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IS
THE MIDDLE
MISSING?



A Guide to Expanding Options for Utah Homebuyers and Renters

MIDDLE HOUSING STUDY
EXECUTIVE SUMMARY

MARCH 2022

MIDDLE HOUSING STUDY EXECUTIVE SUMMARY

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INTRODUCTION

“Missing Middle Housing” refers to housing that occupies the “middle” ground between large-lot, single-family homes and large apartment complexes. It can encompass a variety of often multi-unit buildings that are house-scale, facilitate neighborhood walkability, accommodate changing demographics and preferences, and are available to people with a range of incomes. Because it is scarce in some communities, it is referred to as the “missing middle.” Middle housing offers the potential to increase the supply of housing, but at a scale that is less objectionable to most neighbors and with strong design quality that can improve upon neighborhoods.

This is the Utah Foundation’s second study looking at how Utah can continue to grow while improving quality of life and maintaining local fiscal health. The Utah Foundation’s 2019 study *Building a Better Beehive: Land Use Decision Making, Fiscal Sustainability and Quality of Life in Utah* identified five categories of strategies to confront the challenges of growth, including:

- Promoting efficient land use.
- Preserving and improving community character.
- Avoiding undue taxpayer subsidy of new growth.

If executed well, the development of middle housing could encompass these three strategies. It could also provide people with more homeownership options while helping with the enormity of the housing affordability challenge that Utah is currently experiencing.

The guide is separated into four parts.

Part I: The Scope of the Challenge examines Utah’s housing problem and introduces middle housing as one means of addressing it. (November 2021)

Part II: What is Middle Housing and Where is It? examines the prevalence of middle housing in the four largest Utah counties and relevant development trends. (December 2021)

Part III: Utahns’ Development Preferences focuses on current development practices and neighborhood preferences. (January 2022)

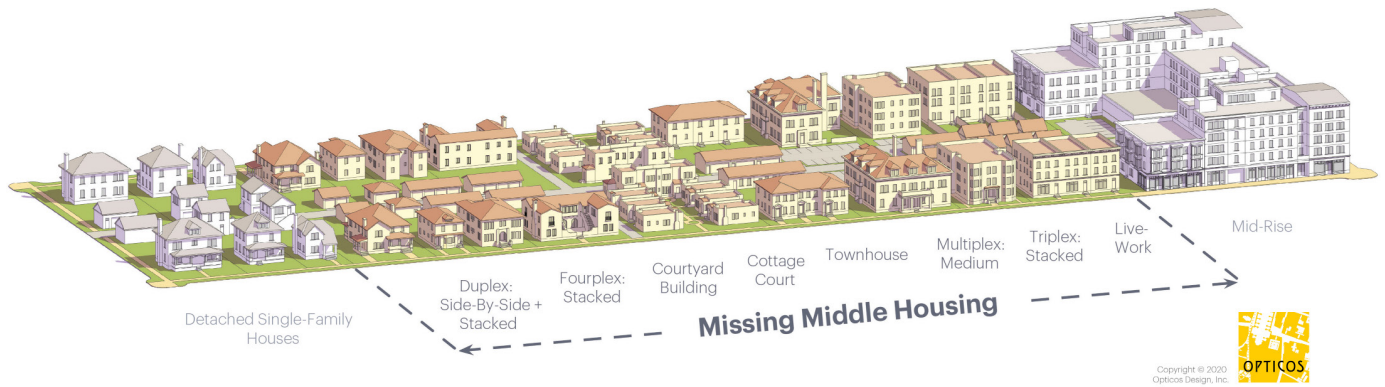
Part IV: Obstacles and Opportunities explores obstacles and opportunities for increasing the supply of middle housing. (February 2022)

This **executive summary** includes all of the key findings from the four parts of the study, as well as some of the figures and images of middle housing.

ACKNOWLEDGEMENTS

In addition to our warm thanks to our project-based supporters for their contributions to the Middle Housing Study, we’d like to give another thanks to our research interns, and a special thank you to Salt Lake County Office of Regional Development’s Jake Young, Toby Lowry, and Carrie Marsh for their research and professional contributions, Wasatch Front Regional Council’s Josh Reynolds for his research and analysis contributions, and the innumerable contacts that provided the Utah Foundation with insights and guidance.





Missing Middle Housing term created by Daniel Parolek/Image © Opticos Design, Inc./For more info visit www.missingmiddlehousing.com.

PART I: THE SCOPE OF THE CHALLENGE

Part I examines Utah’s housing problem. Utahns increasingly perceive that they are living through a housing crunch, and the data suggest that they are correct. However, there is little relief in sight. This installment suggests that middle housing is one approach to ameliorating the program. Among the findings of Part I:

- Utah’s rapid population growth is projected to continue. While the younger population is expected to shrink in percentage terms, the number of young households is expected to grow in sheer numbers – suggesting a need for lower-cost, entry-level housing options.
- More than 80% of Utahns feel that home prices and rents are too high. Indeed, the cost of housing in Utah has been skyrocketing – with a year-over-year appreciation of 29% at September 2021.
- From 2010 to 2021, an inflation-adjusted mortgage payment with 10% down on a median-priced Utah home increased by \$469, from \$1,131 to \$1,600.
- Over time, the cost of lower-priced homes has increased more than higher-priced ones, so the attainability of homeownership with affordable mortgages has disappeared for some Utahns.
- Most respondents to the recent Utah Foundation development-preference survey do not think they could afford the homes they currently own if they wanted to purchase them today.
- Nearly 90% of survey respondents are worried about housing costs, but even more are worried about young Utahns’ costs.
- Rents in Utah have increased dramatically during the past 20 years, and especially in just the last two years; for example, Davis County and Utah County rents increased more than 50% from January 2019 to July 2021.
- The increases in home prices and rents are due in part to Utah’s 45,000 housing-unit shortfall – the difference between new households and new residential dwellings since the Great Recession.
- Middle housing is a possible answer in terms of prices. For instance, in Salt Lake County, the August 2021 median (or middle) sale price of townhomes was \$390,000, while for single-family homes, the median sale price was \$546,450.

PART II: WHAT IS MIDDLE HOUSING AND WHERE IS IT?

Part II suggests that middle housing offers an important response to Utah's need for more housing choices at a variety of price points, to the growing demand for walkable communities, and to the increasing number of households with fewer and older people. This installment in the middle housing study examines the prevalence of middle housing in the four largest Utah counties and the relevant development trends. Among the findings of Part II:

- Middle housing offers an important response to Utah's need for more housing choices at a variety of price points, to the growing demand for walkable communities, and to the increasing number of households with fewer and older people.
- While middle housing might take the form of a duplex, a six-unit townhome or a 12-unit apartment, the number of units alone is an oversimplification of middle housing, which depends on the neighborhood and is defined by multiple characteristics.
- In Davis, Salt Lake, Utah and Weber counties, about 14% of housing units are middle housing. This suggests that there may be room to expand these options – especially in light of high costs, changing preferences and shifting demographics.
- In Utah's four largest counties, townhomes are the most common type of middle housing, followed by small multiplexes (duplexes, triplexes and fourplexes).
- Middle housing development has shifted over time. Most of Utah's small multiplexes were built between the early 20th century and the 1980s, but since 2000, townhomes have become the predominant middle-housing type.
- The amount, proportion and types of middle housing vary significantly within counties, with some localities bringing in a wider diversity of housing types.

Salt Lake and Weber counties saw a 20th century downward trend of middle housing development.

New Middle Housing Unit Proportions by County, by Decade



Sources: Mountainland Association of Governments and Wasatch Front Regional Council. Utah Foundation calculations.

PART III: UTAHNS' DEVELOPMENT PREFERENCES

Part III shows that housing development is changing, with an increasing shift toward townhomes and apartments across the state. While single-family housing still rules in Utahns' hearts, this installment reveals that many Utahns are open to more variety in their neighborhoods, assuming it's well-designed and well-scaled. And most Utahns have an open mind when it comes to the need for more affordable housing options. Among the findings of Part III:

- Expanding homeownership opportunities is an important component to any development strategy focused on middle housing. Homeownership is correlated with wealth; the median homeowner net worth is \$255,000, while the median renter net worth is \$6,300. However, in 2020, the share of renters priced out of Utah's median-priced home jumped to 73%, from 63% the year before.
- Housing development is changing; for example, in Salt Lake County, single-family detached development is becoming less common (24% of new units in 2020), while middle housing is on the increase (32%), and larger multifamily units are taking up the lion's share of new development (44%).
- Utah Foundation survey respondents prefer single-family detached housing, but they offered positive responses to some small middle housing with the appearance of a single-family home.
- Utahns' preference for the appearance of single-family homes suggests that middle housing will meet with greater acceptance if developed in a manner that mimics the style and scale of single-family dwellings.
- Nearly three-quarters (72%) of survey respondents say that style is the most important factor (other than housing type) in their housing preferences, followed by scale – or the size compared to other homes (64%). Topping the list for open-ended comments is having lower density (35%).
- Half of survey respondents prefer housing of similar prices (47%) and similar types (50%) in their neighborhoods, but not far behind are people who

prefer housing with a variety of prices (36%) and a variety of types (42%) – which includes middle housing.

- Most survey respondents (60%) support more affordable housing options in their neighborhoods, with 38% *strongly* supporting more options. About 18% of respondents oppose more affordable housing options, while 22% are neutral.

- To address affordability issues, about 46% of survey respondents would accept middle housing in their neighborhoods; 33% of respondents oppose middle housing, and the remainder are neutral.

Utahns prefer developments that look like single-family homes, rejecting a garage-heavy row of attached houses.

Most and Least Chosen Residential Building (Other than Large Apartment Complexes); Question: "Please click on the picture(s) that would make a good addition to your neighborhood (within a five-minute walk from your house)"



Most Chosen Residential Building



Least Chosen

Source: The Utah Foundation Middle Housing Survey.

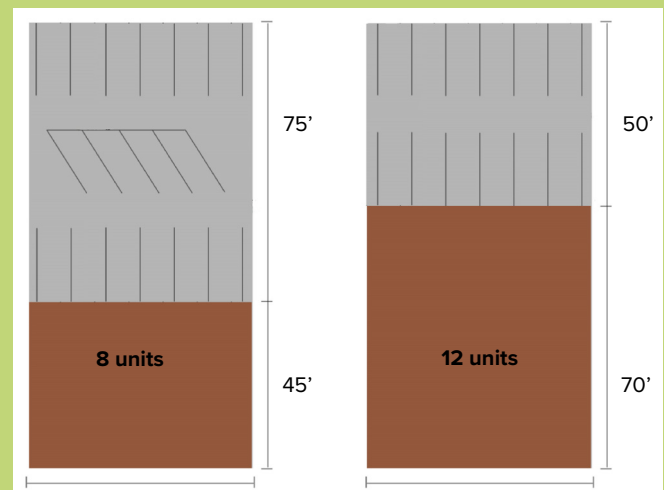
PART IV: OBSTACLES AND OPPORTUNITIES

Part IV looks at the obstacles to middle housing, from zoning and parking to neighborhood opposition and hurdles inherent in condominium financing and development. However, this installment suggests that there are ways forward. Among the findings of Part IV:

- Most residential land in Utah is zoned for single-family homes. For instance, more than 88% of residential land in Salt Lake County is zoned single-family.
- For small, middle-housing developments at the neighborhood level, developers would often need conditional use approval or a rezone, which implies uncertainty, time and effort – and higher costs.
- Salt Lake County Regional Development analyzed all zoning in the county, finding that most significant opportunities for middle housing are in the south-west of the county, with a smattering of opportunities elsewhere.
- A key barrier against new middle-housing development is zoning. Zoning trended significantly toward single-family residential with automobile-oriented development patterns in the 1900s. As a result, development shifted away from walkable medium-density housing in many areas, reducing the relative supply of the now “missing” middle.
- Parking spaces increase construction costs and research shows that these costs tend to increase rents. It is important for local policymakers to take a hard look at their parking needs to discover whether the requirements suit actual needs and whether the payoffs in terms of driver convenience are worth the tradeoffs in housing affordability.
- Condominiums offer a significant possible approach to creating ownership opportunities in middle housing. However, condominium developers can face unique challenges.
- Overlay zones may be used to open the way for middle housing. This type of overlay could allow middle housing in traditionally single-family zoned areas, particularly those near transit and retail, around main street areas, in downtowns, and as transitions between more dense areas and single-family ones.
- Upzoning to allow small multifamily (and smaller-lot single-family) in existing single-family zones holds the promise of creating new housing opportunities. However, to avoid negative impacts on quality of life and neighborhood character, it may be prudent to begin by trading single-family zoning for two-family zoning and, if successful, build to four-family zoning (or more, depending on the location).
- Form-based codes provide a zoning approach that allow developers to focus on placemaking, rather than use, possibly opening the way for middle housing. However, a successful form-based approach must avoid being both ambiguous and overly prescriptive.

Requiring two parking spaces demands a significant portion of developable land (shown for eight units), but one space for each is much less demanding (shown for 12 units).

Parking Requirement Example - Three-story Building, Eight Units Approximately 1,000 feet² Each, 16 Parking Spaces, and Twelve Units Approximately 1,000 feet² Each, 12 Parking Spaces



Source: Adapted from *Strong Towns* by the Utah Foundation.

CONCLUSION

This Middle Housing Study provides a guide Utah's housing challenges, middle housing and its location, Utahns' housing preferences, and obstacles to middle housing development.

There are multiple means of opening the way for middle housing. Overlay zones may be targeted to the creation of middle housing. This type of overlay could allow middle housing in traditionally single-family zoned areas, particularly those near transit and retail, around main street areas, in downtowns, and as transitions between more dense areas and single-family ones.

Upzoning to allow small-multifamily (and smaller-lot single-family) in existing single-family zones holds the promise of creating new housing opportunities. To avoid negative impacts on quality of life and neighborhood character, it may be prudent to begin by trading single-family zoning for two-family zoning and, if successful, build to four-family zoning (or more, depending on the location).

Form-based codes provide a zoning approach that allow developers to focus on place-making, rather than use, possibly opening the way for middle housing. However, a successful form-based approach must avoid being both ambiguous and overly prescriptive.

This study has revealed a striking reduction in housing affordability in Utah, both for potential buyers and renters. Middle housing can be used to provide homes at a variety of price points, promote walkable neighborhoods and address changing demographics. This study has documented the potential, both as a means of addressing affordability and – if well executed – as a means of assuaging the concerns of neighbors about new development. It has also explained why providing homeownership options is a critical component of any middle housing strategy.

It is clear that the single-family form is highly favored among Utahns. It is also clear that new multi-unit development can be built in a manner that mimics that form and blends seamlessly into a variety of neighborhood types. And while there are obstacles to the creation of middle housing, there are also various means of opening the way.

Ultimately, to ease the pressure on housing prices, communities will need to consider a range of strategies. Ongoing population growth seems to be an inevitability. There are a host of affordability measures that policymakers might take (from down-payment assistance to developer subsidies). But addressing these growth pressures for the

market-priced households will also require more middle housing.

* * *

Find the full report with all sources, figures and analysis at www.utahfoundation.org.





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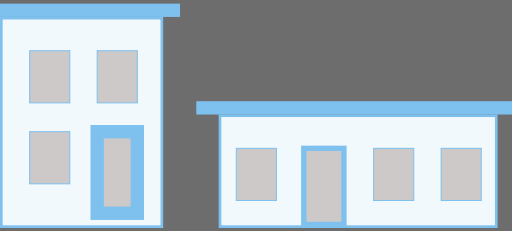
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MIDDLE HOUSING STUDY PART I:
THE SCOPE OF THE CHALLENGE

NOVEMBER 2021

MIDDLE HOUSING STUDY PART I: THE SCOPE OF THE CHALLENGE

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This guide is the Utah Foundation’s second report looking at how Utah can continue to grow while improving quality of life and maintaining local fiscal health. The Utah Foundation’s 2019 report *Building a Better Beehive: Land Use Decision Making, Fiscal Sustainability and Quality of Life in Utah* identified five categories of strategies to confront the challenges of growth, including:

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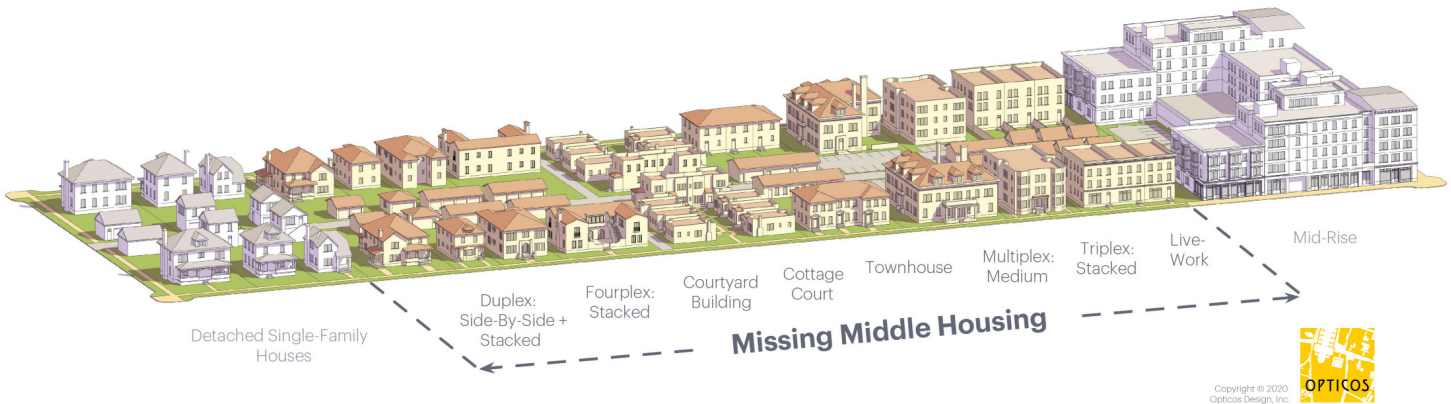
If done well, the development of middle housing could encompass these three strategies, while helping with the enormity of the housing affordability challenge that Utah is currently experiencing. An exploration of middle housing is just one of many solutions that could help alleviate Utah’s housing crunch, but one that should not be ignored.

The guide is separated into four parts. This part examines Utah’s housing problem and introduces middle housing as one means of addressing it. The subsequent parts detail middle housing and where it is located in the state; explain Utahns’ housing preferences; and look at obstacles and opportunities to increase the availability of middle housing.



KEY FINDINGS OF THIS REPORT

- More than 80% of Utahns feel that home prices and rents are too high. Indeed, the cost of housing in Utah has been skyrocketing – with a year-over-year appreciation of 29% at September 2021.
- From 2010 to 2021, an inflation-adjusted mortgage payment with 10% down on a median-priced Utah home increased by \$469 from \$1,131 to \$1,600.
- Over time, the cost of lower-priced homes has increased more than higher-priced ones, so the attainability of homeownership with affordable mortgages has disappeared for some Utahns.
- Most respondents to the recent Utah Foundation development-preference survey do not think they could afford the homes they currently own if they wanted to purchase them today.
- Nearly 90% of survey respondents are worried about housing costs, but even more are worried about young Utahns’ costs.
- Rents in Utah have increased dramatically during the past 20 years, and especially in just the last two years; for example, Davis County and Utah County rents increased more than 50% from January 2019 to July 2021.
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METHODOLOGY

To help inform this study, the Utah Foundation developed a survey. We sought respondents from a sample of Utahns provided by Y2 Analytics as well as respondents reached through several community partners, for a total of 651 complete responses during September 2021. The report also includes findings from previous Utah Foundation, Envision Utah, and other local and national surveys. The Utah Foundation analyzed data collected by the Wasatch Front Regional Council (WFRC) and others for this report. Additionally, Salt Lake County Regional Development analyzed WFRC data and the current zoning of all of the counties’ cities for this report. The Utah Foundation also used data from the *Salt Lake Tribune* housing price database and the Ivory-Boyer Construction Database.

In addition, the Utah Foundation relied on numerous conversations with local officials, builders, Utah legislators, bankers, real estate agents, representatives from organizations such as Envision Utah, the League of Cities and Towns, and WFRC, among others.

THE HOUSING PROBLEM

Previous Utah Foundation survey work has revealed that housing affordability is a top concern.¹ As part of our 2018 Quality of Life Index, *affordable housing* had the lowest rating of 20 aspects of community quality of life. In addition, it was one of three aspects that declined in performance between 2015 and 2018. *Affordable housing* had the largest decline, driving the decrease in the Index that year. (The Utah Foundation will conduct a new Quality of Life survey in 2022.)

The Utah Foundation delved into housing affordability with several additional survey questions in 2018.² When asked whether they felt their personal housing costs were affordable, only 12% of respondents said no. However, in Salt Lake County, that number was 20%.

The issue seems to have increased in importance over the next couple years. As part of the 2020 Utah Priorities Project, the Utah Foundation administered an open-ended survey to understand the most important issues facing Utah. About 9% of respondents identified housing affordability as one of the two most important issues; it was the 5th most common response.³ In an early 2020 follow-up survey, the Utah Foundation found that *housing affordability* was the second most important issue (though a few months into the pandemic, the ranking for the concern of *housing affordability* fell behind pandemic-related issues).

Housing Prices

More than eight out of 10 Utahns feel that home prices and rents are too high. The cost of housing in Utah has been skyrocketing.⁴ One analysis found that the state has the “hottest housing market” in the nation based on several factors – with an emphasis on appreciation.⁵ Utah home prices increased by 15.4% in 2020 and even further in 2021 – with a year-over-year appreciation of 29.0% at September 2021 – though price increases now appear to be easing.⁶

In Salt Lake City, for instance, housing costs have increased by 5.7% annually since 1996.⁷ Nationally, housing has increased only 3.7% annually over the period.

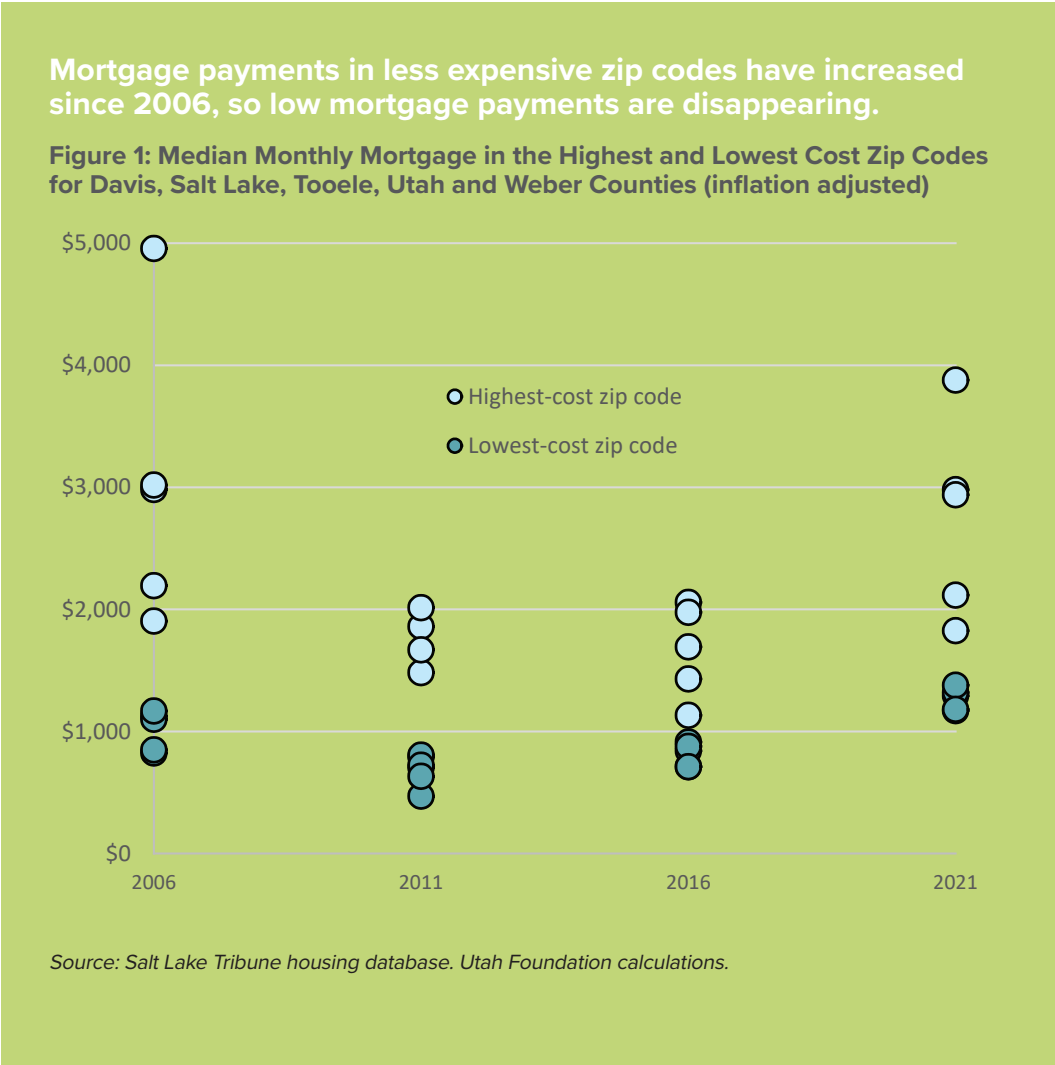
One factor influencing these increasing prices is record low interest rates.⁸ In May 2020, the average 30-year fixed mortgage rate broke previous records and has since continued to fall. Some suggest that this is driving up home prices by driving down homeowner monthly payments.⁹

But even accounting for lower mortgage costs and inflation, housing prices are still increasing. A recent analysis from James Wood found that with a decrease in mortgage rates from 3.95% to 2.95% between 2015 and 2020, a Salt Lake City mortgage payment on a median-priced home increased from \$1,743 to \$2,416.¹⁰

Increasing incomes provide some solace. Utah leads the nation in the increase in personal income growth since the beginning of the Great Recession (3.4%).¹¹ And the increase in median income helps cover the increase in mortgage costs for some Utahns.

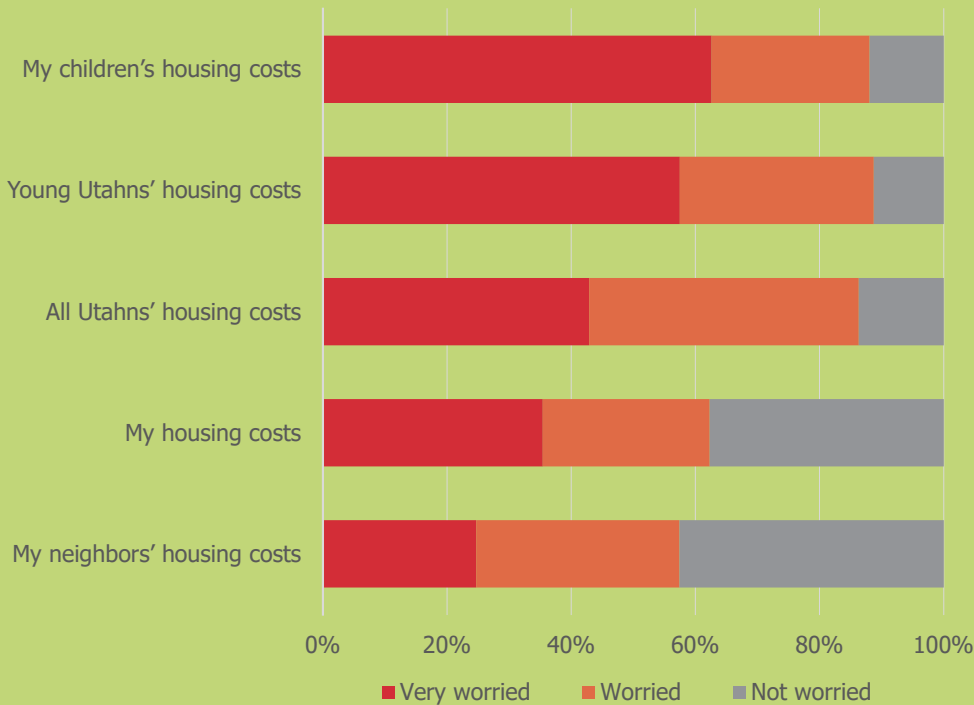
From 2010 to 2021, an inflation-adjusted mortgage payment with a 10% down payment on a median-priced Utah home increased by \$469 from \$1,131 to \$1,600 (after dipping below \$1,000 during 2011 and 2012).¹² Inflation-adjusted monthly household income increased by \$772, from \$5,823 in 2010 to \$6,595 in 2019. The Utah Foundation’s analysis shows that mortgage payments were fairly even among Utah’s six largest counties – though lowest, along with incomes, in Cache County.¹³

The Utah Foundation further analyzed mortgages by looking at the most and least expensive zip codes every five years since the super-heated housing market in 2006. The Utah Foundation used a 10% down payment for its mortgage-payment calculations, based upon the average down payment for homebuyers nationally since 2010.¹⁴ Looking at the highest-cost zip codes, Figure 1 shows that the situation in 2021 is not so bad compared to 2006 – with mortgage payments somewhat comparable over the two periods across five counties.¹⁵ In fact, that nearly \$5,000 per month inflation-adjusted mortgage in Alpine’s 84004 zip code dropped to under \$3,000 by 2021. Of course, housing prices and mortgage payments were much less expensive in the years following the Great Recession. In fact, inflation-adjusted mortgage payments of under \$1,000 per month could be found in each of these five counties, even reaching below \$500 per month in Salt Lake City’s 84104 zip code in 2011. But those lowest-cost zip codes have doubled in price over the past 10 years. That same 84104 mortgage payment of \$470 in 2011 has increased to \$1,170 in 2021 – an increase of an inflation-adjusted 149%. Accordingly, the attainability of homeownership with affordable mortgages has disappeared for some Utahns.



Utahns are worried about housing costs for themselves, their children and all Utahns.

Figure 2: Question: “Please rate the following in terms of your concern. Worried about...”



Source: Utah Foundation development-preference survey.

Increases in housing prices may leave some concerned about future housing. Most Utahns do not think that they could now afford the homes they are currently own; only 37% of respondents in the Utah Foundation development-preference survey think that they could.¹⁶ And most Utahns think that now is a bad time to buy a new home.¹⁷ At a recent event, one prominent Salt Lake developer suggested that living in the city may never become affordable again.¹⁸

Most of the Utah Foundation's survey respondents are worried about housing costs.¹⁹ Nearly nine-in-ten Utahns are worried housing costs, though survey respondents are more likely to be “very worried” about *young* Utahns. About 35% are very worried about their own costs, while 63% are very worried about their children's costs. (See Figure 2.)

Housing Availability and the Gap

Nationally, the homeowner vacancy rate is at an all-time low. Utah's rate is the lowest in the nation at 0.2%, driven down in part by the Salt Lake City metro area's fourth-lowest in the nation rate at under 0.05%.²⁰ (And in terms of rental units, CBRE reports very low vacancy rates at under 4.5% for the four counties along the Wasatch Front, and as low as 3.5% in Utah County.²¹)

These low vacancy rates can stem from low monthly supply, which is determined by the number of houses being listed, how long they remain on the market and the number of buyers.

The number of houses being listed was actually above average in 2020.²² However, days on the market reached an all-time low for single-family homes at a median rate of 12 days – tied with condominiums and townhomes.²³ During the past year, days on the market decreased even further. Between September 2020 and 2021, the median days-on-market for single-family homes in Salt Lake County was six days, with a range of between five to 12 days each month. The median days on market for condos and townhouses in Salt Lake County was seven days, with a range of between five to eight days each month.²⁴

While there is an uptick in homes listed, they are not staying on the market long because there are simply not enough homes to accommodate demand. This is driven in part by growth.

Nationally, the homeowner vacancy rate is at an all-time low. And Utah's vacancy rate is the lowest in the nation at 0.2%.

Utah saw the largest population growth percentage in the nation between 2010 and 2020: 18.4% compared to the national rate of 7.4%.²⁵ (See Figure 3.)

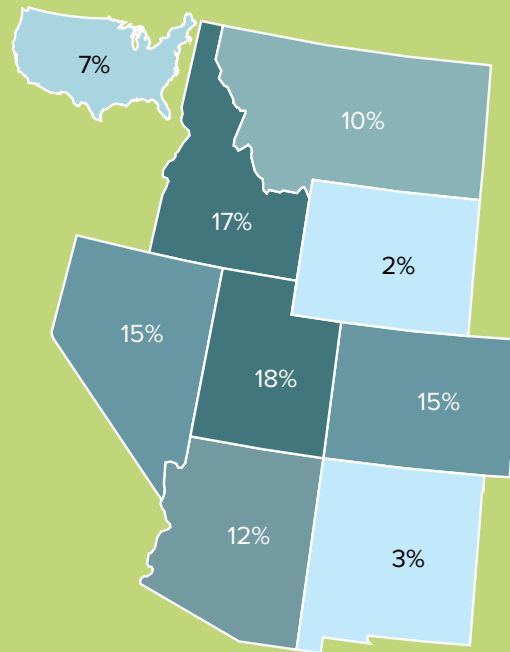
Utah’s population growth is projected to continue, increasing from approximately 3 million in 2015 to 5.8 million in 2065. This represents an increase of 2.8 million people and an annual average increase of 1.3%.²⁶ While the younger population is expected to shrink in terms of its percentage of those 2.8 million new Utahns, the number of young households is expected grow in sheer numbers – suggesting a need for lower-cost, entry-level housing options.

Certain areas of the state will far exceed Utah’s overall rate. Washington County was at a population of about 138,000 in 2010 and moved past 180,000 by 2020.²⁷ And it is expected to have largest growth rate of Utah counties through 2065 – 229% to 509,000.²⁸ Wasatch County’s population increased by 48%, the state’s largest county-level rate.²⁹ And southwestern Salt Lake County and northwestern Utah County saw swelling of populations in communities like Herriman, Bluffdale, Eagle Mountain and Saratoga Springs, with more than a doubling of growth.³⁰

During the past 10 years, this growth has exacerbated a housing shortfall from a decrease in production caused by the Great Recession. While production has picked up, the demand on housing has been far higher than the added supply, resulting in a continued housing gap. The gap between the number of new households and new homes in Utah over the decade is 44,500 units.³¹ (See Figure 4.)

Population growth is a major factor in home price escalation – and Utah tops the list.

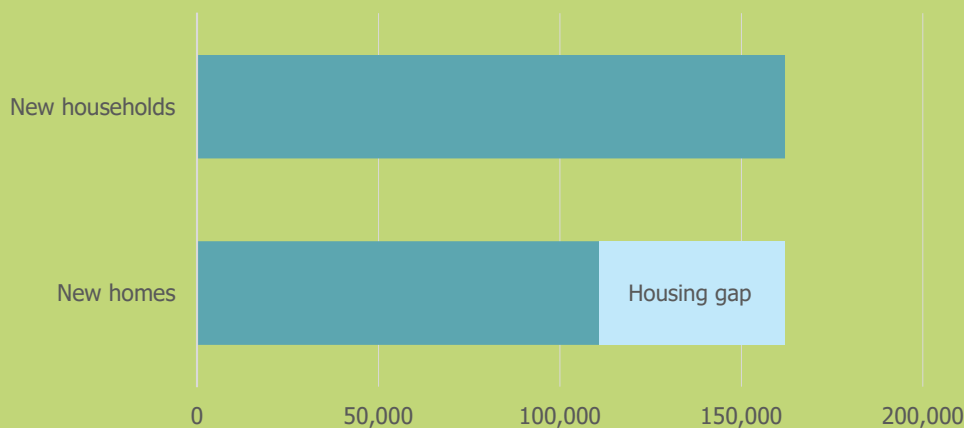
Figure 3: Population Growth from 2010 to 2020



Source: U.S. Census Bureau.

There is a growing gap between the number of new households and homes in Utah.

Figure 4: Utah’s Growth in Number of Households and New Homes, 2010-2020



Source: Dejan Eskic, Utah Construction Update.

Utah County is projected to see the largest population increase in the state – and household growth will surpass population growth.

Figure 5: Utah’s Additional Households and Population by County, 2015-2065 Projections

	Increase in households	Increase in households	Increase in population
Utah County	382,211	2.3%	1.8%
Salt Lake County	310,170	0.8%	0.6%
Washington County	149,599	2.7%	2.3%
Davis County	101,845	1.0%	0.6%
All other counties	290,827	1.1%	0.8%
State total	1,234,652	1.3%	0.9%

Source: Kem C. Gardner Policy Institute. “All other Utah counties” is a Utah Foundation calculation.

The increase of nearly three million residents by 2065 works out at an additional 1.2 million new households that will need a place to call home.³² Utah County is expected to see the largest increase in households – well over one-quarter of the total. Growth in Utah, Salt Lake, Washington and Davis counties will demand three-quarters of Utah’s needed housing supply by 2065.

While the gap between housing and households grew rapidly during the 2010s, between January and March 2021, there were more housing starts than during any three-month period in the history of the state.³³ There was a 17% increase in residential building permits compared to the previous year. And 2020 was not a low year, with 31,797 permitted units – also a record.

Nationally, 29 states are experiencing a housing shortage.³⁴ This is true of all of the Mountain States (and all Western states) except Wyoming.

Needless to say, low availability puts upward pressure on housing prices.

A HOUSING SOLUTION

One possible approach to addressing these housing problems is known as “Missing Middle Housing.”

Middle housing can help alleviate the pressure on the housing availability issue. Apartment complexes alone cannot close the 45,000-door housing gap, considering the demand for owned homes. And single-family homes cannot close the gap considering costs. Instead, there need to be more options for a wider variety of Utahns. Generally speaking, an increased supply would slow price increases or in some areas might even lower the average price of homes and cost of rents.

Middle housing seeks to cover a range of rental and for-sale price points. Often, middle housing would be more costly than lower-income housing but below single-family market rate housing. The cost of building middle housing is often less per square foot than mid-



ANOTHER HOUSING PROBLEM: RENTAL COSTS

Rents average over \$1,000 per month across the state for two-bedroom apartments, up to an average of \$1,321 in Summit County. A studio apartment in Salt Lake County comes in at \$829 per month, a two-bedroom apartment at \$1,204, and a three-bedroom at \$1,690. At the municipal level, Salt Lake City has the highest rents in the state, averaging \$1,502 for 854 square foot average, or \$1.76 per square foot.* And Salt Lake City rents have increased by 78% since the turn of the millennium, though two-thirds of that increase has occurred in the past five years.†

However, between January 2019 and July 2021, rents have increased even more in the next four largest counties. Utah County tops the list with a 66% increase (some of which is due to the increasing demand of higher cost non-student housing in the community), followed by 59% in Davis County, 43% in Washington County and 35% in Weber County, with Salt Lake County trailing at 23%.‡

Looking beyond Utah’s borders, the increases in Salt Lake metro rents are among the largest calculated in the U.S., though rents themselves remain just below the middle of the largest 100 metro areas.§ Also, when comparing the Salt Lake metro area’s fair market rent over the past five years to other regional metropolitan areas – Boise, Denver, Las Vegas and Phoenix – it falls in the middle of the pack.

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The Utah Foundation, “Significant Statistics | Rents in Salt Lake area expensive from a national perspective, but not among Mountain State peers,” March 16, 2021, www.utahfoundation.org/2021/03/rents-in-salt-lake-area-expensive-from-a-national-perspective-but-not-among-mountain-state-peers/.

rise and high-rise condos and apartments because they are stick frame, wood-constructed units, with lower costs for materials and simpler construction parameters.

Middle housing may not have the amenity packages seen in mid-rise to high-rise condos and apartments – such as common rooms, gyms and pools. This can help keep per unit costs down. That said, there are luxury townhomes in Utah that are far above the cost of typical single-family households.

Cost, of course, depends not only on construction costs or amenities but on home size and the price of land. But middle housing focuses on smaller-sized, often attached, homes on smaller lots.

Looking at Salt Lake County in August 2021, there were 457 townhomes and 1,054 single-family units purchased.³⁵ The median list price of a townhome was \$379,000, and the median sale price was \$390,000. For single-family homes, the median list price was \$540,000, with a median sale price of \$546,450. The median single-family home was listed 42% higher and sold for 40% more than townhomes. That said, the single-family homes

Condos and townhomes sell for less than single-family homes, though not in terms of prices per square foot.

Figure 6: Condos and Townhomes Compared to Single-Family Homes Sold in August 2021, Salt Lake County

Property type	Count	List price	Sale price	Square feet	Price/sq ft	Beds	Baths
Condos and townhomes	457	\$379,000	\$390,000	1,499	\$248	3	3
Single-family homes	1,054	\$540,000	\$546,450	2,416	\$225	4	3
Difference	597	\$161,000	\$156,450	917	(\$22)	1	0
Percent difference		42%	40%	61%	-9%		

Source: UtahRealEstate.com. Utah Foundation calculations.

were 61% larger (with one more bedroom and the same number of bathrooms); accordingly, per square foot, the single-family homes were actually \$22 or about 9% less expensive.

It is also important to note that townhomes are more likely to have homeowner association fees than are single-family, detached homes. These fees would increase monthly costs for owners, though they could decrease larger intermittent maintenance expenditures.

While Utah's housing challenges requires a wide range of interventions, middle housing is a key strategy to consider in addressing Utah's housing problem.³⁶ Subsequent parts in this study will take a closer look at middle housing.

CONCLUSION FOR PART I

Utahns increasingly perceive that they are living through a housing crunch. Most respondents to the recent Utah Foundation development-preference survey do not think they could afford the homes they currently own if they wanted to purchase them today. Nearly 90% of survey respondents are worried about housing costs, but even more are worried about young Utahns' costs.

Without question, those perceptions match an emerging reality. From 2010 to 2021, an inflation-adjusted mortgage payment with 10% down on a median-priced Utah home increased by \$469 from \$1,131 to \$1,600. Over time, the cost of lower-priced homes has increased more than higher-priced ones, meaning that the attainability of entry-level homeownership with affordable mortgages has disappeared for some Utahns.

Meanwhile, rents in Utah have increased dramatically, and especially in just the last two years; for example, Davis County and Utah County rents increased more than 50% from January 2019 to July 2021.

The increases in home prices and rents are due in part to Utah's 45,000 housing-unit shortfall – the difference between new households and new residential dwellings since the Great Recession.

There's little relief in sight. Utah's rapid population growth is projected to continue. While the younger population is expected to shrink in percentage terms, the number of young households is expected grow in sheer numbers – suggesting a need for lower-cost, entry-level housing options.

Middle housing is one of the possible answers to these challenges. Upcoming parts in this study will delve deeply into middle housing and ways to expand its presence in Utah.

Utah home prices increased by 15.4% in 2020 and even further in 2021 – with a year-over-year appreciation of 29.0% at September 2021 – though price increases show signs of easing.

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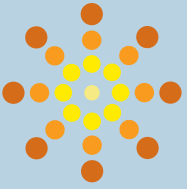
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MIDDLE HOUSING STUDY PART I: THE SCOPE OF THE CHALLENGE

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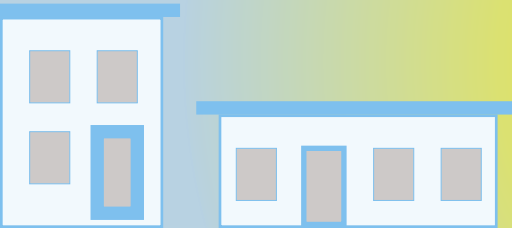


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IS THE MIDDLE MISSING?



A Guide to Expanding Options for Utah Homebuyers and Renters

MIDDLE HOUSING STUDY PART II:
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INTRODUCTION

“Missing Middle Housing” refers to housing that occupies the “middle” ground between single-family homes on large lots and large apartment complexes. It can encompass a variety of multi-unit housing buildings that are house-scale, facilitate neighborhood walkability, accommodate changing demographics and preferences, and are available to people with a range of incomes. Because it is scarce in some communities, it is referred to as the “missing middle.”

Middle housing offers the potential to increase the supply of housing, but at a scale that is not objectionable to most neighbors and in a manner that can improve upon neighborhoods. There are obstacles to increasing this type of housing, though they are not insurmountable. This guide explores Utah’s housing challenges, the significance of middle housing in addressing those challenges, Utahns’ design preferences, and obstacles and opportunities for increasing the supply of middle housing.

The guide is separated into four parts. The first part examines Utah’s housing problem and introduces middle housing as one means of addressing it. This part (Part II) examines the prevalence of middle housing in the four largest Utah counties and the relevant development trends.

MIDDLE HOUSING OVERVIEW

The term “Missing Middle Housing” was coined by architect Daniel Parolek who defines it as “a range of multiunit or clustered housing types, compatible in scale with single-family homes,” that:

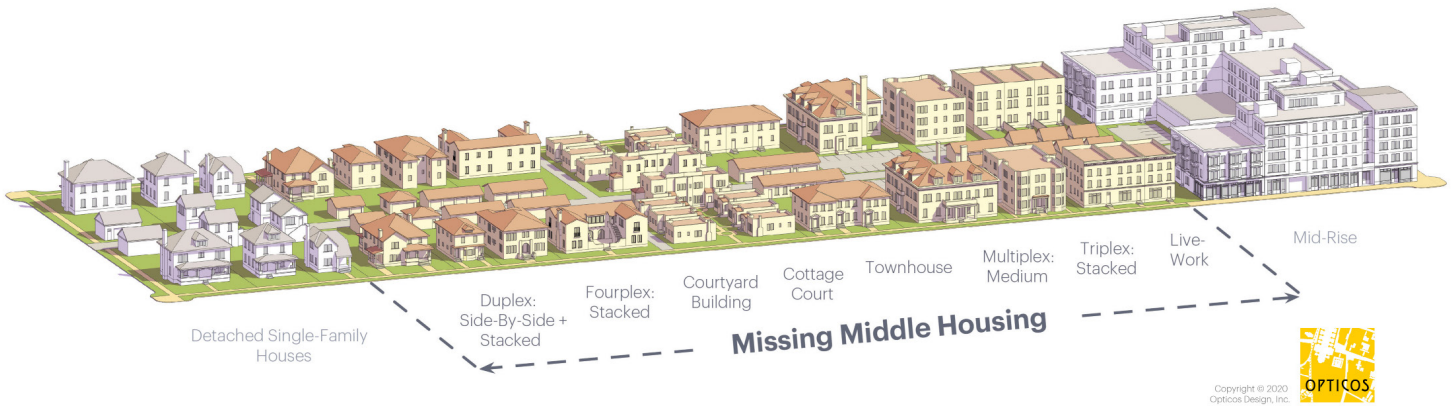
- Meet the need for more housing choices at different price points.
- Help meet the growing demand for walkable urban living.
- Respond to shifting demographics.¹

The main characteristic of middle housing is that it has more housing units than a single-family detached home, but that it has fewer housing units than a large apartment complex. However, it is important to note that the definition of middle housing is not set in stone. Duplexes, triplexes or fourplexes would typically be middle housing, but so could



KEY FINDINGS OF THIS REPORT

- Middle housing offers an important response to Utah’s need for more housing choices at a variety of price points, to the growing demand for walkable communities, and to the increasing number of households with fewer and older people.
- While middle housing might take the form of a duplex, a six-unit townhome or a 12-unit apartment, the number of units alone is an oversimplification of middle housing, which depends on the neighborhood and is defined by multiple characteristics.
- In Davis, Salt Lake, Utah and Weber counties, about 14% of housing units are middle housing. This suggests that there may be room to expand these options – especially in light of high costs, changing preferences and shifting demographics.
- In Utah’s four largest counties, townhomes are the most common type, followed by small multiplexes (duplexes, triplexes and fourplexes).
- Middle-housing development has shifted over time. Most of Utah’s small multiplexes were built between the early 20th century and the 1980s, but since 2000, townhomes have become the predominant middle-housing type.
- The amount, proportion and types of middle housing vary significantly within counties, with some localities bringing in a wider diversity of housing types.



Missing Middle Housing term created by Daniel Parolek/Image © Opticos Design, Inc./For more info visit www.missingmiddlehousing.com.

buildings with 12 or even 19 units, depending on scale and location. However, the number of units is an oversimplification of middle housing, which is defined by multiple characteristics. Typical types of middle housing are as follows:

- Duplexes (side-by-side or stacked)
- Triplexes (stacked)
- Fourplexes (stacked)
- Courtyard buildings
- Bungalow courts (or cottage courts)
- Medium-sized multiplexes or mansion apartments
- Townhouses
- Live/work units (housing combined with retail or commercial storefronts)

Naturally, a discussion around density arises when examining middle housing. Some might suggest that middle housing is somewhere around 14 or 18 units per acre. Compare this to a typical suburban single-family neighborhood with four to eight units per acre, or a historic Utah neighborhood with 10 or 14 units per acre. However, context is important, and density itself does not accurately capture middle housing. For example, if a multi-unit building is house-scale – with height and width corresponding to the surrounding neighborhood – it can be described as middle housing, regardless of density.

Furthermore, middle housing might consist of multiple, small single-family detached homes on one lot as in the case of a cottage court; or it might consist of several attached live/work spaces, which include retail space on the ground floor and living space stacked above or in back. Whatever the case, the key is scale and compatibility. Middle housing should fit in with neighboring homes, whether in urban areas, small city centers, residential or mixed-residential areas, or suburbs.

MIDDLE HOUSING IN UTAH - VISUALLY

Developers have built and are building numerous dwellings in Utah that are considered middle housing. This housing assumes a variety of forms and aesthetics. Photos of middle housing are included throughout this installment of the study.

Thanks to Jake Young for several of the photographs.



As to scale, middle housing is typically not more than two to three stories above ground level. However, if a neighborhood is filled with squat one-story homes, compatibility might mean staying at two stories or lower; in a city-center neighborhood with an abundance of five-story buildings, three or more stories might still be considered middle housing. Further, 12 units along a transit station in a 2.5-story building might be middle housing, while the same building in a mostly single-family suburb neighborhood might be far outside of the surrounding scale.

In order to reach this scale, middle housing units are typically smaller than the average single-family detached home. Often, they are much smaller – maybe 500 or 1,000 square feet instead of 2,000 or 3,000. This not only keeps the building envelope small, but it might help keep prices and rents down.

Orientation on a residential lot is also important. Middle housing architecture should front the street and have an architectural connection to the street. In vibrant neighborhoods, the streets and sidewalks are of particular importance to the character of the community. Having a strong relationship between the building and the streetscape might be critical.





However, street connectivity is not always so important. Middle housing is often to scale with single-family homes in terms of height, width and depth. A 40-foot-wide townhome building that is 90-feet deep with four or five side-access units might be middle housing in one neighborhood, while that same building with a 90-foot-wide street-facing orientation might not fit the neighborhood elsewhere if the surrounding homes are only at 30 feet.

It is also important to note that some large, single-family homes have become middle housing over time, having been divided into multiplexes. This transition has been seen around universities and other such areas where market demand pushed densities higher. Other homes were converted from middle housing to single-family homes; these could theoretically transition back. And some middle housing is disappearing due to zoning for commercial and mixed use – or to be torn down and converted into large single-family homes or luxury townhouses.

Different Price Points

Middle housing is one approach to addressing Utah’s housing problem, with its potential to provide housing in different price points, including more attainable homeownership and rental costs. See Part I for a more in-depth discussion.





Walkable Urban Living

There is a growing demand for walkable neighborhoods. Envision Utah’s 2015 *Your Utah, Your Future* survey of more than 50,000 people found that Utahns did not place much importance on “Ensuring there are plentiful neighborhoods that are mostly just single-family homes on large lots.” Instead, they were more interested in communities that are “designed around walking, transit, short drives, and diverse housing (single family homes on a variety of lot sizes, townhomes, apartments, condominiums, mother-in-law apartments, etc.).”² Furthermore, in explaining their overwhelming support of these more walkable communities, the top concerns were:

- Improving how convenient it is to get around without a car (public transportation, walking, biking).
- Limiting traffic congestion.
- Minimizing how much land we develop for homes and businesses.
- Making sure daily services and amenities (work, shopping, parks, etc.) are close to where people live.

Middle housing can be compatible with each of these characteristics. For instance, improving public transportation and fostering nearby services and amenities can come with increasing density enough to justify the proximity of daily services and necessities.

And a National Association of Realtors survey found that Americans in areas with higher walkability enjoy higher quality of life.³ The survey found a strong demand for walkability from people of all ages. This was particularly true with Americans older than 55. Utah’s shifting demographics may result in a higher demand for walkability.





Shifting Demographics

As noted in Part I, Utah saw the highest population growth in the nation between 2010 and 2020, at 18%.⁴ That growth will continue, with population expected to increase by 93% from 2015 to 2065.

This growth will change the demographic make-up of the state. Utah's median age is projected to increase from under 31 years of age to over 38.⁵ Part of that increase is due to a declining fertility rate.⁶ As a result, households will on average be smaller (having fewer people), potentially demanding smaller homes. This follows the national trend in which households are becoming smaller, with one-to-two person households now accounting for more than 60% of all households.⁷

In addition, there will be more 65-plus Utahns. The share of 65-plus Utahns is expected to double by 2065, from 10 percent of the state's population to 20 percent.⁸

With smaller-sized households and more 65-plus Utahns, middle housing – which tends to be smaller than single-family housing – could provide a sensible option for many householders. This is particularly true given some older Americans' preferences. A national 2018 survey found that older Americans prefer smaller, lower-maintenance homes.⁹

This creates a need for more options. And small multiplexes might be particularly appetizing for older Americans. Middle housing options include both side-by-side or stacked orientation. A side-by-side, two-story home might be preferred for some because it provides for ground-floor access, delineated yard space, and no worry about hearing upstairs neighbors. However, stacked options may work for less-mobile people who do not want to navigate stairs; they might live in a ground floor unit while renting out upper floors as an extra income source.



Across three of Utah's four biggest counties, around 14% of homes are middle housing.

Figure 1: Middle Housing Inventory, Davis, Salt Lake, Utah and Weber Counties

	Davis	Salt Lake	Utah*	Weber
Single family detached homes	75%	61%	68%	70%
Middle housing				
2 to 4 units	2%	4%	8%	5%
5 to 12 units	1%	3%	1%	2%
Townhomes	7%	5%	8%	7%
13 to 19 units	1%	1%	1%	1%
Middle housing total (+/-)**	11%	13%	17%	15%
20+ units	12%	25%	15%	12%
Mobile/manufactured homes	3%	2%	<1%	3%

* Comparisons between Utah County and the other counties on this table should be made with caution as the data sources and methodology are different. Please note that all condominiums in Utah County are included with "20+ units."

** This is an estimate, given that some portion of these homes may technically not be considered middle housing, while some portion of the less-dense 20+ unit buildings may be considered middle housing.

Note: Columns may not add to 100% due to rounding.

Sources: Wasatch Front Regional Council and Mountainland Association of Governments. Utah Foundation calculations.

MIDDLE HOUSING INVENTORY

Is Utah actually missing middle housing?

Using housing inventory data from the Wasatch Front Regional Council, the Utah Foundation found that in Davis, Salt Lake and Weber counties, an estimated 13% of residential units are middle housing.¹⁰ Weber County's proportion is a bit larger and Davis County's proportion is a bit smaller.

The Utah Foundation also analyzed data from the Mountainland Association of Governments, finding that an estimated 17% of residential units in Utah County are middle housing.

A plurality of these middle housing units are townhomes, followed by small multi-unit structures (duplexes, triplexes and fourplexes), buildings with five to 12 units, and finally buildings with 13 to 19 units.

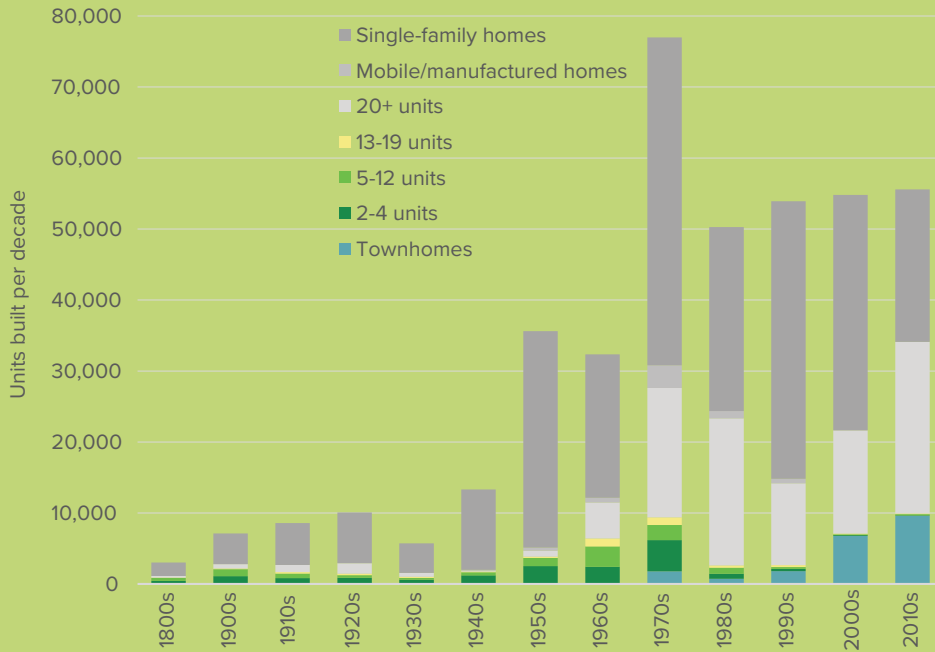
In addition, as calculated by Salt Lake County Regional Development, about 2% of housing units in Davis, Salt Lake and Weber counties (about 13,000 homes) have 20 or more units, but are not very dense buildings or are in groups of smaller buildings; some portion of these could be considered middle housing.¹¹

The proportion of middle housing (around 14% across the four largest counties) suggests that that there may be room to expand these options to meet the evolving needs of the population; middle housing offers an important response to Utah's need for more housing choices offered at a variety of price points, growing demand for walkable communities, and the increasing number of households with fewer and older people. Allowing for more middle-housing development would help determine whether a larger middle-housing market exists.

Utah's middle housing development has shifted over time as preferences and land use ordinances have changed. In Salt Lake County, most small multiplexes were built in the 1950s through

In Salt Lake County, townhomes have come to dominate the middle housing portion of new development.

Figure 2: New Housing Unit Types in Salt Lake County, by Decade



Source: Wasatch Front Regional Council. Utah Foundation calculations.

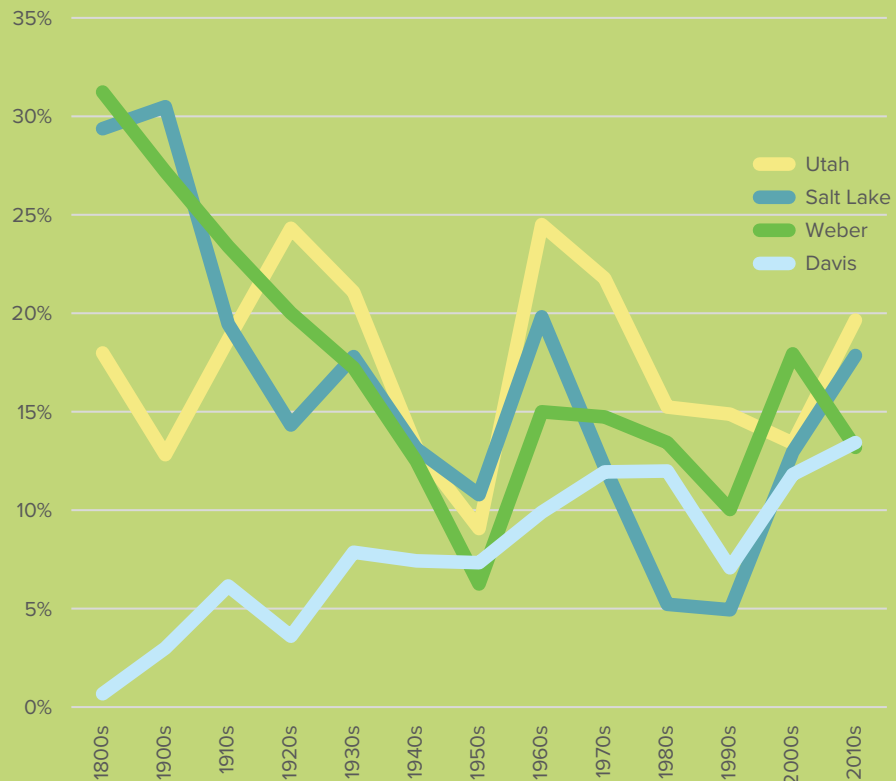
the 1980s. But since 2000, the county has seen almost no small multiplex development. Instead, townhomes became the predominant middle-housing development. (See Figure 2.)

Davis, Utah and Weber counties saw a similar shift toward townhomes during the past two decades. See Appendix A for housing-types figures of these three counties by decade.

Salt Lake and Weber counties saw a downward trend in middle housing development during the 20th century. (See Figure 3.) In fact, Salt Lake County saw the lowest development of middle housing of the state's four largest counties during the 1980s and 1990s. Utah County was more stable in its middle housing development over the century, while Davis County saw a slight increase. Since the 1990s, the four counties as a group have seen a general trend upward, primarily through townhome development.

Salt Lake and Weber counties saw a 20th century downward trend of middle housing development.

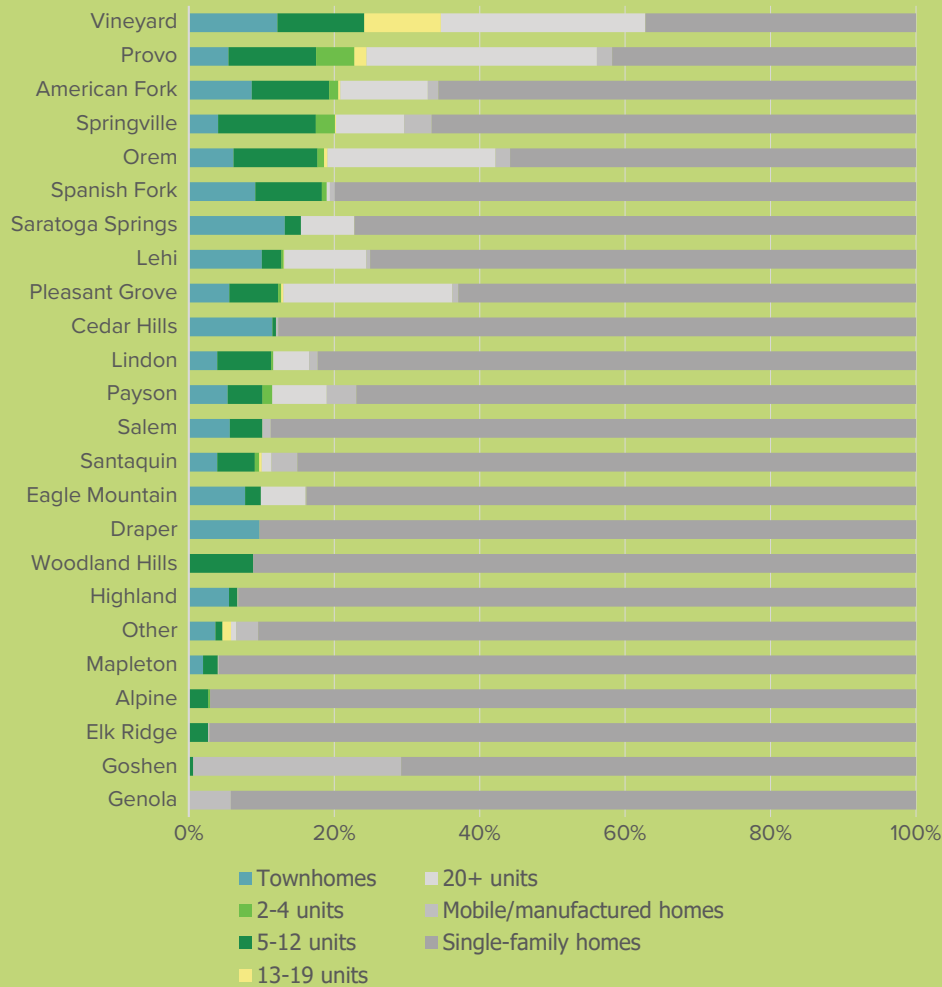
Figure 3: New Middle Housing Unit Proportions by County, by Decade



Sources: Mountainland Association of Governments and Wasatch Front Regional Council. Utah Foundation calculations.

The share of middle housing varies from city to city, with fast-growing Vineyard taking the lead in Utah County.

Figure 4: Housing Unit Types in Utah County, by City



Source: Mountainland Association of Governments. Utah Foundation calculations.

Middle housing development within counties is distributed unevenly across cities and towns. For example, in Utah County, the fast-growing Vineyard has surpassed the mature cities in its proportion of middle housing. In fact, it has the smallest proportion of single-family homes in the county, a characteristic often reserved for mature cities. (See Figure 4.)

In Weber County, most of the small multiplexes are in Ogden. Ogden also has the greatest number and proportion of larger middle housing – five to 12 units and 13 to 19 units. However, two smaller communities with more-recent middle housing development – Harrisville and South Ogden – have a greater proportion of middle housing overall, mostly townhomes.

Middle housing development within counties is distributed unevenly across cities and towns.



As with Weber County, more mature Salt Lake County communities tend to have a larger proportion of small and medium-sized multiplexes, while cities with more recent growth spurts have a larger proportion of townhomes – such as Bluffdale, Herriman, South Jordan and Draper.

In Davis County, even in cities with the largest percentage of middle housing, the proportion remains below one-quarter of all housing units. See Appendix B for housing type figures for Davis, Salt Lake and Weber counties by city.

Wasatch Front Regional Council housing inventory data also provides for a visual distribution of middle housing inventory. More mature urban areas have the most varied and dense middle housing, while high-growth suburban areas see an abundance of townhome development in larger blocks. See the map in Appendix C for the distribution of middle housing.



CONCLUSION FOR PART II

Middle housing offers an important response to Utah's need for more housing choices at a variety of price points, to the growing demand for walkable communities, and to the increasing number of households with fewer and older people. This installment in the middle housing study examines the prevalence of middle housing in the four largest Utah counties and the relevant development trends.

While middle housing might take the form of a duplex, a six-unit townhome or a 12-unit apartment, the number of units alone is an oversimplification of middle housing, which depends on the neighborhood and is defined by multiple characteristics.

Looking at Davis, Salt Lake, Utah and Weber, the proportion of middle housing varies from county to county, but not wildly. Across all four counties, about 14% of housing units are middle housing, with Utah County at the high end and Davis at the low. The comparatively low proportion of middle housing suggests that there may be room to expand these options – especially in light of high costs, changing preferences and shifting demographics.

In Utah's four largest counties, townhomes are the most common type of middle housing, followed by small multiplexes (duplexes, triplexes and fourplexes). Townhomes are particularly predominant in certain newly developing communities such as Harrisville, Bluffdale and Herriman.

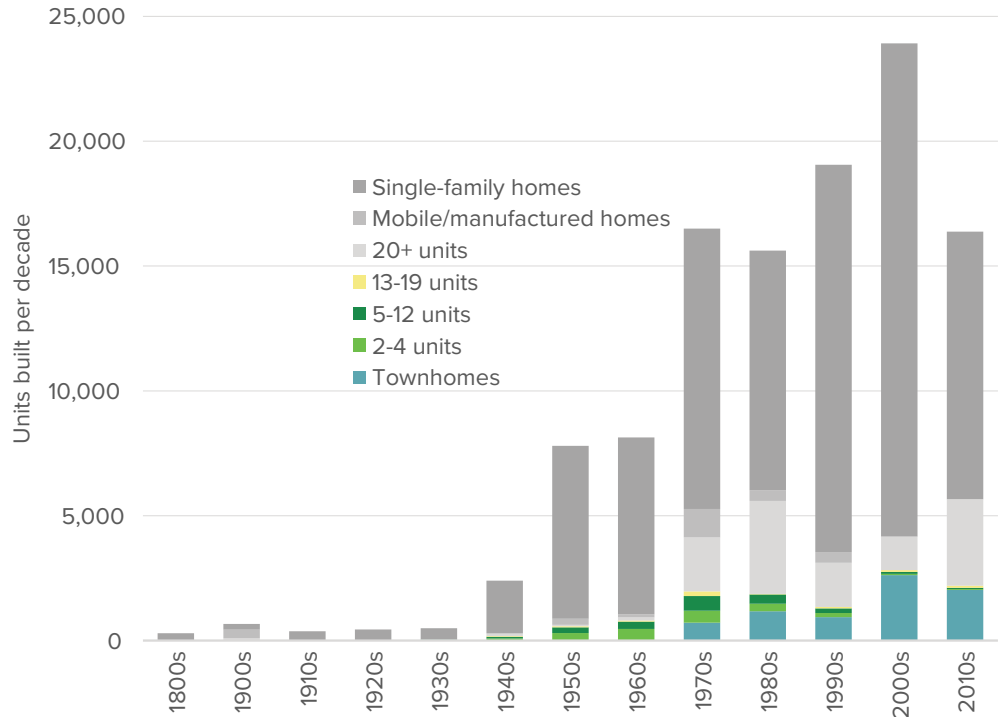
Middle-housing development has shifted over time. Most of Utah's small multiplexes were built between the early 20th century and the 1980s, but since 2000, townhomes have become the predominant middle-housing type. Following a decline, there has been a general upward trend across the four largest counties since the 1990s.

The amount, proportion and types of middle housing vary significantly within counties, with some localities bringing in a significantly wider diversity of housing types and a higher proportion of missing housing overall. For instance, in Utah County, Vineyard and Provo stand out as having both the highest amount and a broader mix of middle housing types.

The next installment in this study will draw from recent Utah Foundation surveys to explore Utahns' development preferences.

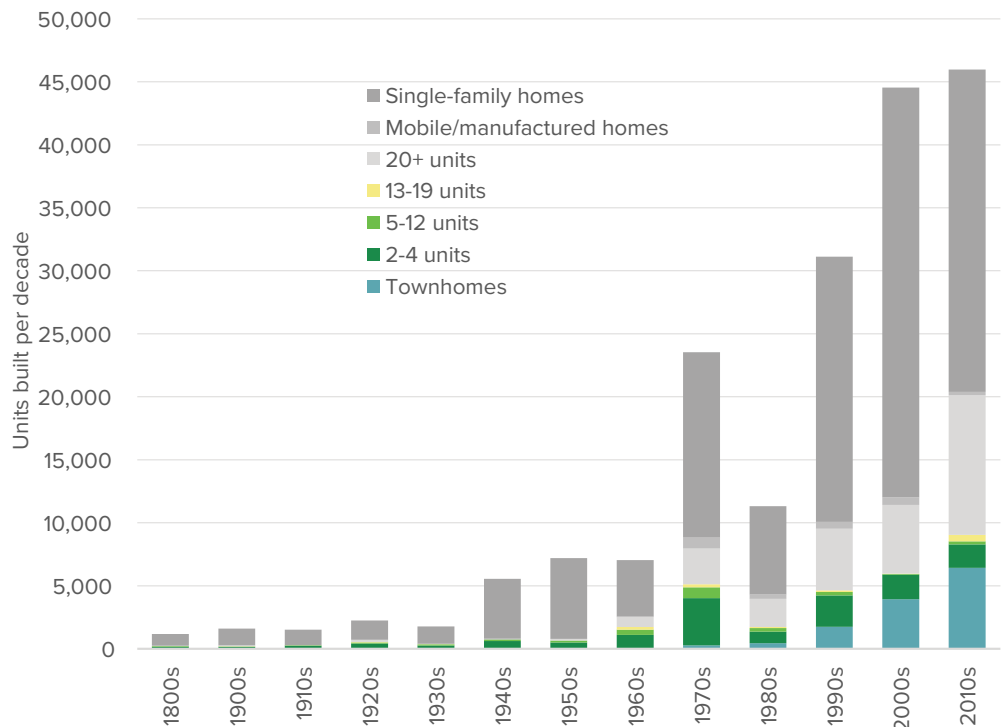
APPENDIX A: HOUSING DEVELOPMENTS OVER TIME

Figure A1: New Housing Unit Types in Davis County, by Decade



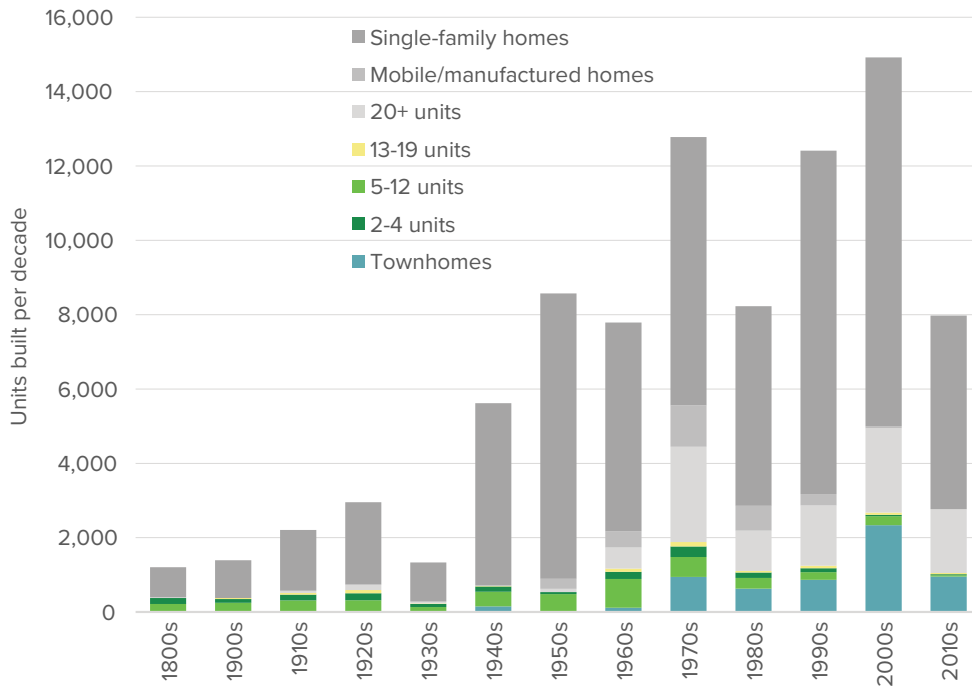
Source: Wasatch Front Regional Council. Utah Foundation calculations.

Figure A2: New Housing Unit Types in Utah County, by Decade



Source: Mountainland Association of Governments. Utah Foundation calculations.

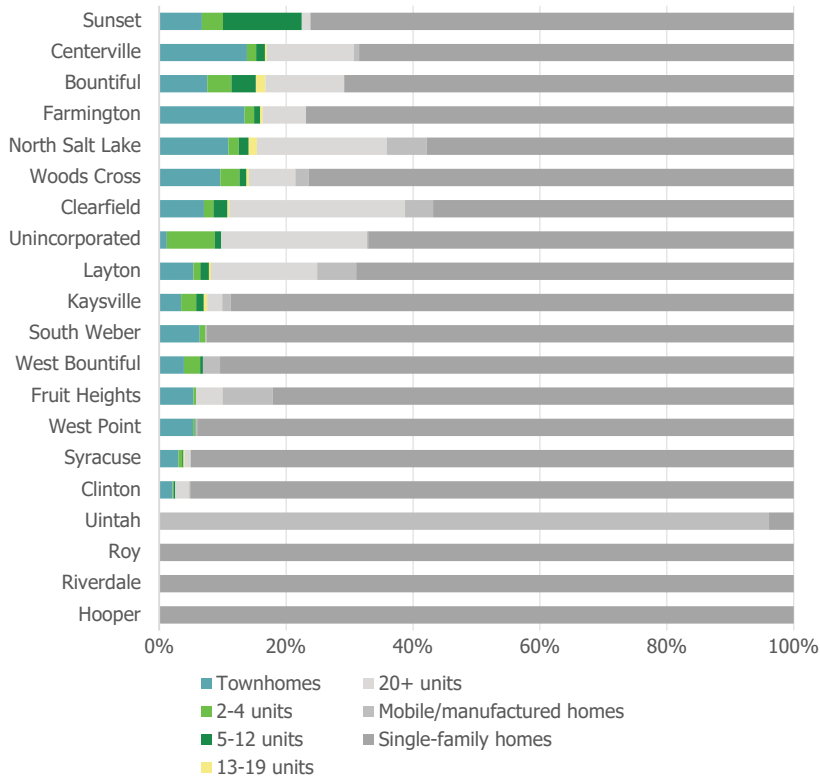
Figure A3: New Housing Unit Types in Weber County, by Decade



Source: Wasatch Front Regional Council. Utah Foundation calculations.

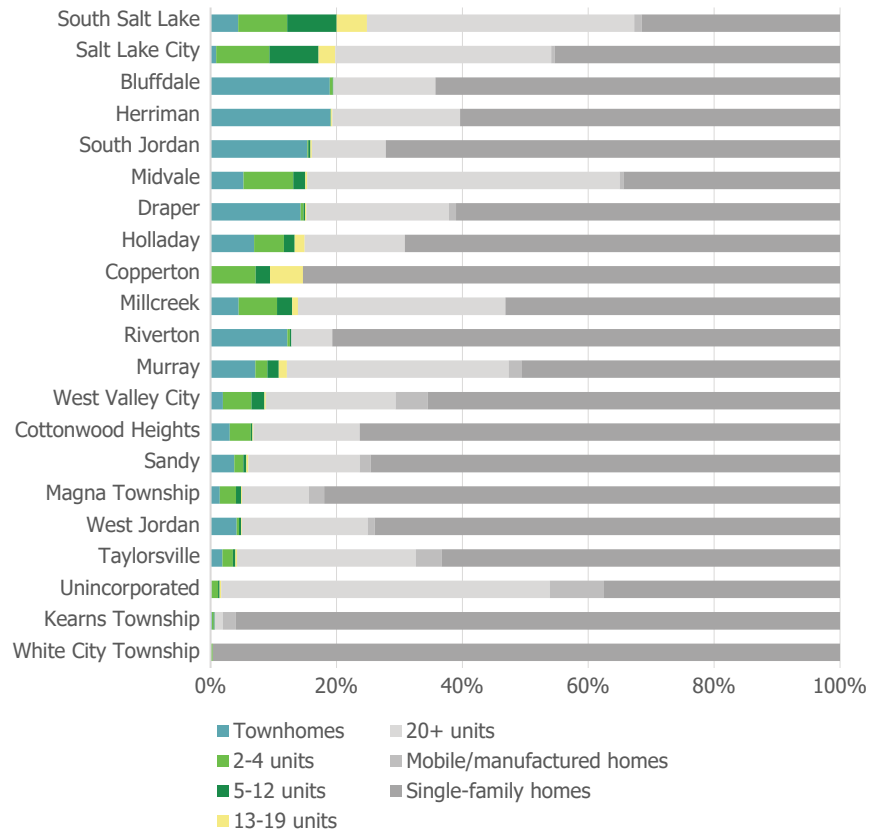
APPENDIX B: HOUSING TYPES AT THE LOCAL LEVEL

Figure B1: Housing Unit Types in Davis County, by City



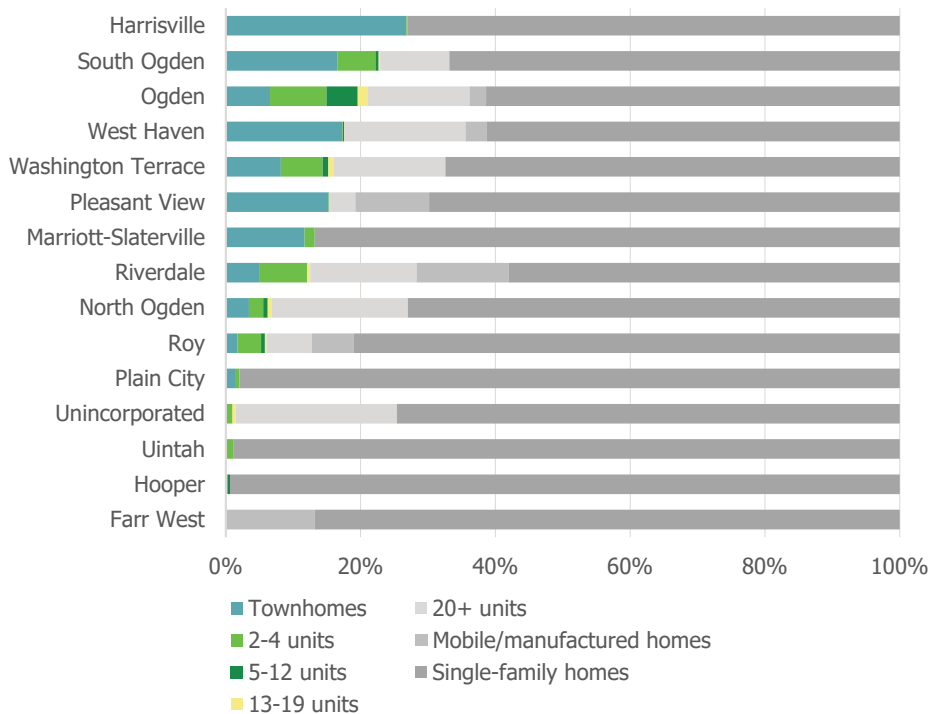
Source: Wasatch Front Regional Council. Utah Foundation calculations.

Figure B2: Housing Unit Types in Salt Lake County, by City

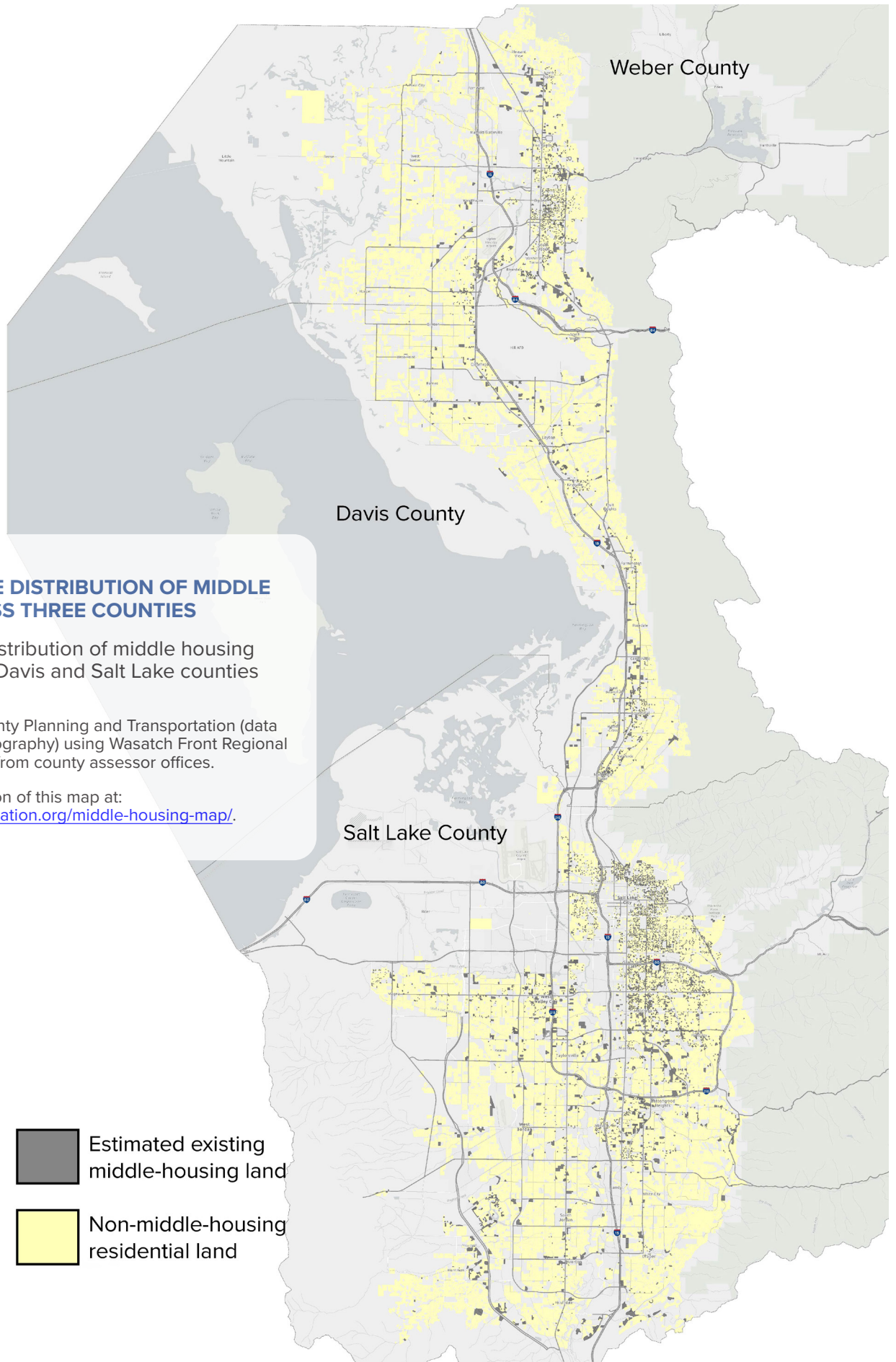


Source: Wasatch Front Regional Council. Utah Foundation calculations.

Figure B3: Housing Unit Types in Weber County, by City



Source: Wasatch Front Regional Council. Utah Foundation calculations.



APPENDIX C: THE DISTRIBUTION OF MIDDLE HOUSING ACROSS THREE COUNTIES

Figure C: Visual distribution of middle housing inventory, Weber, Davis and Salt Lake counties

Source: Salt Lake County Planning and Transportation (data classification and cartography) using Wasatch Front Regional Council data sourced from county assessor offices.

See a zoomable version of this map at: <https://www.utahfoundation.org/middle-housing-map/>.

- Estimated existing middle-housing land
- Non-middle-housing residential land

ENDNOTES

- 1 Daniel Parolek with Arthur C. Nelson, “Missing Middle Housing: Thinking Big and Building Small to Respond to Today’s Housing Crisis,” Island Press, 2020.
- 2 Envision Utah, *Your Utah Your Future*, 2015, https://yourutahyourfuture.org/images/Vision_PDFs/Transportation_and_Communities_YUYF_Vision.pdf.
- 3 The 2020 NAR Community Preference Survey, Americans’ preferences are shifting amid COVID-19 impacts, www.nar.realtor/on-common-ground/the-2020-nar-community-preference-survey.
- 4 U.S. Census Bureau, *2020 Census: Percent Change in Resident Population for the 50 States, the District of Columbia, and Puerto Rico: 2010 to 2020*, April 27, 2021, www.census.gov/library/visualizations/2021/dec/2020-percent-change-map.html.
- 5 Pamela S. Perlich, Mike Hollingshaus, Emily R. Harris, Juliette Tennert & Michael T. Hogue, *Utah’s Long-Term Demographic and Economic Projections Summary*, July 2017, p. 1, <https://gardner.utah.edu/wp-content/uploads/Projections-Brief-Final-Updated-Feb2019.pdf?x71849>.
- 6 Ibid.
- 7 RCLCO, *Attainable Housing: Challenges, Perceptions, and Solutions*, April 25, 2019, www.rclco.com/publication/attainable-housing-challenges-perceptions-and-solutions/.
- 8 Pamela S. Perlich, Mike Hollingshaus, Emily R. Harris, Juliette Tennert & Michael T. Hogue, Op. Cit.
- 9 RCLCO, *2018 Housing and Community Preference Survey*, www.rclco.com/publication/2018-housing-and-community-preference-survey/ and <https://public.tableau.com/app/profile/rclco/viz/2018HousingandCommunityPreferenceSurvey/2018HousingandCommunityPreferenceSurvey>.
- 10 For this analysis, we included all townhomes (which are typically six or fewer units), units in buildings (“condos,” “duplexes,” “mixed condo/th,” “mixed th/pud” and “apartments”) of less than or equal to 19 units.
- 11 Salt Lake County Regional Development calculations of Wasatch Front Regional Council data. Note, these are buildings with greater than 19 units, but under a density of units per acre of 14, as apartments are mostly likely to be 18 units per acre or higher.



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MIDDLE HOUSING STUDY PART II: WHAT IS MIDDLE HOUSING, AND WHERE IS IT?

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IS
THE MIDDLE
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A Guide to Expanding Options for Utah Homebuyers and Renters

MIDDLE HOUSING STUDY PART III:
UTAHNS' DEVELOPMENT PREFERENCES

JANUARY 2022

MIDDLE HOUSING STUDY PART III: UTAHNS' DEVELOPMENT PREFERENCES

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INTRODUCTION

“Missing Middle Housing” refers to housing that occupies the “middle” ground between single-family homes on large lots and large apartment complexes. It can encompass a variety of multi-unit housing buildings that are house-scale, facilitate neighborhood walkability, accommodate changing demographics and preferences, and are available to people with a range of incomes. Because it is scarce in some communities, it is referred to as the “missing middle.”

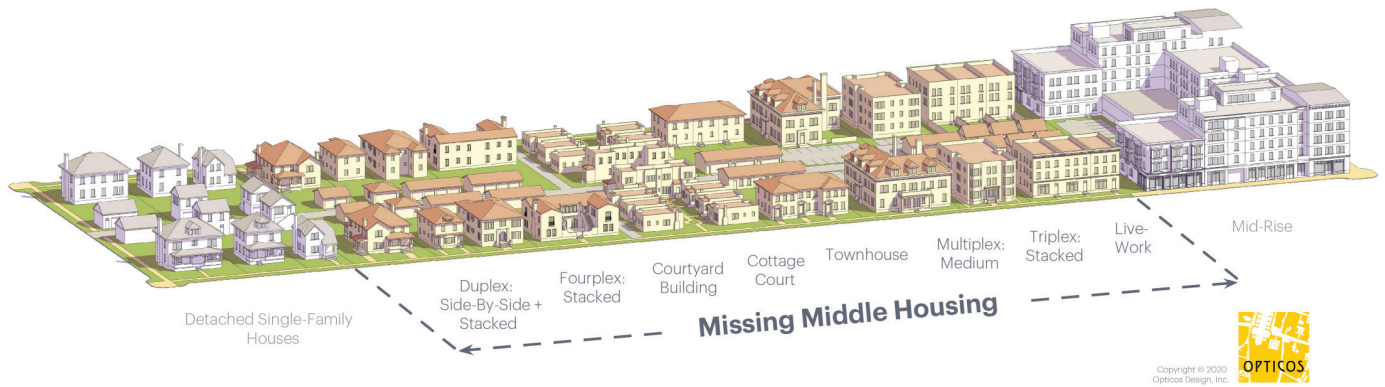
Middle housing offers the potential to increase the supply of housing, but at a scale that is less objectionable to most neighbors and with strong design quality that can improve upon neighborhoods. There are obstacles to increasing this type of housing, though they are not insurmountable. This guide explores Utah’s housing challenges, the significance of middle housing in addressing those challenges, Utahns’ design preferences, and obstacles and opportunities for increasing the supply of middle housing.

The guide is separated into four parts. The first part examines Utah’s housing problem and introduces middle housing as one means of addressing it. The second part examines the prevalence of middle housing in the four largest Utah counties and the relevant development trends. This part (Part III) focuses on current development practices and preferences.



KEY FINDINGS OF THIS REPORT

- Housing development is changing; for example, in Salt Lake County, single-family detached development is becoming less common (24% of new units in 2020), while middle housing is on the increase (32%), and larger multifamily units are taking up the lion’s share of new development (44%).
- Utah Foundation survey respondents prefer single-family detached housing, but they offered positive responses to some small middle housing with the appearance of a single-family home.
- Utahns’ preference for the appearance of single-family homes suggests that middle housing will meet with greater acceptance if developed in a manner that mimics the style and scale of single-family dwellings.
- Nearly three-quarters (72%) of survey respondents say that style is the most important factor (other than housing type) in their housing preferences, followed by scale – or the size compared to other homes (64%). Topping the list for open-ended comments is having lower density (35%)
- Half of survey respondents prefer housing of similar prices (47%) and similar types (50%) in their neighborhoods, but not far behind are people who prefer housing with a variety of prices (36%) and a variety of types (42%) – which includes middle housing.
- Most survey respondents (60%) support more affordable housing options in their neighborhoods, with 38% *strongly* supporting more options. About 18% of respondents oppose more affordable housing options, while 22% are neutral.
- To address affordability issues, about 46% of survey respondents would accept middle housing in their neighborhoods; 33% of respondents oppose middle housing, and the remainder are neutral.
- Expanding homeownership opportunities is an important component to any development strategy focused on middle housing. Homeownership is correlated with wealth; the median homeowner net worth is \$255,000, while the median renter net worth is \$6,300. However, in 2020, the share of renters priced out of Utah’s median-priced home jumped to 73%, from 63% the year before.



Missing Middle Housing term created by Daniel Parolek/Image © Opticos Design, Inc./For more info visit www.missingmiddlehousing.com.

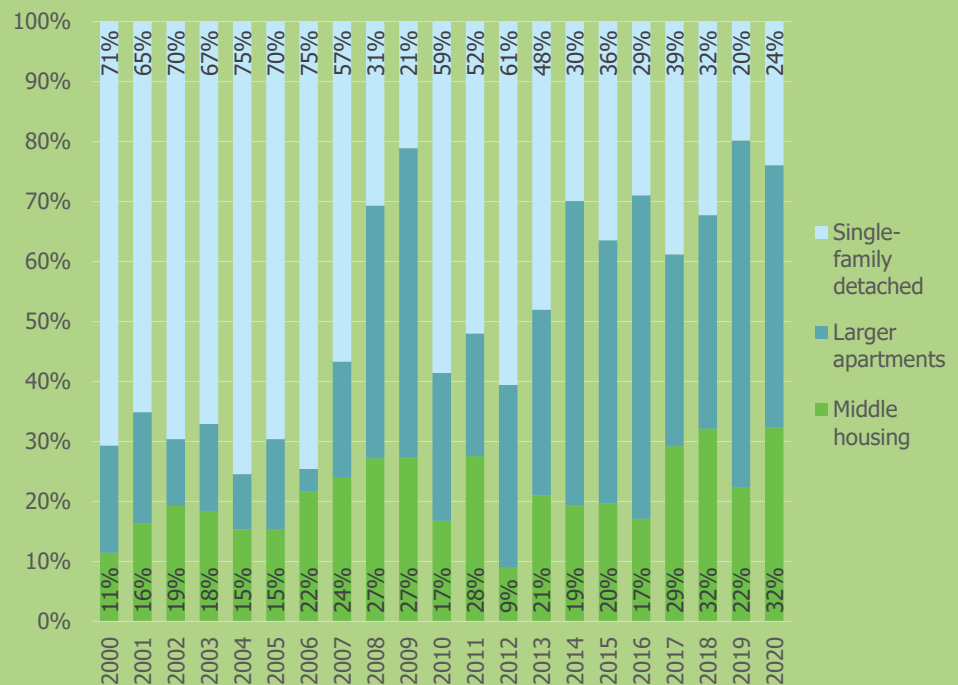
HOUSING PREFERENCES

Shifts in New Construction

New housing is less likely to be single-family detached than housing built in past decades.¹ In Salt Lake County, according to an analysis of residential housing permits, only 24% of new housing units in 2020 were single-family detached. Meanwhile, the new residential units in categories that could be considered middle housing make up a whopping 32% – far greater than the county’s existing inventory. Larger multifamily developments take the lion’s share of the new housing units, at 44%. (See Figure 1.) Though a small portion of those larger multifamily devel-

Single-family detached housing is no longer predominant in Salt Lake County’s new construction.

Figure 1: Residential Dwelling Unit Permits by Type, Salt Lake County

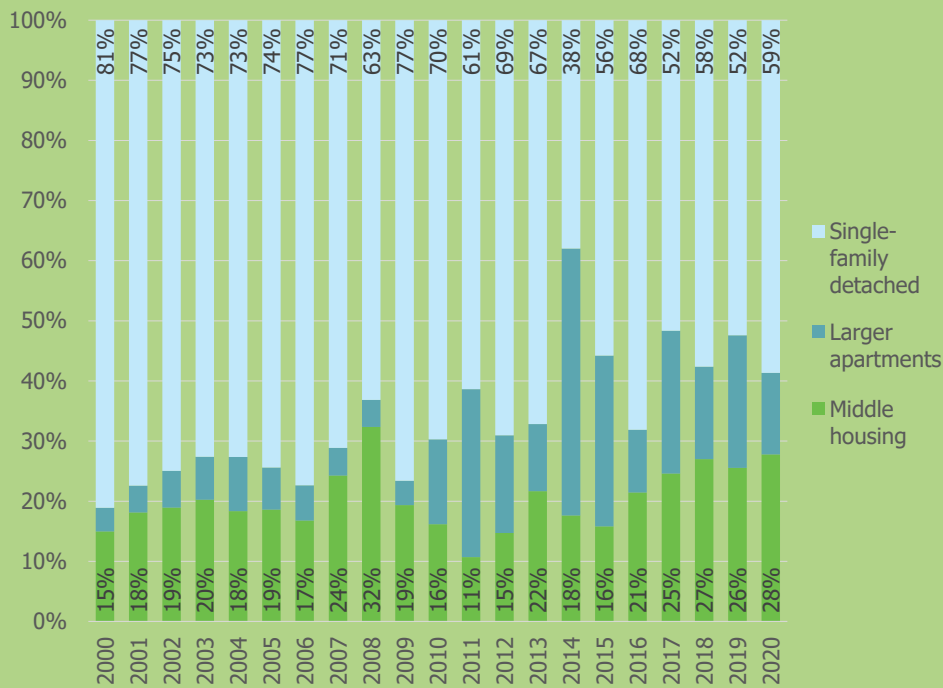


* The “middle housing” data in this figure include units labeled as condominiums, which includes both middle housing and some larger developments.

Source: Ivory-Boyer Construction Database. Utah Foundation calculations.

In recent years, single-family detached housing is taking up a smaller share of new units in Utah County.

Figure 2: New Residential Dwelling Unit Permits by Type, Utah County



Note: In this figure, "middle housing" data in this figure include units labeled as condominiums, which includes middle housing and larger developments.

Source: Ivory-Boyer Construction Database. Utah Foundation calculations.

opments could also be considered middle housing, depending on the context, it is impossible to tell for certain from the available data.

This same trend – though perhaps not as dramatic – appears in Davis, Utah and Weber counties. In Utah County, for instance, all but one year in the 21st century saw more than half of the new housing units as single-family detached. During the past decade, larger apartment complexes have been taking up an increasing share. (See Figure 2).

Washington County has not moved away from the dominance of single-family detached housing in the same way. However, even there the county has seen an uptick in larger apartment complexes.

See figures for Davis, Washington and Weber counties in Appendix A.

Is the recent shift from single-family homes what Utahns want?

Research on Preferences

Some researchers have suggested that Millennials and Baby Boomers are becoming more interested in smaller yards with more walkable neighborhoods.² However, the pandemic might have had some (short-term or lasting) influence on Americans' desires. In the early months of the pandemic, surveys suggested that families with children in school are more interested in detached homes with larger yards. And in fact, most Americans who have either recently purchased a home or are considering a purchase prefer single-family detached housing over other housing types.³ Only about 15% would prefer single-family *attached* housing – which is often considered middle



housing.⁴ Millennials are now a big part of the housing demand overall, accounting for over half of all home-purchase loan applications nationally.⁵

Indeed, a recent national survey found that 89% of homebuyers would prefer a single-family home with a longer commute over a unit in a triplex with a shorter commute.⁶ But in the face of increasing prices, more Americans are broadening their home searches to include attached housing.

A 2015 Envision Utah survey found that Utahns value other choices for the community in general. “Limiting how many apartments, townhomes, and low-income people/renters are in my community” was far less of a priority (only 13%) than both “Providing a full mix of housing types (townhomes, duplexes, apartments, single family homes with a variety of yard sizes, mother-in-law apartments, etc.)” (27%) and “Improving the ability for those with lower incomes to live in desirable neighborhoods, improving opportunity for them and their children” (23%).⁷ And reducing the amount of spending on housing and transportation costs was also more important to Utahns than limiting housing types.⁸

In fact, 81% of Utahns were willing (including one-third “very willing”) to accept a variety of housing types beyond just large-lot single-family detached housing – such as middle housing and mother-in-law apartments – in an effort to increase affordability. Only 7% of Utahns were “not at all willing.”⁹

While Americans seem to prefer homes with more bedrooms than in decades past,¹⁰ single-family home lot sizes for new construction have been shrinking.¹¹ One developer suggested that changing consumer preferences are driving this decrease, as many homeowners are seeking smaller lots since they require lower maintenance. For example, his company built 350 units of single-family detached housing in a Kaysville development with three lot sizes. The best-selling of these were the small lots. In response, his newer developments are three-story, single-family cottage-court style housing in Daybreak and Layton on small lots – about 4,000 to 5,000 square feet. This is equivalent to about one-tenth of an acre, which is similar to historic neighborhood lot sizes – and in keeping with middle housing. Another developer told the Utah Foundation that many customers are satisfied with public space rather than individual yards.

Utahns prefer developments that look like single-family homes, rejecting a garage-heavy row of attached houses.

Figure 3: Most and Least Chosen Residential Building (Other than Large Apartment Complexes); Question: “Please click on the picture(s) that would make a good addition to your neighborhood (within a five-minute walk from your house)”



Most Chosen Residential Building



Least Chosen

Source: The Utah Foundation Middle Housing Survey.

The Utah Foundation Development Preference Survey

The Utah Foundation recently undertook a survey of Utahns to gain a deeper understanding of their housing preferences – particularly regarding middle housing. The survey generally asked respondents to focus at the level of “neighborhood” instead of “community,” because middle housing is often meant to harmonize with individual neighborhoods. The survey clarified that “neighborhood” referred to the area within a five-minute walk from the respondent’s home.

Our survey asked respondents to look at pictures of a variety of residential buildings, requesting that they consider which would “make a good addition” to their neighborhoods.¹² Houses that looked like single-family detached units topped the list. In each category, those without visible garages were most accepted. Large, multifamily buildings were least accepted. (See Figure 3.)

The Utah Foundation then asked respondents which factors were important in deciding preferences for their neighborhoods. For most respondents, single-family appearance topped the list of positive influences. Being a large multifamily building often had a negative influence. (See Figure 4.)

Older respondents (55+) are more likely than younger respondents to indicate that the appearance of a single-family home is a positive attribute – 89% compared to 79% (ages 35-54) and 66% (ages 18-35). Higher-income respondents (earning \$75,000+) are more likely than their peers to indicate that the appearance of a single-family home is a positive attribute – 85% compared

Utahns prefer the look of single-family homes over other housing types.

Figure 4: Question: “When thinking about the picture(s), which of the following factors were important in deciding which would make a good addition to your neighborhood (within a five-minute walk from your house)”

	Influenced me positively	Influenced me negatively	Had no influence
It appeared to be a single-family house.	81%	6%	14%
It appeared to be a small multi-family house.	40%	37%	23%
It had a less prominent garage/parking.	30%	17%	53%
It was a large multi-family development.	15%	67%	18%

Source: The Utah Foundation Middle Housing Survey.

Style seems to be most important for Utahns when considering housing preferences.

Figure 5: Question: “Which other factors were important in choosing the picture(s)?”

	“Important”
Style	72%
Scale (size compared to other homes)	62%
Setback from the road	35%
Other (open-ended)	17%

Source: The Utah Foundation Middle Housing survey.

Density leads among other factors that influence Utahns’ preferences.

Figure 6: Question: “Which other factors that were important in choosing the picture(s)?” – Other Open-ended Responses

	“Important”
Lower density	35%
Design	21%
Green space	11%
Affordability	10%
Commute (traffic, parking, etc.)	7%
More housing supply	6%
Familiarity	5%
Greater density	4%
Year of construction	3%

Source: The Utah Foundation Middle Housing survey.

to 76% for those earning between \$46,000 and \$74,999, and 68% for those earning under \$46,000.

The opposite is true for “small multi-family,” with half of those earning under \$46,000 giving it a positive rating, compared to 41% of respondents overall.

Only 15% view large multi-family buildings positively. The proportion looking positively toward big multi-family buildings is larger for both younger respondents (ages 18-35, about 24%) and lower-income respondents (earning under \$46,000, 22%).

The Utah Foundation asked respondents about other factors they found important. Style tops the list, followed by the scale of the home. Setback from the road is important, but less so. (See Figure 5.)

About 17% of respondents included other details about the important factors in their image preference. Other factors included the appeal of lower density and design, although design may be a synonym for “style” as a factor. (See Figure 6.)

The Utah Foundation asked respondents whether they preferred housing in their neighborhoods that is similar in price (47% say they do) or housing at a variety of prices (36% say they do). For 17% of respondents, it does not matter.

Half also indicate that – in their neighborhoods – they prefer housing types that are all the same (50%) rather than a variety of housing types (42%). For 8% of respondents, type does not matter. (See Figure 7.)

Utahns seem to prefer neighborhood housing price and type homogeneity, though many like a variety of prices and types – including middle housing.

Figure 7: Question: “In your neighborhood, which do you prefer”

	“Prefer”
Housing that is similar in price.	47%
Housing with a variety of prices.	36%
Doesn’t matter.	17%

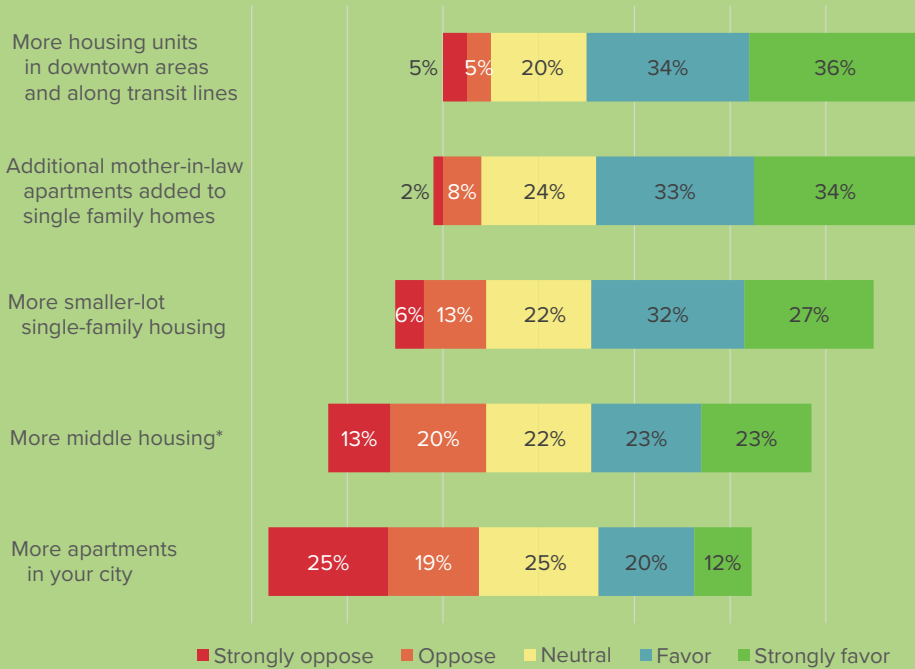
	“Prefer”
Housing types that are all the same.	50%
Variety of housing types (including middle housing)*	42%
Doesn’t matter.	8%

* “Variety of housing types, such as blending single-family housing with house-scale attached housing (like duplexes, triplexes and small townhome developments).”

Source: The Utah Foundation Middle Housing survey.

As overall affordability tools, Utahns are most opposed to apartments in their cities.

Figure 8: Question: “To help bring the overall cost of housing down, please indicate your level of support for each of the following.”



* More house-scale attached housing (like duplexes, triplexes and small townhome developments) blended in with other housing types.

Source: The Utah Foundation Middle Housing Survey.

In terms of heterogeneity of housing costs, younger respondents (ages 18-35) prefer more variety than respondents overall. When considering housing types, younger respondents like more difference than do respondents overall. Lower-income respondents also like more diversity in housing types.

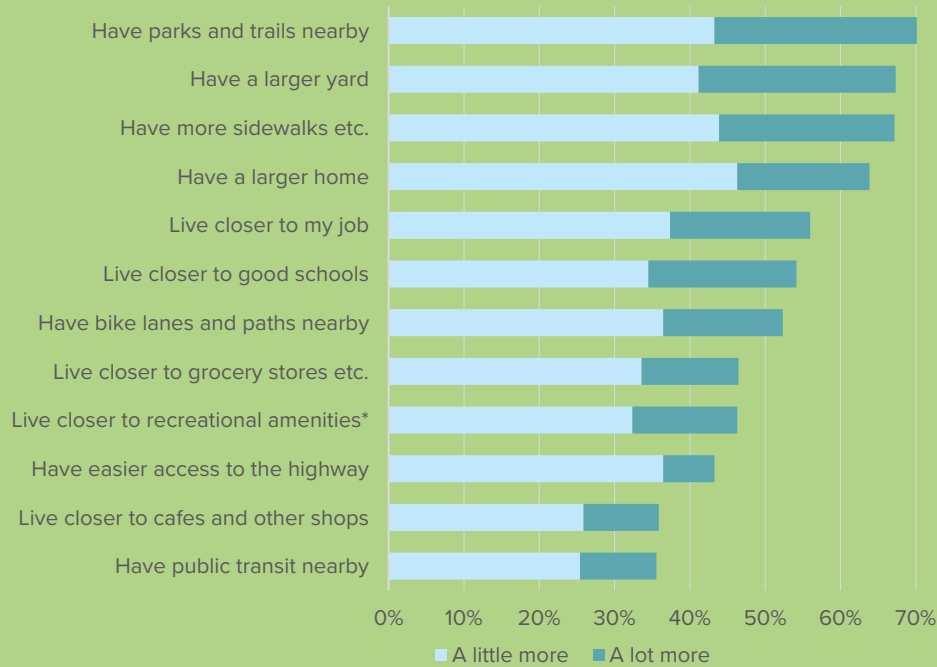
We then asked respondents whether they support more affordable housing options in their neighborhoods.¹³ Most people do (60%), with 38% strongly favoring more options. About 18% of respondents oppose more affordable housing options, while 22% are neutral.

Our survey asked specifically about respondents’ level of support for a variety of housing options to help reduce housing costs – not just in their own neighborhoods but community-wide. Though residents prefer middle housing in their own neighborhoods to large multi-family, it is not the most favored option as a broad community strategy; most people favor more housing in downtown areas and along transit lines. Also more popular are accessory dwelling units (or mother-in-law apartments) added to single-family homes and smaller-lot single-family housing. (The favorability of apartments “in your city” is the weakest. (See Figure 8.)

Lower-income respondents prefer smaller lots sizes (35% compared to 28% of all respondents) and more apartments (22% compared to 14% of all respondents).

For Utahns, nearby parks and trails are a top priority.

Figure 9: Question: “Below are some things that people have said about their housing situation. As you think about your own housing situation and needs, please indicate whether you would pay more for housing for the following.”



* Question included “(skiing, hiking etc.)”.

Source: The Utah Foundation Middle Housing survey.

The Utah Foundation next asked about economic preferences for characteristics that are often seen in and around single-family neighborhoods or middle housing developments. We asked respondents whether they would pay “a little more” or “a lot more” for housing if it had certain characteristics. Top choices include having parks and trails nearby and having more sidewalks and places to take walks. These are in keeping with middle housing. However, rounding out the top three is having a larger yard, which is more characteristic of suburban single-family housing. And having a larger home with more rooms is also a priority.

Higher income respondents say that they would be more likely to pay a lot more for a larger home (28%, compared to 20% of all respondents). Older respondents are less likely to want larger homes or yards. About 42% say they would *not* pay more for a

larger home, compared to 30% of respondents generally, and 38% would *not* pay more for a larger yard, compared to 26% of respondents generally. The preference for smaller homes with smaller yards aligns with middle housing development. However, older respondents are also more likely to indicate that they would *not* pay more for nearby stores (58% compared to 49%), or living nearby jobs (48% compared to 39%).

Overwhelmingly, survey respondents report that they live in residential neighborhoods (68%). However, when asked about “the ideal setting of your next home,” Utahns say they are less interested in these residential neighborhoods (down 25 percentage points from 68% to 43%) in lieu of small towns (up 15 points from 9% to 24%) and rural areas (up 10 points from 4% to 14%). The proportion of respondents are the same (17%) for those who live in and whose ideal next home would be located in a “city or suburban area near a mix of offices, apartments and shops” – which can closely align with middle housing development.

Most survey respondents say they live in single-family detached housing (72%). However, when asked about the type of housing they would choose in their ideal setting, that decreased 12% points to 60% in favor of single-family detached with accessory dwelling units or “mother-in-law” apartments (jumping from 8% to 25%). The proportion of respondents is the same (9%) for those who live in and whose next home would be middle housing. Fewer people would opt for apartments (7% to 3%).



GOVERNING DESIGN

In 2021, the Utah Legislature passed House Bill 1003, Government Building Regulation Amendments,¹⁴ which reduced the power of cities and towns to regulate the design of new, one- and two-family homes, blocking requirements regarding:

- Exterior building color.
- Type or style of exterior cladding material.
- Style or materials of a roof structure, roof pitch, or porch.
- Exterior nonstructural architectural ornamentation.
- Location, design, placement, or architectural styling of a window or door, including a garage door.
- The number or type of rooms.
- The interior layout of a room.
- The minimum square footage of a structure.

The stated intent of the legislation was to reduce home prices. However, some observers told the Utah Foundation that, while it might reduce the cost to builders and thereby increase their profit margins, it might not reduce costs to buyers and renters in a high-demand market.

The merits and limitations of design standards are a matter for debate, and in some cases they may inject subjectivity, delays and cost increases into the building process. On the other hand, they are an attempt to deal with a crucial component to successful development: good design. The nation's urban landscapes are replete with poorly designed and poor-quality middle housing from decades past. This has led to the premature decline of such developments, causing loss of tax base to local governments and sully the reputation of these housing types. It has also produced a reluctance among potential neighbors to countenance their development nearby.

MIDDLE HOUSING AND OWNERSHIP

A benefit of middle housing is that it opens ownership opportunities for a wide variety of people, whereas larger apartments tend to concentrate wealth in the hands of those with the resources to own large developments. And homeownership is correlated with wealth; the median homeowner net worth was \$255,000, while the median renter net worth was \$6,300.¹⁵ However, in 2020, the share of renters priced out of Utah's median-priced home jumped to 73% from 63% the year before.¹⁶

Smaller lots are becoming more ubiquitous in new residential development, seeking to bring down the cost of housing, thereby reaching a broader market of buyers. However, middle housing could open access to ownership for an even greater number of Utahns, including those priced out of the small-lot single-family detached housing market.

Middle housing can be individually owned in the case of a twin-home, townhome or condominium. Ownership opportunities are also available in owner-occupied duplexes and multiplexes, with owners leasing out the remaining units to the other occupants – significantly subsidizing their ownership costs.

But how is a twin-home different than a duplex, or a four-unit townhouse different than a fourplex? It has to do with platting. In the case of single-ownership of units, there is one residential lot for each of the twin-homes or each of the four units in the townhouses. The owner of a townhome owns all the space vertically, from dirt to roof. A stacked multiplex has to be “condo-ized,” where the owner owns the living space with a shared ownership of the building and lot.

Small multifamily buildings work well for owner-occupied housing, though they also may be used exclusively as rental housing. And there might be undue pressure toward

Expanding homeownership opportunities is an important component to any development strategy focused on middle housing.

rental housing in the middle market. First is the difficulty in building condos. (This is addressed in Part IV.) Another – as suggested by a Wasatch Front developer – is that cities and counties might see triplex and fourplex owners as not having the managerial and maintenance skills to keep the housing in good repair, whereas larger apartment complex owners might be more likely to hire maintenance personnel to keep the properties in order. And finally, small multiplexes are very popular as a housing type for real estate investors, easily outbidding a household looking for a single investment opportunity. A real estate agent with whom the Utah Foundation spoke suggested that duplexes, triplexes and fourplexes are attractive to a wide range of purchasers, from people interested in owner-occupied supplemental income to out-of-state real estate investors. Given the financial resources of investors seeking to purchase small rentals, middle housing development could simply result in added rental housing to Utah, without many owner-occupants. And while this rental housing is certainly needed, it would not help create homeownership wealth for a broader range of Utah households.

CONCLUSION FOR PART III

Housing development is changing; for example, in Salt Lake County, single-family detached development is becoming less common, while townhomes are on the increase, and larger multifamily units are taking the lion's share of new development. Other large counties are also seeing single-family homes take up a decreasing portion of new development.

However, single-family housing still rules in Utahns' hearts. A recent Utah Foundation survey found respondents prefer single-family detached housing. While some small middle housing receives positive responses, Utahns prefer those with the appearance of a single-family home. This suggests that middle housing should be developed in a manner that blends seamlessly within single-family neighborhoods.

Aesthetics and scale are important to Utahns. Three-quarters of survey respondents say that style is the most important of other factors in their housing preferences, followed by scale – or the size compared to other homes. Topping the list for open-ended comments is having lower density.

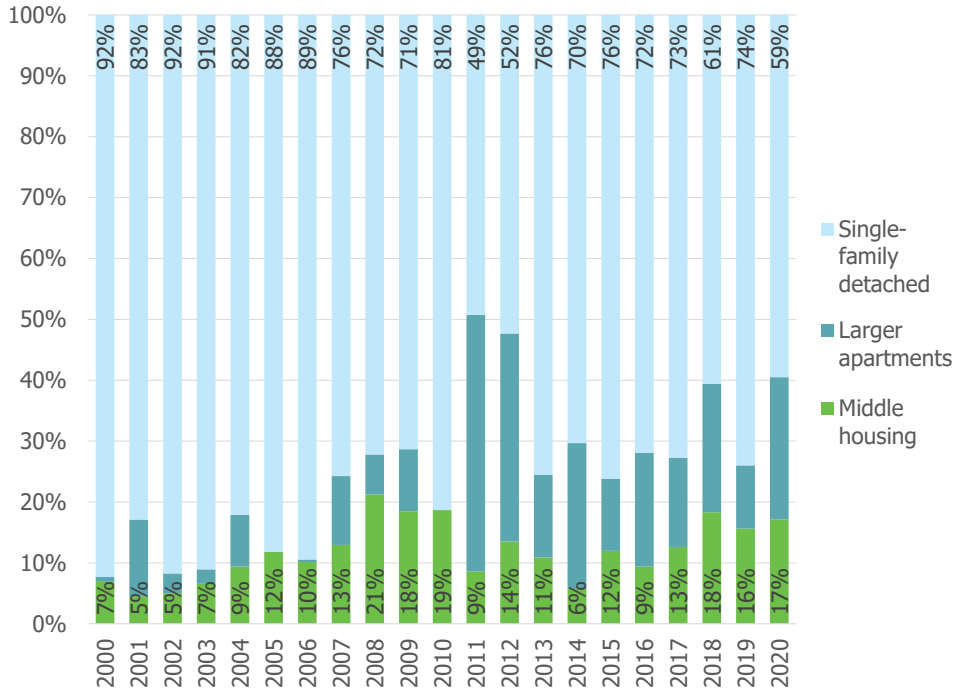
That said, many Utahns are open to more variety in their neighborhoods, assuming it's well designed and well-scaled. While half of survey respondents prefer housing of similar prices and similar types in their neighborhoods, not far behind are people who prefer housing with a variety of prices and a variety of types – including middle housing. Most survey respondents (60%) support more affordable housing options in their neighborhoods, with 38% *strongly* favoring more options. About 18% of respondents oppose more affordable housing options, while 22% are neutral. To address affordability issues, about 46% of survey respondents would accept middle housing in their neighborhoods; 33% of respondents oppose middle housing, and the remainder are neutral.

Expanding homeownership opportunities is an important component to any development strategy focused on middle housing. Homeownership is correlated with wealth; the median homeowner net worth is \$255,000, while the median renter net worth is \$6,300. However, in 2020, the share of renters priced out of Utah's median-priced home jumped to 73%, from 63% the year before. Middle housing may bridge the gap by expanding the number of lower-cost ownership options.

The next installment in this study will explore obstacles and opportunities for increasing the supply of middle housing.

APPENDIX A

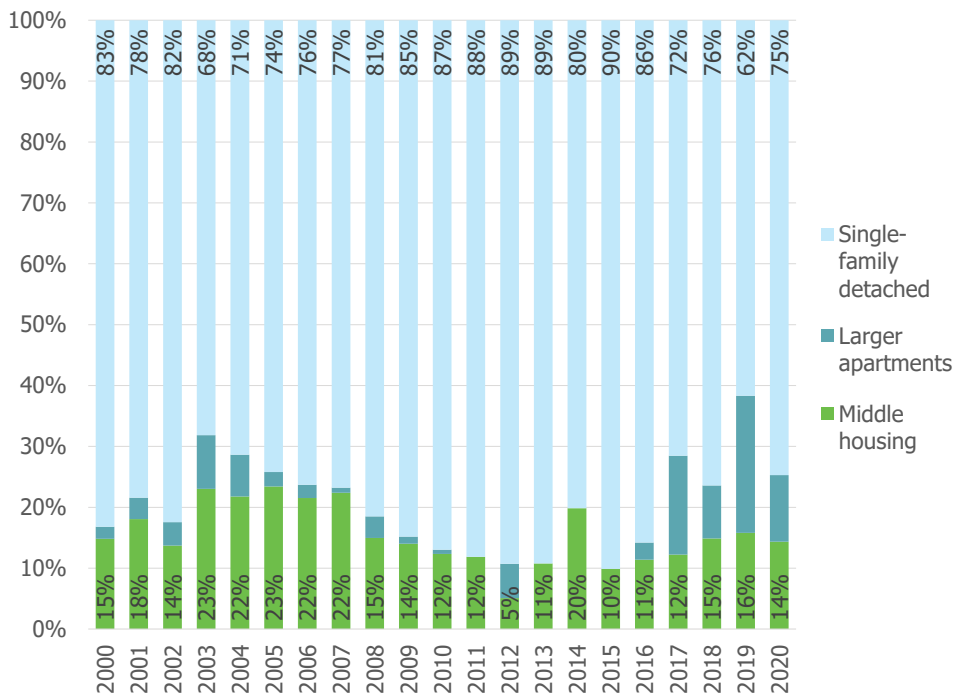
Figure A1: Residential Dwelling Unit Permits by Type, Davis County



Note: In this figure, "middle housing" data include units labeled as condominiums, which includes middle housing and larger developments.

Source: Ivory-Boyer Construction Database. Utah Foundation calculations.

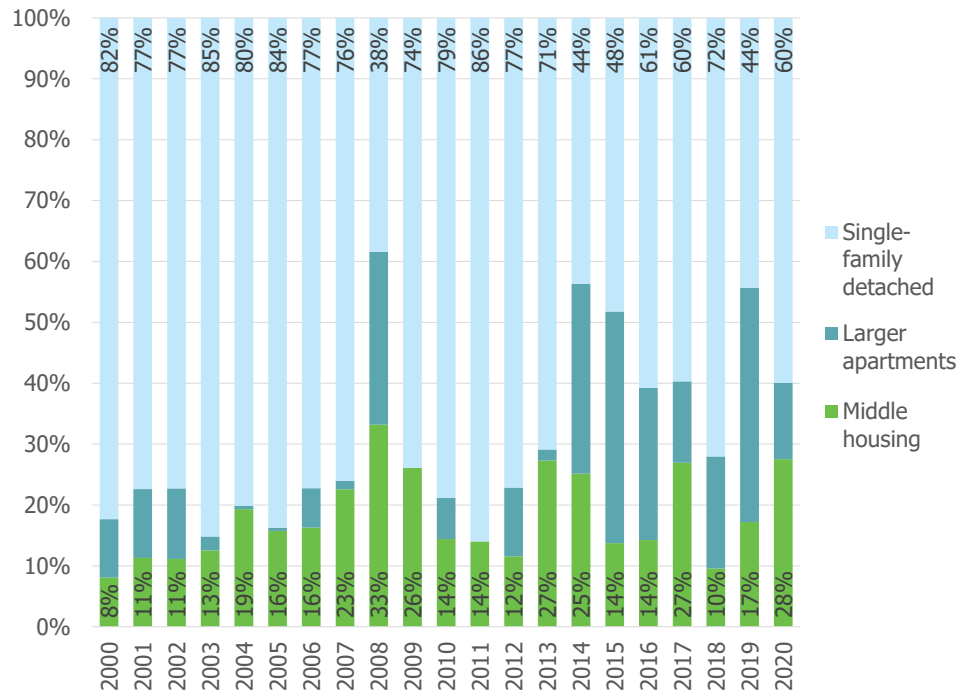
Figure A2: Residential Dwelling Unit Permits by Type, Washington County



Note: In this figure, "middle housing" data include units labeled as condominiums, which includes middle housing and larger developments.

Source: Ivory-Boyer Construction Database. Utah Foundation calculations.

Figure A3: Residential Dwelling Unit Permits by Type, Weber County



Note: In this figure, “middle housing” data include units labeled as condominiums, which includes middle housing and larger developments.

Source: Ivory-Boyer Construction Database. Utah Foundation calculations.

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MIDDLE HOUSING STUDY PART III: UTAHNS' DEVELOPMENT PREFERENCES

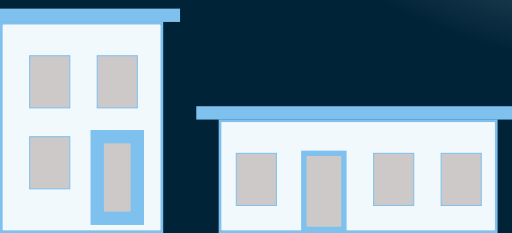
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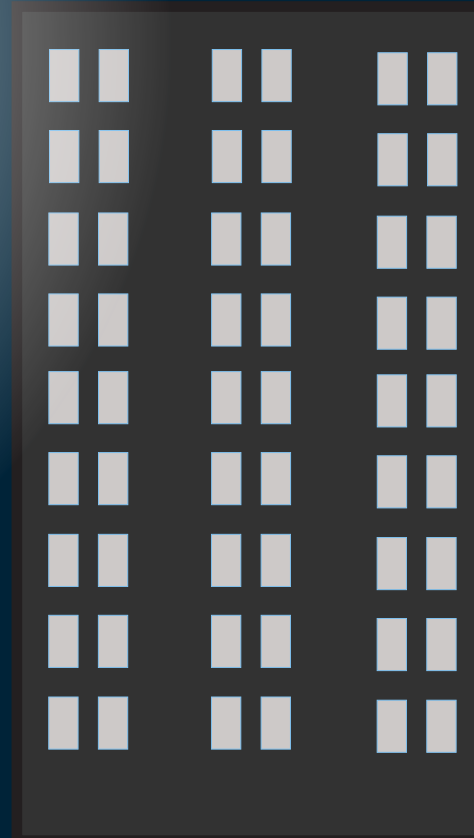


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A Guide to Expanding Options for Utah Homebuyers and Renters

MIDDLE HOUSING STUDY PART IV:
OBSTACLES AND OPPORTUNITIES

FEBRUARY 2022

MIDDLE HOUSING STUDY PART IV: OBSTACLES AND OPPORTUNITIES

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INTRODUCTION

“Missing Middle Housing” refers to housing that occupies the “middle” ground between single-family homes on large lots and large apartment complexes. It can encompass a variety of multi-unit housing buildings that are house-scale, facilitate neighborhood walkability, accommodate changing demographics and preferences, and are available to people with a range of incomes. Because it is scarce in some communities, it is referred to as the “missing middle.”

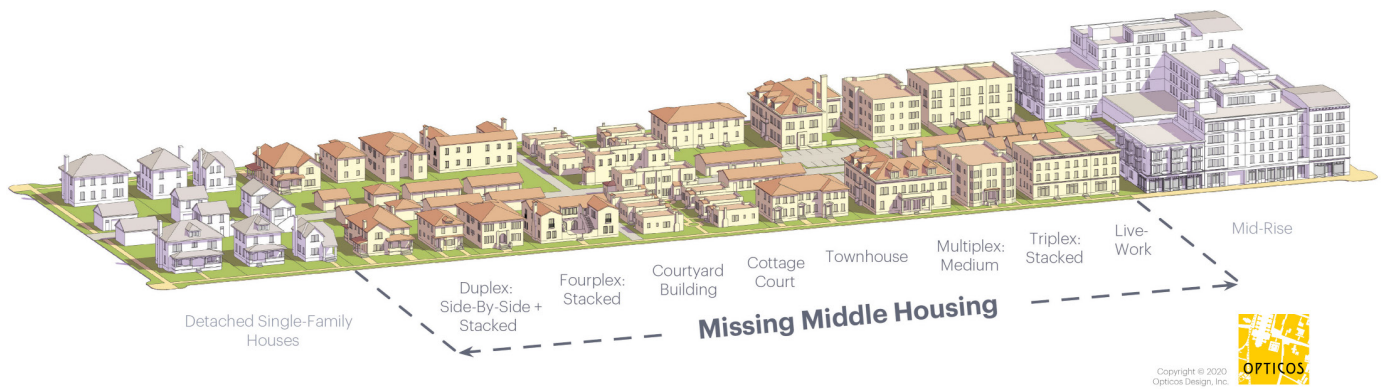
Middle housing offers the potential to increase the supply of housing, but at a scale that is less objectionable to most neighbors and with strong design quality that can improve upon neighborhoods. There are obstacles to increasing this type of housing, though they are not insurmountable.

The guide is separated into four parts. The first part examines Utah’s housing problem and introduces middle housing as one means of addressing it. The second part examines the prevalence of middle housing in the four largest Utah counties and the relevant development trends. The third part focuses on current development practices and preferences. This part (Part IV) explores the obstacles and opportunities for increasing the supply of middle housing.



KEY FINDINGS OF THIS REPORT

- Most residential land in Utah is zoned for single-family homes. For instance, more than 88% of residential land in Salt Lake County is zoned single-family.
- For small, middle-housing developments at the neighborhood level, developers would often need conditional use approval or a rezone, which implies uncertainty, time and effort – and higher costs.
- Salt Lake County Regional Development analyzed all zoning in the county, finding that most significant opportunities for middle housing are in the southwest of the county, with a smattering of opportunities elsewhere.
- A key barrier against new middle-housing development is zoning. Zoning trended significantly toward single-family residential with automobile-oriented development patterns in the 1900s. As a result, development shifted away from walkable medium-density housing in many areas, reducing the relative supply of the now “missing” middle.
- Parking spaces increase construction costs and research shows that these costs tend to increase rents. It is important for local policymakers to take a hard look at their parking needs to discover whether the requirements suit actual needs and whether the payoffs in terms of driver convenience are worth the tradeoffs in housing affordability.
- Condominiums offer a significant possible approach to creating ownership opportunities in middle housing. However, condominium developers can face unique challenges.
- Overlay zones may be used to open the way for middle housing. This type of overlay could allow middle housing in traditional single-family zoned areas, particularly those near transit and retail, around main street areas, in downtowns, and as transitions between more dense areas and single-family ones.
- Upzoning to allow small multifamily (or smaller-lot single-family) in existing single-family zones holds the promise of creating new housing opportunities. However, to avoid negative impacts on quality of life and neighborhood character, it may be prudent to begin by trading single-family zoning for two-family zoning and, if successful, build to four-family zoning (or more, depending on the location).
- Form-based codes provide a zoning approach that allows developers to focus on placemaking, rather than use, possibly opening the way for middle housing. However, a successful form-based approach must avoid being both ambiguous and overly prescriptive.



Missing Middle Housing term created by Daniel Parolek/Image © Opticos Design, Inc./For more info visit www.missingmiddlehousing.com.

OBSTACLES TO NEW MIDDLE HOUSING

Given the benefits of middle housing discussed elsewhere in this study, why is it not more ubiquitous? In large part, it is because there are a variety of barriers to the development of a broad range of middle-housing types. Zoning is a substantial obstacle for middle housing development. All forms of middle housing can face some level of community opposition – which can dissuade developers and can result in a lack of zoned opportunities. Parking requirements can drive up development costs. In addition, condominium development faces its own set of obstacles.

Zoning

Zoning ordinances can affect the housing market in significant ways. Land use, density and design regulations can determine not only the mix, but also the cost and supply of available housing.¹ These zoning regulations can prohibit the development of middle housing – or allow it.

During the last century, local zoning ordinances came into use across the United States with a focus on separating commercial, industrial and residential areas. Zoning quickly trended significantly toward the creation of single-family residential with automobile-oriented development patterns. This worked to the exclusion of the du-

MIDDLE HOUSING IN UTAH - VISUALLY

For a clear understanding of the middle-housing types and their arrangement on residential lots, Opticos Design has provided the Utah Foundation with architectural renderings of nine middle-housing types:

- Duplex (side-by-side)
- Duplex (stacked)
- Triplex (stacked)
- Fourplex (stacked)
- Townhouse
- Bungalow court (or cottage court)
- Courtyard apartment
- Multiplex or mansion apartment
- Live/work

Renderings of these nine middle-housing types are included throughout Part IV of this study.

plexes and other small multifamily types that characterize historic urban forms in cities across the world. Larger lot-size requirements then came into play, potentiating the change. As a result, development shifted away from walkable medium-density housing in many areas, reducing the relative supply of the now “missing” middle.² This led to the creation of the post-war suburban-form neighborhoods that met the preferences of many residents: single-family detached homes that were generally affordable at the time, though typically arrayed in a manner with less walkability than found in historic areas.

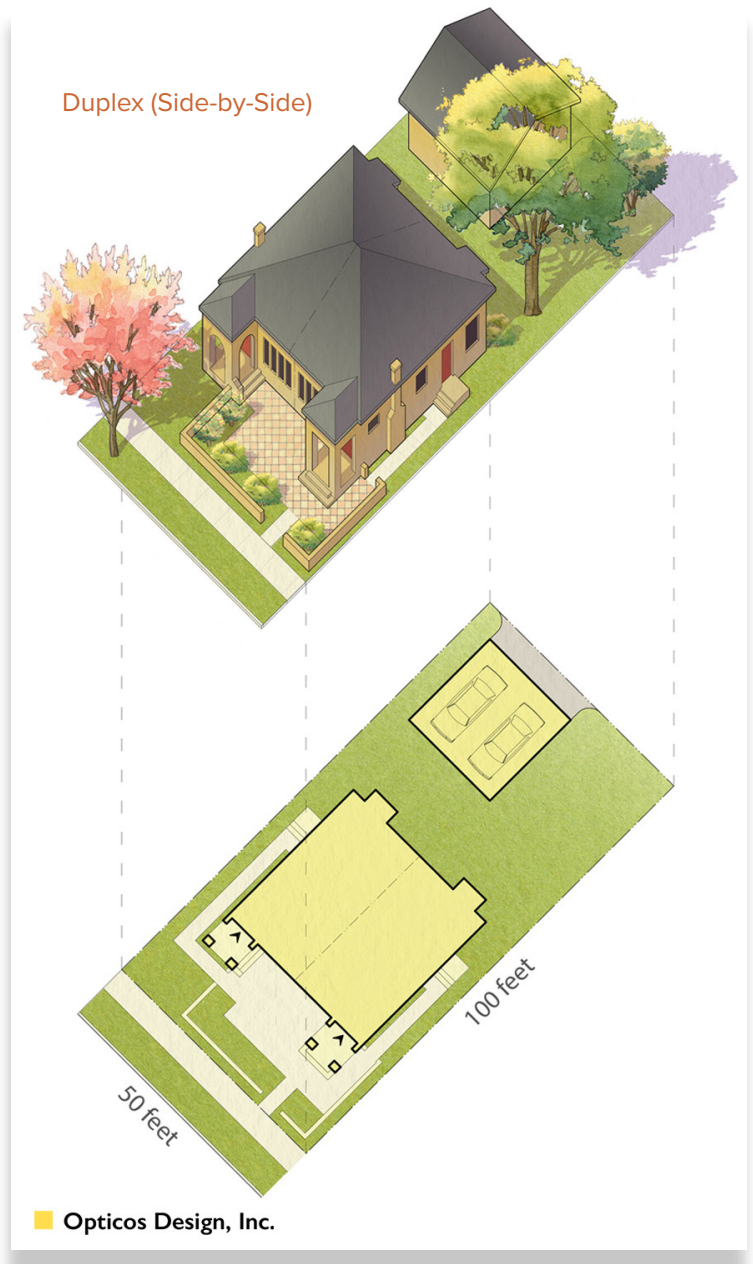
The low intensity of post-war development led to more sprawling development, and the more rapid development of greenfield areas, changing farmlands to suburbs. This resulted in many areas in Utah approaching their geographical constraints. Growth pressures and other factors have reduced the affordability of those “drive-to-qualify” neighborhoods, with areas that once provided the “American Dream” to wide swaths of the population more recently becoming unaffordable for most families below the median income. (See Part I of this series for an in-depth discussion of affordability challenges.)

Across the Wasatch Front and in other areas of Utah, residential land zoned for middle housing in most communities is limited. This means of engineering land use has played out as expected. Today, more than 88% of residential land in Salt Lake County is used for single-family houses.³ The rest is split between large and mid-sized apartments, condominiums, townhomes, clusters of manufactured homes, and small multi-family.

Developers told the Utah Foundation that some might be willing to seek a rezone for larger multi-million-dollar projects, but overcoming the obstacles to developing small, middle housing at the neighborhood level is often not worth the effort.

They would need to pursue exceptions through a conditional use approval or a rezone, which implies time and effort – and higher costs.

In support of this study, Salt Lake County Regional Development reviewed the current zoning of all cities, towns and metro townships throughout the county. Regional Development analyzed the nine different types of middle housing by zone and created categories based on how many different types of middle housing were allowable through permitted use or only conditional use. (See the appendix for methodological details and a sample of the middle-housing opportunities analysis by city within Salt Lake County; the full analysis is available at www.utahfoundation.org/middle-housing.)

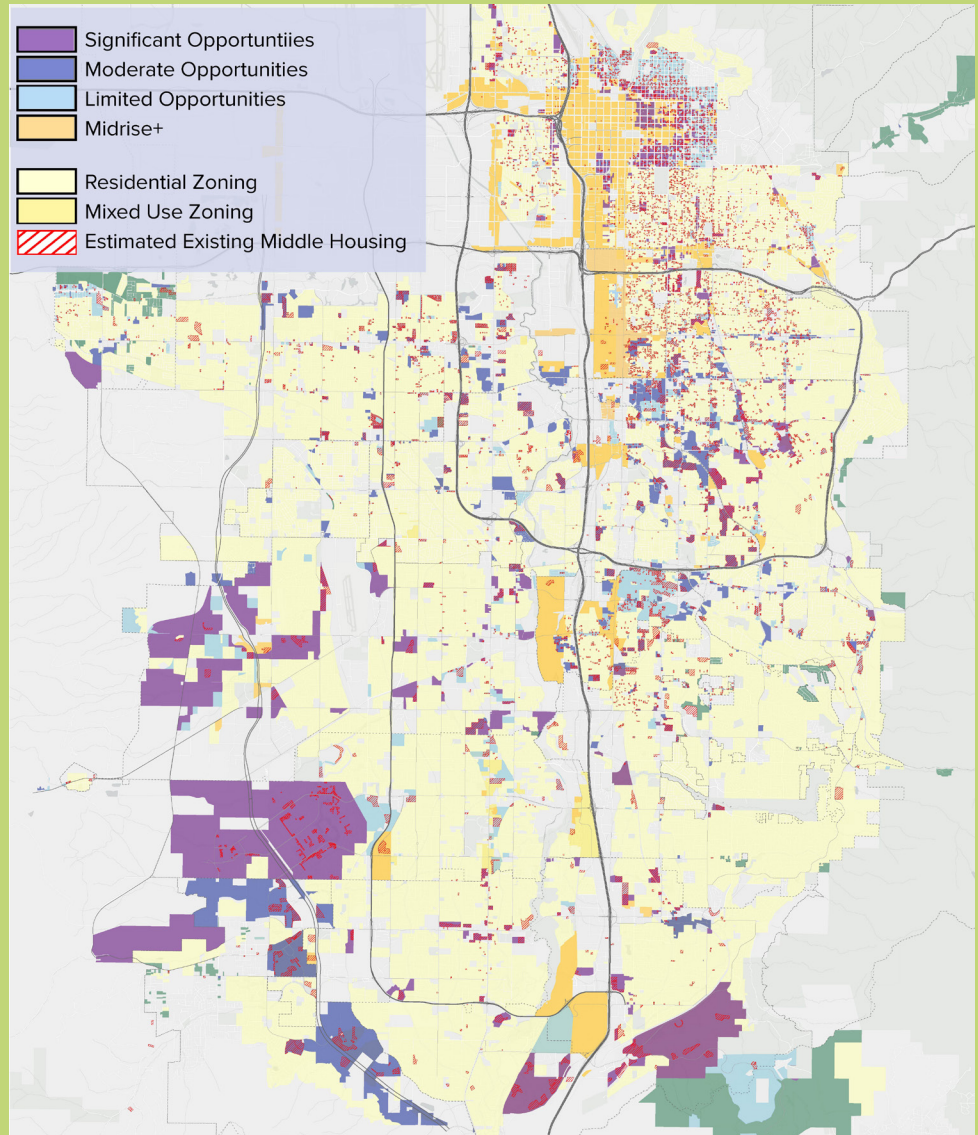


Across the Wasatch Front and in other areas of Utah, residential land zoned for middle housing in most communities is limited.

Most large tracts with opportunities for middle housing are in the southwest of the county, with a smattering of opportunities elsewhere. (See Figure 1, and the full Interactive Zoning Map on the Salt Lake County Regional Development *Missing Middle Housing* webpage at <https://slco.org/planning-transportation/regional-solutions/missing-middle-housing/>.)

Middle housing is missing from the zoning in many areas.

Figure 1: Detail of Middle Housing Zoning in Salt Lake County



Significant Opportunities: Four or more types of middle housing types are permitted.

Moderate Opportunities: Four or more types of middle housing types are permitted and/or conditional.

Limited Opportunities: Fewer than four types of middle housing are permitted and/or conditional.

Midrise-plus: Zoned for higher density (19 or more units per acre) but allows for some middle housing types.

Source: Salt Lake County Regional Development.

However, there is a practical obstacle to middle-housing development that is not apparent. Much of the urban core allows midrise housing with 19 or more units per acre, as well as allowing for some middle housing types. However, development generally gravitates toward the greatest density allowed because it often results in the greatest profits for developers. Due to these economies of scale, zoning which allows for more than 19 units per acre trends toward the development of mid- or low-rise multi-family apartment complexes – rarely middle housing.

The other parts of this study include middle-housing development details in various Utah counties. The zoning analysis included here performed by Salt Lake County Regional Development focuses only on Salt Lake County. Other counties interested in this work may contact Regional Development for guidance.

Neighborhood Opposition

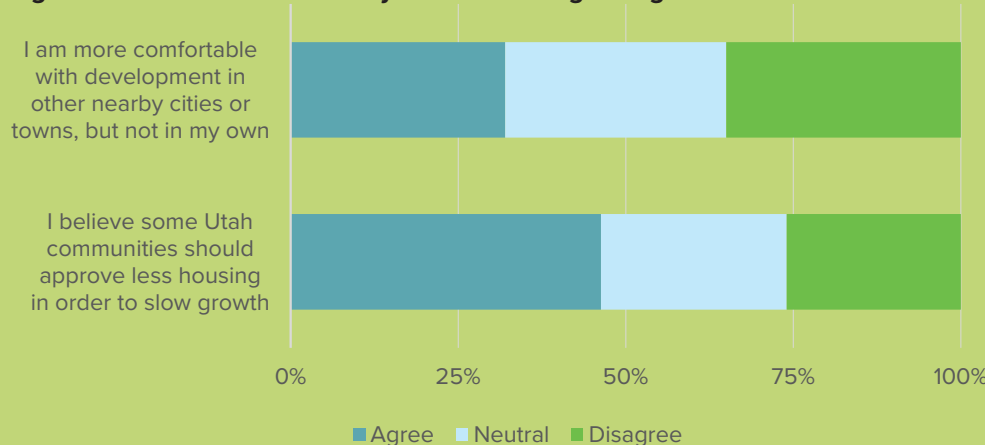
Another potential barrier to middle housing is neighborhood opposition. Neighbors may be concerned about traffic issues and parking. They may also be concerned about the development of low-quality construction or bad design. For nearly all homeowners, the investment in their home is their greatest source of wealth, and they might be concerned that the change to their neighborhood could negatively affect home values.⁴ However, it should be noted that simply increasing the number of units in a neighborhood does not necessarily lead to suppressed values of surrounding single-family homes.⁵

The nonprofit Envision Utah recently conducted a survey finding that one-third of Utahns agree with the statement that “I am more comfortable with development in other nearby cities or towns, but not in my own community.” About one-third of respondents agreed with the statement, while one-third disagreed and one-third were neutral.⁶ (See Figure 2.) The growth-concerned Utahns were more likely to be higher household earners – particularly for the group indicating that they earned \$150,000 per year or more. They were also more likely to live in large, single-family homes and more likely to stay in their homes long-term.

In addition, nearly half of respondents agree that “Utah communities should approve less housing in order to slow growth.” Only about a quarter disagreed.

About one-third of survey respondents are more comfortable with development outside of their neighborhoods, and nearly half think that some communities should restrict growth.

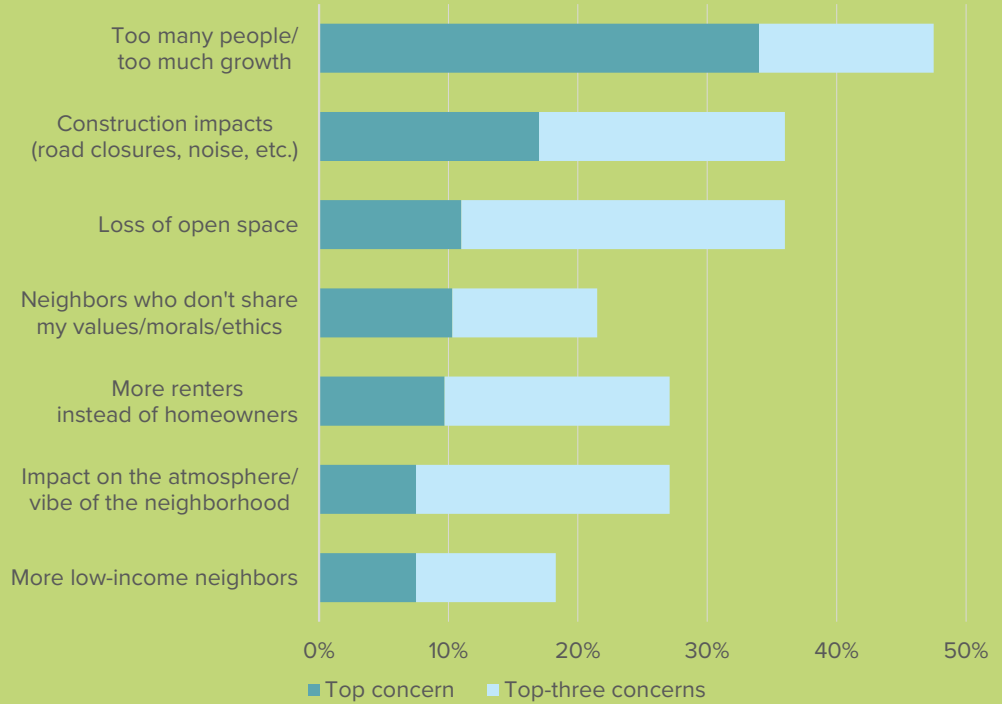
Figure 2: Envision Utah Survey Questions Regarding Growth



Source: Envision Utah.

The top concern for Utahns regarding multifamily housing is that Utah has too many people and too much growth.

Figure 3: Envision Utah Survey Questions Regarding Growth; Question: “Consider the concerns, consequences, benefits, and advantages of multi-family housing. What are your top three values within each of these four categories? Of the three you chose, which one is the most important?”



Source: Envision Utah.

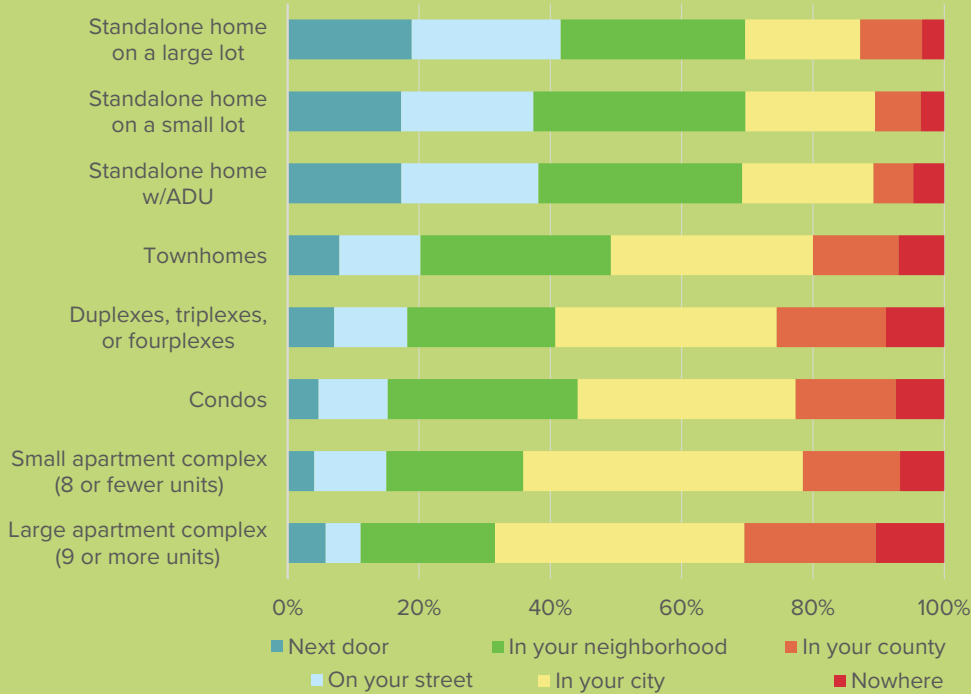
Growth-concerned Utahns are politically and civically active. More than one-third of residents say they would attend a city council meeting to oppose a proposed development – more than any other reason.⁷ Growth-concerned Utahns are more likely than others to have attended a city council meeting.

The top concern for Utahns regarding multifamily housing is that there are “too many people/too much growth” in general. Others are concerned about construction impacts and loss of open space. Over one-quarter of people were concerned that more renters would be in the neighborhood, and that there would be a negative impact on the “vibe/atmosphere” of the neighborhood. And around 20% were concerned about neighbors “who don’t share my values/morals/ethics” and having more low-income neighbors. (See Figure 3.) Why do Utahns care about these things? Traffic and crime came out on top.

The top concern for Utahns regarding multifamily housing is that there are “too many people/too much growth” in general.

Utahns like middle housing, but tend prefer it somewhere else in their cities instead of their neighborhoods.

Figure 4: Acceptable Proximity for Different Housing Types; Question: “For each type of home, please select the closest acceptable distance you would build that type of home.”



Note: The question also asked about mobile/manufactured homes. They were the least preferred of all housing types.

Source: Envision Utah.

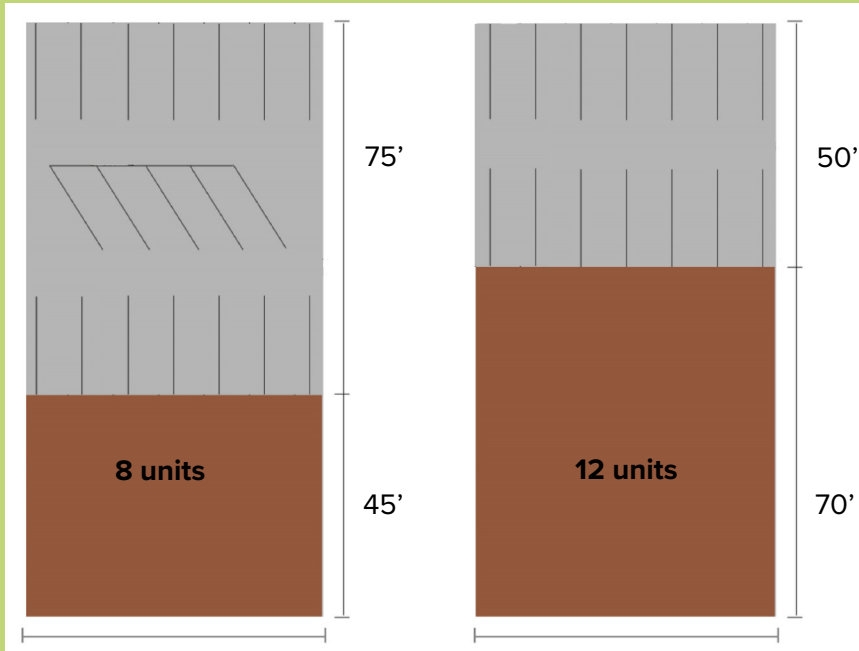
When asked what type of buildings they preferred next door, on their street and in their neighborhood, more Utahns are accepting of single-family housing – both on small and large lots and with accessory dwelling units (ADUs) – than other types of housing.⁸ However, when asked about new housing in the city or county, people are more accepting of middle housing and apartments. (See Figure 4.)

Addressing these concerns is paramount to increasing middle housing.⁹ It is noteworthy that there appears to be little opposition to single-family homes on small lots and single-family homes with ADUs. This reinforces a key finding in Part III of this series: Utahns’ preference for the appearance of single-family homes suggests that middle housing will meet with greater acceptance if developed in a manner that mimics the style and scale of single-family dwellings. Furthermore, it may meet with greater acceptance, particularly in the case of comparably larger middle housing developments, when it feathers the edges of larger apartment and condo complexes as a medium-sized transition to single-family sized units.

The top concern for Utahns regarding multifamily housing is that there are “too many people/too much growth” in general.

Requiring two parking spaces demands a significant portion of developable land (shown for eight units), but one space for each is much less demanding (shown for 12 units).

Figure 5: Parking Requirement Example - Three-story Building, Eight Units Approximately 1,000 feet² Each, 16 Parking Spaces, and Twelve Units Approximately 1,000 feet² Each, 12 Parking Spaces



Source: Adapted from *Strong Towns* by the Utah Foundation.

Parking

An additional issue for growth-concerned Utahns is parking. However, the role of parking on its own is an important consideration in addressing middle housing.

Middle housing as defined by contemporary planners and architects has a focus on walkable neighborhoods. Since walkability is key, with close proximity to transportation options and commercial amenities, middle housing may not need the same amount of parking as found in 20th century suburban planning. Developers and architects with middle-housing experience recommend one parking spot per unit – or less.¹⁰ They suggest that requiring more than one space can make development infeasible; requiring a two parking spaces per unit for a four-plex development would not fit on typical residential lots, and the cost of these spaces may reduce affordability.¹¹ (See Figure 5 for an example of parking requirements.)

One proposal is to consider smaller units as half units in terms of parking requirements. For example, in a zone that requires two off-street

parking spaces per unit, if a unit is smaller than 800 or 1,000 square feet, it would only need one parking space.

Affordability comes into play because the cost of a parking garage is high and more surface spaces devoted to parking mean less buildable space. One analysis found a typical surface parking stall costs between \$5,000 and \$10,000 to construct (including the value of the land it occupies). A parking space in a garage can cost \$25,000 to \$50,000.¹² Another analysis found that a parking space adds an average of \$225 per month to apartment rents.¹³

It is possible that developments need less parking than cities typically require. The Institute of Transportation Engineers (ITE) provides parking data to inform cities when determining their parking requirements. However, most cities have not updated their requirements based on the latest data from ITE. Perhaps more importantly, ITE data show *peak* parking demand, which most communities tend to translate into the *minimum* required. The result is that parking requirements are typically too high. The discrepancy between expected demand and required supply can be even more significant where parking demands tend to be low, namely in settings where transit and walk/bike are used to complete a significant percentage of trips.

Envision Utah points to a study suggesting that well-designed centers require much less parking than ITE recommends. Envision Utah also points to a report by the Metropolitan Research Center at the University of Utah suggesting that ITE's estimates focus mainly on suburban areas (with limited transit and walkability) during peak demand (so most parking stays vacant most of the time). Envision Utah's assess-



ACCESSORY DWELLING UNITS

Where do accessory dwelling units (ADUs) fit into the middle housing picture? ADUs – often referred to as mother-in-law apartments – are separate residences on the property of single-family homes. They can be internal, attached or detached – such as in a basement or above a garage. This study does not focus on ADUs, but they nonetheless may be considered a type of middle housing, providing affordability for both homeowners and their tenants.

In 2019, the Utah Legislature passed Senate Bill 34 to modify the requirements for municipalities regarding their moderate-income housing plans. The bill requires 82 cities, three metro townships and 12 counties to select certain strategies from a list provided by the Utah Legislature, including an option to “create or allow for, and reduce regulations related to, accessory dwelling units in residential zones.” A named accomplishment of the legislation was that ADUs had been permitted in single-family residential zoning districts.

In 2021, the Utah Legislature passed House Bill 82, which required municipalities to designate the allowance of internal ADUs in at least 75% of each municipality with permitted ADUs (and at least 33% in municipalities with universities larger than 10,000 students).

As noted earlier, ADUs appear to be among the most accepted residential types within neighborhoods. Developers are now more often building ADU-ready single-family homes. This provides owners with the flexibility of renting out a portion of the property or alternatively providing it to extended family members as needed.

Sources:

- American Planning Association, www.planning.org/knowledgebase/accessorydwellings/.
- Utah State Legislature, Senate Bill 34, 2019, <https://le.utah.gov/~2019/bills/static/SB0034.html>.
- Utah Affordable Housing Commission presentation, August 10, 2021.
- Utah State Legislature, House Bill 82, Single-family Housing Modifications, 2021, <https://le.utah.gov/~2021/bills/static/HB0082.html>.

ment suggests that transit-oriented development tends to create far less parking and driving demand than do suburban areas, and half of ITE’s trip estimates. In fact, this higher-density transit-oriented development study shows that trips (not distance) by automobile are as low as one quarter of all trips, with an emphasis on transit and walking.¹⁴ This may be closer to the case in more-urban areas that are more likely to see middle-housing infill development. Further, a study of sites in Orem found that peak parking demand was less than 75% of supply at 7-of-10 sites studied.¹⁵

In 2019, the Utah Legislature passed Senate Bill 34 to modify the requirements for moderate-income housing plans. The bill requires 82 cities, three metro townships and 12 counties to select certain strategies from a list provided by the Utah Legislature.¹⁶ These include an option to eliminate or reduce parking requirements for residential development where a resident is less likely to rely on the resident’s own vehicle, such as residential development near major transit investment corridors or senior living facilities.¹⁷

It should be noted that existing parking – which often can function as dead space with low taxable value per square foot – may offer a blank slate for the development of new middle housing. A worn-out shopping site can be transformed into a dynamic mixed-use town center where local governments allow the development of well-scaled housing in place of a sea of unused parking.

In short, it is important for local policymakers to take a hard look at their parking needs to discover whether the requirements suit actual needs and whether the payoffs in terms of driver convenience are worth the tradeoffs in housing affordability.¹⁸

The Trouble with Condos (and Other Middle Housing Types)

Condominiums offer a significant possible approach to creating ownership opportunities in middle housing. However, condominium developers can face unique challenges.

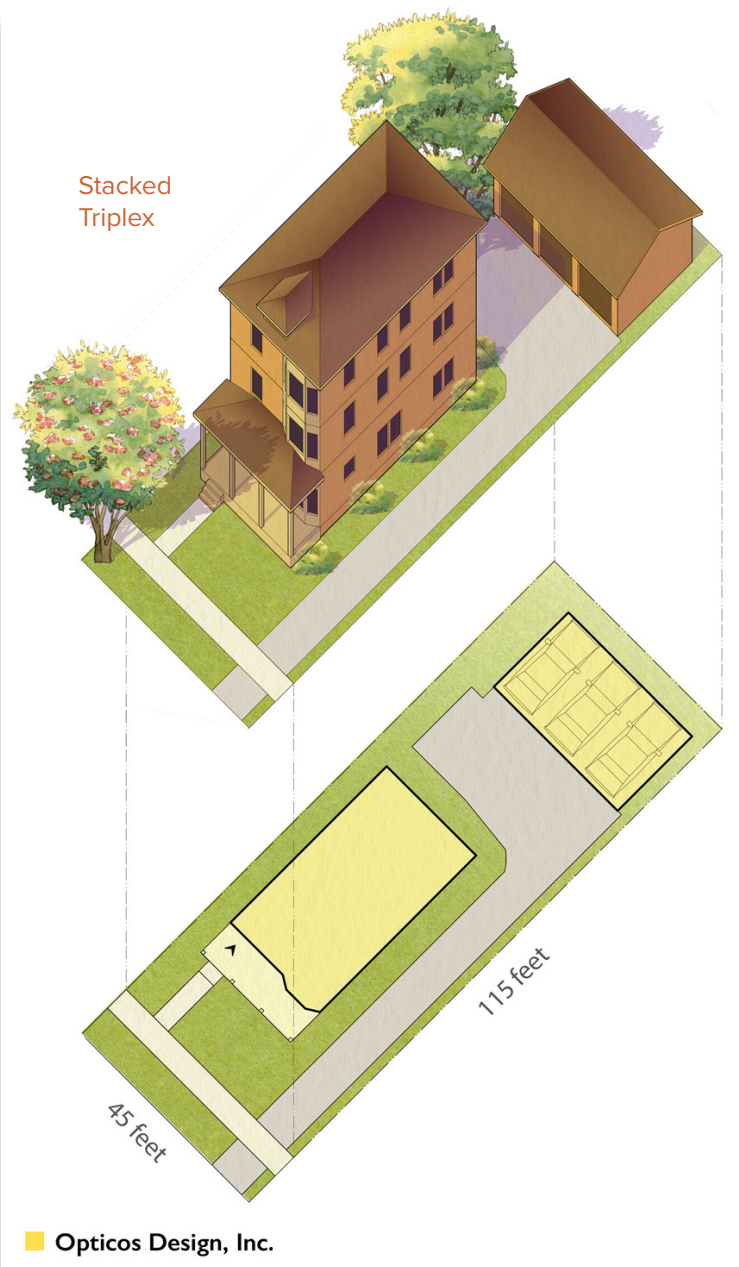
First, it is important to understand that owned housing that is stacked one on top of the other would need to be developed as condominiums – or rented – as opposed to side-by-side housing which can be platted separately as townhomes and owned without more rigorous condominium legal documentation.

Some developers cite a lack of experience with condos, but perhaps a greater impediment is risk. Rental property can be easier to sell or lease, while condo developers might need to maintain ownership in their property for years before the last unit is sold (though in a heated market like Utah is experiencing now, that may no longer be the case).

Further, condos have liability issues regarding implied warranties.¹⁹ This is not the case with apartments or other fully owned properties, where a seller might purchase a home warranty but there are no implied warranties to consider. If a developer sells condo units but later there are defects, the unit owner might file a lawsuit against the builder in part to release themselves from personal liabilities.²⁰ Due to these types of suits, developers – as well as contractors, architects and designers – require expensive insurance to cover warranty repair costs and litigation fees, leading to higher developing costs and purchase prices.²¹ Washington State – seeking to increase the home-owning option that condos provide, passed laws to narrow the definition of what constitutes a violation of implied warranty and requires that owners not only prove that a defect exists but also that it has caused or will likely cause damage to the condo and its basic functions or harm to those living in the unit. The state’s changes also gave condo owners and association members some personal liability exemptions, minimizing the incentive to sue developers.²²

One developer told the Utah Foundation that builders in this state may see some increased implied-warranty liability due to construction defect risks and frivolous lawsuits. However, he suggests that if the developer does a good job and has good condominium documents, condos can be a safe development option.

Furthermore, condos can be more difficult to finance than other housing. First, builders can experience financing hurdles based upon the share of a development’s condominium that individual owners are allowed to rent to third parties; banks are less interested in lending to condo project that allow for a large share of renters.²³ Additionally, a developer must have a number of units sold before breaking ground. While apartment developments also contend with prelease requirements, the sale of condos might be slower than leasing up apartments. For instance, the City Creek Center in Salt Lake has both condos and apartments. The latter leased up very quickly, while the condos took years to sell. This time differential seems reasonable, since one is a shorter-term, lower-priced commitment while the other is a long-term



investment – though during that period, single-family detached homes enjoyed a far shorter time on the market. This suggests that condos have been a riskier gambit than both rentals and other types of ownership, such as single-family detached homes or townhomes.

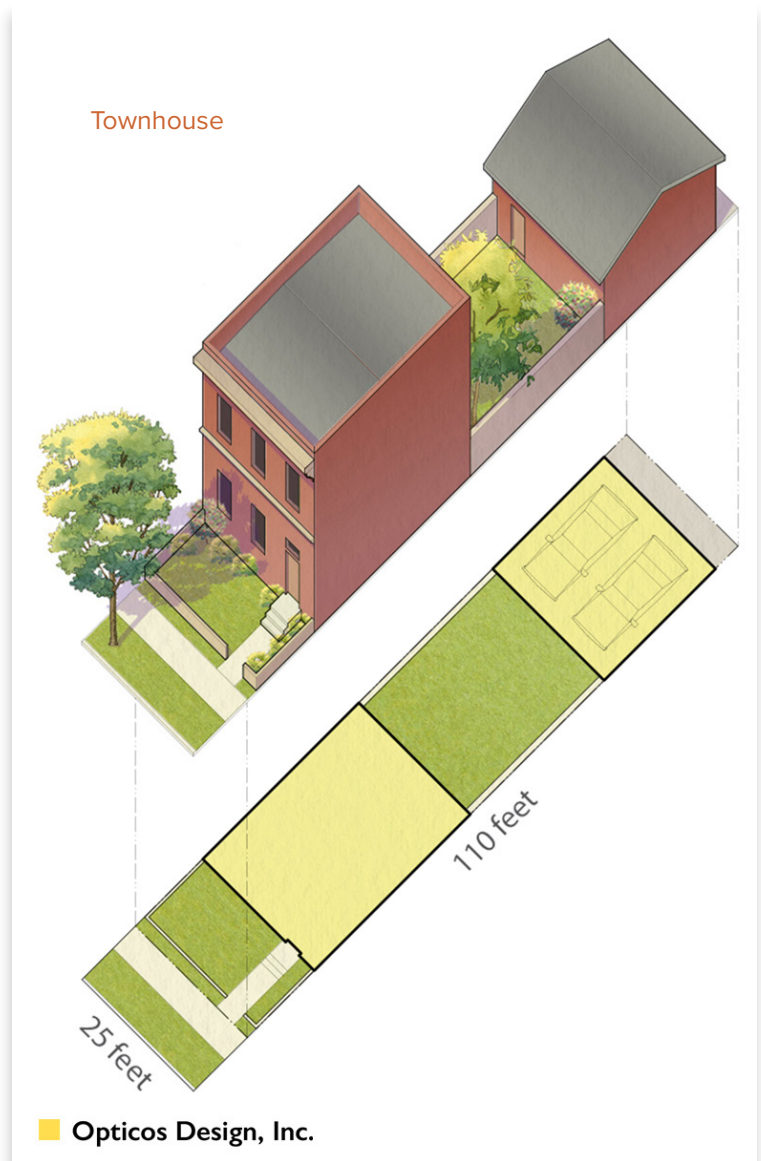
Since the Great Recession, it has been harder to build condos because loans from banks for developers are more difficult to procure. This is in large part because, during that economic hardship, condo owners were more likely than other homeowners to default on mortgage payments, and developers had a more difficult time selling condos than single-family detached homes.²⁴ Apartments were a safer bet for building loans since people still needed a place to live, though homebuyers were fewer, qualifying for home loans became much tougher, and home values were down. Banks took notice; construction loans for condo projects are still seen as a greater risk. This may drive up finance costs.

For purchasers, there are also some barriers.²⁵ One developer suggests that condo association dues are often twice the cost of housing association dues for townhomes (largely because the joint space in a condo project includes more of the building), though another developer has had a different experience, suggesting that the fees might be only slightly higher. Furthermore, many developers suggest that townhomes are just easier to develop than condos. But in terms of addressing the housing crisis described in Part I, one builder suggests that condos might be the best chance at consistently achieving home ownership for Utahns with lower price points.

In other types of middle housing, lending can be a financial barrier given that buildings with more than six or so units require commercial loans, which may require a 20% down payment – whereas many single-family and small multi-plex purchases require very small, residential down payments. However, a banker with whom the Utah Foundation spoke suggests that smaller projects often have a costly per-unit regulatory burden, while the economics of larger projects simply appeal to more sophisticated builders who can procure loans more easily.

Finally, lenders might not lend as easily on all types of middle housing, such as live-work housing. An early Utah live-work developer in Salt Lake City faltered due to the inability to quickly sell its condo units and its live-work units, the latter due in large part to buyer difficulties in procuring loans.²⁶

With all this said, the development community is evolving, and market pressures may open the way for more condo development, including smaller-scale options that fit into the “missing middle” category. As the memory of the mortgage crisis recedes and the market demands more options, condos may find a greater foothold.



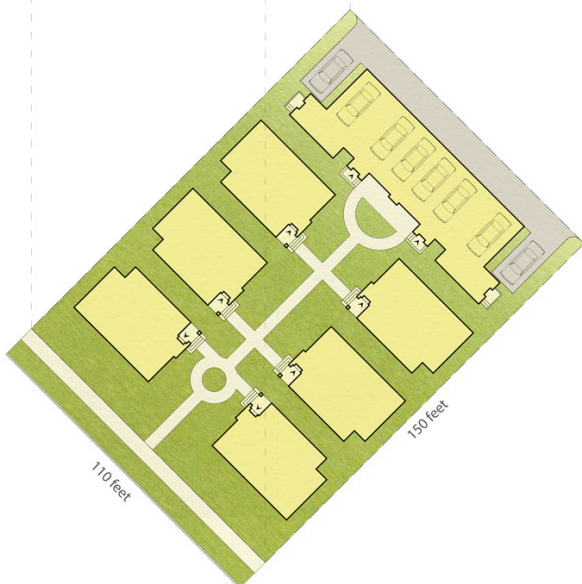


SMALL-LOT SINGLE-FAMILY HOUSING

Like ADUs, another type of housing option may be considered middle housing: small-lot, single-family homes. They can help provide additional price-points to homeowners, below that of similarly-sized homes on larger lots. And due to their lot-sizes, they might increase neighborhood walkability and could be developed nearer to town-centers, which often are devoid of larger tracts of available land.

As noted in Part III, single-family home lot sizes for new construction have been shrinking. This is likely in part a response to market pressures for less expensive housing. One developer suggested that changing consumer preferences are driving this decrease, as many homeowners are seeking smaller lots because they require lower maintenance. For example, his company built 350 units of single-family detached housing in a Kaysville development with three lot sizes. The best-selling of these were the small lots. In response, his newer developments are three-story, single-family cottage-court style houses in Daybreak and Layton on small lots – about 4,000 to 5,000 square feet. This is equivalent to about one-tenth of an acre, which is similar to historic neighborhood lot sizes. Another developer told the Utah Foundation that many customers are satisfied with public space rather than individual yards.

Cottage Court



Opticos Design, Inc.

OPENING THE WAY FOR MIDDLE HOUSING

Identifying Untapped Opportunities

People often think about housing as either single-family homes or large apartment complexes, with nothing in the middle. This can also be true of developers and municipalities: Middle housing is often missing in their imaginations – and practices.

Developers. Developers might not see middle housing as an answer to the housing crisis, or as a route toward their own financial goals. The Utah Foundation spoke with one builder who suggested that duplexes are not as efficient to build as fourplexes, and fourplexes are not as efficient as eight-plexes. Further, he said, five townhomes cost the same to build as two twin-homes. He also suggested that the market for duplexes is limited.

Others tell a different story. One developer with whom the Utah Foundation spoke suggested that the lucrative nature of middle housing is a bit of a secret. He suggested that maybe he did not really want it to catch on, since it was working well for his firm.

Construction methods for middle housing are very similar to those of single-family homes. They require stick frame construction with the same construction code requirements and the same residential single-family home construction methods.²⁷ If you can build one, you can build the other. Accordingly, middle housing could be more ubiquitous than mid-rise, allowing small and medium-sized developers to enter the middle housing segment through incremental development in both slow and faster developing areas across the state.

Another builder is developing almost all types of middle housing – though most of the product can be classified as townhomes. Its model is to tear down old, inefficient buildings and rebuild there. The company previously focused on building single-family housing, but found it challenging to compete with big builders in suburbs. The company likes the affordability of small infill, boasts a steady flow of cash (compared to the cash tie-ups that come with very large parcels), and finds that infill is recession-proof in that there is always a market for moderately priced homes in more mature areas.

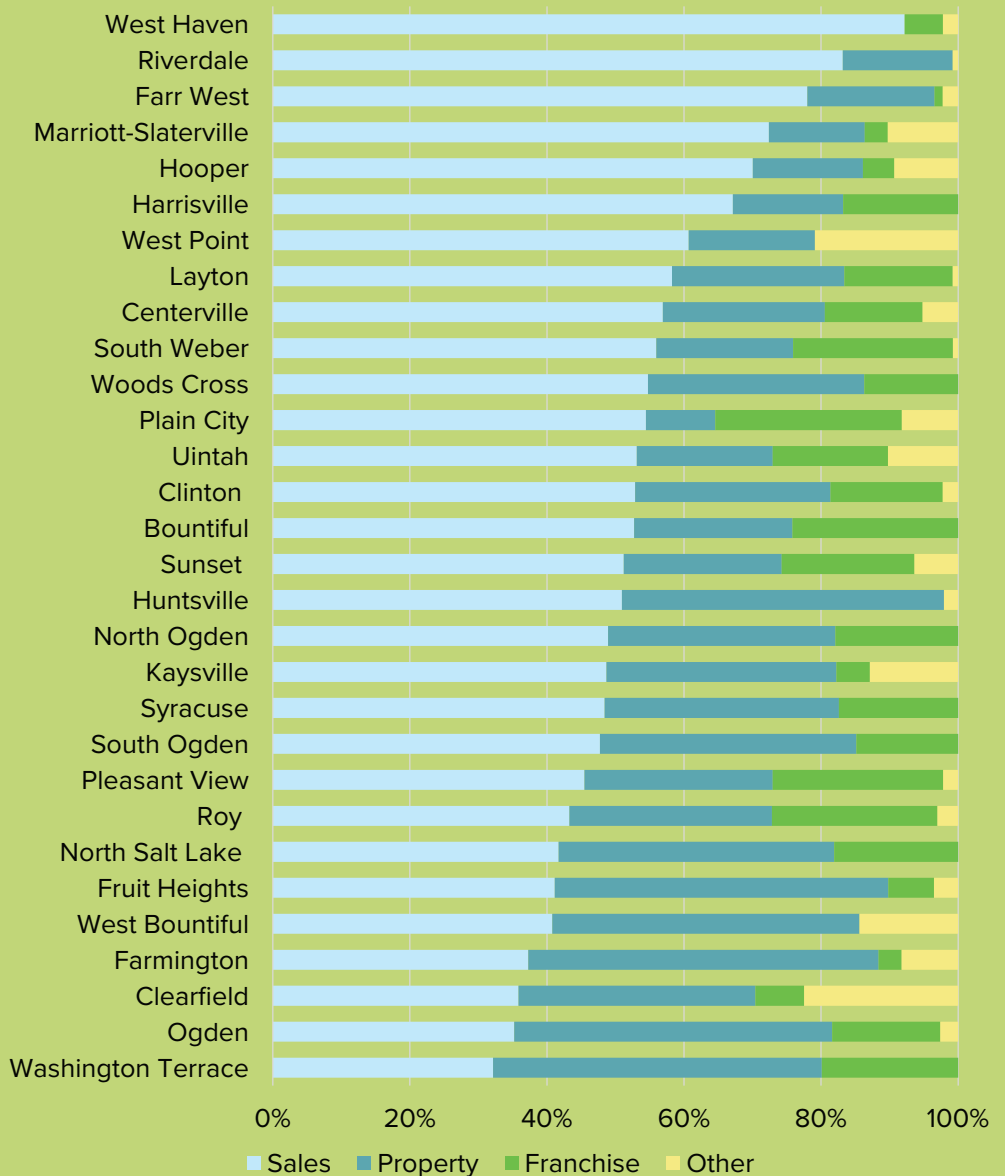
While one builder suggested that six-plexes and eight-plexes are hard to sell, a banker with whom the Utah Foundation spoke suggested that there is high demand for multi-unit buildings. And one realtor agreed, arguing that multiplexes are even more popular than single-family homes – though for a different set of purchasers – and that Utah cities should open the way for more.

Local Policymakers. Some suggest that counties, cities and towns also have much to gain from considering more middle housing. One big argument for middle housing and increased density is the commensurate increase in taxable value per acre. In fact, some have used the increase in property tax revenue as a justification for its development. However, one city representative with whom the Utah Foundation spoke suggested that single-family detached units on small lots can result in higher tax revenue than twin-homes with a slightly higher density, given that the detached units of the same size are valued about 25% higher. He questions why a city would allow for more of such attached housing if it does not make sense from a property tax revenue standpoint. The Utah Foundation analyzed this city’s tax data and found that this is the case across several new, somewhat comparable developments. However, the results may vary based on service and infrastructure costs and the stage of development in one jurisdiction versus another.

Some city officials suggest that middle housing density would also lead to increased commercial development – with more customers in an area attracting more business and more employers for the community. Utah Foundation research from 2019 looking at Davis and Weber counties shows that most cities in those counties rely more on sales tax than property tax. (See Figure 6.) Middle housing could increase the proportion of a city’s residents, resulting in a larger base to support its sales tax revenue.

Most cities in Davis and Weber counties rely more on sales tax than property tax.

Figure 6: Utah Foundation Analysis of City Tax Receipts, Davis and Weber Counties



Source: The Utah Foundation, 2019.

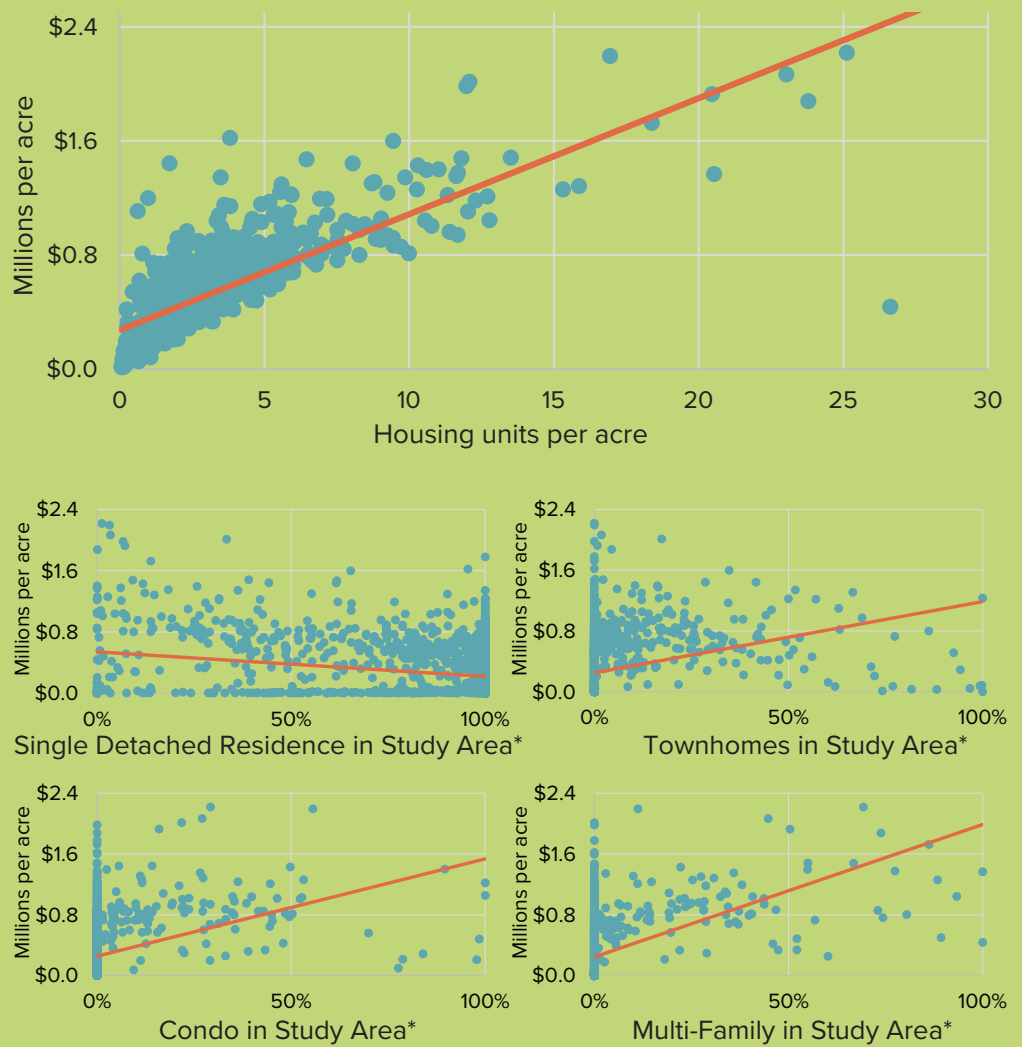
Further, along and around much of the Wasatch Front, another resource – land – is limited, so some jurisdictions may prioritize efficient use of remaining land.

Utah Foundation research also shows that the more units per square mile in Utah County, the higher the property tax revenue. (See Figure 7.) Moreover, the greater the proportion of multifamily units (townhomes, condos and/or apartments) per square mile, the more revenue the square mile generates, while areas with a greater proportion of single-family detached units generate less property tax revenue.

A Morgan County official with whom the Utah Foundation spoke likes the rental promise that middle housing might offer. With only one hotel in the county, middle housing could open the way for short-term rentals and, thereby, more tourism and revenue from transient room taxes.

The more residential units, the more property tax revenue.

Figure 7: Utah Foundation Analysis of Property Tax Receipts and Housing Units by Study Area Parcels, with Trendlines, Utah County



* Each "study area" is one-quarter square mile.

Source: The Utah Foundation, 2022.

Middle housing is also flexible. It can be compatible with single-family areas and small downtown areas, transit zones, residential suburbs, towns, and mixed-use centers. It can be used in transition between community types. It creates variety at a range of price points for communities' residents. And, if executed well, it can be good for "place-making," or creating sense of place in neighborhood and village centers that define a neighborhood. When considering many of the places that tourists like to visit, from the Caribbean to Europe (and multiple American cities and towns), the character of these places draws heavily on the small, multi-family middle housing in historic areas. Here in Utah, Clearfield (among others) is using middle housing to revitalize its downtown, seeking to bring more residents into historic areas to help sustain local businesses and community character.

There are some hinderances. Some municipalities feel that developers want to build too much at a time – 250 units instead of 25. Middle housing might allow for smaller developers to produce the right fit for small communities that want to grow incrementally, with the aim to blend in with residential neighborhoods. However, it can be scaled from suburbs and Main Street areas to new urbanism, up to town centers and downtowns to meet the needs of cities and towns of various sizes and stages of development.

While some municipalities may be concerned about too much new development, others might be focusing on large, dense projects. One builder suggested that, even in densely zoned areas, cities and towns often have a minimum unit threshold that only larger developers could manage, for fear that smaller builders are not as sophisticated, and so will do a bad job. However, bigger builders might not be able to get the larger number of units on small parcels to make it worth their while. Other cities might not want smaller developments because they are not meaningful in boosting number of units. However, one developer suggests that he could have built numerous small parcels in those areas which would have been meaningful in reaching larger numbers of new housing units.

Through regulatory changes at the local level, the market can be opened up to allow buyers and developers to align under the desires of municipalities, so that larger developers can build in cities that want more units, and smaller developers can build in cities and towns that are seeking slower growth. And in the process, cities and towns should perform the necessary fiscal analyses to determine what works financially. When providing for a range of housing types, they need to make sure the metrics work, providing the amount of development they desire for the populations they are seeking to serve, with the added property tax revenues that – with other economic stimulation – could help support municipal budgets.

One middle housing builder with whom the Utah Foundation spoke suggests that every city council needs a master plan to help foster an understanding among communities and developers. Even if they do not zone accordingly, builders will be more likely seek a rezone because the plan offers a stronger argument for rezoning. That said, zoning should ideally reflect the broader brushstrokes in a master land use plan.

Finally, middle housing might have a life outside of urban areas. Smaller towns might be more accepting of middle housing that is affordable, instead of midrise apartments that do not fit with the character of Main Street areas and other historic neighborhoods.





ZONING IN SALT LAKE CITY

Salt Lake City is proposing an amendment to its current zoning with an explicit focus on allowing for “Missing Middle Housing.” The city is looking to address land-availability and land-cost issues with text changes to its residential multi-family zoning districts (starting with its low-density RMF-30 district). For instance, the proposal would allow for narrower RMF-30 lots and additional units that are not street-adjacent, and it would reduce the required amount of square-footage on the lot per unit to achieve an increase in density (shifting from 3,000 to 2,500 – well within the realm of middle housing).

The proposed zoning changes would also incorporate some form-based code design standards to create more compatible development, such as requiring 35% of the street-facing portion to be glass, using high-quality building materials on the front façade, and including inviting entryways (like porches or stoops).

The city calculates that there are just over 1,000 RMF-30 lots within its city boundary. Most of these have existing housing in place, and more than half hold single-family units.

There are potential downsides to these code changes. Some are concerned that such changes might lead to the redevelopment and renewal of older, more affordable neighborhoods through the demolition of older, more modest homes to be replaced with luxury townhomes – driving down affordability. Accordingly, a City-Council vote on the zoning change is awaiting the city’s affordable housing overlay and the city’s gentrification/anti-displacement study.

Sources: Conversations with Salt Lake City personnel, and Salt Lake City, Zoning Update – Multi-Family Residential (RMF-30) Zone, Frequently Asked Questions, www.slc.gov/planning/wp-content/uploads/sites/13/2019/04/RMF-30-Fact-Sheet_031519.pdf.

Overlay Zones

Overlay zones are adopted by municipalities as special zones placed over existing zones toward a specific goal.²⁸ Common reasons are for floodplain management, historic overlays to help preserve the character of neighborhoods, bonus densities to meet various policy goals, and overlays that govern the location of sexually-oriented business. Transit overlays seek to incentivize the increase of transit-oriented development along rail and bus corridors.

Another possible overlay zone is for middle housing. This type of overlay could allow for middle housing in traditionally single-family zoned areas, particularly those near transit and retail, around main street areas, in downtowns, and as transitions between more dense areas and single-family ones.

The go-to approach for such a zone might be to define building height with residential-lot density and setbacks from the road. However, a key municipal middle-housing consideration is to set scale (or height) and footprint – widths and depths, not density. Instead of density, municipalities might allow for any number of units that the project might hold. This could spur developers to follow the market and build house-scale, middle housing buildings. In addition, cities could choose from the menu of nine middle housing types to be allowed in an overlay zone.

Upzoning

While zoning may be a barrier to middle housing development, upzoning is often seen as a solution. Upzoning is meant to increase housing supply.²⁹

A new approach to upzoning has been taking place across the country.³⁰ This started in Minneapolis, which changed its zoning to allow for duplexes and triplexes on all single-family residential lots, essentially eliminating single-family zoning.³¹ The move also eliminated the requirement for off-street minimum parking and provided supports for increasing affordable housing supply.

However, it should be noted that if the new development is too intense, it could have a negative impacts on quality of life and neighborhood character. For that reason, it



MODERATE-INCOME HOUSING PLANS

Cities and counties are required to develop moderate-income housing plans. In an effort to make the plans more useful across the state, the 2019 Utah Legislature passed Senate Bill 34 to modify the requirements for moderate-income housing plans. The bill requires 82 cities, three metro townships and 12 counties to select certain strategies from a list provided by the Utah Legislature. These include:

- Rezone for densities necessary to assure the production of moderate-income housing.
- Allow for higher density or moderate-income residential development in commercial and mixed-use zones, commercial centers, or employment centers.
- Encourage higher density or moderate-income residential development near major transit investment corridors.

The former two items were in the top options chosen by municipalities for their housing plans in 2020. A named accomplishment of the legislation was that municipalities allowed for a rezoning designation to provide ample density for affordable housing to be built. However, at least one legislator is concerned about how much progress cities are really forced to make on their plan goals.

Not all municipalities needed this legislative guidance to focus on middle housing. On December 12, 2017, the Salt Lake City Council voted unanimously to adopt Growing SLC: A Five-Year Housing Plan 2018-2022, the first housing plan for the city since 2000. The plan seeks to support and fund projects that increase and diversify housing supply. It points directly to bolstering the development of “missing middle” housing.

Sources:

- *Utah State Legislature, Senate Bill 34, 2019, <https://le.utah.gov/~2019/bills/static/SB0034.html>.*
- *Utah Affordable Housing Commission presentation, August 10, 2021.*
- *Salt Lake City, Growing SLC: A Five-Year Housing Plan 2018-2022, www.slc.gov/hand/housingplan/.*

may be prudent to begin by trading single-family zoning for two-family zoning and, if successful, build to four-family zoning (or more, depending on the area).

A potential issue with upzoning is that density treats every unit as the same size in terms of zoning requirements. A 500-square-foot home is treated the same as a 3,500-square-foot home. One proposal is to increase developers’ interest in middle housing – as with parking above – by considering smaller units as partial units (one half or otherwise) in terms of calculating density and impact fees.

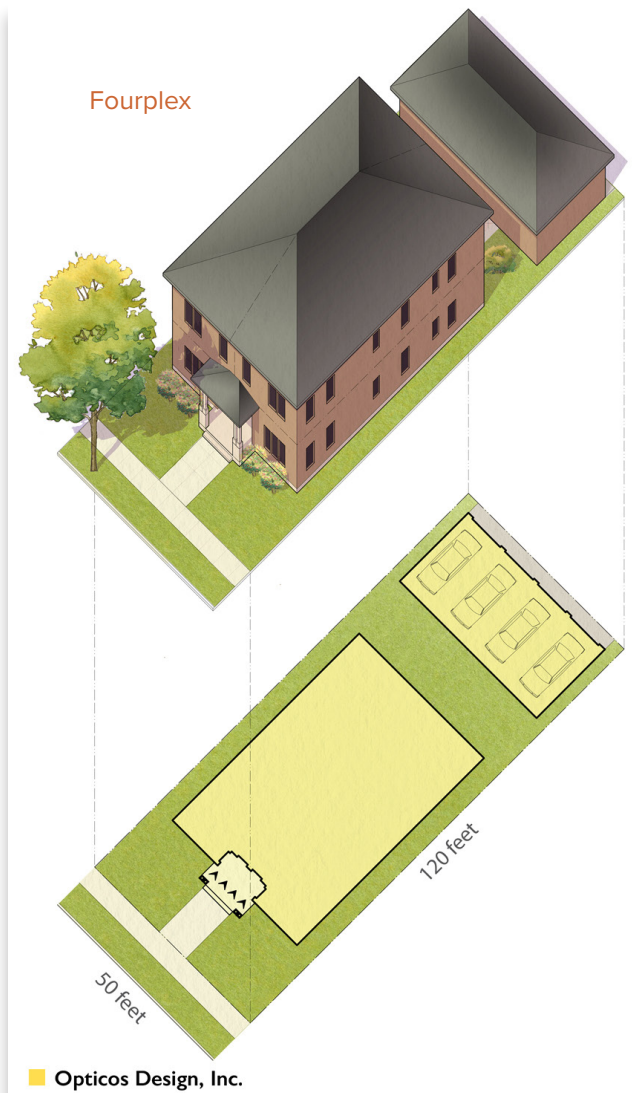
Form-Based Code

Another approach to allow for middle housing is the deployment of form-based code in place of traditional use-based zoning.

Traditional zoning looks at use, often separating residences, retail and industrial areas. It suggests that each area should have a singular use – and secondarily may consider design and form. Form-based codes focus on design and form, letting market forces determine use.

A form-based code is a regulatory mechanism, not a mere guideline, adopted into city, town or county land use ordinance. It seeks to foster predictable results in the streetscape by using physical form rather than separation of uses as the organizing principle for the code. For instance, instead of setting a zone for single-family development, or multifamily, or retail, a zone might be set for a size and type of building with a set of placemaking characteristics, in which single-family, multifamily or retail can co-exist.

Form-based code emphasizes physical form to regulate and guide development and implement the vision for a place.³² The various middle housing building types could be included, with ranges for setbacks, heights, layouts, garage requirements and architectural variety:³³



Form-based codes might also consider architectural standards, landscaping standards, signage and environmental standards, such as tree protection, storm water drainage and other regulations. It should be noted that these are not aesthetic or design preferences, but form requirements.

As with design (see the sidebar in Part III of this study), there is danger with the subjectivity in form-based zoning. For instance, what is “house scale” when talking about middle housing? Form-based code needs to be specific. While traditional zoning is typically objective, the subjectivity inherent to form-based codes could result in developments that neither increase housing supply nor ensure good placemaking characteristics. However, being overly prescriptive could also be problematic in that it might hinder creativity and increase costs.³⁴

A step toward form-based codes is with a hybrid traditional/form-based approach. These take traditional zoning, but apply certain form-based code characteristics such as setbacks, building size, parking placement, architectural features and building materials. However, some suggest that hybrid codes do not produce the desired physical outcome desired.³⁵ Further, they would likely not allow for or encourage middle housing without changes to the traditional zoning.

Salt Lake City’s first form-based code was adopted in 2013 for the Central Ninth neighborhood using two zones, allowing for small scale building in one area – up to two and one-half stories – and larger in another – up to four stories.³⁶ The code provides specific building requirements and a wide variety of building uses, including images for clarification, as well as a host of design specifications such as entry requirements and signage. In part given that the area is served by the Trax light rail, there is no minimum parking requirement.

South Salt Lake adopted its code in 2014 for the area along the east/west Utah Transit Authority streetcar track. It was based upon community input, visioning efforts, branding, and the Streetcar Master Plan as a placemaking effort to develop a shopping and entertainment destination.³⁷ The plan provides extensive details regarding types of streets, buildings and open space, as well as detailing placemaking around entries and signage.

Numerous communities are enacting or exploring form-based code or hybrid approaches, including Eagle Mountain, Farmington, Farr West, Heber City, Magna, North Logan, Ogden, Park City, Pleasant View, Provo, Salt Lake City, Salt Lake County (Meadowbrook), Sandy, Saratoga Springs, South Salt Lake, Springville and West Valley City, among others.

There are hurdles to form-based codes adoption. Planners – often educated in traditional zoning – might see form-based codes as a tool that is good for architects but far from the comfort of a municipalities’ recent past practices. On the other hand, builders and designers might see form-based codes as being overly prescriptive, restricting the creativity of their craft. Municipalities, though, might benefit from the prescriptive natures of the codes. Importantly, the path to developing a form-based code should include community members in the process, both for gathering preferences as to the form and for education of the community at large.

A middle housing developer suggests that form-based code could rectify some city and town concerns around unsophisticated builders. If the code is well-detailed to leave out any ambiguity, and includes management and maintenance requirements, more

builders could produce the type of middle housing that communities might desire.

The Wasatch Front Regional Council has developed a form-based code tool to help municipalities establish form-based code ordinances.³⁸ The Form-Based Codes Institute (FCBI) has developed a wealth of material to evaluate and shape form-based code.³⁹

Most of the form-based codes in Utah exclude middle housing building types. Planners and city councils should consider the range of types as they explore adopting form-based codes.

CONCLUSION FOR PART IV

Expanding Utah’s portfolio of housing to include middle housing opportunities faces a basic challenge: In most places the law doesn’t allow it. For instance, in Utah’s most populous county, Salt Lake, more than 88% of residential land is zoned single-family. For small, middle-housing developments at the neighborhood level, developers would often need conditional use approval or a rezone, which implies uncertainty, time and effort – and higher costs.

A key barrier against new middle-housing development is zoning. Zoning trended significantly toward single-family residential with automobile-oriented development patterns in the 1900s. As a result, development shifted away from walkable medium-density housing in many areas, reducing the relative supply of the now “missing” middle.

In Salt Lake County, for instance, large swaths of local communities are off limits for middle housing. Salt Lake County Regional Development analyzed all zoning in the county, finding that most significant opportunities for middle housing are in the southwest of the county, with a smattering of opportunities elsewhere.

Another possible obstacle is parking. It is important for local policymakers to take a hard look at their parking needs to discover whether their requirements suit actual needs and whether the payoffs in terms of driver convenience are worth the tradeoffs in housing affordability.

Condominiums offer a significant possible approach to creating ownership opportunities in middle housing. However, condominium developers can face unique challenges, from financing issues to risk.

It is not clear just how many middle homes the housing market would bear, since the obstacles do not allow the development to meet the demand.

There are multiple means of opening the way for middle housing. Overlay zones may be targeted to the creation of middle housing. This type of overlay could allow middle housing in traditionally single-family zoned areas, particularly those near transit and retail, around main street areas, in downtowns, and as transitions between more dense areas and single-family ones.

Upzoning to allow small multifamily in formerly single-family zones holds the promise of creating new housing opportunities. However, to avoid negative impacts on quality



Middle housing can be used to provide homes at a variety of price points, promote walkable neighborhoods and address changing demographics.

of life and neighborhood character, it may be prudent to begin by trading single-family zoning for two-family zoning and, if successful, build to four-family zoning (or more, depending on the location).

Form-based codes provide a zoning approach that allow developers to focus on place-making, rather than use, possibly opening the way for middle housing. However, a successful form-based approach must avoid being both ambiguous and overly prescriptive.

This study has revealed a striking reduction in housing affordability in Utah, both for potential buyers and renters. Middle housing can be used to provide homes at a variety of price points, promote walkable neighborhoods and address changing demographics. This study has documented the potential, both as a means of addressing affordability and – if well executed – as a means of assuaging the concerns of neighbors about new development. It has also explained why providing homeownership options is a critical component of any middle housing strategy.

It is clear that the single-family form is highly favored among Utahns, and there is an openness to small-lot single-family development. It is also clear that new multi-unit development can be built in a manner that mimics that form and blends seamlessly into a variety of neighborhood types. And while there are obstacles to the creation of middle housing, there are also various means of opening the way.

Ultimately, to ease the pressure on housing prices, communities will need to consider a range of strategies. Ongoing population growth seems to be an inevitability. There are a host of affordability measures that policymakers might take (from down-payment assistance to developer subsidies). But addressing growth pressures for market-priced households will also require more middle housing.

APPENDIX

Salt Lake County Regional Development developed the following process to determine zones where middle housing is encouraged:

1. Is attached housing or small cottage courts allowed?
2. If yes, what types are permitted or conditional?
3. Does the zone have favorable density (low to medium)?
4. Does the zone allow for various building types?
5. Are there restrictions on development that would make incorporating middle housing difficult?

Some cities allow for twin homes (property divided at middle wall) but not duplexes (one property, two units). The county included twin homes as a type of duplex in this analysis.

This analysis does not include overlays, but cities may be aware of overlays that would be suited for middle housing. Examples may include some mixed-use or planned community zones. These can be incorporated into this analysis if cities determine they meet the parameters of encouraging middle housing.

Figure A: Detail of Middle Housing Zoning in Salt Lake County. (Full analysis available at www.utahfoundation.org/middle-housing.)

City	Zoning District	Description	Land-use restrictions	Duplex	Triplex	Four-plex	Town-house	Cottage Court	Multi-plex	Court-yard	Live-Work
Alta	Forestry Multi-family (FM-10)	Forestry Multi-Family (max 10 units or 20 guestrooms).	No more than 2 buildings 10 du or 20 guest rooms/ac. .5 ac min lot size. 25% max lot coverage.	C	C	C	C				
	Forestry Multi-family (FM-20)	Forestry Multi-Family (max 20 units or 40 guestrooms).	No more than 2 buildings 20 du or 40 guest rooms/ac. .5 ac min lot size. 25% max lot coverage.	C	C	C	C		C	C	
Bluffdale	Residential Multi-family (R-MF)	Multi-family designed to be compatible with surrounding uses. Intended to have limited commercial services, including ground level retail and commercial businesses and home occupations.	5 acre minimum. Up to 12 and a half du/ac.	P	P	P	P		P	P	P
	Mixed Use (MU)	Mixed uses and diversity of dwelling unit types as part of a pedestrian friendly layout.	Min 10 acres. Multi-family should not be more than 20% of all residential units. 1 du/ac max allowed density. Open space percentage yields density bonus.	P	P	P	P	P	P	P	P
	Special Development: Bringhurst Station (SD-X)	Mixed uses and diversity of dwelling unit types.	While various types of housing are permitted, the only MM types in the plan are townhomes.					P			
	Special Development: Gateway (SD-X)	Intended to locate hospitality, retail, and multi-family dwelling on the east gateway to Bluffdale.	Up to 500 multi-family units.								

LEGEND

SIGNIFICANT OPPORTUNITIES
Four or more types of Missing Middle housing types are permitted .
MODERATE OPPORTUNITIES
Four or more types of Missing Middle housing types are conditional and permitted .
LIMITED OPPORTUNITIES
Three or fewer types of Missing Middle housing are permitted and/or conditional .
MIDRISE+
More than 19 units/building, but allows for some "Missing Middle" housing types.

P = Permitted **C/CA = Conditional /Cond. Admin.**

Duplex	Duplex (side-by-side or stacked) (considered a single type) Includes twin homes
Triplex	Triplex (stacked and alt. configs)
Four-plex	Fourplex (stacked)
Townhouse	Town-house
Cottage Court	Cottage Court
Multiplex	Multiplex Medium (Mansion Apartment) (max 12-18 units/building)
Courtyard	Courtyard Building
Live-Work	Live-Work

Source: Salt Lake County Regional Development.

ENDNOTES

- 1 James Wood, Dejan Eskic, DJ Benway, Kathryn Macdonald-Poelman, *Housing Affordability: What Are Best Practices and Why Are They Important?*, November 2020, pp. 1-2, <https://gardner.utah.edu/wp-content/uploads/Best-Practices-Dec2020.pdf>.
- 2 Nathaniel Decker. (2021) Affordable Housing Without Public Subsidies. *Journal of the American Planning Association* 87:1, pages 62-72.
- 3 Utah Foundation analysis of Wasatch Front Regional Council data.
- 4 Board of Governors of the Federal Reserve, Distributional Financial Accounts, www.federalreserve.gov/releases/z1/dataviz/dfa/distribute/chart/. Utah Foundation analysis.
- 5 Dejan Eskic, The Impact of High-Density Apartments on Surrounding Single-Family Home Values in Suburban Salt Lake County, February 2021.
- 6 Envision Utah, NIMBYism Survey Results, April 2021.
- 7 Ibid.
- 8 Ibid.
- 9 The Envision Utah survey tested various types of messaging, all of which seemed to resonate with some respondents. Those that topped the list had to do with housing for teachers, firefighters and police officers, followed by housing near job centers to reduce traffic, air pollution and infrastructure costs, and allowing for affordability that will let Utahns' children to remain in the state – and closer to their parents. Envision Utah, NIMBYism Survey Results, April 2021.
- 10 Opticos Design, *What are the characteristics of Missing Middle Housing?*, <https://missingmiddlehousing.com/about/characteristics>.
- 11 Strong Towns, *The Many Costs of Too Much Parking*, November 20, 2018, www.strongtowns.org/journal/2018/11/20/the-many-costs-of-too-much-parking
- 12 Joe Cortright, *The Price of Parking*, October 18, 2016, <http://cityobservatory.org/the-price-of-parking/>
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- 14 Reid Ewing, Guang Tian, Torrey Lyons, and Kathryn Terzano, *Trip and parking generation at transit-oriented developments: Five US case studies*, April 2017.
- 15 Orem City Planning Division, *Orem City Parking Study*, April 2019, https://legistarweb-production.s3.amazonaws.com/uploads/attachment/pdf/420894/Parking_Study_Final_Report.pdf.
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- 17 Ibid.
- 18 Strong Towns provides a toolkit for cities and towns to analyze their parking needs. Strong Towns, *A Guide to Busting Parking Myths in Your Town*, November 21, 2018.
- 19 Express warranties are certain guarantees about the condo made directly to the buyer. These warranties can be easily covered by a good contract. Implied warranties give the impression that what is being sold is fit to fulfill its purpose and are usually the cause of litigation between owner and developer because they are not clearly defined. Larry Costich and Russel Robertson, *Long-Awaited Condo Reform Kicks In: Here's What Developers Need to Know*, Schwabe, Williamson & Wyatt, August 15, 2019.
- 20 The previous condo laws gave a vague definition of “defects” that violated implied warranty and therefore increased what a developer could be sued for. A wide variety of building experts were able to manipulate the law and the classification of “defects” became subjective. Associated General Contractors of Washington, *Condo liability reform legislation signed into law*, May 6, 2019, www.agcwa.com/condo-liability-reform-legislation-signed-into-law/.
- 21 Dan Bertolet, Modifications to Washington’s Condo Law Could Give Production a Shot in the Arm, Sightline Institute, January 18, 2019.
- 22 Associated General Contractors of Washington, *Condo liability reform legislation signed into law*, May 6, 2019, www.agcwa.com/condo-liability-reform-legislation-signed-into-law/.
- 23 With condo requirements, “warrantable” developments only allow up to 30% of the units to be rentable. If the development allows more than that, it is “unwarrantable,” for which some banks put restrictions on lending.
- 24 The entire lending industry tightened up since a major contributor to the recession was that all of the stated income, adjustable-rate mortgages that buyers were able to obtain in the years before came due and homeowners were not able to pay the higher rates or secure new loans. Property values went down, there were numerous short sales, and lender requirements became more stringent, especially for condos where extra scrutiny was put in place such as the physical and financial condition of the building.
- 25 For instance, if loan-to-value on the project is 75% or less, there is a small review for loans. But if more than 75% loan to value, that requires a full review, which can be an issue for condo purchasers. For instance, under a full review, if 6% of owners in complex are past due on their condo fees, potential buyers will not be able to get financing. Further, there is also a higher interest rate for condo loans.
- 26 The author of this report was on the non-profit developer’s board of directors from the construction of the units through to the disposition of all assets and organization’s dissolution.
- 27 Utah Residential Code, R101.2, <https://up.codes/viewer/utah/irc-2015/chapter/1/scope-and-administration#1>. The provisions of the International Residential Code for One- and Two-family Dwellings shall apply to the construction, alteration, movement, enlargement, replacement, repair, equipment, use and occupancy, location, removal and demolition of detached one- and two-family dwellings and townhouses not more than three stories above grade plane in height with a separate means of egress and their accessory structures not more than three stories above grade plane in height.
- 28 Elizabeth Garvin, Making Use of Overlay Zones, *Planning Commissioners Journal*, 2001, <https://plannersweb.com/wp-content/uploads/2001/07/318.pdf>.
- 29 Jenna Davis, The double-edged sword of upzoning, July 15, 2021, www.brookings.edu/blog/how-we-rise/2021/07/15/the-double-edged-sword-of-upzoning.
- 30 The Kem Gardner Policy Institute has written in favor of upzoning. It notes that “Recently, housing preferences have moved toward multifamily housing (condominiums, twin homes, townhomes, and apartments)... Zoning ordinances, in many cities, do not reflect the shift in preferences to higher density, more affordable housing. Zoning often lags changes in market preferences” And the “troubling price trajectory can’t be tamped down without a larger supply of high-density housing.” The report goes on to suggest that “Higher-density housing, which is often closer to employment centers, may reduce household transportation costs. Public infrastructure costs will be lower per household in higher-density residential developments. Higher housing densities, particularly surrounding transit-oriented developments (TODs), improve public transportation efficiency. And high-density housing is an essential component of a walkable community.” See James Wood, Dejan Eskic, DJ Benway, Kathryn Macdonald-Poelman, *Housing Affordability: What Are Best Practices and Why Are They Important?*, November 2020, p. 2.
- 31 Richard D. Kahlenberg, How Minneapolis Ended Single-Family Zoning, October 2019, <https://tcf.org/content/report/minneapolis-ended-single-family-zoning/?session=1>. And E. Trickey, J. White, S. Sitrin, & B. Gerstein, How Minneapolis Freed Itself From the Stranglehold of Single-Family Homes, July 2019, www.politico.com/magazine/story/2019/07/11/housing-crisis-single-family-homes-policy-227265.
- 32 As explained by the Wasatch Front Regional Council, “form-based codes specify design for places and centers through a comprehensive process that relies on local decision making, and allows for uses to adapt based on demand. Form-based code sets a design standard rather than a minimum requirement and encourages active, vibrant communities that are both highly functional and aesthetically pleasing.” Wasatch Front Regional Council, Wasatch Choice 2050, <https://wfrdc.org/vision-plans/wasatch-choice-2050-3/toolbox/form-based-code/>.
- 33 There are five main elements of form-based code: 1) Regulating plan, the plan or map of the area designating the locations where different building form standards apply. 2) Public standards, the specifications of the elements in the areas, such as sidewalks, travel lanes, on-street parking, tree requirements, etc. 3) Building standards, the regulations around the features, configurations and functions of the buildings in the areas. 4) Administration, the clearly defined and streamlined application and project review process. 5) Definitions, the glossary to ensure the precise use of technical terms. See Form-Based Codes Institute, *Form-Based Codes Defined*, <https://formbasedcodes.org/definition/>.
- 34 Adrian Moore, The Promise and Pitfalls of Form-Based Codes, February 2018, www.youobserver.com/article/the-promise-and-pitfalls-of-form-based-codes.
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- 36 Salt Lake City, Chapter 21A.27 Form Based Districts, January 17, 2013, www.slcdocs.com/Planning/Projects/FBC/21A.27.050_FormBasedCode_Jan-17-2012_Small.pdf.
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- 39 Form-Based Codes Institute, www.formbasedcodes.org.



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MIDDLE HOUSING STUDY PART IV: OBSTACLES AND OPPORTUNITIES

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