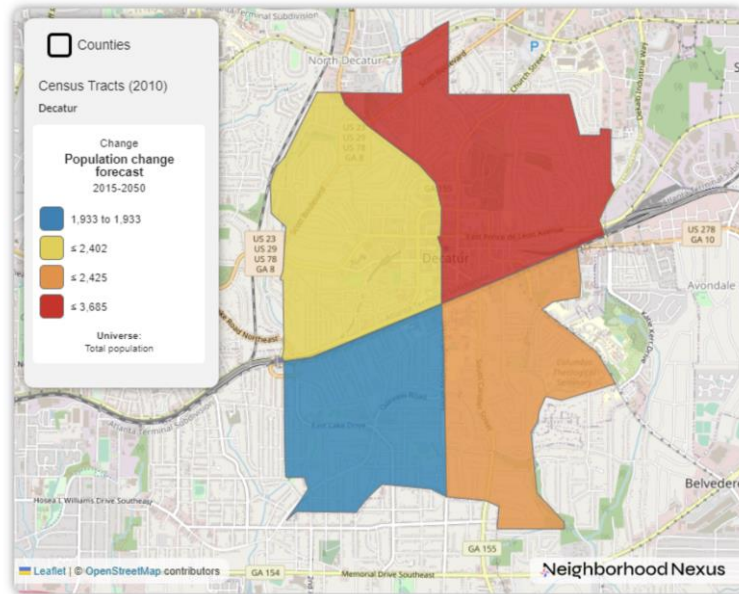
67% Owner-occupied

Total Housing Units	9,975	
1-Unit Detached	5,272	53%
1-Unit Attached	1,013	10%
2-Unit	252	3%
3-4 Unit	734	7%
5-9 Unit	380	4%
10 to 19 Units	285	3%
20 or more Units	2,031	20%

American Community Survey, HH Size and Type



Housing and Population Estimates



Projections from the Atlanta Regional Commission: Decatur's population projected to grow by almost 10,500 by 2050.

Nationally, birth rates lower and household size smaller now than in the past. This is also true in metro Atlanta (ARC).



All Stages of Life – Diversity of Housing & People

Millennials and Gen Z strongly support “missing middle” housing, Zillow survey says

By Matt Hickman • April 12, 2022 • Development, Editor's Picks, National, News, Urbanism



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12 Barriers to Missing Middle Housing

The list is, unfortunately, long, but the obstacles can be overcome with changes to zoning, public policies, priorities and more

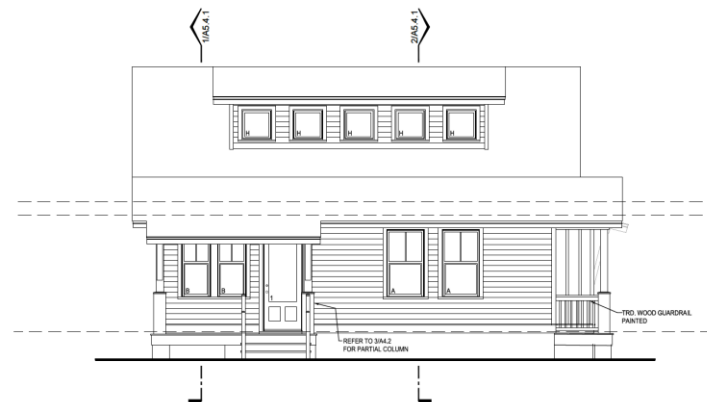
AARP Livable Communities

From *Missing Middle Housing: Thinking Big and Building Small to Respond to Today's Housing Crisis*, by Daniel Parolek (Island Press, 2020)



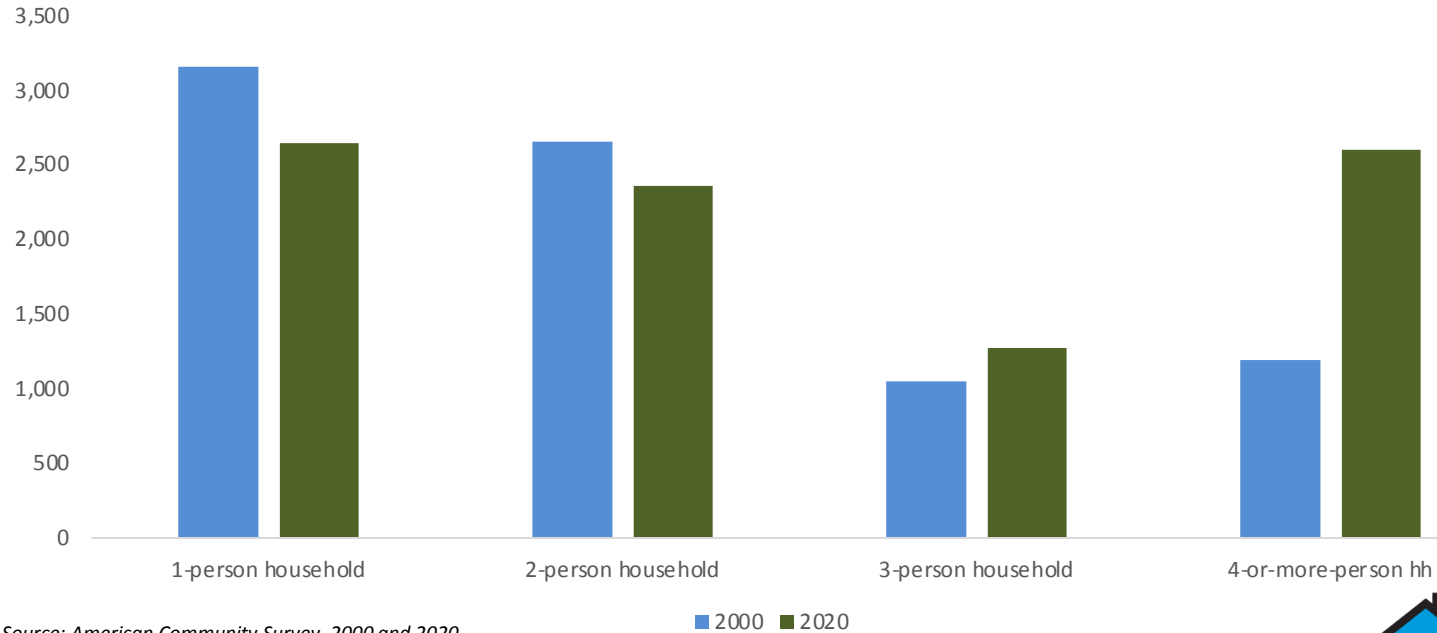
Missing Middle Fit in Overall Housing Goals

- Tools are being put in place to address affordability:
 - Decatur Land Trust
 - Housing Trust Fund Policies and Procedures
 - Home repair program
 - Partnerships: Oak Cottage Court
 - Emerging opportunities: example is 600 Commerce Drive.

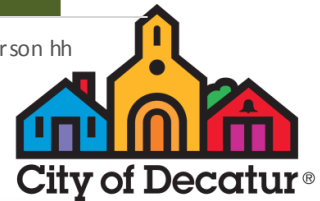


Trajectory in Decatur to Larger Households

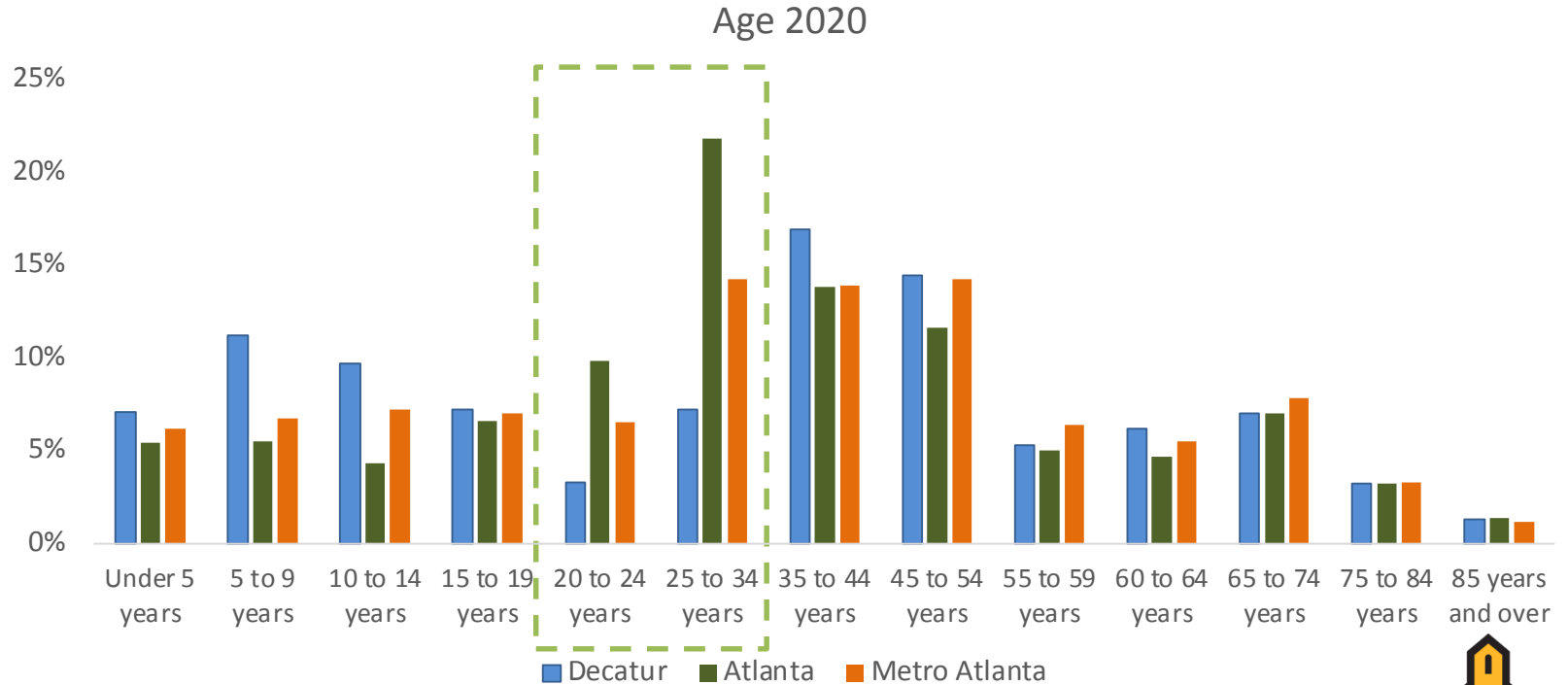
Household Size Decatur 2000 & 2020



Source: American Community Survey, 2000 and 2020



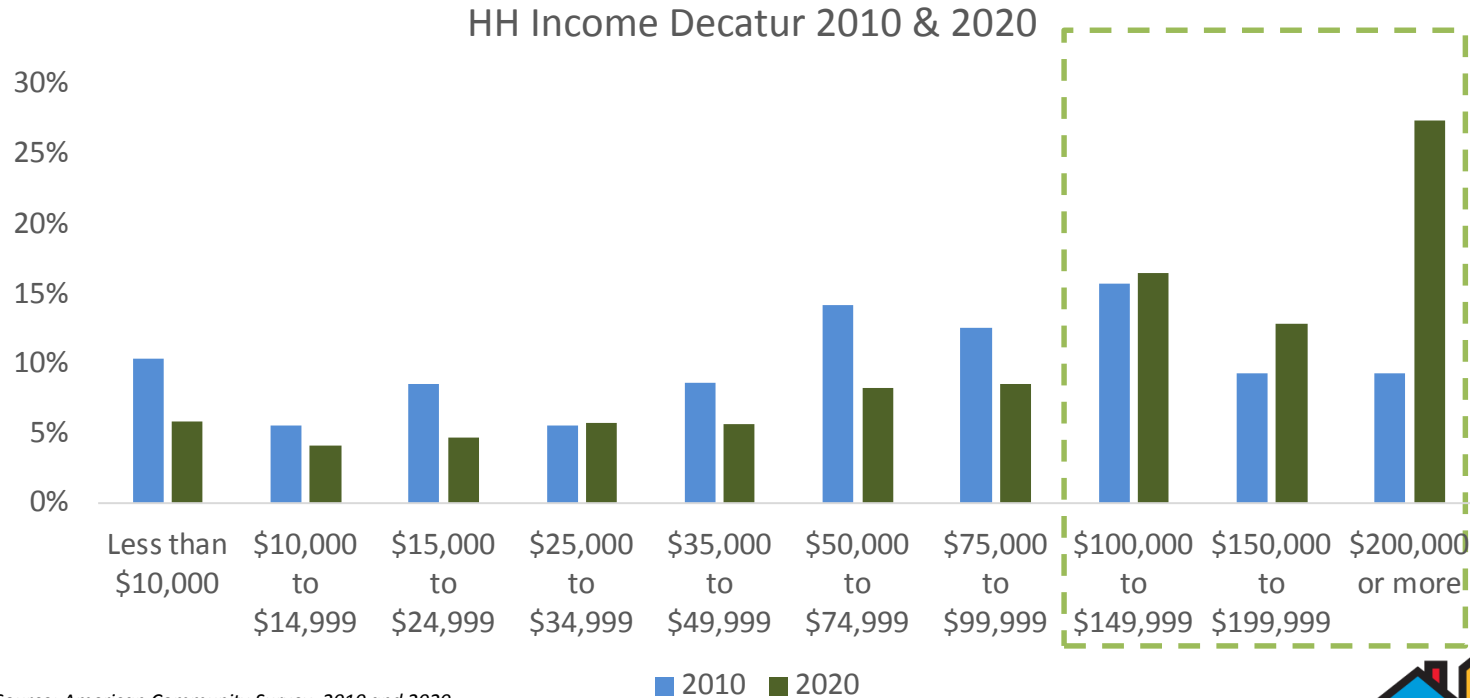
Decatur's Lack of Housing for "All Stages of Life"



Source: American Community Survey, 2020



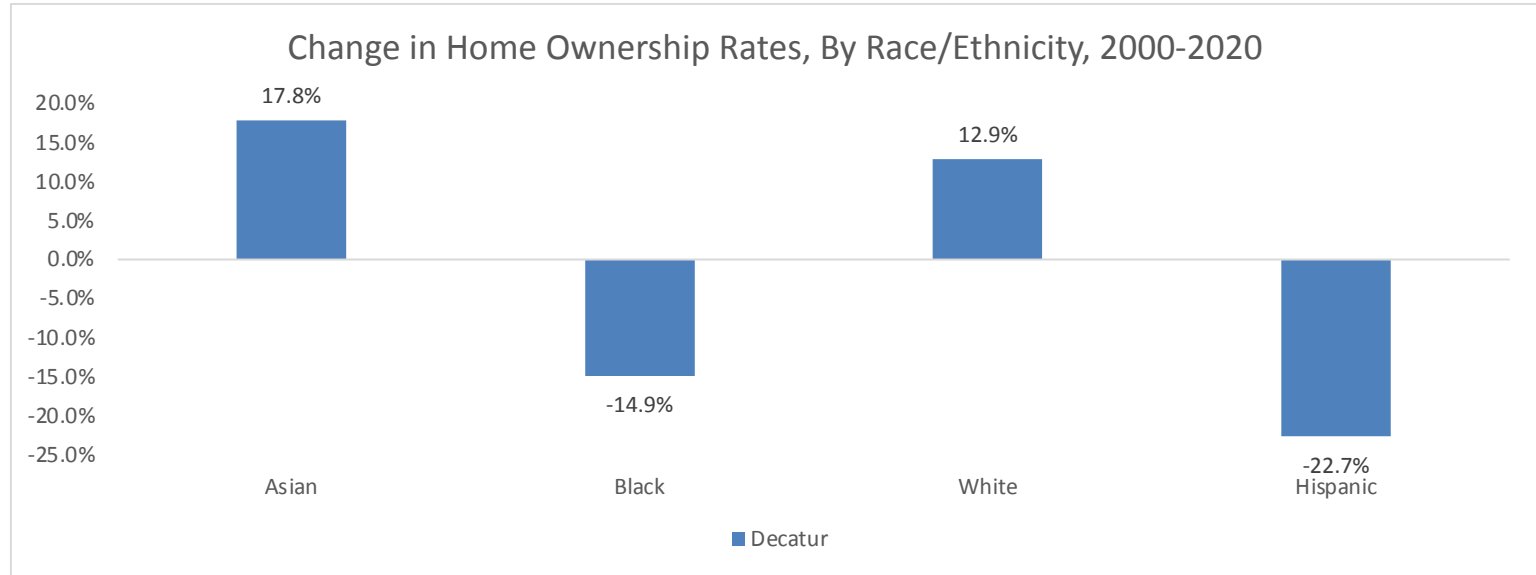
Decatur's Trajectory and Decline in Income Diversity



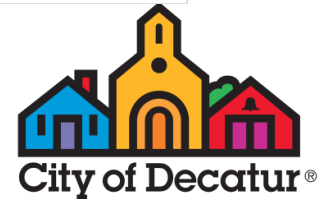
Source: American Community Survey, 2010 and 2020



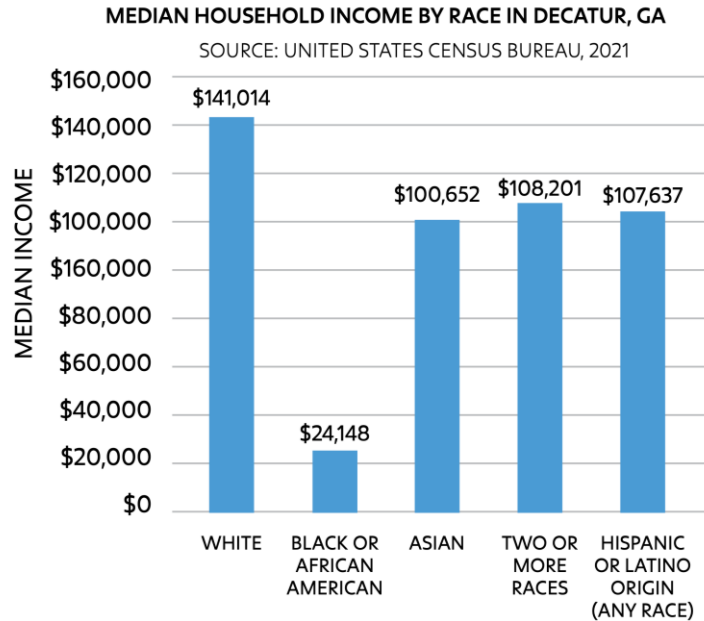
Decatur's Trajectory and Decline in Racial Diversity



Source: American Community Survey, 2000 and 2020



Decatur's Trajectory and Income by Race



Source: City of Decatur Clean Energy Plan

- Income inequality / wealth gap
- Low Income HHs (0-60%AMI) served by Decatur Housing Authority (DHA).
- The DHA manages approximately 550 rental units.
- The wait list is 12,000 long.
- Middle Income HHs decreasing.
- Trend to High Income HHs.



Questions from the Community



Estimated Impact

Case Studies: Gentle Density

Minneapolis has 76,423 single-family dwellings.

Permits Issued 01/2020 to 12/2021 = 74 new or converted units to duplex or triplex, or 0.096% of housing units.

Portland, Oregon has 143,174 single-family dwellings.

Since policy adopted in 8/2020 = 127 new duplex, triplex, or quadplex units, or 0.09% of housing units.

What does this equate to in Decatur? Very gentle density, most likely around 8-12 new units per year (similar to growth of ADUs or “granny flats” since allowed in Decatur in 2014).

Over 10 years, this equates to 80-120 new smaller, missing middle homes, scattered throughout Decatur’s neighborhoods.



Questions from the Community: Historic Preservation

Allowing duplex, triplex, and quads will not affect the integrity of a locally-designated district.

Historic Preservation does not regulate use and does not regulate interiors.

Subdividing homes into smaller spaces has historically been a common way of preserving properties.



Questions from the Community: NOAH Housing Preservation

The Affordable Housing Task Force Report recommends preservation strategy for older rental housing.

Limited mechanisms to preserve.

Purchase / Repair = Funding

Tax relief requires state legislation

Legalizing will make them legal/conforming.

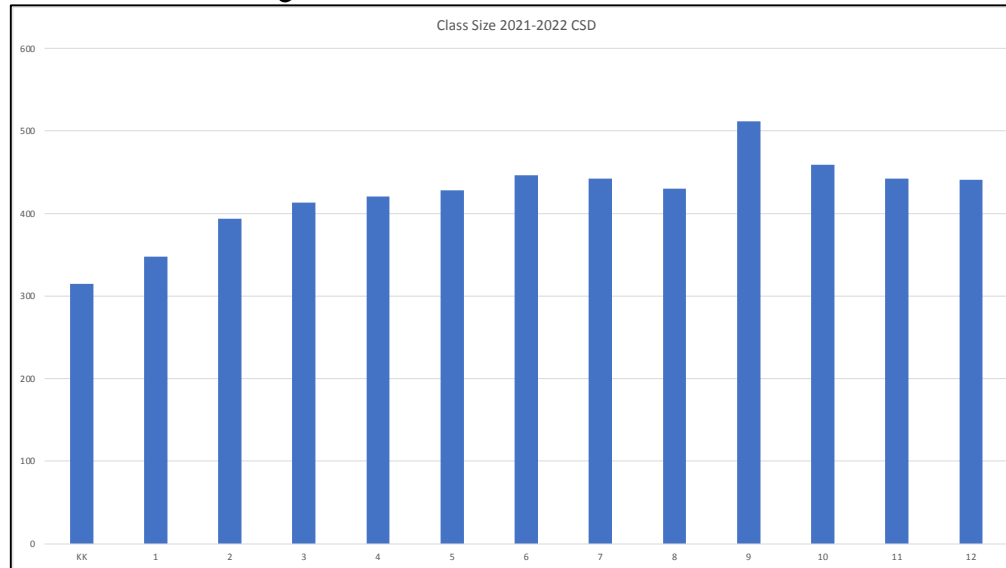
Both/And: Allow Missing Middle and Preserve NOAH Housing.



Questions from the Community

“How would this impact school enrollment?”

CSD enrollment down by 183 students from 21-22 to 22-23



Source: City Schools of Decatur



Questions from the Community

City Schools of Decatur projections: Redevelopment of 25 single-family lots

	# Homes	# Bedrooms	Multiplier	# Est. School-Age Children
Redeveloped as larger, SF home	25	4-5	0.55	14
Redeveloped as duplexes (using townhome multiplier)	50	Qty 2 - 2-bedroom units	0.36	18
Redeveloped as triplexes (larger units)	25	top floor 2-bedroom unit	0.36	9
Redeveloped as triplexes (smaller units)	50	bottom floor 1-bedroom units (x2)	0.13	7
Redeveloped as quadplexes (four 1-bedroom)	100	1-bedroom uniits (x4)	0.13	13

Data from City Schools of Decatur Student Yield Analysis Report, 2020
Multipliers: Single Family = 0.55, Condo = 0.13, Apartment =0.36



Questions from Community: Impact on Services

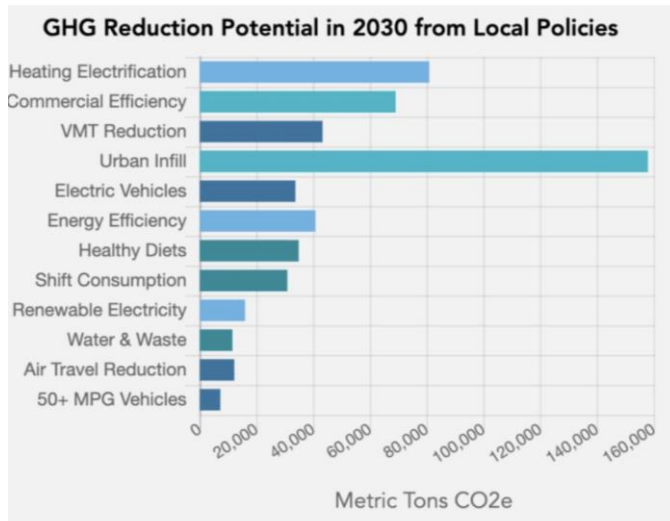


Figure 10: Cool Climate Network, 2018

Existing city services,
near work, “urban infill”

- Sewer capacity guidelines and fees
- City charges for services per unit
- Anti-sprawl



Questions from the Community

On-street parking and safety pedestrians and cyclists.

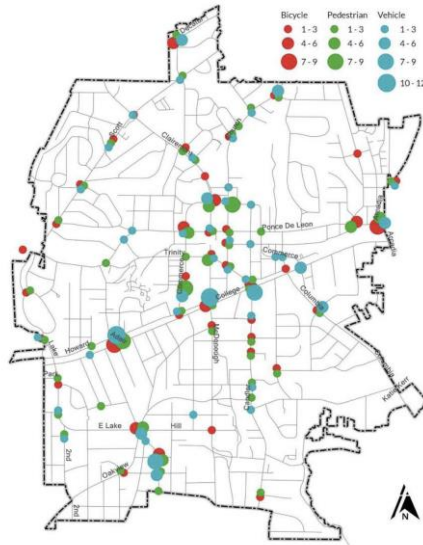


Figure 3.2. Map of community-derived intersections of concern. Data was collected from the WikiMap, Community Workshops, and Stakeholder Meetings.

Source: 2018 Community Transportation Plan Update, City of Decatur

On-street parking can address a lack of adequate parking along a street and can serve as a traffic calming measure, if motorists are driving at excessively high speeds along busy streets. By providing a buffer between sidewalk edge and moving traffic, on-street parking can help create a safer and more comfortable pedestrian environment.



Community feedback includes desire for more progressive parking policies.



Questions from the Community

Will An Increase in Homes Available for Low or Middle-Income Residents Impact My Home Value?

The construction of new homes for low or middle-income residents has had no consistent impact on the sale prices of nearby homes.

From the Center for Housing Policy Insights: *“The vast majority of studies have found that an increase in housing affordability does not depress neighboring property values, and may even raise them in some cases.”*

Overall, the research suggests that the type of attractive and modestly sized developments that constitute the bulk of newly produced affordable housing today **help maintain a thriving community.**



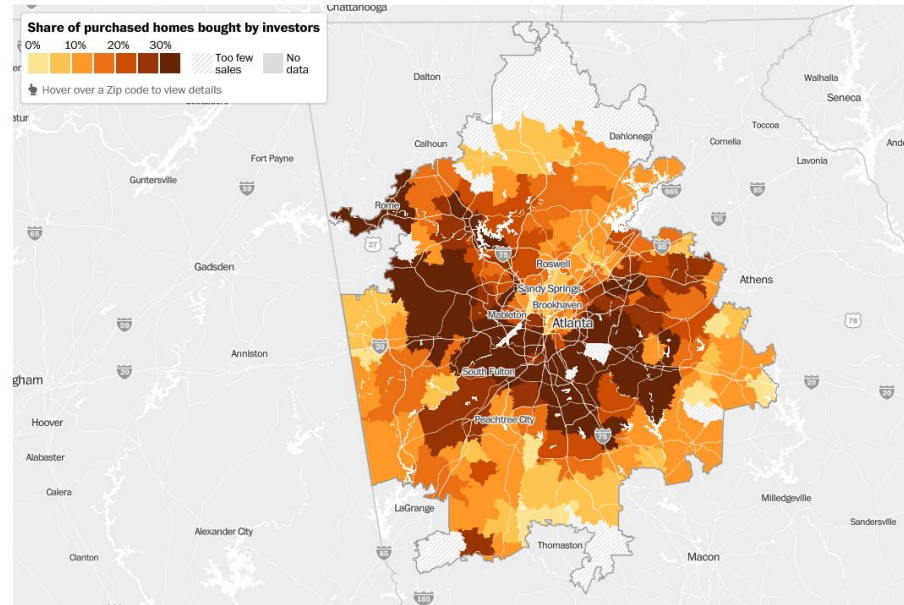
Questions from the Community

Investor Homes

The median purchase price among institutional buyers was typically 26% below the state median price (GA: \$256,962).

Average household income for areas of high investor home purchases: \$59k

Single Family Homes
Needing Repairs
Majority-Renter Areas



Source: Washington Post



Questions from the Community

Trend of Investor-owned homes.

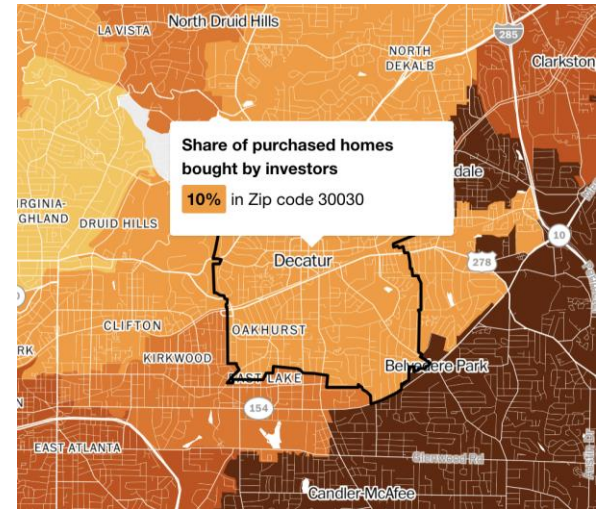
Washington Post:

2021 Metro Atlanta 25% investor home purchases vs 12% in 2015

Decatur in 2021: 10% investor home purchases, including “greater-Decatur”

More purchases have occurred in places of lower cost.

Decatur’s market has not attracted large, institutional investors.



253 home sales Decatur 2020-2021

Source: Washington Post
Home Sale Source: Adams Realty Intown Market Report, home sales as of 12/2021



Questions from Community: Owner-Occupation of Rentals

Current rentals exist in Decatur

- Local owners
- Rental companies

Necessary option due to lack of starter homes

The unintended consequences are:

How would owner regulations apply to current properties who own rentals in Decatur (NOAH)?

What about the DLT? Single-family homes? DHA and non-profit housing owners.

Code enforcement or policy options.



Questions from the Community

Short Term Rentals – Possible Accompanying Policy

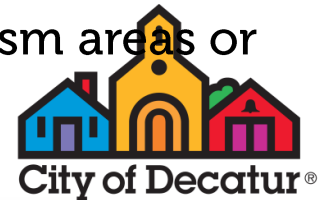
Defined as rented for 30 days or less.

Decatur has approximately 25 full time short-term rentals or STRs (e.g. AirBNB, VRBO).

Including part-time rentals, total of around 85-100 STRs, mix of single-family home rentals, ADU rentals, bedroom rentals (1% of housing stock).

Some communities have implemented registration system for STRs.

Others have implemented restrictions, especially in high-tourism areas or areas experiencing gentrification.



Questions from Community

How can the City of Decatur incentivize or should the City mandate affordability?

- ❖ Provide market-rate (unsubsidized) options
- ❖ Support for housing options vs. continuing SF home trajectory
- ❖ Reduce barriers: make it easier to build smaller housing types.
- ❖ Decatur Land Trust: home preservation and new construction, renovations.
- ❖ Decatur Housing Trust Fund
- ❖ Partnerships
- ❖ Example in Atlanta: low-interest loans in exchange for affordability



Questions from Community: Pre-Designs, Safety, Size, Parking

As part of the affordable housing initiative, the City hopes to develop a program of pre-designed units starting with ADUs. This could be expanded in the future, if successful, to encourage specific (fast tracked) designs for duplex, triplex, and quadplex units.

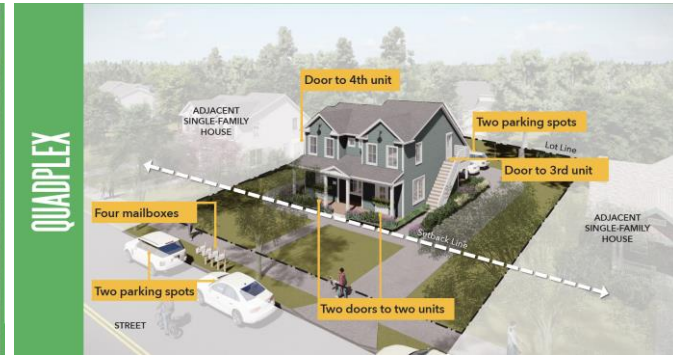
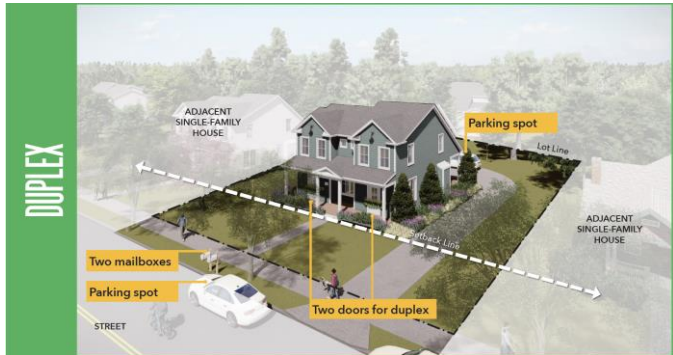
New homes and conversions require permits, inspections, must meet standards. Four + units must have one ADA compliant unit.

Minimum unit size requirements could be implemented.
On-street parking space = 15' per car / Average car = 14.7'



Policy Recommendations





Summary of Code Sections

- Recommendation to allow 2-unit (duplex) and 3-4 unit (walk up flat) dwellings to be constructed as new units or as converted units inside an existing single-family home in the following zoning districts: R-50, R-60, R-85 and RS-17.
- Dwellings with 2, 3 or 4 units must comply with the same building regulations applied to a single-family home.
- All dwellings from 1-4 units required to have one parking space per dwelling unit; 2-4 unit recommendation may satisfy 50% of parking on the street provided (and confirmed through limited review):
 - Parking is allowed on street
 - Curb frontage space will accommodate compact vehicle(s)



Policies: Measurement, Adjustment Annual Review of Results

- **Performance Measurement:** Annual Review of Missing Middle, Inclusionary Housing Units, affordable housing units created.
- Zoning: ability to adapt.
- Concerns raised during community input sessions under consideration, policies under consideration.



Questions from the Community

What are estimates for the market price for new missing middle units?



New Builds – Market Rate

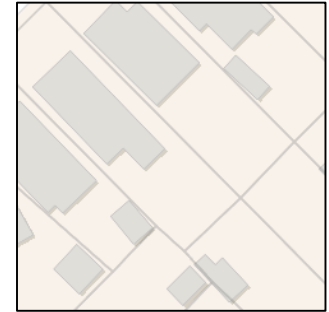
Example: New Home Rental Built 2019				
	Mortgage	Monthly Prop Tax	Total Rent	SQ FT
SF Home	\$4,872	\$1,735	\$6,607	4,700
Duplex	\$2,436	\$868	\$3,304	2,350
Triplex	\$1,624	\$578	\$2,202	1,567
Quadplex	\$1,218	\$434	\$1,652	1,175
Quadplex + ADU	\$974	\$347	\$1,321	-

Note: These are estimates only based on mortgage rate estimates and current property tax rates.

Purchased New 2019
 5 bedrooms / 5 baths
 \$1,285,000 purchase price
 4,700 sf
 3.94% interest
 20% down

For Sale: New Home Decatur 2019	
SF Home	\$1,285,000
Duplex	\$642,500
Triplex	\$428,333
Quadplex	\$321,250

*Note: high-level estimates based on assumptions such as:
 Reduction in # of beds/baths in multi-unit vs. SF Home
 Construction of smaller kitchens in multi-unit vs one larger luxury kitchen
 Additional cost of fire-wall construction for multi-units
 These are estimates only based on existing prices and costs.*



Lot = 51'w x 177'd
 Side setbacks 5' & 10'



New Builds – Market Rate

Example: New Home Rental Built 2021				
	Mortgage	Monthly Prop Tax	Total	SQ FT
SF Home	\$5,134	\$1,478	\$6,612	3,500
Duplex	\$2,567	\$739	\$3,306	1,750
Triplex	\$1,711	\$493	\$2,204	1,167
Quadplex	\$1,284	\$369	\$1,653	875
Quadplex + ADU	\$1,027	\$296	\$1,322	-

Note: These are estimates only based on mortgage rate estimates and current property tax rates.

Purchased New 2021
 5 bedrooms / 4 baths
 \$1,050,000 purchase price
 3,500 sf
 6.18% interest
 20% down

For Sale: New Home Decatur 2021	
SF Home	\$1,050,000
Duplex	\$525,000
Triplex	\$350,000
Quadplex	\$262,500

*Note: high-level estimates based on assumptions such as:
 Reduction in # of beds/baths in multi-unit vs. SF Home
 Construction of smaller kitchens in multi-unit vs one larger luxury kitchen
 Additional cost of fire-wall construction for multi-units
 These are estimates only based on existing prices and costs.*



Home Conversions

Opportunity for a community to benefit from zoning law.
Added income.
Flexibility for life needs.
Affordable rental possibilities without subsidy.
Makes current duplex, triplex and quads legal / conforming.



Example: Home Conversion

Example: Home Conversion 2006 Home Purchase				
	Mortgage	Monthly Prop Tax	Total	SQ FT
SF Home	\$3,753	\$885	\$4,638	3,500
Duplex	\$1,877	\$442	\$2,319	1,750
Triplex	\$1,251	\$295	\$1,546	1,167
Quadplex	\$938	\$221	\$1,159	875
Quadplex + ADU	\$751	\$177	\$928	-

Purchased home in 2006
 6 bedrooms / 4 baths
 \$600,000 purchase price
 3,500 sf
 Year Built: 1915
 6.4% interest

Note: These are estimates only based on mortgage rate estimates and current property tax rates.



Affordable Multi-Units

89% would like to live in Decatur

59% live over 6 miles from Decatur

54% currently rent

46% prefer a 2-bedroom

45% did not have a family member over age 18

2018 City of Decatur Lifelong Communities Survey of COD, CSD & DHA employees / 133 Respondents

Area Median Income (AMI) Level Comparisons
Set each year by HUD for Atlanta-Sandy Springs-Roswell GA

Early Childhood and Support Staff: **30% to 60% AMI**
Teachers: **60% to 100% AMI**

Area Median Income (AMI)	1 Person HH	2 Person HH	3 Person HH
30% AMI	\$20,250	\$23,160	\$26,040
50% AMI	\$33,750	\$38,600	\$43,400
60% AMI	\$40,500	\$46,320	\$52,080
80% AMI	\$54,000	\$61,760	\$69,440
100% AMI	\$67,500	\$77,200	\$86,800

Source: HUD Metro Atlanta-Sandy Springs-Roswell Area Median Income FY2022





Four BOE-Owned Homes

1. Home #1: 2,700sf 4 bedroom/3 bath
2. Home #2: 1,921sf 4 bedroom/2 bath
3. Home #3: 1,960sf 4 bedroom/3 bath
4. Home #4: 2,038sf 4 bedroom/3 bath

How can we best put these homes to work for our CSD staff?

Four Bedroom Home Rental	
	4-bedroom
60% AMI	\$1,678

Triplex + ADU				
	1-bedroom ADU	1-bedroom	1-bedroom	2-bedroom
60% AMI	\$1,085	\$1,085	\$1,085	\$1,302

Duplex + ADU			
	1-bedroom ADU	2-bedroom	2-bedroom
60% AMI	\$1,085	\$1,302	\$1,302

Source: HUD Metro Atlanta-Sandy Springs-Roswell Area Median Income FY2022



Potential Missing Middle Housing 600 Commerce Drive

Development Goals:

- ❖ Quadplex opportunity
- ❖ 2/bedroom units
- ❖ 100% AMI
- ❖ Sale Price \$260,400 each
- ❖ Alternate Lease/Purchase

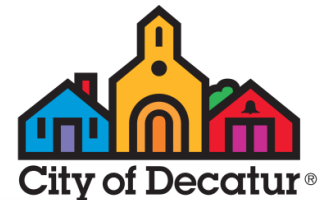
Land transferred to Decatur Land Trust
HOA or Co-op Agreement

Source: HUD Metro Atlanta-Sandy Springs-Roswell Area Median Income FY2022



The Affordable Housing Task Force Report, and the resulting recommendations including re-allowing Missing Middle are the result of years of work.

City staff is committed to listening to the community and working in the coming months to draft the best possible policy to address goals set forth.



“The time for try is over. Either we are a community that wants to be inclusive...I have seen those of lower socioeconomic status pushed out of my neighborhood, and either that is not ok...or we need to decide that we are a wealthy community that is not open to everybody, and only the privileged few get to live here, and lean into that. But we can't do both...as the problem continues to get worse.”

Harold Buckley, Chair, Decatur Planning Commission



Questions:

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decaturga.com/affordablehousing



Thank You



Invest Atlanta Workforce Housing Income Limits and Maximums								
FY 2022 Multifamily Tax Subsidy Project (MTSP) Income Limit Area								
Atlanta-Sandy Springs-Roswell, GA HUD Metro FMR Area Median Income \$96,400								
Effective Date April 18, 2022								
Area Median Income (AMI)	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
30% AMI	\$20,250	\$23,160	\$26,040	\$28,920	\$31,260	\$33,570	\$35,880	\$38,190
50% AMI	\$33,750	\$38,600	\$43,400	\$48,200	\$52,100	\$55,950	\$59,800	\$63,650
60% AMI	\$40,500	\$46,320	\$52,080	\$57,840	\$62,520	\$67,140	\$71,760	\$76,380
80% AMI	\$54,000	\$61,760	\$69,440	\$77,120	\$83,360	\$89,520	\$95,680	\$101,840
100% AMI	\$67,500	\$77,200	\$86,800	\$96,400	\$104,200	\$111,900	\$119,600	\$127,300
115% AMI	\$77,625	\$88,780	\$99,820	\$110,860	\$119,830	\$128,685	\$137,540	\$146,395
120% AMI	\$81,000	\$92,640	\$104,160	\$115,680	\$125,040	\$134,280	\$143,520	\$152,760
140% AMI	\$94,500	\$108,080	\$121,520	\$134,960	\$145,880	\$156,660	\$167,440	\$178,220
2022 Workforce Rental Housing Maximums								
Efficiency	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom				
Max Rent at 30% AMI	\$506	\$542	\$651	\$752	\$839			
Max Rent at 50% AMI	\$843	\$904	\$1,085	\$1,253	\$1,398			
Max Rent at 60% AMI	\$1,012	\$1,085	\$1,302	\$1,504	\$1,678			
Max Rent at 80% AMI	\$1,350	\$1,447	\$1,736	\$2,006	\$2,238			
2022 Workforce Owner Housing Maximums								
Efficiency	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom				
Max Sale Price at 60% AMI	\$121,500	\$130,230	\$156,240	\$180,540	\$201,420			
Max Sale Price at 80% AMI	\$162,000	\$173,640	\$208,320	\$240,720	\$268,560			
Max Sale Price at 100% AMI	\$202,500	\$217,050	\$260,400	\$300,900	\$335,700			
Max Sale Price at 120% AMI	\$243,000	\$260,460	\$312,480	\$361,080	\$402,840			
Max Sale Price at 140% AMI	\$243,180	\$260,610	\$312,900	\$361,410	\$403,200			

Source: HUD Metro Atlanta-Sandy Springs-Roswell Area Median Income FY2022

