



Work Session 2 / June 12, 2025

The Middle Housing Market

Missing Middle Housing Work Group

Santa Clara County Planning Collaborative
21 Elements



Who's in the room?

Please type your name, jurisdiction
and title in the chat



Missing Middle
Work Group
Session #2
Agenda

- 12:00 pm* Work Group Introduction
- 12:10 pm* The Middle Housing Market
- 12:40 pm* Boulder's Middle Income Strategy
- 1:00 pm* Q & A / Discussion
- 1:25 pm* Work Group Look-ahead
- 1:30 pm* Close



This Work Group Will Help You:

- **Better understand the economics** of middle housing types as well as middle-income housing
- **Better understand state laws** and how they can help you achieve middle housing and middle-income goals
- **Craft regulations, incentives and programs to:**
 - Facilitate more diverse housing options in existing neighborhoods that “fit” better with their context
 - Encourage more small, for-sale condos and townhomes that are middle income-*attainable* (and maybe affordable) as well as more family-sized rentals that are middle-income affordable
- **Facilitate better community conversations** about the missing middle



Look-Ahead

04.10 What Is “the Missing Middle”?

06.12 The Middle Housing Market

08.14 Zoning for Middle Housing

10.09 Middle Income Affordability

12.11 Bringing It All Together



Defining Middle Income

Middle-Income Housing

Housing that is affordable to households earning **80% to 120% of area median income (2025)**...

In Santa Clara County:

\$159,550 to \$234,250 for a family of four

Median Income: \$195,200

In San Mateo County:

\$156,650 to \$223,900 for a family of four

Median Income: \$186,600



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Defining Middle Income

Middle-Income Housing

80% to 120% AMI for family of four translates to...

A monthly **affordable rent payment of approximately \$4,350 to \$6,500**

Or an **affordable home purchase price of roughly \$930,000 to \$1.3 million**
assuming a 20% down-payment and a 6.5% interest rate mortgage



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Defining Middle Income

For middle income **renters**...

- Average rent for a three-bedroom apartment is about \$5k
- Market provides affordable options (but location, unit size and amenities can be a challenge)
- Many want to purchase (not rent) or want something bigger, and may decide to live further away to get what they want



Defining Middle Income

For middle-income homebuyers...

- The current inventory (on Zillow.com) of three-bedroom homes for sale at an asking price of \$1.2m or less is:
- **67 homes in San Mateo County**
(of 200,000+ homes in the county)
- **219 homes in Santa Clara County**
(of 700,000+ homes in the county)
- Nearly all new construction in that price range is a condo or townhome
- Vast majority are over 10 years old and under 1,700 square feet



The Challenges We Face

*that's the hardest
one of all*

We need to create more:

- Housing options that are not just single-family homes and big apartment buildings
- Rental housing overall, but also more diverse types in more diverse locations
- Diverse for-sale housing at price points that middle-income households can afford



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Session 1 Recap: Discussion Takeaways

Group participants want strategies for...

- Both middle income and middle housing types - jurisdictions often focused on one or the other
- 80% - 110% AMI
- Accounting for skewed AMI
- Supporting middle income homeownership - financing for-sale BMR units.

Session 1
Recap:
Discussion
Takeaways

Group participants want strategies for...

- Incentivizing middle housing types, higher densities.
- Family-sized units in multi-family buildings
- Limiting townhomes (sale prices are inaccessible, don't reach density goals)
- Encouraging plexes and stacked flats

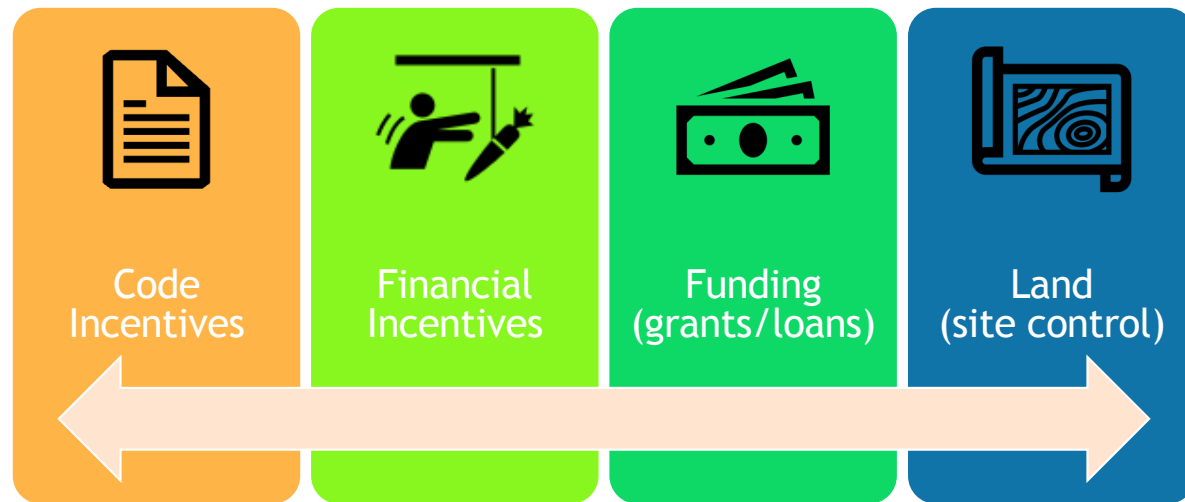
The Middle Housing Market

Tyler Bump, bump@econw.com
Becky Hewitt, hewitt@econw.com
ECONorthwest



The Middle Housing Market

Delivering middle-income housing

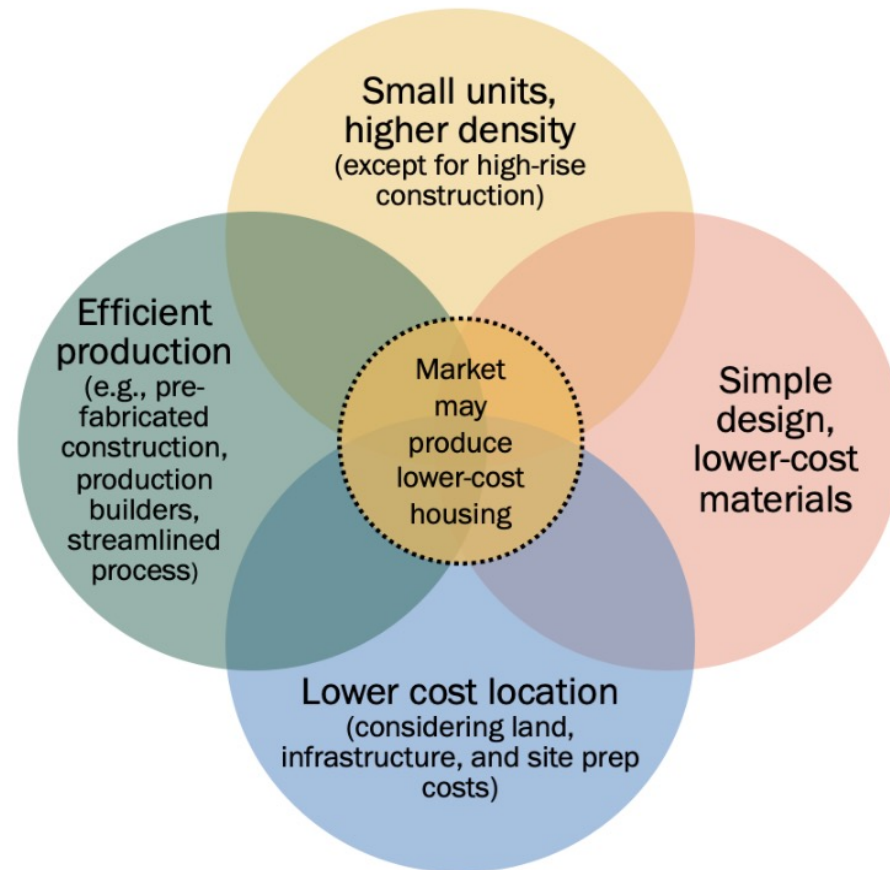


- **Code incentives** can increase the amount of development allowed on the site (e.g., through density or height bonuses), reduce costs, or expedite/simplify review processes to lower permitting and/or carrying costs.
- **Financial incentives** can include reducing the upfront cost of impact or permitting fees and/or the on-going cost of property taxes.
- **Funding** through grants or loans provides direct financial assistance for affordable or mixed-income projects to close feasibility gaps.
- **Acquisition or disposition of land** can offer both the ability to control an appropriate site so that a developer has the opportunity to build on it and, potentially, savings on land costs if the jurisdiction is able to write down land costs.

The Middle Housing Market

Delivering middle-income housing

What makes it possible for the market to produce lower-cost housing, and how the public sector can influence this.

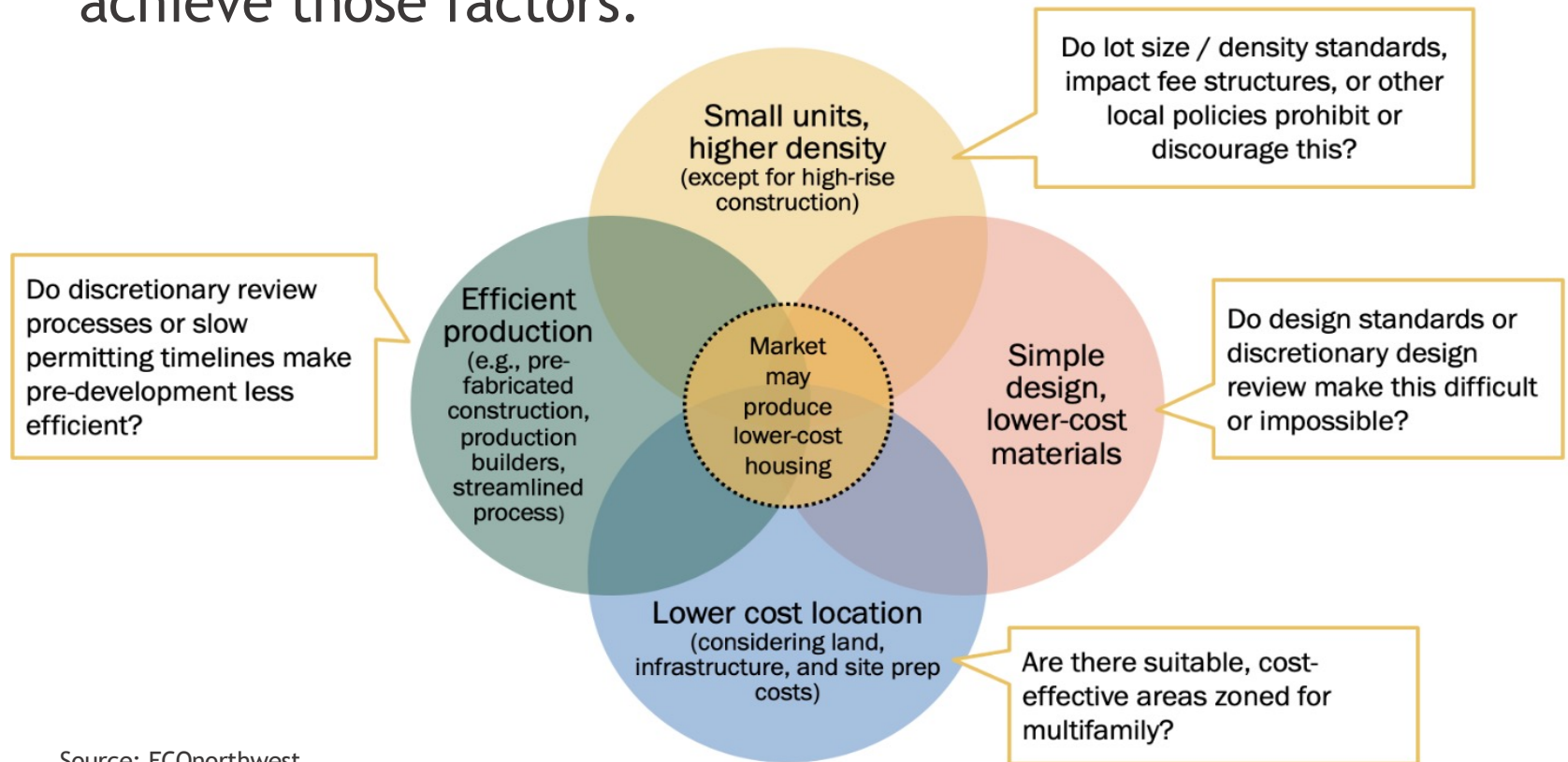


Source: EConorthwest

The Middle Housing Market

Delivering middle-income housing

It takes a confluence of multiple factors for the market to produce lower-cost housing, and local regulations and fees can have an impact on the market's ability to achieve those factors.



Source: ECONorthwest

Lessons From Other Regions

San Luis Obispo Council of Governments (SLOCOG) Affordable-by-Design Study

Auburn, WA Housing Action Plan

Seattle, WA Middle Housing Feasibility Analysis

	Santa Clara County	San Mateo County	San Luis Obispo County	King County, WA
100% AMI	\$195,200	\$186,600	\$125,600	\$157,100
Affordable rent (3-bedroom)	\$4,880	\$4,665	\$3,140	\$3,928
Affordable purchase price	\$965,100	\$922,600	\$621,000	\$776,700
Median sale price	\$1,618,000	\$1,649,000	\$885,000	\$872,000
Affordable price gap	\$652,900	\$726,400	\$264,000	\$95,300

The Middle Housing Market

SLOCOG Affordable- by-Design (ABD)

SLOCOG Affordable-by-Design (ABD) Study

- What is ABD housing?
 - Identify housing types, characteristics, and locations that could deliver housing affordable to low- or middle-income households without financial assistance or deed restrictions
- How to support ABD housing?
 - Identify strategies to support ABD housing without direct financial assistance

[More info: ABD Study Final](#)

The Middle Housing Market

SLOCOG
Affordable-
by-Design
(ABD)

Rental Housing

- Microunits between 150 and 350 sq. ft. with individual kitchenettes and shared kitchens
- No vehicle parking but onsite bike storage
- Generally four or more stories, high density, with minimal setbacks/landscaping
- Highly walkable and desirable locations

Image credits: Alcove PDX (<https://pdxalcove.com>);

Stenberg Hart (<https://www.stenberghart.com/design/projects/mccadden-place-micro-units/>)



The Middle Housing Market

SLOCOG
Affordable-
by-Design
(ABD)

Ownership Housing - Small Detached

- Very small detached units (~350-800 sq. ft.)
- Shared yards and clustered parking
- Examples from other markets are affordable at close to 120% of AMI in that market for the smallest units, but the most comparable units in SLO County exceed the target price relative to regional AMI
- It is possible that the smallest detached units (e.g., under 800 sq. ft.) could meet the affordability targets



Image credits: Redfin; Connect Architecture; South Park Cottages

<https://www.redfin.com/OR/Bend/61301-Benham-Rd-97702/unit-1/home/167021238>

<https://www.connectarchitecture.us/posh-pockets>, <https://southparkcottages.com/>

The Middle Housing Market

SLOCOG
Affordable-
by-Design
(ABD)

Ownership Housing - Small Condos

- Very small units (~325-600 sq. ft.)
- Little or no onsite parking
- Can be affordable for moderate-income households in portions of some high-cost regions
- May not be viable in less urban markets given small size and lack of parking



Image Credits: Portland's Best Real Estate

<https://www.portlandsbestrealestate.com/division-43-studio-condo>, <https://www.redfin.com/OR/Portland/7360-N-Atlantic-Ave-97217/unit-3/home/185141446>

The Middle Housing Market

SLOCOG
Affordable-
by-Design
(ABD)

Ownership Housing - Simple Condos

- Condo development with simple design, little or no onsite parking, and few shared amenities
- Medium-sized units (~600-1000 sq. ft.)
- Can be affordable to moderate-income households in portions of some high-cost regions
- May not be viable in markets with high development costs

Image Credits: Redfin

<https://www.redfin.com/CO/Federal-Heights/1401-W-85th-Ave-80260/unit-B101/home/176995897>;

<https://www.redfin.com/OR/Portland/1801-N-Rosa-Parks-Way-97217/unit-303/home/172577477>;

<https://www.redfin.com/OR/Portland/5025-N-Minnesota-Ave-97217/unit-102/home/185246763>



The Middle Housing Market

SLOCOG
Affordable-
by-Design
(ABD)

Ownership Housing - Small Townhomes

- Small townhouse units (~1,000-1,600 sq. ft.)
- Can be affordable to moderate-income households in portions of some high-cost regions, but comparable units in SLO County exceed the target price



Image Credits: Redfin

[https://www.redfin.com/CO/Denver/2206-E-38th-Ave-80205/home/185222737;](https://www.redfin.com/CO/Denver/2206-E-38th-Ave-80205/home/185222737)

<https://www.redfin.com/OR/Portland/7308-NE-11th-Ave-97211/home/185109359>

The Middle Housing Market

SLOCOG
Affordable-
by-Design
(ABD)

Recommended Strategies

- Objective Design Standards
- Ministerial Approvals and Streamlined Approval Processes
- Density Limits and Parking Requirements
- Zoning Vacant Land for Multifamily Housing
- Aligning Infrastructure Investments with Land for Multifamily Housing
- Adjusting Impact Fee Policies or Rate Structures to Incentivize ABD Housing

The Middle Housing Market

Auburn, Washington Housing Action Plan - Micro Units

- Housing Action Plan for Downtown Auburn recommended micro units
- Two new developments built with small units (efficiency through small 2-BR) right after standards changed to allow this development type
- Units priced at 60% AMI with no financial subsidy
- Regulatory incentives including density bonus, parking waiver (TDM required), height increases



Image Credits: Zillow.com

More info: <https://speakupauburn.org/8332/widgets/25457/documents/23080>

The Middle Housing Market

City of Seattle -
Neighborhood
Residential Zones
Update

- What types of middle housing are most likely to be feasible, and where?
- How is affordability likely to vary with middle housing type and location?
- How can development standards impact these outcomes?

The Middle Housing Market

City of Seattle - Neighborhood Residential Zones Update

Housing Type	Purchase Price	AMI
SFD	\$1,420,000	269%
SF + AADU + DADU	SF: \$1,350,000	256%
	AADU: \$581,000	110%
	DADU: \$835,000	158%
Attached Housing with Garage Parking	\$829,000	157%
Attached Housing with Surface Parking	\$945,000	179%
Attached Housing with No Off-Street Parking	\$919,000	174%
Stacked Flats (Condos) with Surface Parking	\$506,000	96%
Stacked Flats (Condos) with No Off-Street Parking	\$493,000	94%

The Middle Housing Market

City of Seattle - Neighborhood Residential Zones Update

Estimated Number of Sites Where Development is Allowed and Financially Feasible by Housing Development Option



Stacked flats may be (barely) financially feasible in some cases, but other options are likely to be more financially feasible and desirable for developers

City of Boulder Middle Income Strategy

Kurt Firnhaber & Jay Sugnet
Housing & Human Services, City of Boulder, CO





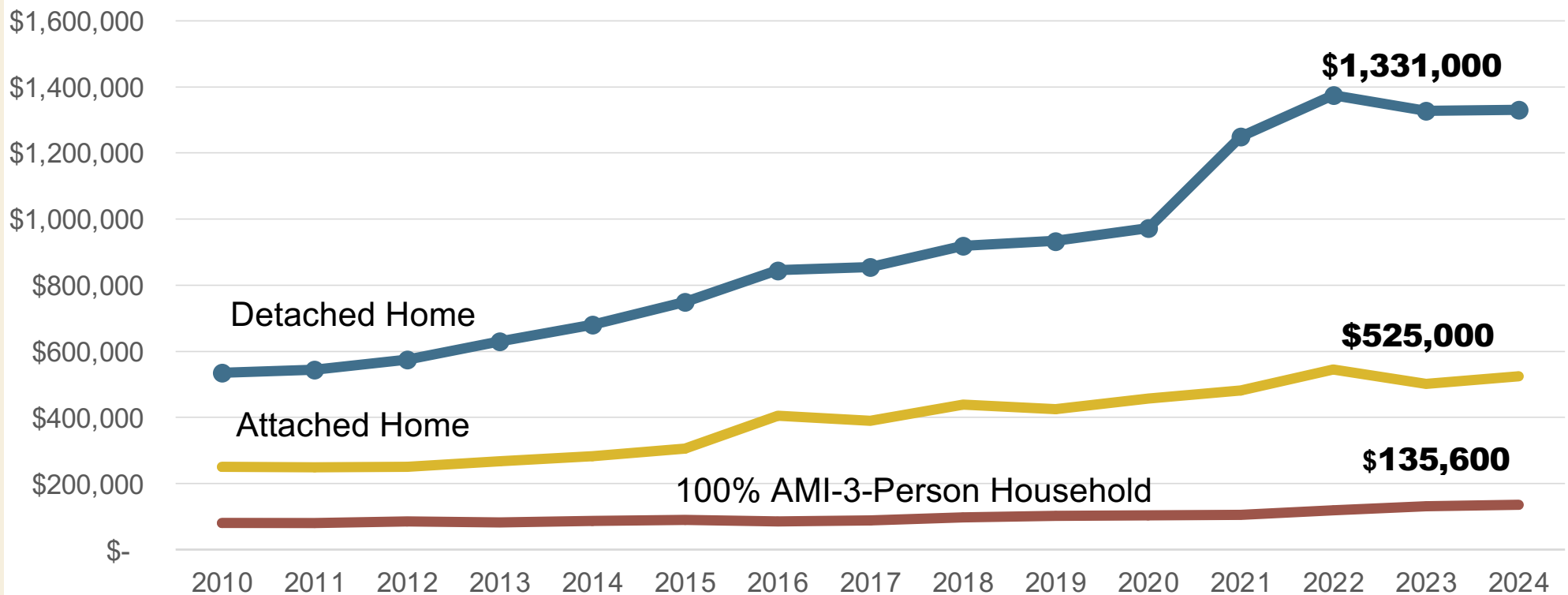
City of Boulder, Colorado Middle Income Housing Strategy

Lessons Learned

June 12, 2025



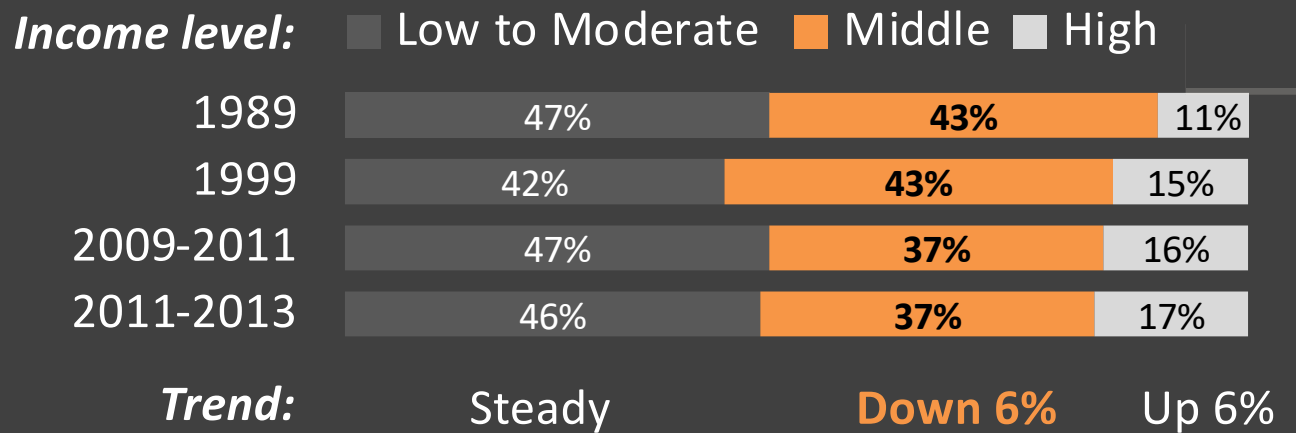
Boulder Median Home Sales and 100% AMI for a 3-Person Household





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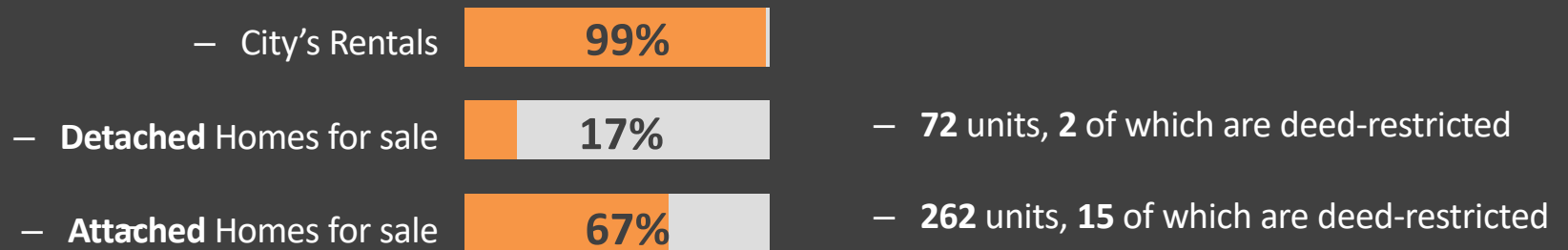
Share of Middle Income Households in Decline





What is available to the middle market now (2015)?

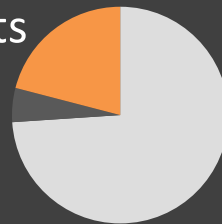
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Of the 334 homes affordable to the Middle Market in 2015:

21% were privately
provided *detached* units

5% were deed-
restricted units



74% were privately
provided *attached* units



Middle Income Working Group Work Plan

T A S K

1. Modify the current goal
2. Define community benefit policies and tools to preserve and create middle income housing
3. Identify funding options



Middle Income Housing Strategy

With creativity, determination and partnership, we can accomplish our goal

Boulder, Colorado

2016 to 2030

October 2016



Goal Recommendation

G
O
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Middle Income Housing Goal:

Build or preserve 3,500 middle income homes by 2030

2,500 market-rate ?

1,000 deed restricted permanently affordable

45 Total
5.6 Avg.



Challenges

Ownership

- Market is producing almost all rentals and NOT ownership
- LIHTC don't serve middle income
- City cannot require ownership
- Fewer annexations and smaller annexations
- Large subsidy to buy down anything other than attached condos
- Competition from surrounding communities (above 100% AMI)

Rental

- Middle-income rental IS attainable



TOOLS

4 Key Tools

1. **Land Use & Policy:** Provide policy direction related to middle income housing and recommended land use changes to enable new middle-income housing. ✓
2. **Middle Income Community Benefit Zoning:** Adopt community benefit policies and outline incentive-based rezoning/community benefit zoning. ✓
3. **Inclusionary Housing:** Amend Inclusionary Housing (IH) regulations to include a middle-income tier. ✓
4. **Additional Community Benefit (Annexation):** Adopt policies requiring more middle-income community benefit. ✓



B List (↑ Hurdles, ↑ Cost, Fewer Units)

T O O L S

1. Preservation

- a) Acquisition/rehab ✓
- b) Home donation (Housing Legacy Program) ✓
- c) Homebuyer assistance (H2O Loan) ✓

2. Neighborhood Innovation Pilot Program

X

3. Amend ADU Regs ✓



Future for Middle Income

T O O L S

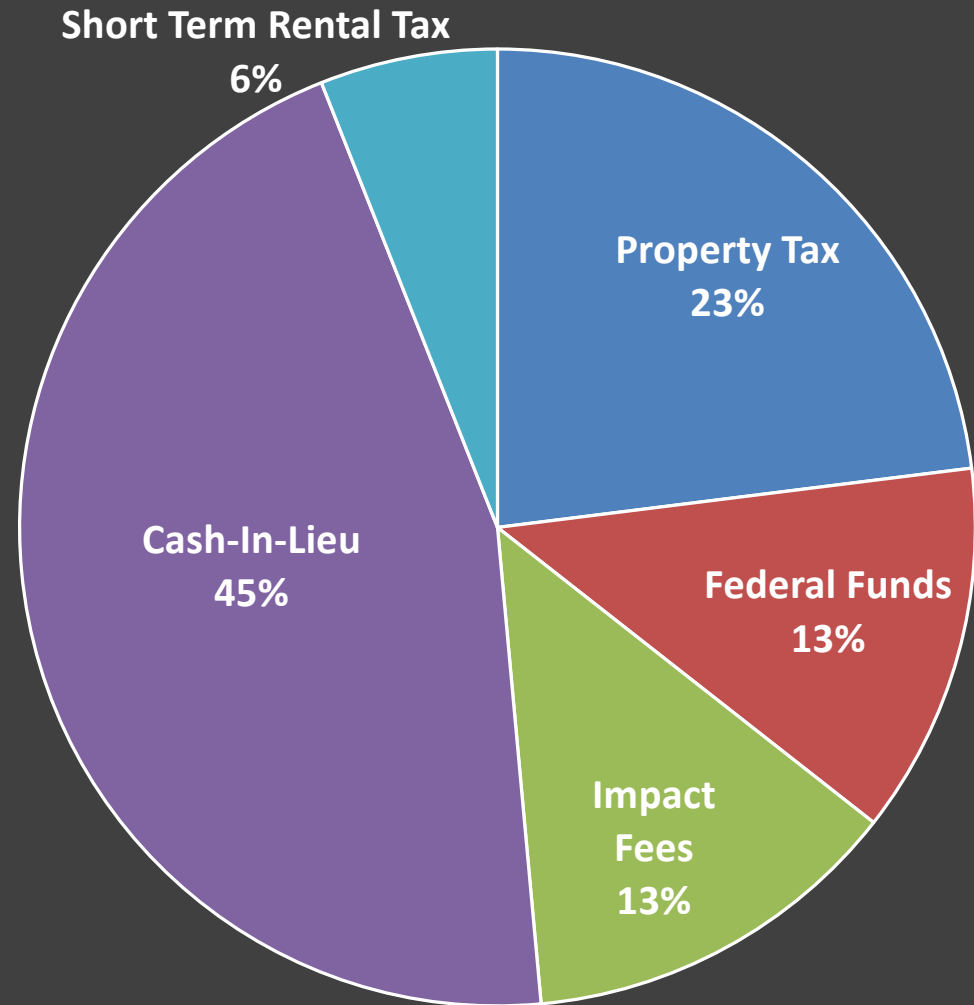
1. **Modular Factory:** Partnership with BVSD and Habitat
2. **Regional Cooperation:** Regional housing goal (12%), homeownership compliance
3. **Continue to Pursue Funding:** Together with housing partners

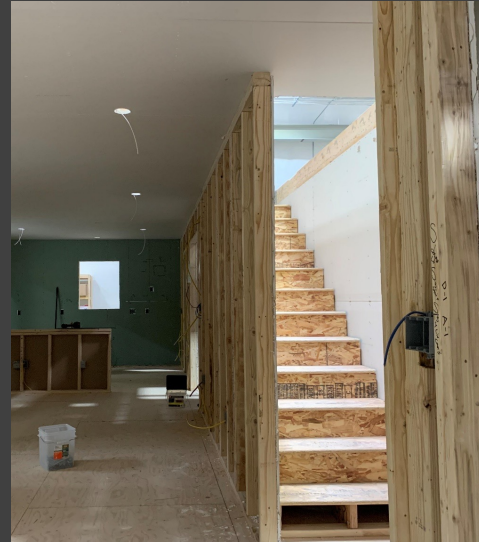


FUNDING

Funding Sources, 2015-2024

- ✓ Local funding sources driving investments and unit creation
- ✓ \$156 million







Q&A / Discussion



Look-Ahead

04.10 What Is “the Missing Middle”?

06.12 The Middle Housing Market

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12.11 Bringing It All Together

