



Statement on Missing Middle Housing Plans

East Tennessee REALTORS® has worked closely with the City of Knoxville, providing housing market data and polling, to address the issues of housing affordability and availability. The association appreciates city leadership's efforts to amend these critical needs through the proposed Missing Middle Housing Plans, however, the current proposal is too limited and will not yield housing supply at the scale needed to alleviate rising housing costs.

To effectively increase housing options, the City of Knoxville should expand the scope of its Missing Middle Housing Plans to reflect the overall housing challenges Knoxville's residents are facing. Measurable progress will require an "all-of-the-above strategy," and it is vital for the city to explore additional ways to increase our housing supply, including land use reforms and development incentives to enable residential development along commercial corridors.

Fortunately, City Council is in the most pivotal position to solve Knoxville's housing challenge with jurisdiction over zoning regulations. We recommend that city officials take swift and thoughtful action to prevent further affliction to residents and prepare Knoxville for the next phase of its development.

As East Tennessee's trusted voice in real estate, we want to emphasize that pursuing much-needed land use reforms is imperative and an immediate concern for Knoxville and surrounding area residents. East Tennessee REALTORS® is committed to collaborating with the City of Knoxville and other community stakeholders to present solutions that make safe and affordable housing within reach for all Knoxville's residents.



TO: Knoxville-Knox County Planning Commission

FROM: Hancen Sale
 Governmental Affairs and Policy Director
 East Tennessee REALTORS®

DATE: October 4, 2023

SUBJECT: Agenda Item 10-B-23-OA

In addition to East Tennessee REALTORS® official statement, this memo provides a more technical analysis of the City of Knoxville’s middle housing proposal, including a list of potential amendments.

Analysis

While allowing for a new range of housing types not currently permitted under the city’s existing zoning ordinance, the city’s proposed middle housing standards aren’t likely to have a meaningful impact on the housing supply given its limited geographic scope.

According to Knoxville-Knox County Planning staff analysis of vacant lots within TDR, there are 1,009 properties that could accommodate a duplex or triplex, 123 properties that could accommodate a fourplex, and at least 113 properties that could accommodate a multiplex.

Assuming that every vacant property is developed with the most units possible, the proposed middle housing standards would allow for no more than 1,830 - 3,404 additional housing units than if the properties were developed as single-family homes. Of course, every vacant property being developed with the most units allowed is highly unlikely as many of these vacant lots are owned by the adjacent property owner or have significant site constraints, making them unlikely to be developed as middle housing in the near future.

Additional Housing Units Allowed

% of Vacant Properties Developed as Middle Housing	Net Additional Housing Units
100%	1,830 - 3,404
50%	915 - 1,702
25%	458 - 851
10%	183 - 340

In addition to the limited geographic scope in general, the plan excludes many of the city’s most affluent, desirable neighborhoods where people most want to live (i.e., Sequoyah Hills, Holston Hills, West Hills, etc.). Conversely, the Traditional Neighborhood Residential (TDR) areas include many of the city’s formerly redlined neighborhoods, and the vacant lots within the TDR area are disproportionately located within some of the city’s lowest-income neighborhoods. This

disparity could be eliminated by applying the middle housing standards to all identified walkable areas, as recommended by Opticos Design in the MMH Scan.

The proposed amendments retain minimum off-street parking requirements, which are identified as a barrier to MMH development in the MMH Scan (p.56) as well as in the Missing Middle Housing book (p.76).

- Removing parking requirements would amount to a substantial and much-needed development incentive.
- Parking is extremely expensive, the cost of which is capitalized into the value of the project, resulting in less affordable units or jeopardizing the financial feasibility of a project altogether.
- Even absent requirements, developers have an incentive to provide off-street parking in areas where parking is in short supply. As REALTORS® know best, properties with inadequate off-street and/or on-street parking are extremely difficult to market.
- The City of Knoxville has a significant number of small residential lots, many of which were not intended to accommodate multiple parking spaces. As a result, parking requirements pose considerable site design constraints and disincentivize MMH types.
- Parking requirements are a major driver of tree loss in residential development.

Concerns about the conversion of existing single-family homes to middle housing types via interior renovation or additions are overstated, largely because conversion would typically require bringing the structure into compliance with the commercial building code rather than the residential building code under which the structure was originally built. This would make conversions extremely cost-prohibitive and, in all likelihood, rare.

In sum, while a step in the right direction, the city's proposed middle housing plan is limited and isn't likely to yield additional housing supply at the scale needed to materially address housing availability issues.

Recommended Amendments

1. **Apply middle housing standards to all existing and potentially walkable centers, as identified in the MMH Scan and recommended by Opticos Design.** The TDR zone is a prohibitively small geographic area with limited development potential, inhibiting the plan's ability to increase housing options at the scale needed to materially impact housing availability and affordability. In addition, restricting the applicability of the middle housing standards to the TDR zone excludes many of the city's most affluent, desirable neighborhoods that are also ripe for missing middle housing types (i.e., Sequoyah Hills, West Hills, Island Home, etc.). Though likely unintentional, the current geographic scope limits missing middle housing to some of the city's lowest-income neighborhoods.

2. **Eliminate Article 4.6.D.2, which requires one off-street parking space per unit.** Minimum off-street parking requirements are consistently identified as one of the most common financial and physical barriers to middle housing development in the MMH Scan as well as in the Missing Middle Housing book. Eliminating parking requirements for MMH types would encourage increased use of public transit and support the city's urban tree canopy goals, as parking tends to be a major driver of tree loss.
 - a. If parking standards are retained, the Commission should include a provision allowing off-street parking requirements to be reduced by up to 30% when the development is located within one-fourth of a mile of a public transit route. This would provide an added layer of flexibility that is already available for other residential developments under Article 11.4.B.3.
3. **Eliminate Article 4.6.B.2, which limits triplexes to lots with frontage on arterial roads.** Per Article 4.6.C.4, building heights cannot exceed that of the base zoning district, which is 35 feet for RN-2 and RN-3. There is no material difference between a 35-foot-tall single-family home (which is already permissible under existing regulations) and a 35-foot-tall triplex, yet this provision implicitly suggests otherwise.
4. **Amend Article 4.6.G.1.b, which precludes a property owner from seeking a variance under Article 16.3.** Excluding the possibility of a variance under Article 16.3 from the outset undermines the logic and intent behind having a variance process, which is "to provide a narrowly circumscribed means by which relief may be granted from unforeseen applications of the zoning regulations... that create practical difficulties or particular hardships." Those seeking to build middle housing should not be treated differently from those seeking to build a single-family home. Moreover, this provision attempts to preempt a problem that does not yet exist. If frequent and substantial variances emerge as a problem, the Commission could in the future consider targeted amendments to prevent certain variances.