

SNAPSHOT

Middle Housing: Filling a Gap in Available Housing Options

Housing that is affordable for low- and moderate-income households is in tremendously short supply in rural, urban and suburban communities. This lack of housing can [destabilize families](#), neighborhoods and schools and lead to [job loss](#) and workforce shortages.

Increasing the supply of middle housing is a strategy for addressing housing shortages. [Middle housing](#) types include multi-unit structures such as townhomes, duplexes, cottage courts and cluster homes. From a design and zoning standpoint, [missing middle housing](#) is characterized by efficient use of land, thoughtful design, minimal parking, high walkability and public transit quotients, and a strong neighborhood orientation.

Zoning laws have typically prohibited these types of developments in single-family neighborhoods. However, they are gaining favor in the context of today's extreme housing shortage because they have more capacity than single-family residences but are less densely populated than high-rise apartments.

Five Things to Know about Middle Housing



Local zoning regulations prohibit the construction of any housing structure other than single-family, detached homes on 75% of land in most cities. Loosening zoning restrictions and providing [density bonuses](#) or other financial incentives to developers is one option to increase the supply of middle housing.



The small- to medium-sized footprints of middle housing allows for a mix of housing types in a single neighborhood and encourages [socioeconomically diverse communities](#). This also makes middle housing an option for [compatible infill](#).



The [market demand](#) for middle housing is strong across generations. Over a quarter of baby boomers and nearly 60% of millennials are interested in a walkable community—a key characteristic of [middle housing](#).



Developing additional middle housing options can [reduce rent burdens and improve affordability](#) for a range of properties. Middle housing developments can make neighborhoods with more resources and amenities [accessible](#) to low- and moderate-income families.



Cultivating [homeownership](#) among renters can reduce displacement, strengthen credit scores, promote [asset-building](#) and improve economic mobility. Middle housing creates more opportunities to purchase housing at more affordable price points and can be a strategy for reducing [racial disparities](#) in homeownership.

Five Options to Increase the Supply of Middle Housing



Revise zoning regulations to encourage construction of middle housing and **transit-oriented development**.

- **Oregon** [HB 2001](#) (2019) required municipalities to update zoning codes to allow development of middle housing in all residential areas. Small cities are required to allow duplexes, and large cities must allow up to fourplexes. The legislation also emphasizes the importance of land use regulations that support the goal of more middle housing.
 - **Utah** enacted [SB 217](#) (2021), the Housing and Transit Reinvestment Zone Act, to establish objectives and requirements for municipalities to create a “**housing and transit reinvestment zone**.” Under the law, local governments propose plans to invest up to 80% of future property tax revenue in affordable housing projects, and if approved, the state will contribute another 15% of incremental state sales tax growth for costs associated with the housing reinvestment zone.
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Integrate middle housing into existing neighborhoods by allowing **accessory dwelling units on land zoned for single-family homes**.

- **Maine** enacted [LD 2003](#) (2022) requiring municipalities to allow accessory dwelling units on land zoned for single-family housing. ADUs are smaller, independent residences located on the same plot of land as a detached home. These units can be portions of an existing home converted into another dwelling, additions to an existing home, or new stand-alone structures adjacent to a home.
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Prioritize and fund programs that increase the supply of **workforce housing**.

- **Nebraska** enacted [LB 866](#) (2020) the Middle Income Workforce Investment Act, to establish an investment grant program to encourage development of workforce housing in urban communities.
 - **The District of Columbia’s** [B 714](#) (2022) created the Educators Housing Incentive Program to provide \$2,000 income tax credits to educators, police officers, firefighters, EMTs or government employees who are first-time home buyers purchasing within the district.
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Establish first- and second-time homebuyers’ programs for the middle housing market.

- **Kansas** enacted [HB 2187](#) (2021), the state’s First-Time Homebuyer Savings Account Act, to create opportunities for purchasing homes at middle housing price points. The law allows account holders to deposit funds tax-free into a savings account to be used for down payment or closing cost assistance for a primary residence. Account holders can deposit up to \$3,000 per tax year for individuals and \$6,000 if filing jointly.
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Allocate funding for construction of middle housing and offer tax credits to developers.

- **Washington** [S 5287](#) (2021) created financial incentives for developers to build affordable housing. Qualifying developers must agree to deed restrictions that ensure rental units remain affordable for 99 years.
- **Montana** [HB 16](#) (2019) provides funding for low- and moderate-income housing loans with money from the state’s Permanent Coal Severance Tax Trust Fund.