



**MORE HOUSING**  
W I S C O N S I N

HELPING COMMUNITIES DEVELOP  
HOUSING SOLUTIONS.

WHITEPAPER SERIES  
Briefing Paper **5**

JULY 2024

# Municipal Housing *Solutions*



# More Housing Wisconsin

Wisconsin is experiencing a **significant housing shortage**. A recent study estimates Wisconsin will need to build **over 200,000 housing units by 2030** to accommodate all the people who want to live and work here.<sup>1</sup> More Housing Wisconsin, a collaboration between the League of Wisconsin Municipalities, Wisconsin REALTORS® Association, and the Wisconsin Builders Association, seeks to educate and inform Wisconsin city and village leaders and staff about zoning changes and other strategies communities can use to help **address this state's housing shortage**. Our goal is to bring tools, resources, and best practices to municipalities to help communities initiate housing solutions that meet their unique needs and **strengthen our economy**.





# Supporting Infill Housing by Enabling Missing Middle and Accessory Dwelling Units

While local governments are not the cause of Wisconsin’s housing shortage, they can and must be part of the solution. Among the policy changes municipal officials should consider implementing to help create more housing is facilitating additional infill development. A practical and effective way this could be accomplished is by adjusting zoning codes and taking other steps to support the integration of missing middle housing (MMH) and accessory dwelling units (ADUs) in residential zoning districts. While missing middle housing and accessory dwelling units are not the entire answer, they offer a way for communities to increase housing choices that are more affordable to various income levels.

## MISSING MIDDLE HOUSING

The term missing middle housing was coined in 2010 by Daniel Parolek, a co-founder and principal with Opticos Design, Inc., and refers to multi-unit buildings that are compatible in scale, form, and character with detached single-family houses. Examples include duplexes, triplexes, quadplexes, fiveplexes, sixplexes, courtyard apartments, cottage housing, and townhomes. This type of housing is called “missing” because it has typically not been permitted by right in residential zoning districts since the mid-1940s and “middle” because it sits in the middle of a spectrum between detached single-family homes and mid-rise to high-rise apartment buildings.<sup>ii</sup>

### WHY MIDDLE HOUSING SHOULD BE SUPPORTED.

- Middle housing adds housing to residential neighborhoods without drastically changing the existing built character. Middle housing types have a “house-scale” width, depth, and height, enabling them to blend into detached housing neighborhoods without creating out-of-scale, bulky buildings.<sup>iii</sup>

- Middle housing provides a wider variety of housing options and configurations to allow people to live closer to where they work.
- Middle housing can add more attainable options to a community's housing stock by increasing rental options through more small-scale multifamily housing.<sup>iv</sup>
- As Wisconsin's demographics change, middle housing can help meet the housing needs of a wider range of household types from the growing number of single-person households to multi-generational families.<sup>v</sup>
- While middle housing will not necessarily address the housing affordability needs of lower income households, such units are typically more affordable to moderate income households (for example, 80-100% area median income) than traditional single-family housing units.<sup>vi</sup>

## WHAT BARRIERS EXIST TO MIDDLE HOUSING?

Conventional zoning has inadvertently created several barriers to the production of middle housing. Optico Design Inc.'s missing middle housing website<sup>vii</sup> lists the following key obstacles:

- **Lack of zoning districts and development standards that allow and enable the full range of missing middle types.** Many local zoning codes jump from single-family residential (which may allow duplexes as conditional uses in addition to single-family homes) to multi-family residential zones that have standards geared to delivering larger, more intense building types on bigger lots. In such zones, small-scale multi-unit buildings are often made physically or economically infeasible due to maximum densities, minimum lot sizes, setback, lot coverage and high parking requirements.
- **Ineffective mapping of zones.** A typical American city has most of its residential land, up to 75 percent in many cases, mapped for single-family zoning. This precludes missing middle types from being built in large portions of the community.

# ADUs AND MMH

In Wisconsin, Accessory Dwelling Units (ADUs) and Missing Middle Housing provide versatile and affordable solutions. ADUs, which can be detached, attached, or internal, add secondary living spaces to properties, ideal for family housing, rentals, or home offices. Missing Middle Housing includes options like duplexes, triplexes, townhomes, and small multifamily buildings, filling the gap between single-family homes and large complexes. Both housing types enhance neighborhood diversity, promote community-oriented living, and address varying housing needs across income levels and household sizes.

- **Density-based zoning discourages smaller units.** A regulatory system based on allowed densities and minimum dwelling unit sizes inherently discourages developers from creating residential products in a range of sizes and leads to the largest units that the market will accept. This skews the market towards more expensive, high-end units and adversely impacts housing attainability. It reduces the available options for many demographic groups that are looking to downsize, or to live in smaller units.
- **The challenge of parking requirements.** Off-street parking requirements have a tremendous impact on small-scale residential infill. On most small lots, missing middle types work well when parking requirements are reasonable (1 per unit or less). However, when parking requirements are higher it reduces the developable area, and thereby the economic viability of missing middle types.

## **RECOMMENDED CHANGES TO LOCAL REGULATIONS TO BETTER ENABLE MORE MIDDLE HOUSING.**

- **Update zoning code to allow multi-unit housing (or at least certain types of multi-unit housing) as permitted by right in residential zoning districts.** “Lower-density housing types, like duplexes and triplexes, can easily be incorporated into single-family neighborhoods, including large-lot suburban districts. Missing middle housing types with somewhat greater density, like multiplexes with four or more units, can be a good fit for avenues that run through or connect residential neighborhoods as well as more urban areas where there are opportunities for infill development and connections to transit or commercial corridors.”<sup>viii</sup>

*An initial starting point* might be to allow multi-unit housing in single-family zoning districts which have historically included two-family and other multi-family as legal nonconforming structures and uses. Make sure multi-unit housing is held to the height and frontage dimensions of existing single household dwellings or historic multi-unit housing.<sup>ix</sup>

- **Reduce minimum lot size.** “Does your code require two lots to build a duplex or a fourplex? If a builder must aggregate multiple lots to build a small multiunit building, your minimum lot sizes are too big. Instead, replace minimum lot sizes with minimum lot widths and tie types of buildings to the lot’s width, not its square footage.”<sup>x</sup> For guidance on reducing minimum lot and dwelling sizes see Municipal Housing Solutions Briefing Paper #4, June, 2024. <https://www.lwm-info.org/DocumentCenter/View/8764/MHW-Briefing-Paper-4-June-2024?bidId=>

• **Adjust Parking Requirements by:**

- Reducing or eliminating parking minimums.
- Allowing shared parking to count toward parking minimums.
- Allowing on-street parking and allowing it to count toward parking minimums.

**Note:** Smaller multi-family dwellings can be nearly impossible to build if two paved, off-street parking spots are required per unit. Minimum on-site parking requirements for housing should seldom be more than one per unit. If street parking or other shared parking spaces are available, then even less parking can be required. Allowing on-street or shared parking to count toward the minimum required parking spaces will provide some flexibility for landowners. On-street parking is shared among many users and has the additional benefit of separating pedestrians from moving vehicles. Municipalities should focus on where that parking is located, rather than in how much parking is required. Within historic neighborhoods, minimum parking requirements can be eliminated entirely, or at a minimum, reduced substantially. Overly high parking requirements can block new housing options that fit seamlessly into existing neighborhoods, such as small infill buildings, and conversions of large houses into more than one residence.<sup>xi</sup>

**RESOURCES**

1. The Washington State Legislature passed legislation<sup>xii</sup> in 2023 (commonly referred to as “HB 1110”), requiring 77 local governments to adopt development regulations allowing for middle housing on all lots zoned predominantly for residential use, including minimum unit per lot standards, maximum parking requirements, and requiring administrative design review in cases where design review is used. The legislation also required the state’s Department of Commerce to provide technical assistance to local governments seeking to comply with the legislation, including preparing model middle housing ordinances. The Washington State Department of Commerce has prepared the following resources on middle housing:

- [Final Middle Housing Model Ordinance for cities 25,000 and over \(PDF\)](#)
- [Final Middle Housing Model Ordinance for cities under 25,000 \(PDF\)](#)
- [User Guide for Middle Housing Model Ordinances \(PDF\)](#)
- [User Guide to Traditional Neighborhood Design Middle Housing Toolkit \(PDF\)](#)
- [Middle Housing Objective Design Standard Basic Toolkit \(PDF\)](#)
- [Middle Housing Objective Design Standard Detailed Toolkit \(PDF\)](#)

2. Opticos Design Missing Middle Housing website contains lots of information on missing middle housing. <https://missingmiddlehousing.com/>





3. The Municipal Research and Services Center (MRSC) of Washington maintains a web page devoted to missing middle housing that includes examples of ordinances enacted by communities primarily in Washington state. <https://mrsc.org/explore-topics/housing-homelessness/housing/middle-housing#overview>
4. Local Housing Solutions briefing paper on missing middle housing is easy to read and informative. <https://localhousingsolutions.org/housing-policy-library/missing-middle-housing/>
5. Colorado's Department of Local Affairs Innovative Affordable Housing Strategies web page includes guidance on granting duplexes, triplexes, or other appropriate multi-family housing options as a use by right in single-family residential zoning districts. <https://drive.google.com/file/d/1wDsQ12o6oYIDhf8VVZJwkppqjYgXPreH/view>

## ACCESSORY DWELLING UNITS

Another type of residential infill development municipalities should consider allowing as a way of increasing housing supply is accessory dwelling units. ADUs are small units of housing built inside, attached to, or on the same lot as an existing single-family home. ADUs are sometimes called “mother-in-law apartments” or “granny flats,” because they are often used to house extended family.<sup>xiii</sup>

ADUs historically have occurred organically throughout Wisconsin cities and villages. They were often the converted upper level of carriage houses or garages, as well as in attics and basements. Allowing ADUs is way to gently increase density at a scale that is virtually invisible within a neighborhood.<sup>xiv</sup>

### WHY ADUS SHOULD BE SUPPORTED?

- ADUs can be a less expensive way to create low-cost housing units, free up low-income housing, and increase density in single-family areas, while using existing infrastructure such as water and sewer.<sup>xv</sup>
- The costs of constructing ADUs are typically lower than those of new single-family or multifamily units, although new construction of detached units can cost from \$100,000 to \$350,000 or more.<sup>xvi</sup>

- “Permitting ADUs within neighborhoods is a good first step toward adding housing with minimal impact on existing development.”<sup>xvii</sup>
- ADUs allow the homeowner to reduce the cost of housing with additional income, enables aging in place by downsizing on the same parcel, and assists with elder care.<sup>xviii</sup>
- ADUs can also allow homeowners to continue living in (or adjacent to) homes that might otherwise be unaffordable (perhaps due to rising property taxes or the reduction in income after retirement).<sup>xix</sup>
- ADUs create opportunities for persons of low or moderate-income to live in otherwise unaffordable neighborhoods closer to where they work.<sup>xx</sup>

## **COMMON BARRIERS TO ADUS.**

- **Zoning code disallows ADUs.**
- **Overreliance on discretionary approvals of ADUs rather than permitting them by right.** When a municipality permits ADUs by right, anyone who complies with a set of clear, objective regulations can obtain a permit to build or occupy an ADU. In contrast, local officials approve or deny discretionary use permits (i.e., conditional use permits) based on their interpretation of whether a specific ADU application satisfies standards in the ordinance or could satisfy those criteria if the applicant accepts additional development or occupancy conditions. Local officials must also hold a public hearing before deciding on a conditional use permit. “Many communities require discretionary approvals [i.e., conditional use permits] for one or more types of ADUs, either in specific zoning districts or communitywide. While this provides opportunities to craft conditions of approval that can help ADUs better fit into established neighborhoods, it also creates delay and uncertainty for applicants. When local officials require discretionary conditional use permits for most or all ADUs, it sends a clear signal to the community that ADUs are not “customary” accessory uses for single-family homes.”<sup>xxi</sup> For that reason the City of Madison in 2021 amended its zoning ordinance to make ADUs a permitted use rather than a conditional use, as was previously required by the city’s zoning code. <https://www.cityofmadison.com/news/2021-10-28/mayor-and-alder-propose-to-ease-permit-approvals-for-accessory-dwelling-units>
- **Minimum Lot Size Requirements.** Even when ADUs are allowed, local governments often impose excessive minimum lot sizes for ADUs, which greatly restricts the number that can be built in a community.<sup>xxii</sup>
- **Parking Requirements.** “Many local governments require one or more off-street parking spaces for each ADU. This is a serious inhibition to the construction of ADUs for two reasons. First, the cost of creating off-street parking spaces. Second, the lot size, location



of the primary residence, and topography may make the creation of a parking space impossible.”<sup>xxiii</sup>

- **Set Back and Lot Coverage requirements.** Municipal set back and lot coverage requirements may make it physically impossible for a homeowner to build a detached ADU on the same lot as the primary dwelling unit.<sup>xxiv</sup>

## **RECOMMENDED CHANGES TO LOCAL REGULATIONS TO ENABLE MORE ADUS**

- **Update zoning code to allow ADUs as permitted by right in residential zoning districts.** At a minimum, ADUs should be allowed by right for all single-family zoning districts. See the sample zoning code amendment permitting by right accessory dwelling units in all zoning districts that permit single family dwellings on page 35 of Enabling Better Places: A User’s Guide to Wisconsin Neighborhood Affordability. <https://www.lwm-info.org/DocumentCenter/View/5566/WI-Zoning-Guide-Final-2-2022>
- **Amend zoning code to eliminate minimum lot standards for ADUs that are different from the primary dwelling.** Provide that the minimum sized lot required for an ADU is the same as the minimum lot size for the primary dwelling. Consider allowing ADUs to be created within or attached to an existing house on lots smaller than the minimum lot size if there is an existing house on the lot, provided the accessory dwelling unit would not increase the nonconformity of the residential use with respect to building height, bulk or lot coverage.<sup>xxv</sup>
- **Adjust set back and lot coverage requirements to better enable ADUs in conjunction with the primary dwelling unit.**
- **Reduce or eliminate parking requirements for ADUs.** Ideally, no additional off-street parking should be required for accessory dwelling units.

**Note: More than zoning adjustments may be necessary to encourage ADUs in your community.** Removing zoning and other regulatory barriers to ADUs may not result in more being built. Lack of familiarity with the development and permitting process; design challenges, including difficulty conceptualizing how or where to accommodate an ADU on a property; and lack of access to financing for ADUs can make it challenging for property owners to proceed even if the zoning code allows.<sup>xxvi</sup>

Local governments may need to make more concerted efforts to help homeowners create ADUs. For example, communities may need to provide guidance to homeowners about the ADU permitting process and speed up the ADU permitting process. Some communities in the U.S. assist with site planning and provide free off-the-shelf plans. Other jurisdictions establish a separate, simplified short-turnaround approval process for ADUs. Some communities provide financial assistance for homeowners to create ADUs, for example by waiving impact fees for ADUs that will be restricted to low-income occupants. A few communities provide subsidies for ADUs. In Boston, the Additional Dwelling Unit Loan Pilot provides low- and moderate-income homeowners interest-free loans up to \$50,000 for an ADU project. Loans do not become due until the owner sells, transfers ownership, or undertakes a cash-out refinance.<sup>xxvii</sup>

## RESOURCES

1. The American Planning Association maintains a website with planning and zoning resources related to ADUs, as well as reports, briefing papers, case studies, articles, blog posts, online trainings, videos, statutes, guides, model ordinances, comprehensive plans, and regulations. <https://www.planning.org/knowledgebase/accessorydwellings/>
2. AARP has published the following ADU guidance: Expanding ADU Development and Occupancy: Solutions for Removing Local Barriers to ADU Construction <https://www.aarp.org/content/dam/aarp/ppi/2023/5/aarp-expanding-adu-development.doi.10.26419-2Fppi.00172.001.pdf>
3. AARP has published an Accessory Dwelling Units Model State Act and Local Ordinance <https://www.aarp.org/content/dam/aarp/livable-communities/housing/2021/AARP%20ADU%20Model%20State%20Act%20and%20Local%20Ordinance-0212021-08.pdf>
4. The Washington State Department of Commerce has prepared a Guidance for Accessory Dwelling Units in Washington State <https://www.ezview.wa.gov/Portals/1976/Documents/adu-examples/Commerce%20Final%20ADU%20Guidance%202023.pdf>
5. The Municipal Research and Services Center (MRSC) of Washington maintains a web page providing an overview of ADUs that includes examples of ordinances enacted by communities primarily in Washington state. <https://mrsc.org/explore-topics/housing-homelessness/housing/accessory-dwelling-units>
6. Local Housing Solutions' briefing paper on ADUs is easy to read and informative. [https://localhousingsolutions.org/housing-policy-library/accessory-dwelling-units/#:~:text=Accessory%20dwelling%20units%20\(ADUs\)%20are,create%20a%20new%20housing%20unit.](https://localhousingsolutions.org/housing-policy-library/accessory-dwelling-units/#:~:text=Accessory%20dwelling%20units%20(ADUs)%20are,create%20a%20new%20housing%20unit.)

7. <https://accessorydwellings.org/> This website has extensive resources related to ADUs, including research and policy, guides to building ADUs, and descriptions of ADU-related initiatives and innovations.
8. Page 35 of *Enabling Better Places: A User's Guide to Wisconsin Neighborhood Affordability*, includes a sample zoning code amendment permitting by right accessory dwelling units in all zoning districts that permit single family dwellings. <https://www.lwm-info.org/DocumentCenter/View/5566/WI-Zoning-Guide-Final-2-2022>
9. Colorado's Department of Local Affairs *Innovative Affordable Housing Strategies* web page includes guidance on ADUs as a use by right, with links to sample ordinances. <https://drive.google.com/file/d/1FJGYsW2tt7NWlxFWLt1pziCkuSmTlZ4o/view>

<sup>i</sup> Forward Analytics, *A Housing Hurdle: Demographics Drive Need for More Homes*; January 2023.

<sup>ii</sup> <https://missingmiddlehousing.com/about>

<sup>iii</sup> Washington State Department of Commerce, *User Guide to Traditional Neighborhood Design Middle Housing Toolkit* <https://deptofcommerce.app.box.com/s/bgparicry3moxlpdl7gf1xd0pdiw5sx6>

<sup>iv</sup> <https://deptofcommerce.app.box.com/s/owosnd7aybellcgyikl85df59y50l79e>

<sup>v</sup> <https://deptofcommerce.app.box.com/s/owosnd7aybellcgyikl85df59y50l79e>

<sup>vi</sup> Steve Butler, *Infill Housing Approaches: Targeting the Missing Middle and Accessory Dwellings* <https://mrsc.org/stay-informed/mrsc-insight/november-2022/infill-housing-approaches>

<sup>vii</sup> <https://missingmiddlehousing.com/about/how-to-enable>

<sup>viii</sup> <https://localhousingsolutions.org/housing-policy-library/missing-middle-housing/>

<sup>ix</sup> *Enabling Better Places: A User's Guide to Wisconsin Neighborhood Affordability*, <https://www.lwm-info.org/DocumentCenter/View/5566/WI-Zoning-Guide-Final-2-2022>

<sup>x</sup> Kati Wook, *5 Practical Zoning Hacks for Missing Middle Housing*, June 2022, APA Planning Magazine <https://www.planning.org/planning/2022/winter/5-practical-zoning-hacks-for-missing-middle-housing/>

<sup>xi</sup> *Enabling Better Places: A User’s Guide to Wisconsin Neighborhood Affordability*, <https://www.lwm-info.org/DocumentCenter/View/5566/WI-Zoning-Guide-Final-2-2022>

<sup>xii</sup> Codified in Revised Code of Washington 36.70A.635 through 36.70A.638.

<sup>xiii</sup> <https://mrsc.org/explore-topics/housing-homelessness/housing/accessory-dwelling-units>

<sup>xiv</sup> *Enabling Better Places: A User’s Guide to Wisconsin Neighborhood Affordability*, <https://www.lwm-info.org/DocumentCenter/View/5566/WI-Zoning-Guide-Final-2-2022>

<sup>xv</sup> Local Housing Solutions <https://tinyurl.com/mwm2f7af>

<sup>xvi</sup> Ibid.

<sup>xvii</sup> *Enabling Better Places: A User’s Guide to Wisconsin Neighborhood Affordability*, <https://www.lwm-info.org/DocumentCenter/View/5566/WI-Zoning-Guide-Final-2-2022>

<sup>xviii</sup> Ibid.

<sup>xix</sup> Ibid.

<sup>xx</sup> Ibid.

<sup>xxi</sup> AARP, *Expanding ADU Development and Occupancy: Solutions for Removing Local Barriers to ADU Construction* <https://tinyurl.com/4hxmm5rt>

<sup>xxii</sup> AARP, *Accessory Dwelling Units: Model State Act and Local Ordinance* <https://tinyurl.com/39b4bva2>

<sup>xxiii</sup> Ibid.

<sup>xxiv</sup> Ibid.

<sup>xxv</sup> Ibid.

<sup>xxvi</sup> Local Housing Solutions <https://tinyurl.com/mwm2f7af>

<sup>xxvii</sup> Ibid.