

January 17th, 2023 City Commission Meeting: Missing Middle

Thank you for having me, Mayor and Commission, to review the 2-year process that has brought us to tonight's proposed text amendments to re-allow missing middle housing types in the City of Decatur.

Tonight, I will lay out the planning process, community input, and research that has led us here. The existing fabric of our city and the challenges outlined by our community are a good place to start - the older duplexes, triplexes, quadplexes, and small apartments that dot our neighborhood landscape. The incredible connectivity of our small urban city – a rare find nationwide with three transit stations, and which is walkable, becoming more bikeable, and has access to a wealth of amenities in such close proximity to our neighborhoods.

Decatur is an adjacent city to Atlanta in a growing metro area – the seat of DeKalb County, one of the largest counties in Georgia. Atlanta is projected to be one of the fastest growing cities in the nation between now and 2060. The projected growth in the City of Decatur will add approximately 10K residents by 2040, and the housing challenge will be “**who** is included”, “**where** do we add housing supply” and “**what types** will be added.” Community input expresses a desire to ensure teachers, city workers, young people, and other populations be included. Decatur's current trajectory of housing prices threatens to exclude all but the wealthiest of buyers.

Missing middle housing is defined as housing types between a single-family home and a large apartment building: duplex, triplex, quadplex, and small apartment buildings. Missing Middle is also defined as housing targeted to middle income residents who may not want or be able to afford a single-family home but who desire to live within the city's neighborhoods. We've seen innovative missing middle housing in other cities and in parts of Atlanta, where new workforce homes include cottage courts, small home developments, and missing middle - adding to the housing supply and addressing this need.

What does past planning say about missing middle housing?

The need for missing middle and workforce housing has arisen in community reports starting in 2008. The 2008 Housing Report establishes “the need for

workforce housing and diversity of price points for all stages of life.” The 2010 Strategic Plan recommends to: “adopt ordinance changes that allow for smaller homes...in single family neighborhoods.” In 2014, a community forum on Missing Middle housing was held to consider “more diverse housing types for downsizing seniors, service workers, and rising young professionals.” The 2020 Affordable Housing Task Force report and the Strategic Plan recommend to re-introduce duplex, triplex and quadplex in Decatur’s neighborhoods as well as (and I quote) **“near-universal agreement during the process that Decatur is experiencing an affordable housing crisis...that increasing home values are an indicator of Decatur’s appeal, but have eroded diversity and have made homeownership attainable to only the most wealthy families and individuals.”** This housing crisis is happening nationwide as well as in our small city of Decatur, and the responsibility of staff and elected officials is to consider policies to address the needs of our time and to set Decatur on a path that responds.

What has the community outreach process entailed?

Two years ago, city staff were asked by the City Commission to bring forth recommendations for missing middle zoning reform. During this period the outreach consisted of two phases. At the onset of Phase I in early 2021, a postcard was sent to each home to alert households of a new affordable housing website with a video, storymap, an online survey, a call-in hotline, and to inform the community of 3 public input sessions for development of the initial policy recommendations. The results of the online survey indicated that:

- 81% of residents see a strong connection between housing choices available in our neighborhoods and the diversity of our community;
- Over 63% of respondents believe there are not adequate housing options to enable them to retire in Decatur;
- Over 62% believe their children will not have adequate housing options to enable them to move back to Decatur in the future.

At the end of Phase I, the initial policy recommendations were developed:

To re-allow duplex, triplex, and quadplex development and home subdivision in residential zones so long as they conform with the required heights, floor area ratios, and setbacks of single-family homes (for fit in neighborhoods) and comply with current code requirements. Parking remained at one space per dwelling unit,

consistent with the requirements of a single-family home, however up to 50% of parking could be utilized on-street through a limited review process, although builders are allowed, as with single-family homes, to install additional parking on site should they see fit. The initial recommendation for the length of an on-street parking space was 15' – the size of a compact car.

Phase II began in January of 2022 and set out to gather community feedback on these proposals, to understand and educate around community desires and concerns in order to finalize the policy. This phase consisted of a second postcard mailing to each household, a second online survey, community and neighborhood meetings, public events, a public housing forum, two work sessions, two Decatur Focus articles, and two public hearings. The second online survey responses ranged from full support with no questions, to those who support the policy but have questions, to those who generally oppose the policy. The survey and the public hearing process provided staff with specific questions to research and to help inform the final recommendations.

Prior to tonight's vote, a notice was posted in the December Decatur Focus, and third postcard was sent to each home.

What was the research process of city staff in proposing this policy?

At the December 5th Commission Work Session, City Staff was joined by **regional experts** to discuss the questions that had arisen through the online survey and the public hearing process. The Atlanta Regional Commission presented data regarding the shrinking size of households in the metro area – as the size of homes continues to rise – a clear mismatch between housing types and demographic trends.

We learned that our small city, which strives to be inclusive, can be referred to as a “super gentrification” based on the loss of racial diversity and the influx of a high level of wealthy community residents. Recommendations to counter gentrification at this stage include adding more inclusive housing types at workforce and affordable levels – to “bring people in,” and to increase efforts to protect existing legacy residents. Staff studied the intersection of housing and climate and learned that urban “infill” housing (of which missing middle is part) is considered the most impactful strategy to reduce our carbon footprint. That

missing middle housing policy is recommended to address *not only* the current housing crisis, but climate crisis as well.

City staff also studied **nationwide research and professional recommendations**. The American Planning Association recommends to “adopt ordinances that facilitate a range of housing types and densities for a diversity of housing needs” to “amend or dismantle exclusionary zoning rules and practices,” to “allow missing middle everywhere” and to “reduce or eliminate parking minimums.” The Atlanta Regional Commission recommends, for the Decatur area, to: “increase housing supply by reducing development barriers including missing middle barriers.” The AARP recommends to: “remove zoning obstacles and barriers to missing middle housing.”

What are “best practices” of other cities, counties, and states?

The number of cities, counties, and states which allow or mandate these middle housing types continues to increase in response to the housing crisis we are in nation-wide.. Staff reached out to other cities which have approved these policies, and observed that in every case these traditional housing types are added “incrementally,” adding a “gentle density” to the landscape. Using data from those who have implemented missing middle zoning for a year or more, staff estimates approximately 3-11 new units per year would be constructed or subdivided in Decatur as a result of the recommended policy.

Staff researched policies of other cities for comparison: finding innovative ideas in Raleigh and Durham, which have allowed lots to be subdivided into “flag lots” in order to enable more “for sale” dwellings. Portland has created the most missing middle housing by allowing density bonuses for affordable units and mixed-income sixplexes. South Bend, Indiana is piloting a “Build South Bend” program with a goal of enabling “owners to be landlords” and sets of pre-approved designs for faster permitting: a new “Sears Catalog” of housing options for the missing middle. In all of these cities, duplex, triplex, and quadplex when allowed are allowed “by right.” These cities have adopted innovative parking policies by eliminated parking requirements – most often for the entire city.

Atlanta is embarking on a re-zoning process, and recently we’ve heard non-profit entities in Atlanta asking for courage from leaders and from the community to

allow diverse housing types and flexibility, without excessive requirements, so that they can do the work of building more affordable housing.

What community concerns were addressed?

The online surveys and community meetings brought forth questions and community concerns to further drive research.

- Regarding safety: the missing middle homes must comply with current building and fire codes, and the code requirements for 3-4 dwellings are more strict than for SF homes and duplexes.
- School enrollment: Our city schools depend on steady enrollment, and there has been a gradual decline in the number of students in the lower grades. More research is needed, but could the city's housing supply – for which home sale prices have increased from \$300k in 2010 to over \$800k in 2022 – correlate with this gradual decline as new families are discouraged from locating to Decatur? A holistic housing approach is recommended, as missing middle housing attracts a variety of people and is less likely to lead to dramatic school enrollment increases compared to single-family home development.
- Parking: The 2018 Decatur Community Transportation Plan Update shows that street parking is a traffic calming measure - increasing the safety of pedestrians and cyclists. Accidents involving vehicles and pedestrians or cyclists occur on the roads where traffic moves through the most quickly.
- Investor concerns were a large portion of the questions from the community, and has been thoroughly researched. The city of Decatur has not seen activity from institutional investors that has occurred in other, lower cost areas of the Atlanta metro. Large, institutional investors have purchased single-family homes in the \$200k-\$250k level in areas that have lower land costs and household incomes below the median Atlanta levels. This is an environment not seen in Decatur. Furthermore, the International Building Code creates added safety measures and related costs for 3-4 unit missing middle housing types. Therefore, the ROI and required profit levels are not attractive to large-scale investors. Other cities have documented incremental development of 2-4 unit dwellings in a large part because the construction is predominately individual owners, small-scale and non-profit developers.

- Regarding gentrification in Decatur: Because Decatur is a city in what is often referred to as “late stage” gentrification, the recommended strategy is both to start programs such as the new Decatur Home ReHAB program and property tax payment assistance program (as recommended by the Affordable Housing Task Force) to assist legacy residents to remain in Decatur, and to provide more inclusive housing types such as missing middle to “bring people in” to the city.
- Trees, stormwater: any new duplex or walk up, or a conversion that adds over 500’, must comply with the tree ordinance and storm water ordinance of the City of Decatur.
- Zoning and affordability: zoning changes by themselves do not create affordability, but they enable non-profit and mission-driven developers the flexibility to build smaller units as well as individuals to modify or create homes at an affordable or workforce level.
- Land values/Property values: diverse types of housing and affordable housing have not been shown to decrease property values. Some reports show that zoning changes for missing middle housing may slightly increase land values at a small percentage in the first year.

Ultimately, the policy recommendation must consider all input and bring forth the best recommendations based on the research and outreach, and the desired outcomes.

In summary, the final proposals for missing middle zoning from city staff are:

- 1) Allow building types that formerly existed to be created again: new or converted duplex (2 unit) and “walk up flat” (3-4 unit) dwellings allowed by “Limited Use” in Residential zones R-85, R-60, R-50, and RS-17.
- 2) Required to conform to UDO size, height, FAR and lot coverage of a single-family home to ensure fit in the neighborhood.
- 3) 50% of parking requirement satisfied on-street as part of the limited review process. Staff has increased the length of the parking space requirement from the originally recommended 15’ to 20’.

- 4) Data on missing middle housing permits and development will be added to the City's Annual Metrics: staff will report annually on the number of permits, units created, percent rental, sale prices, on-street parking utilization, % short term rental, number of school age children and impact on schools.
- 5) Staff has added an affordability requirement: the city's Mandatory Inclusionary Housing ordinance will require a quadplex + ADU (5 units) comply with affordability requirements of the ordinance.
- 6) Staff is developing a Short-Term Rental policy.
- 7) In order for the city staff to implement the permit process and assess impact for these new building types, the number of permits allowed for duplex and walk up flats will be limited for the first 18 months following the effective date of June 30, 2023, to 3 permits per K-2 school district for a total of 15 permits citywide during this time period. This will apply to new construction and home subdivisions. This will gradually phase in development of these housing types so that the City has time to evaluate actual impact and address as needed.

The missing middle zoning policy proposal is the implementation of years of community input, is an important part of the affordable housing strategy for Decatur, and is part of a larger, **comprehensive** housing plan. The Affordable Housing Task Force Report lays out this strategy, including the work of the new Decatur Land Trust and bolstering of the existing Decatur Housing Trust Fund. This strategy can be complemented with increased density in other areas such as around the MARTA stations, but we need a both/and approach.

In summary, City staff recommends approval of certain text amendments to Articles 2, 3, 6, 7, and 12 of the Unified Development Ordinance (UDO), and adoption of the related Ordinance.

Thank you.