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The Better Beehive Files



# 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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The Utah Foundation's mission is to produce objective, thorough and well-reasoned research and analysis that promotes the effective use of public resources, a thriving economy, a well-prepared workforce and a high quality of life for Utahns. The Utah Foundation seeks to help decision-makers and citizens understand and address complex issues. The Utah Foundation also offers constructive guidance to improve governmental policies, programs and structures.

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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)

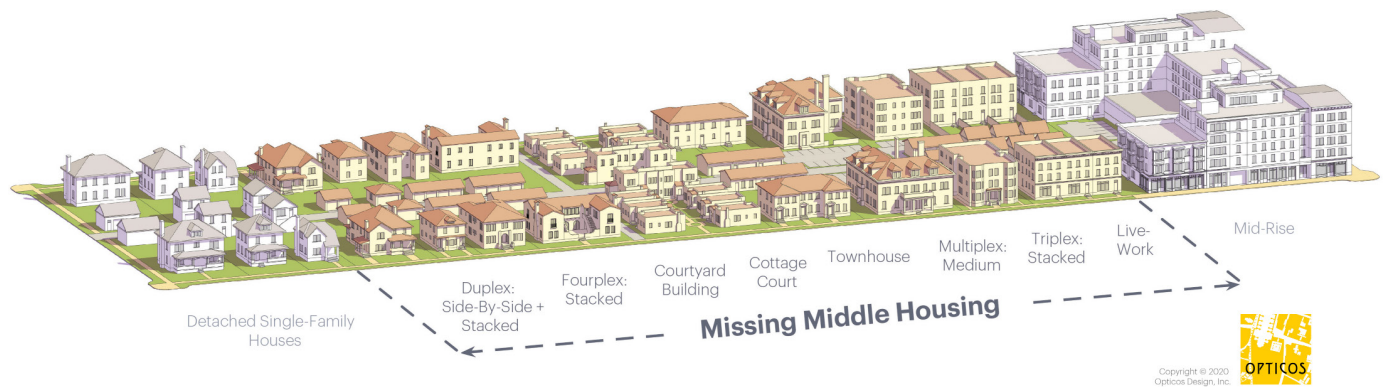
**Part IV: Obstacles and Opportunities** explores obstacles and opportunities for increasing the supply of middle housing. (February 2022)

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](http://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?

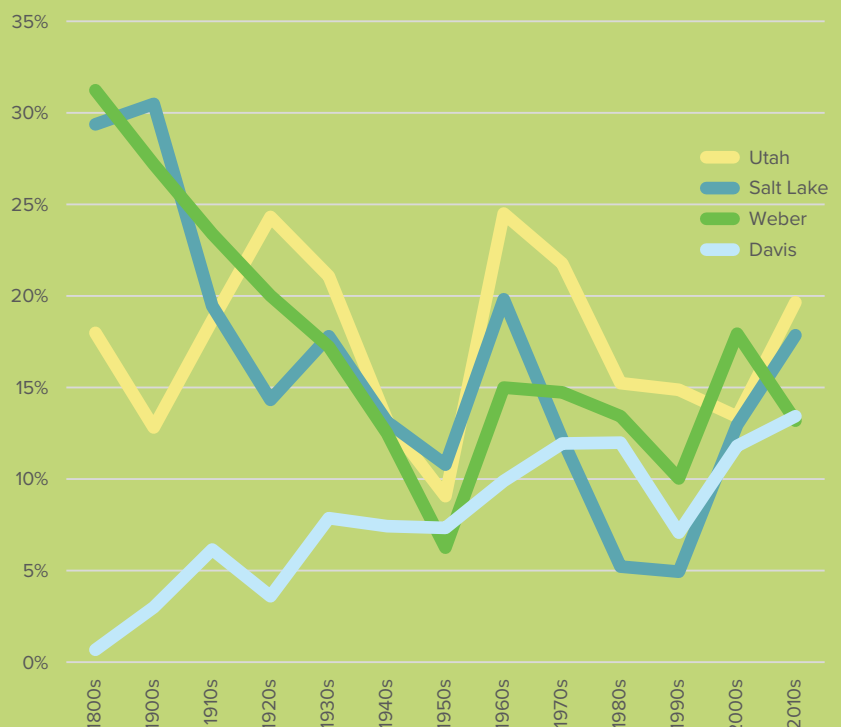
Part II suggests that middle housing offers an important response to Utah's need for more housing choices at a variety of price points, to the growing demand for walkable communities, and to the increasing number of households with fewer and older people. This installment in the middle housing study 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.

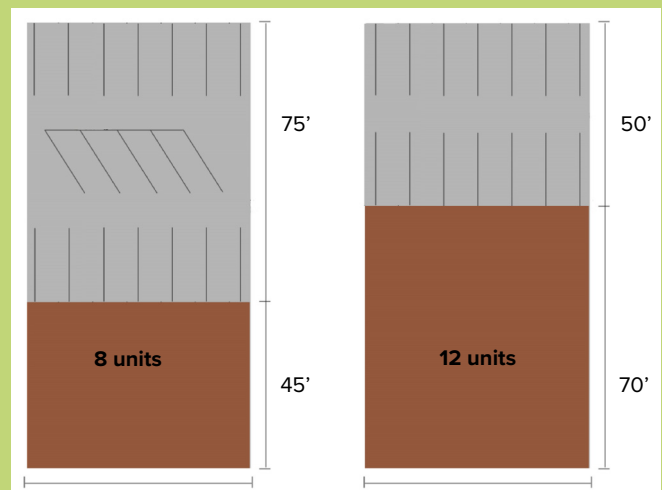
## PART IV: OBSTACLES AND OPPORTUNITIES

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 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 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 feet<sup>2</sup> Each, 16 Parking Spaces, and Twelve Units Approximately 1,000 feet<sup>2</sup> 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](http://www.utahfoundation.org).*







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