

Exclusionary Zoning POLICY BRIEF

The Generation Housing Action Plan is our policy platform designed to accelerate housing production through concrete and straightforward plans. This brief highlights one of five action steps that outlines how to jumpstart local homebuilding immediately.

Why We Must End Single Family Zoning to Support Our Workforce

Single family zoning prices many residents out of an affordable home in Sonoma County. Historically, exclusionary zoning policies were designed to segregate communities and proven to deplete generational savings. Today, they make smaller and more affordable homes difficult and costly to build. By constraining development of moderately priced homes, single family zoning has led middle-income earners within the county to experience severe cost burden at three times the rate of above-moderate earners.¹ It also shapes who can live near their jobs and which families are able to remain in their long-term school districts. Single family zoning’s legacy has been so enduring, in fact, that even incremental zoning reforms to permit slight increases in density have had minimal impact on median rents.² High housing costs have become so untenable that the county’s workforce in key industries like health, education, and hospitality are at risk of relocating due to a lack of ownership options while others compete with low-income households for the small supply of affordable rental units.³

Reversing the legacy of exclusionary zoning is a necessary first step to counter racial disparities in cost burden, overcrowding, and access to amenities bolstered by historical policies like redlining. In the present, a history of downzoning has made more affordable and smaller structures like plexes rare, making us reliant on larger single family homes to do the work of serving a broad income spectrum. This puts pressure on middle income and workforce residents who continue to face disproportionate cost burden and overcrowding. Yet the majority of Sonoma County jurisdictions continue to reserve over two-thirds of their residentially zoned land for single family housing exclusively.⁴ Today, smaller plexes—housing types that are traditionally better equipped to meet moderate affordability or serve as “entry-level” homes due to smaller sizes—account for only 10 percent of all homes in the county.⁵ Given our uneven permitting, single family homes, which cost owners and renters over 30 percent more each month than smaller plexes, currently house 76% of all moderate income earners.⁶

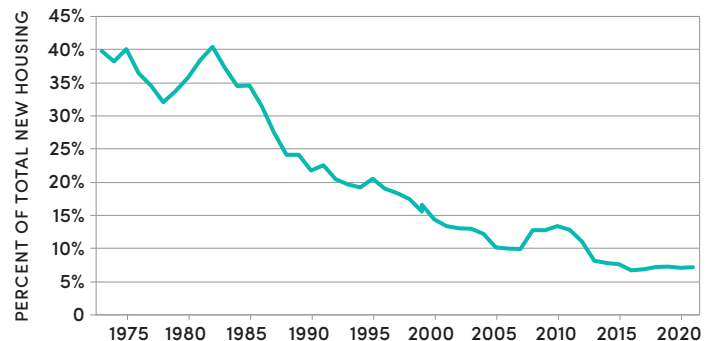


Figure 1. Decline of Smaller Home Construction, 1973–2021

Source: UC Berkeley Turner Center. Characteristics of New Housing – U.S. Census. Note: Smaller homes refers to homes under 1,400 square feet.

In addition to constraining what we have built in the past, exclusive single family zoning continues to make it difficult to add new housing types in the future—including those that may serve moderate income earners. This is because exclusionary zoning also impacts the financing, siting, and construction of structures that diverge from the single family typology, encouraging larger-format and higher-end homes at the expense of diverse densities and prices. Housing types like plexes that have greater potential to serve moderate income households remain costly to build and cannot fulfill their intended function of serving moderate income earners. Figure 1, from the Turner Center at UC Berkeley, shows that production of smaller homes, typically more affordable to workforce residents, has dramatically declined over the past half-century.⁷

This brief addresses the challenge of building middle-income housing in single family legacy cities, offering a bold set of rezoning solutions that can meaningfully impact who we build for while ensuring that homes intended to serve the moderate category fill their purpose. Drawing on research from successful trial projects, it addresses ways that zoning for moderately affordable homes, whether through adding housing stock like plexes or eliminating requirements like maximum sizes, must be paired with reform of land use restrictions that fully undoes the legacy of single family zoning. We examine steps to success, from changes to height and floor area ratio (FAR) restrictions, to parking minimums, and the approval processes that benefit missing middle homes, and make moderately priced homes easier to build. But it all begins with ending exclusionary zoning.

Workforce Housing: Why We Need It and How Exclusionary Zoning Has Hurt It

Moderate income or workforce housing is desperately needed in jurisdictions facing an affordability crisis yet it remains the least common type of housing in Sonoma County. Supplied in many forms, but often through what’s known as missing middle or plex-style housing that falls between low-density single family housing and higher density multifamily, these homes are intended to be more affordable to moderate income households due to smaller unit sizes.⁸ All Sonoma County jurisdictions have made it a goal to add more of this type of housing—in their 6th Cycle Housing Elements—and for good reason.⁹

Duplexes, triplexes, fourplexes, and cottage-style housing have a greater potential to house the area’s workforce residents, enabling health, education, and service industry workers who are in high demand to remain in the county. Additionally, these moderate priced units can serve as starter homes, helping families enter the ownership market and save for future purchases. (Table 1 includes a breakdown of these benefits.)

Their benefits can also open opportunities in the short term. For example, while the moderate earner in a city like Santa Rosa can spend a maximum of \$786,000 on a home at a rate that is affordable to them, that would only make them eligible for a third of all new houses added in the last 6 months.¹⁰ As seen in Figure 2, unlike every other type of housing, detached single family homes overwhelmingly serve one type of household—above moderate income—rather than an even distribution of household types.¹¹

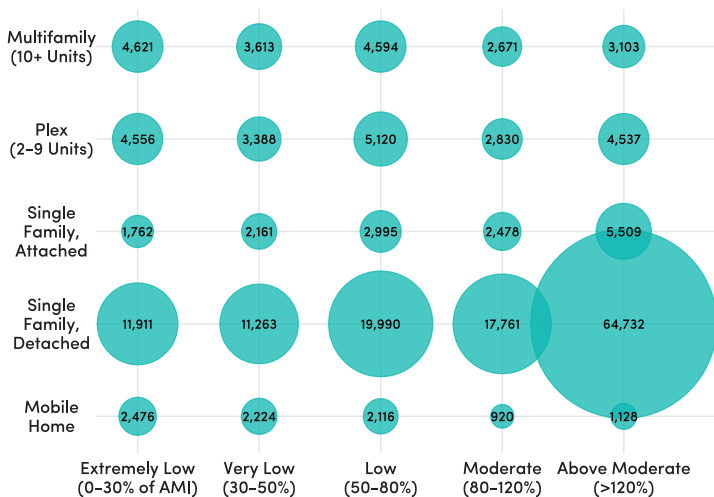


Figure 2. Single Family Homes Disproportionately Serve Higher Income Households

Source: Generation Housing analysis. IPUMS USA, University of Minnesota, www.ipums.org; U.S. Census Bureau 2021 American Community Survey 5-year Public Use Microdata Sample.

TABLE 1. BENEFITS OF MODERATELY AFFORDABLE HOUSING

FOR RENTERS	FOR FAMILIES	FOR WORKERS
Reduce cost burden rates among moderate income households	More affordable, family-size options for starter homes	Enable cost savings for workforce residents in industries like health, education, and hospitality
Increase housing choice by diversifying stock	Allow families to stay in existing school districts and attract new families with young children	Allow workers to live near jobs and reduce long commute times
Allow for greater savings towards eventual home ownership	Help young adults live near families when they consider moving out	
FOR BUSINESSES	FOR CLIMATE	FOR LOCAL GOVERNMENT
Attract and retain employees in high-demand industries	Reduce vehicle miles traveled and per-capita emissions with gentle density near amenities	Greater taxable revenue per acre through gentle density and smaller multi-unit dwellings
Increase foot traffic to small businesses and pedestrian-friendly cores	Reduce urban sprawl through infill development with plex-style housing	Lower per-unit infrastructure spending with plex-style and house-scale building

The gap in housing stock created by strong exclusionary zoning restrictions isn’t just about a housing type: what we truly “miss” are the diverse benefits to affordability they provide in relation to single family homes. The Turner Center has found that single-family homes across California are on average 2.7 times more expensive in overall price than the condos that would be built as a result of missing middle upzoning.¹² In Sonoma County, median rents for the current stock of all plexes in Sonoma County are 25 percent lower than single-family detached homes and 24 percent lower than for sale units.¹³ As a result of their greater potential to house moderate income earners,¹⁴ plexes house a more diverse array of people. For example, 1 in 3 plexes are occupied by a Latino householder compared to only 1 in 6 single family homes.¹⁵

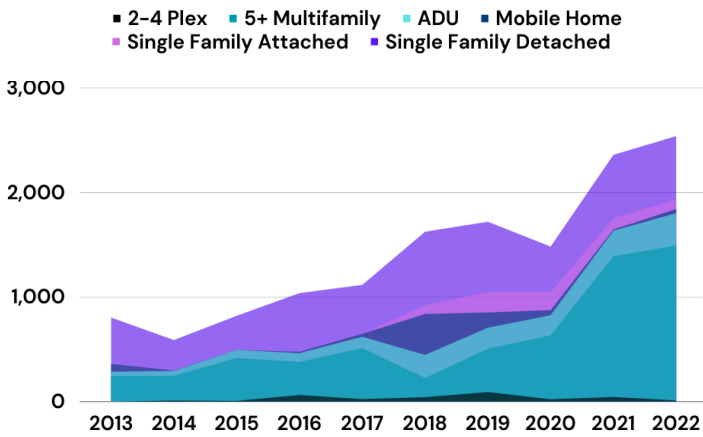


Figure 3. Units Permitted by Structure Type, Sonoma County, 2013–2022

Source: Generation Housing analysis. California Department of Housing and Community Development 2023 Annual Progress Reports – Data Dashboard and Downloads.

Single Family Zoning Impedes Future Affordability

Rezoning to allow for gentle increases in density is the first step necessary for adding more middle income units. Today, especially in high-rent markets like Sonoma County, homes that serve households in the 80–120% income range are difficult to build. Zoning restrictions not only constrain their production but contribute to overall costs.¹⁶ New plexes are not being built at the rates many anticipated when zoning changes were first made to accommodate them. Since 2013, small plexes have remained the least common type of housing added in Sonoma County during the same period that larger multifamily units and accessory dwelling units (ADUs) multiplied (see Figure 3);¹⁷ throughout the state, even after incremental zoning reforms, small plexes made up only 7% of all multifamily units permitted in the last five years.¹⁸

Moderately affordable homes like plexes are not immune to the rising cost of housing that affect all types of structures. And because these projects are unlikely to receive public subsidy, we need other policy tools to encourage construction of small plexes intended for middle income workforce members. In Sonoma County, while older plex builds are significantly lower in price than single family homes built in the same decade, prices have converged among recent plex builds and single family homes. As shown in Figure 4, monthly costs for new plexes now resemble costs for single family homes, unlike their older-built counterparts.¹⁹ As a result, the proportion of small plexes permitted in the last five years serving moderate income households was nearly identical to the proportion of detached single family homes serving the same category (roughly 10%)—undermining their intended use as moderately affordable homes.²⁰ Plexes also underwhelm in their function to serve workforce residents compared to larger multifamily structures. 82 out of every 100 plex units built in Sonoma

County today house above moderate households compared to only two-thirds of larger multifamily units serving that same category.²¹

Because most jurisdictions will rely on new builds to meet their moderate income RHNA needs for the next cycle (rather than conversions, preservations, or rehabilitations of existing homes), policies must encourage building plexes while maintaining affordability.

Two barriers to moderate income buildings are not addressed by conventional rezoning alone but can be tackled with further reforms.

1. First, zoning code allowances for missing middle housing types are insufficient when “other regulations make the development of multifamily properties practically or financially infeasible.”²² The Turner Center, in its review of policies intended to increase missing middle housing in cities like Portland and Minneapolis, found that despite allowing for denser housing on land formerly reserved for single family homes, outdated design standards continued to be suited for—and thus encourage—the former housing typology. Undifferentiated design standards meant that smaller multi-unit homes had to adhere to the building envelopes, FAR requirements, parking requirements, and setbacks that were not designed for them.²³ Conforming to codes intended to accommodate larger single-family homes meant adding unnecessary and additional costs that plex-style units were meant to reduce. Conversely, these conventional standards ended up incentivizing larger multi-unit buildings instead of the smaller and thinner missing middle types.²⁴

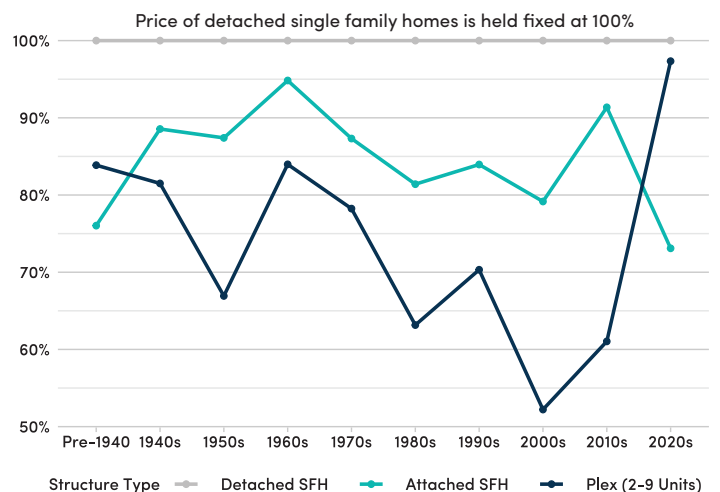


Figure 4. Plex and Attached Single Family Home Cost Relative to Detached Single Family

Source: Generation Housing analysis. IPUMS USA, University of Minnesota, www.ipums.org; U.S. Census Bureau 2021 American Community Survey 5-year Public Use Microdata Sample.

For example, as shown in the Case Study below, in Minneapolis, which offered zoning reform without design standards suited to small plexes, the result was fewer additions. However, in Portland, which paired zoning reform with FAR, setback, and height standards suited for plex-style housing, permitting increased to the point where nearly half of its yearly permits were for plex-style housing. Sonoma County has only achieved this level of production for smaller ADUs.

2. A second challenge with adding missing middle homes has been the inability to buck the rising costs of new, market-rate builds. From research conducted by the Urban Institute, we know that all new builds face an uphill battle against rising housing costs. Changes in zoning code allow for small increases in production, but what is added are primarily at the higher end of rental price markets.²⁵ In Sonoma County, plex style housing rents have risen. The result, as a report

“The health of all our businesses and economic opportunity for every resident relies heavily on stable, available housing. Unfortunately, the housing crisis in Sonoma County makes it challenging for many to secure affordable living options close to their workplaces, and for employers to recruit a workforce.”

Peter Rumble, CEO, Santa Rosa Metro Chamber

commissioned by Santa Rosa shows, is that even if missing middle projects were feasible, their smaller size would not make them more affordable.²⁶ The savings anticipated from smaller plots of land do little to reduce overall costs²⁷ and regions with especially strong single family luxury markets witness these types of units outcompete denser offerings.²⁸ Finally, few specialized developers in missing middle housing shrink the applicant pool. Zoning is one cause of higher prices but so are disproportionate fees, approval processes, and financing—each of which we address in our other policy briefs.

CASE STUDY: Minneapolis vs. Portland’s Zoning Reforms to Allow Greater Plex-Style Housing

MINNEAPOLIS

Restrictions:

- Required new builds to remain below than three stories tall
- Allowed small overall square footage
- No exemptions or fee structure changes
- Plexes subject to review, unlike most single family homes

Results:

- 85 total duplexes and triplexes in 2.5 years
- Limited variety of plex-style permits
- Applications entering market at higher price range

PORTLAND

Allowances:

- Scaled envelopes to plex needs, allowing additional size and height
- Permitted additional FAR up from 2,500 sqft for SFH; four units can build up to 4,000 sqft
- Allowed townhome projects to be built sideways on a lot
- Design review exemptions for plexes

Results:

- 64 total plexes in 1 year (first year)
- Greater variety in plex style homes, ranging from 2 to 6 units
- Nearly half of its yearly permits are for plex-style housing

An Effective Missing Middle Ordinance to End Exclusionary Zoning

Building smaller and more diverse homes begins with ending exclusionary zoning, opening up ideal locations for gentle density long reserved for single family homes. But upzoning must be accompanied by land use policy specific to missing middle housing types that allow small plexes to be financially feasible. Accordingly, we recommend that our local jurisdictions enact a missing middle ordinance suite that includes the following policies.

- **End Exclusionary Zoning:** Allow 2-4 unit plex housing in all single-family zones and up to 6 units within one mile of transit stops.
- **Expand for Gentle Density:** Double the area zoned for 7-19 unit Missing Middle and small apartment complexes
- **Zone for Flexibility:** Update or introduce flexibility into design standards so that FAR, setback, or height standards in formerly R1 zoned regions do not remain tailored to single family home prototypes. This can include increasing the allowable building area commensurate with an increase in units.
- **Eliminate Parking Minimums:** For all small plex-style homes, no more space can be devoted to additional parking units (see our upcoming fifth paper in our series of Housing Action Plan briefs).

Source: Garcia, David, Muhammad Alamelain, Ben Metcalf, and William Fulton (2022). Unlocking the Potential of Missing Middle Housing. UC Berkeley Turner Center.

• Ease Approval of Smaller Multi-unit Structures:

(a) Make single-family a conditional or prohibited use in medium-density zones; and (b) Ease the process for approval by making plex-style structure by-right. Otherwise, builders will default to constructing single family units.

- **Prioritize Location:** Target smaller multi-unit homes where they are most likely to get built and attract residents: in areas near walkable and rich with amenities, close to neighborhood commercial districts.

In addition to ending R1 restrictions, reforms to land use must be targeted to the envelope size of plexes, reducing their costs; minimizing additional costs such as excessive parking requirements; recognizing the competitive advantage that single family luxury has and shifting the odds towards smaller multifamily units; and finally being

strategic with placement of plex-style units to take advantage of nearby amenities that can be subtracted from rental units themselves.

These reforms, taken together, will help smaller, multi-unit structures to get built at price points that fulfill their intended role as more affordable rentals and starter homes. We urge that the above policies be implemented alongside an overhaul of exclusionary zoning codes.

Some of these reforms are learned from Sonoma County's success with ADUs, which have been built in response to local policies that prioritized their development and helped them become feasible offerings for residents looking for smaller and thus more affordable units.

1. Generation Housing (2023). [Making the Rent: The Human Price of Housing Cost Burden](#). Fig. 16.
2. Generation Housing (2023). [State of Housing in Sonoma County](#). Fig. 8. "The effective rent gap for households earning the median income in Sonoma County has remained roughly \$200 since 2016 and peaked in absolute dollars at nearly \$240 in 2018."
3. Garcia, David, Manji, Shazia, Underriner, Quinn, and Reid, Carolina (2022). [The Landscape of Middle-Income Housing Affordability in California](#). UC Berkeley Turner Center.
4. O'Neill, M., Gualco-Nelson, G., & Biber, E. (2018). Getting it Right: Generation Housing analysis. Menendian, Stephen, Samir Gambhir, Karina French, Arthur Gailles (2020). [Single-Family Zoning in the San Francisco Bay Area: Characteristics of Exclusionary Communities](#). Othering & Belonging Institute.
5. Generation Housing analysis. IPUMS USA, University of Minnesota, www.ipums.org; U.S. Census Bureau 2021 American Community Survey 5-year Public Use Microdata Sample.
6. Ibid.
7. Garcia, David, Alameldin, Muhammad, Metcalf, Ben and Fulton, William (2022). [Unlocking the Potential of Missing Middle Housing](#). UC Berkeley Turner Center.
8. [Missing Middle Housing](#). Plexes are defined as "house-scale" structures that (1) are intended to be part of low-rise residential neighborhoods and (2) address the mismatch between the available U.S. housing stock and shifting income demographics.
9. Their policies range from prorated fees for multi-unit buildings to zoning overlays for cottage style housing.
10. See City of Santa Rosa [2023-2031 Housing Element](#) (2023). Pg 3-19; and Compass (2023). [Sonoma County Real Estate October 2023 Report](#). Pg 28, 38.
11. Generation Housing analysis. IPUMS USA; U.S. Census Bureau 2021 ACS 5-year PUMS.
12. [Unlocking the Potential of Missing Middle Housing](#). UC Berkeley Turner Center.
13. Generation Housing analysis. IPUMS USA; U.S. Census Bureau 2021 ACS 5-year PUMS.
14. Generation Housing (2021). [Plex Housing: Understanding Sonoma County's Plex Homes and Residents](#). We find single-family homeowners have household incomes over \$102K as compared to Plex owners who earn \$73K, a 33% difference.
15. O'Neill, M., Gualco-Nelson, G., & Biber, E. (2018). Examining the Local Generation Housing analysis. IPUMS USA; U.S. Census Bureau 2021 ACS 5-year PUMS.
16. Stacy, Christina, Christopher Davis, Yonah Freemark, Lydia Lo, Graham MacDonald, Vivian Zheng, Rolf Pendall (2023). [Land-Use Reforms and Housing Costs](#). Urban Institute.
17. Generation Housing analysis. California Department of Housing and Community Development 2023 Annual Progress Reports. [Data Dashboard and Downloads](#). Construction: Structure Type, Sonoma County, All Years.
18. Generation Housing analysis. HCD [Data Dashboard and Downloads](#). By comparison, from 2013 to 2022 Sonoma County saw a near 6 fold increase in larger multifamily units.
19. Generation Housing analysis. IPUMS USA; U.S. Census Bureau 2021 ACS 5-year PUMS.
20. Generation Housing analysis. HCD [Data Dashboard and Downloads](#). Construction: Income Category, Sonoma County, permitted, all years.
21. Ibid.
22. Local Housing Solutions. [Missing middle housing](#). NYU Furman Center.
23. [Unlocking the Potential of Missing Middle Housing](#). UC Berkeley Turner Center.
24. Missing Middle Housing. [What's the best way to enable Missing Middle Housing?](#)
25. [Land-Use Reforms and Housing Costs](#). Urban Institute. "Reforms that loosen restrictions are associated with a statistically significant 0.8 percent increase in housing supply within three to nine years of reform passage, accounting for new and existing stock... [with] no statistically significant evidence that additional lower-cost units became available or became less expensive in the years following reforms."
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