



**GENTLE
DENSITY
NETWORK**

Land Development Economics for Gentle Density Development



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Presentation Slides



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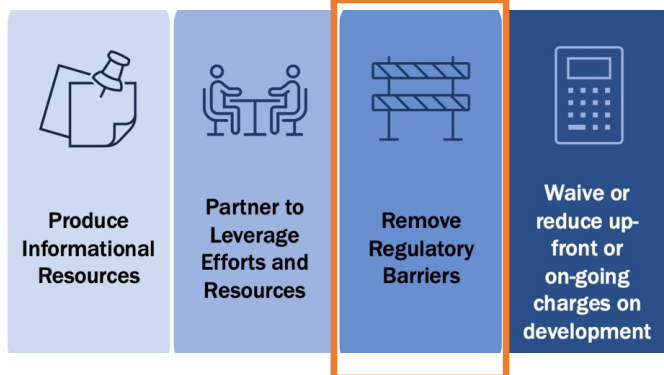
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Overview of Basic Middle Housing Policy Best Practices

Overall, holding middle housing to a higher standard than single-family detached housing will tend to mean less middle housing production.

Allowing middle housing types by right more broadly in different zones is important but more needs to be done to make it possible for new middle housing to be created.

Example Middle Housing Strategies



Middle Housing Zoning Best Practices

- Density needs to be substantially higher than single-family housing (focus on building scale).
- Conventional lot coverage (yard size) & setbacks tend to be too restrictive, allow middle housing to use more of the lot than a SF home while keeping overall house-like scale.
- Impact fees, utility connections, street frontage improvements impact feasibility.
- Parking: scale parking with unit size, generally no more than 1:1 ratio (less for small units), count on street parking, requirements impact small sites most.



Source: City of Portland, OR



Image credit: Sightline Institute

Middle Housing Code Issues and Best Practices

Issue: Discretionary review

- Creates uncertainty
- Slows housing production
- Adds cost

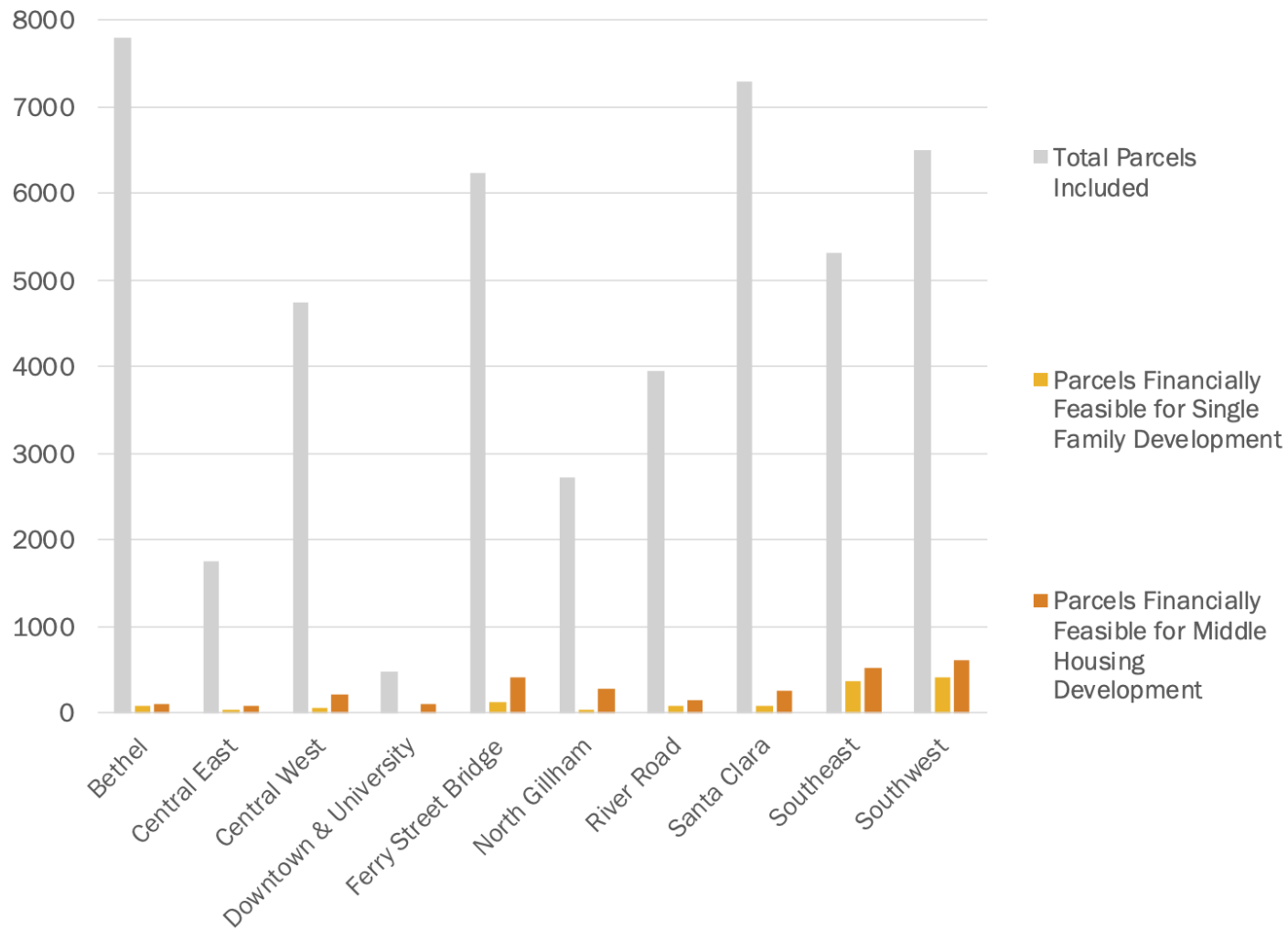
Solutions & Best Practices:

- Allow as-of-right
- Use clear & objective standards
- Staff / ministerial review process



Image credit: San Mateo County

Parcels Feasible Under Gentle Density Allowances in Eugene, OR



Parcels Feasible Under Gentle Density Allowances in Eugene, OR



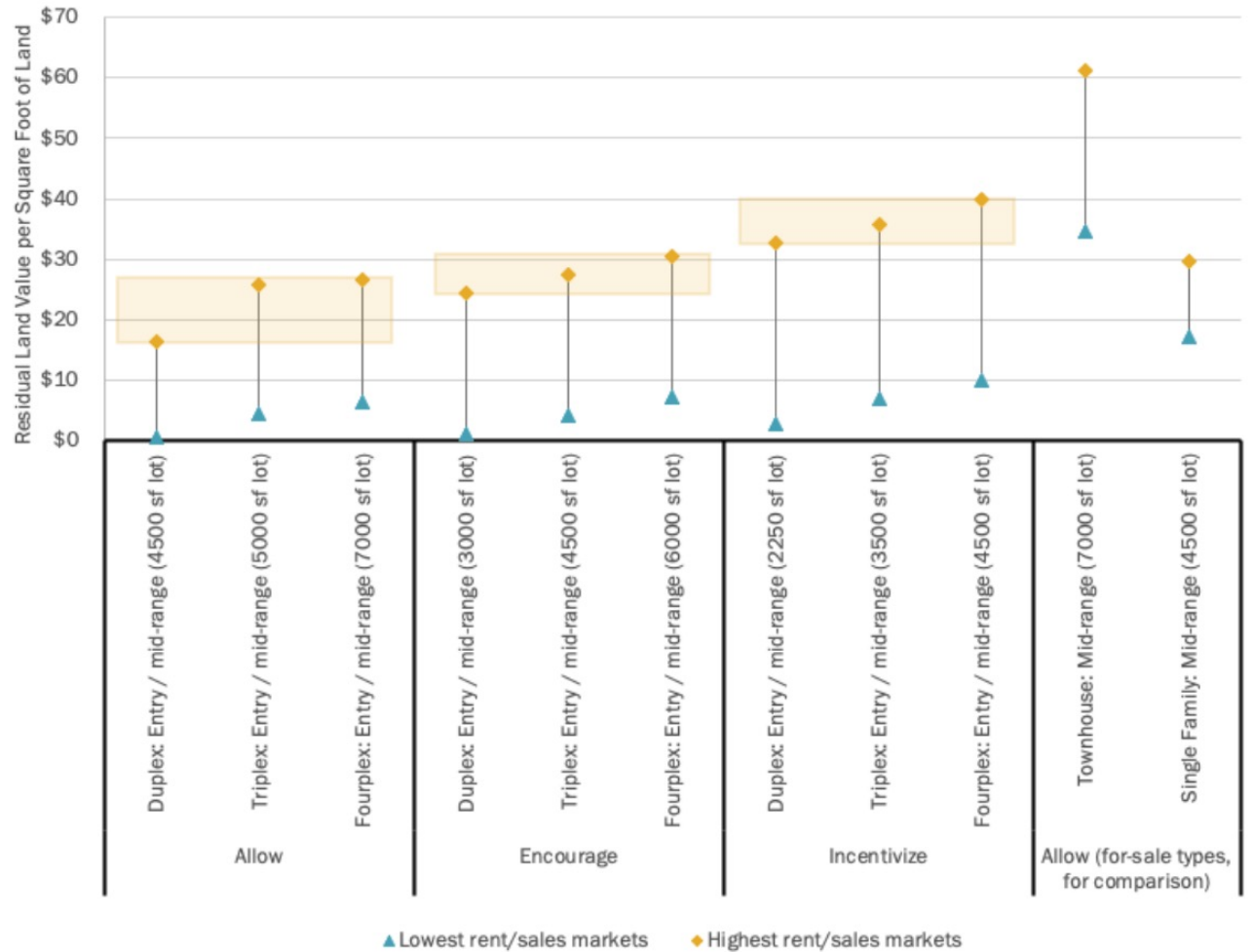
Targeting Less Expensive and More Units in Eugene, OR

Minimum Lot Size (square feet) by Code Package

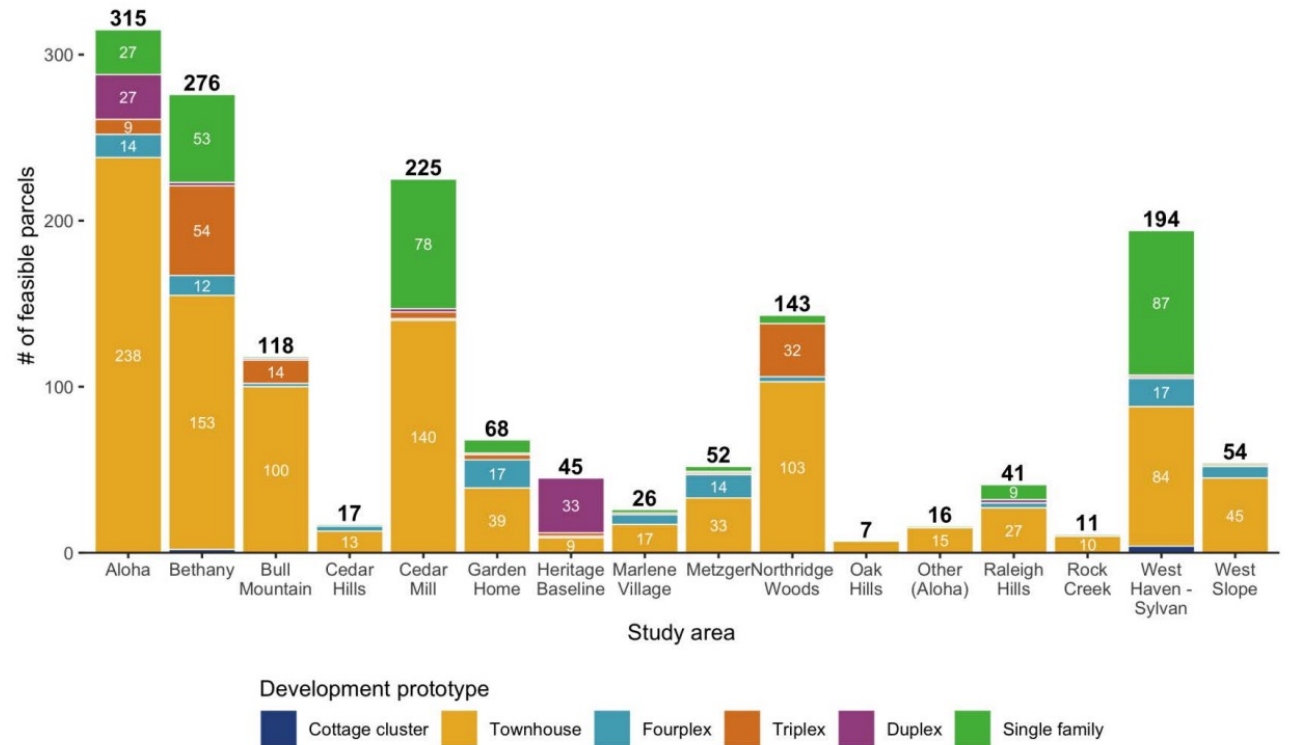
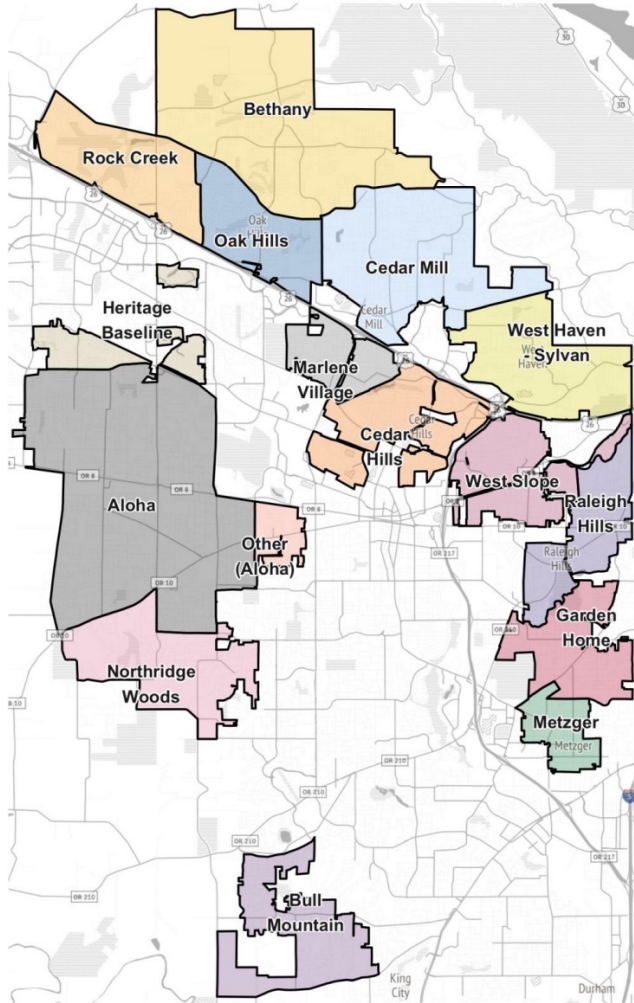
	Allow	Encourage	Incentivize
Duplex	4,500	3,000	2,250
Triplex	5,000	4,500	3,500
Fourplex	7,000	6,000	4,500

Parking Requirements per Unit by Code Package

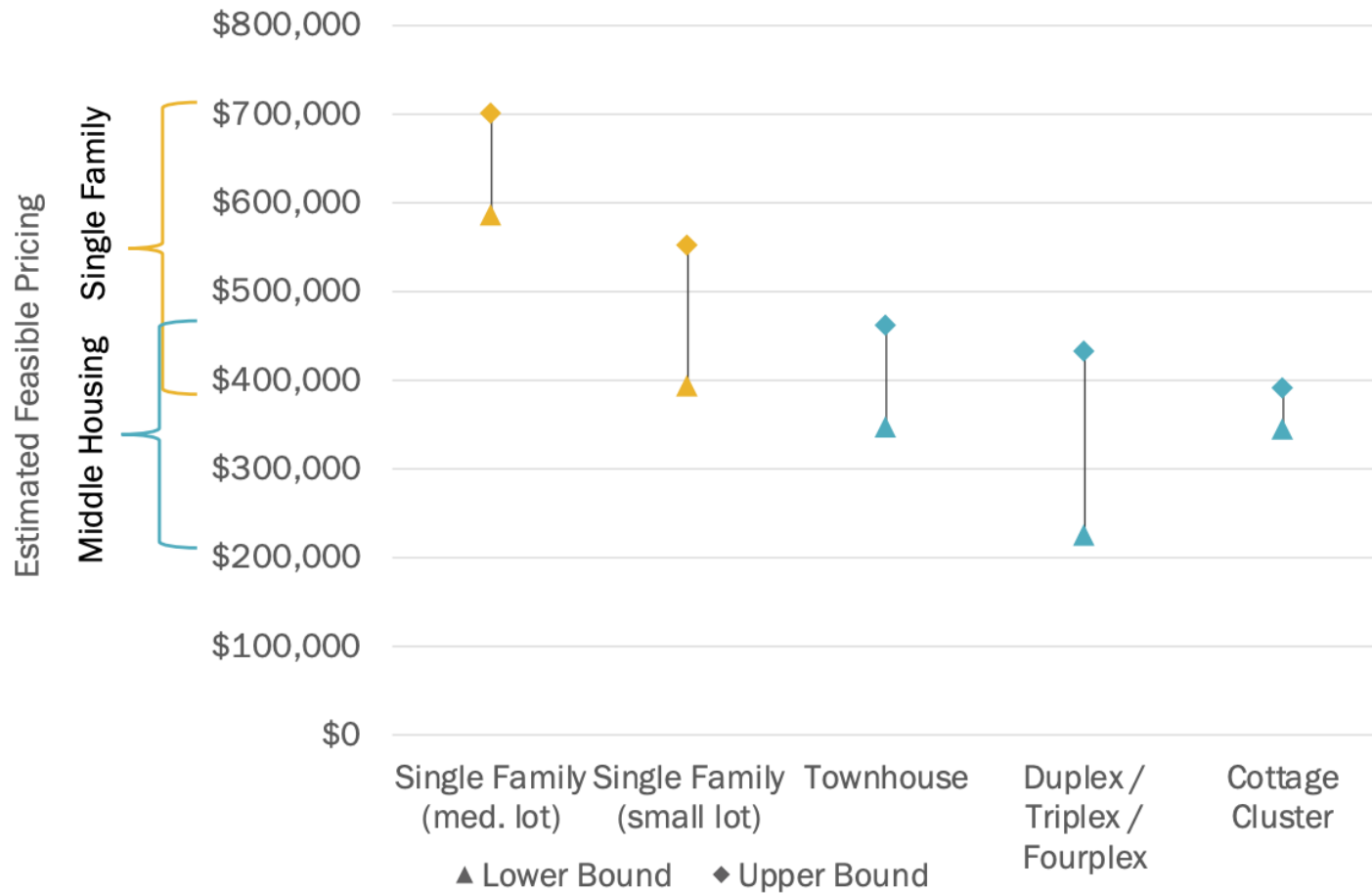
	Allow	Encourage	Incentivize
Duplex	1	1	0
Triplex	1	0.67	0
Fourplex	1	0.5	0



Development Outcomes Under Gentle Density Allowances in Washington County, OR



Estimated Feasible Unit Pricing by Type in Washington County, OR

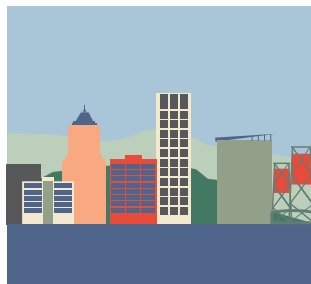


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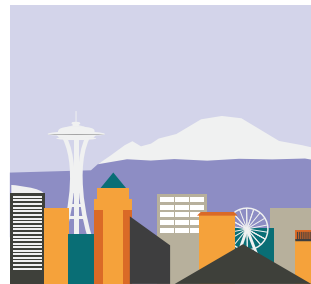
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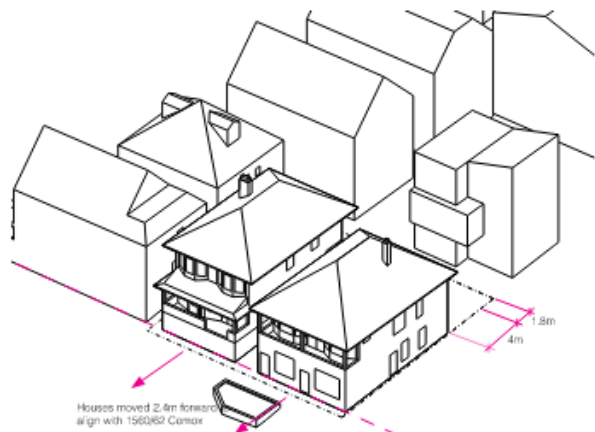
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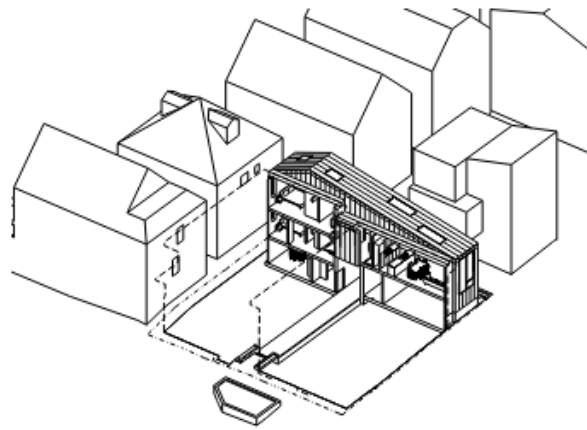
GENTLE DENSITY

Development Examples & Keys to Success

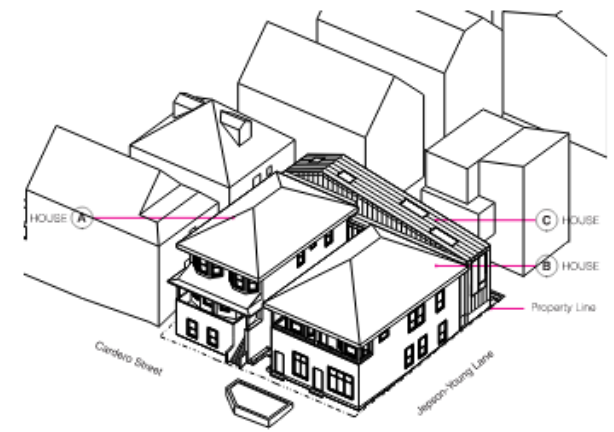




Houses aligned on Cardero Street



Proposed Infill



Proposed Massing

Cardero St., Vancouver Developer-led Market Rentals + CRU

- Two Heritage Homes + CRU → Five Family Units + CRU
- 2x Three Bedroom Units & 3x Two Bedroom Units
- Secured Bike Room with 14 spaces (~3 spaces per unit)
- High-End Market Rental

Coronation Ave., Kelowna Developer & Owner Partnership

- *Awaiting Public Hearing for Rezoning*
- Two Homes → 8x Two Bedroom Townhomes + 1x Bachelor Townhome
- 9 Private Garages + 4 Surface Stalls (including visitor)
- Short Term Bike Parking + Oversize Garages for ample private storage
- EV Ready + E-Scooter Ready
- Middle Market Sale



Key Factors to Successful Gentle Density Development

- Alignment with OCP & Areas for Intensification
 - How will this fit into the current and future neighbourhood?
- Solving for Parking
 - Bylaw vs Target Market Use
- Addressing Interfaces with Neighbouring Properties
 - Overlook, A/C Units, etc.
- Existing Infrastructure & Required Upgrades
 - Water/Sewer/Storm/Hydro
- Financing
 - Sale vs. Rental
 - Impacts of Approval Timelines
 - Impacts of Political Uncertainty





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What local government planners need to know

Financing for new construction

- Progressive Construction Mortgages
- Lender requirements

Highest and Best Use

- Legally permissible
 - Physically possible
 - Financially Feasible
- = Maximum Value

Appraisal - Lending Progressive Construction Financing

- Progressive Construction Mortgage - the full amount that you need to borrow in order to complete your construction is given to you in stages – otherwise known as “draws” – as you complete various levels of construction.
- Lender Requirements – specific to each lender. Example; If the property is mixed residential/commercial, the primary purpose must be residential with commercial part not exceeding 25% of the total area of the property.

	STAGE 1 - FOUNDATION AND ROUGH FRAMING			STAGE 2 - MAJOR SYSTEMS AND COVERINGS			STAGE 3 - FINISHING			
	ITEM	% COMP	% TOTAL	ITEM	% COMP	% TOTAL	ITEM	% COMP	% TOTAL	
CONSTRUCTION PROGRESS	ARCHITECT AND PLANS	0.7	100	0.7	EXTERIOR FINISH	8.2		PLUMBING FIXTURES	3.7	
	PERMITS, SURVEYOR, HOME WARRANTY	1.7	100	1.7	SOFFIT, GUTTER AND FACIA	0.8		ELECTRICAL FIXTURES	1.0	
	SERVICE CONNECTIONS	1.6	100	1.6	ROUGH PLUMBING	2.6		FLOORING	4.5	
	LOT CLEARING, EXCAVATION, BACKFILL	2.5	100	2.5	ROUGH ELECTRICAL	3.8		CABINETS AND VANITIES	4.8	
	FOOTINGS, FOUNDATION, BASEMENT FLOOR	6.0	100	6.0	HEATING AND AIR CONDITIONING	4.5		FINISHING	5.5	
	WATER SUPPLY AND WASTE DISPOSAL	0.6	100	0.6	INSULATION	2.2		PAINTING	3.8	
	FRAMING	18.0	100	18.0	DRYWALL	6.2		INTERIOR DOORS	1.6	
	ROOF	3.0	100	3.0	REPLACE AND CHIMNEYS	1.1		TILE WORK	1.0	
	WINDOWS	3.1	100	3.1				BUILT-INS	2.1	
	EXTERIOR DOORS	1.2	100	1.2				GARAGE DOORS AND OPENERS	1.2	
								DECKS, SIDEWALKS AND PATIOS	1.5	
								DRIVEWAY, LANDSCAPING	1.5	
	STAGE 1 PROGRESS	%	38.4	38.4	STAGE 2 PROGRESS	%	29.4	STAGE 3 PROGRESS	%	32.2
TOTAL PROGRESS									%	38.4

Appraisal – Highest and Best Use

“Highest and best use of a property is an economic concept that measures the interaction of four criteria: legally permissible, physically possible, financially feasible, and results in maximum value.”

- Legally Permissible - relax the rezoning process for single family zoned lots allowing more density. Possibility of up to six units per lot.

Example - Victoria's Missing Middle initiative passed this year - The Missing Middle Housing Initiative amends existing bylaws and land-use policies to allow these forms of housing to be permitted without rezoning and Council approval. Minneapolis - banned single-family-exclusive zoning by allowing three-family buildings in all residential neighborhoods across the city.

- Physically Possible - remove “roadblocks” in residential development (ie: Protected Trees – yes important but a developer will walk away from a property if they need to remove a protected tree/s)
- Financially Feasible - lender Requirements will address specific loan to value ratios. Typical for a developer 30% to 50%. 50% would apply to a completely un-serviced vacant lot.

Building a Garden Suite – District of Saanich in Greater Victoria

Project: 650 Sq.Ft. Garden Suite
1 Bd/1 Den 3-piece and 2-piece bath
Attached shed, private patio with large patio doors, above height ceilings, radiant heating, gas fireplace, floor to ceiling windows. Adaptable design for wheelchair accessibility.

Cost:
\$250,000 to \$300,000

My Timeline:
October 2020 to May 2021 Building Permit
Instructed to register covenant. “As per Zoning Bylaw, 2003 your client will be required to register a covenant under Section 219 of the Land Title Act to prevent subdivision of the garden suite from the lot.” Mortgage lender had to sign off on this.

September 2022 Occupancy permit

Potential Rental Income:
\$2200 - \$2500 – could pay itself back in 10+/- years.

Garden homes sprouting up to ease rental-housing shortage

Several capital region municipalities are making it a little easier to build garden suites

Pedro Arrais
May 18, 2022 4:35 AM
Updated May 18, 2022 4:37 AM

