

Increasing the Missing Middle Housing Types in Tampa Bay: A Cooperative Risk Reduction, Capital Strategy

By

Shrimatee Ojah Maharaj, University of South Florida

An underlying theme of risk, risk reduction, and capital emerged from qualitative research on the factors that affect the supply of the MMH types in urban core neighborhoods in Tampa Bay, Florida (Ojah Maharaj, 2020a). This theme emerged from interviews conducted with different stakeholders, leaders, and experts related to MMH types in the area. The research uncovered the core and underlying factors that inhibit the capital to solve the MMH types shortage (Ojah Maharaj, 2020a). It also identified factors that help increase the supply of MMH types in urban core neighborhoods (Ojah Maharaj, 2020a). The underlying theme led to the theory and model, based on increasing risk attenuates capital flow and reducing risk, encourages capital towards helping increase the supply

of MMH types. A new solution-based strategy was developed to overcome barriers/risks to help increase the supply of Missing Middle Housing (MMH) types in urban core neighborhoods in the Tampa Bay area. This strategy would require the support of all the stakeholders—small developers, practitioners, city officials, neighborhoods, and banks working together to reduce barriers/risk and encourage capital infusion. An initial cooperative alliance with all stakeholders to eliminate misconceptions and promote understanding and support for each other is paramount to the success of the proposed solution. The emergent developers' alliance will help cultivate a cooperative environment working toward the goal of increasing MMH types in urban core neighborhoods in the Tampa Bay area.

There is a lack of Missing Middle Housing (MMH) types in walkable urban core neighborhoods in the Tampa Bay area. A cooperative risk reduction, capital strategy is proposed to help increase MMH types.

Keywords: Risk, Capital, Risk Reduction, Novel Idea, Grounded Theory on Missing Middle Housing (MMH) Types, Missing Middle Housing Supply, Housing Supply, Stakeholders, Developers' Alliance, Cooperative Risk Reduction, Capital Strategy.

Introduction

Industry experts in Tampa Bay claim they cannot produce a house at the \$180,000 price range due to impact fees, land, and construction costs (Taylor Martin, 2020b). The impact fees go toward road improvements, utilities, schools, and other services. In Hillsborough County, the suggestion is to build where there is available land in the semi-rural planned community areas. However, this requires new infrastructure costs and long commutes to work (Taylor Martin, 2020b). The suggestion is that “truly affordable housing is becoming an impossibility in this market” (Taylor Martin, 2020a). In Pinellas County, where there is less available land for new construction and many older single-family communities located in urban core areas, the average sales price of a home in September 2018 was \$256,000 (Florida Realtors, 2018), and in Hillsborough County, the average sales price was \$294,662 (Greater Tampa Realtors, 2018). Thus, homeownership attainment appears to be unreachable for middle-income earners. The trend is for developers to continue to build single-family housing developments outside of the urban core despite the studies that show construction in urban core areas saves 38%–50% on the cost of new infrastructure, sewer lines, and other utilities (Smart Growth America, 2013). The Missing Middle Housing (MMH) types comprise low- to mid-rise, compact development within the urban core. Developing more MMH types within the urban core would be more cost-effective. Additionally, it will help increase the supply of MMH types (CNU, 2015). The purpose of this research is to target ways of increasing the MMH types in the Tampa Bay area using a cooperative risk reduction strategy.

A cooperative risk reduction strategy with all the stakeholders is proposed to form a cooperative alliance and, ultimately, a small developers’ alliance to help increase the supply of MMH types in the Tampa Bay area. This strategy will finally take the form of small developers’ partnerships within the various municipalities in the area. According to Ojah Maharaj (2020b), small developers play an essential role in the supply of missing middle housing types. This proposed alliance will support the qualified small developers interested in building MMH type in the Tampa Bay area. Paramount to this cooperative strategy is for local governments to reduce risks for the stakeholders, facilitate and work with neighborhoods, lenders, and developers to break down silos, understand each other and develop a vision or goal toward increasing MMH types. This scenario would require new land use and zoning

regulations for increased densities, simplified and easy permitting processing, and gap financing to banks. This alliance is designed to lower the risks of all the stakeholders and provide the needed support to the small developers. This theory means forming a cooperative alliance. The developers’ alliance will foster growth and help the existing and new core of small developers build MMH types in the Tampa Bay municipalities. The research reveals a readiness by the various stakeholders to work through the issues and create a working environment that is supportive of the MMH types. It reveals a sense that an opportunity exists to capture the momentum that exists with the stakeholders. This solution-based strategy is designed to work through and overcome regulatory barriers, neighborhood opposition, and providing capital to encourage developers to invest in those areas.

Review of Research

The Missing Middle Housing (MMH) types refer to housing that ranges between multistory units and single-family unit layout, as seen in many cities. The term “missing middle housing types” was coined by

Parolek in 2010 (CNU, 2015) and described the housing types that existed in the urban core in the early 20th century (Opticos Design Inc., 2018). They include a variety of compact, low- to mid-rise housing types such as carriage hous-

es, townhouses, bungalows, courtyard apartments, side-by-side stacked duplexes, fourplexes, 5–15/40 plexes, condos, and work/live units. MMH type is a new term for homes that were built in the early 20th century (before WWII) in urban core neighborhoods. As consumers’ housing preferences changed, the land use and zoning regulations altered to accommodate these preferences. These types of homes were no longer built in the urban core (Lucy & Phillips, 2006; Vision 2020 Delegates, 2002). Parolek, 2010 (CNU, 2015) suggested reintroducing the MMH types as a solution to meet the demand by millennials and baby boomers for affordable, housing in walkable urban neighborhoods. The proximity to amenities, restaurants, shopping; entertainment also drives demand for MMH types (Burks, 2017; Mich, 2017; Myers & Ryu, 2008; Parolek, n.d.; Sisson, 2016). Efforts to reintroduce the housing types in the urban core met with challenges of uncertainties, neighborhood opposition, delays, regulations, and more (Glaeser & Gyourko, 2018; Hertz, 1979; Ojah Maharaj, 2020a, 2020b).

Factors that affect the supply of the MMH types in the urban core neighborhoods include land use and

The suggestion is that “truly affordable housing is becoming an impossibility in [the Tampa Bay] market”

Methodology

Corbin and Strauss's (2014) grounded theory methodology was used for this theory development and model (Figure 1) to respond to the research question. The theory/model led to the Novel Idea (Figure 2) proposed below, regarding forming a developers' alliance. The Corbin and Strauss methodology was selected because it is systematic and suited for complex issues such as this research topic (Creswell, 2013). The method consists of data gathering through interviews and open coding. Once data is collected, the information needs to be processed. Open coding could be a word, line by line or a paragraph; axial coding (an aggregation of open coding); memo writing (Memo writing is ongoing and is integral throughout the process and is part of the inductive process of theory development.) Once theoretical saturation is achieved, data collection stops (Ojah Maharaj, 2020a). The process continued with selective coding and theoretical modeling. An inherent and distinguishing aspect in Corbin and Strauss's qualitative study methodology is a process referred to as "constant comparison." In constant comparison, the researcher is continuously comparing the coded item and the category with items previously coded for similarities or differences; thereby, eliminating the need for a hypothesis or avoiding biases (Creswell, 2013; LaRossa, 2005).

Data Collection

This research was conducted over nine months. Research subjects were 39 leading practitioners, upper management professionals and leaders from the cities of Tampa, St. Petersburg, Clearwater, Dunedin, Oldsmar, Pinellas County government as well as private sector developers and industry leaders in the Tampa Bay, FL area. The areas of expertise covered urban planning, historic preservation, transportation planning, permitting and development reviews, housing and economic development, developers, lenders, realtors, including two millennials and interest groups. The experts had an average of 22.6 years of experience each in their field of practice.

Data collection was guided by Corbin and Strauss's (2014) grounded theory qualitative methodology. Data was derived from semi-structured interviews with the 39 leaders and practitioners and spanned 3.25 months. The 39 interviews were conducted face-to-face and by telephone. They averaged 59 minutes each. Data collection and preparation took a total of 187 hours, with an average of 4.79 hours per interview. NVivo 12 Plus qualitative analysis data software was used to code, manage, and partially analyze the data. The interviews uncovered the reality of the need of MMH types in the local area. The researcher sought these opinions to get a better understanding of the factors that could help improve the supply of the "Missing Middle Housing" types (MMH) in walkable urban core neighborhoods in the Tampa Bay area.

zoning restrictions, neighborhood opposition, a lack of developer interest in building the units, a lack of financing, limited land availability and high land and construction costs (Ojah Maharaj, 2020a, 2020b). Potential solutions to these factors relate to updating land use and zoning regulations to increase density, relaxation of permitting rules and providing incentives to developers and lenders. Other intervention factors to overcome the challenges of low supply of MMH types relate to educating the neighborhoods to reduce opposition, educating the lenders, and the creation of financial tools to interest developers (Ojah Maharaj, 2020a). The factors of land use and zoning regulations, neighborhood opposition to increased densities, capital investment, and developer interest appear to be critical to the supply of MMH types (Blumenthal, McGinty, & Pendall, 2016). However, existing regulations and neighborhood opposition seem to be significant constraints to increased densities for housing (Gyourko & Molloy, 2015).

Ojah Maharaj (2020a) Research

In 2018, Ojah Maharaj researched the MMH housing in the Tampa Bay area, which involved inter-

views of key stakeholders (see methodology above) (Ojah Maharaj, 2020a). The stakeholders were classified as: Power Broker/Influencers (Neighborhood/Special Interest); Capital Investors (Lenders); Suppliers (Developers); and City Regulators (Ojah Maharaj, 2020a). See Appendix A, for a summary of the results.

The small developers ("suppliers") can be influenced by risk and capital (positively and negatively) impacting on whether they can increase the supply of MMH types (Ojah Maharaj, 2020a). Three influencers: the city ("regulators"), neighborhoods/special interest groups ("power brokers"), and the lenders ("capital investors") can impact whether the small developers can increase the supply of MMH types. The city regulators, power brokers, and capital investors /lenders can positively or negatively impact the suppliers building MMH types in urban areas depending upon whether they are meeting the needs of all of the stakeholders and providing the necessary support to the developers such as easy permitting processes, approved design criteria, land, resources, training and providing the necessary financing available for these projects (Ojah Maharaj, 2020a,

Figure 1). These factors are further exacerbated by the non-involvement of the capital investors; thus, creating the need for financing available for these projects (Ojah Maharaj, 2020a). A common theme in the interviews was the city regulators' willingness to mitigate/remove risks by making the necessary regulatory changes and facilitating the process with the power brokers through neighborhood planning processes (Ojah Maharaj, 2020a). However, they would not increase densities for MMH types without the Power Brokers' approval (Ojah Maharaj, 2020a). The city regulators recognized the role of the Power Brokers in obstructing the increase in the supply of the MMH types and the need to work with and educate the Power Brokers on the MMH types (Ojah Maharaj, 2020a). Even with the regulators facilitating the processes, there is still a lack of involvement by the capital investors, which ultimately negatively impacts the supply of MMH types (Ojah Maharaj, 2020a, as stated in Interviews #1-7, 11, 36). There is a need for regulators and suppliers to "work with the capital investors" (Ojah Maharaj, 2020a, as stated in Interviews #1-7, 11, 36). The effort provides the opportunity to develop risk mitigation strategies such as gap financing for the capital investors. It also offers the opportunity to educate the capital investors on other risk mitigation strategies to work with the Power Brokers to help reduce their risks.

The model and the theory that emerged are based on the flow of risk, risk reduction, and capital. Capital is money. Risk reduction can be services, policy, lack of opposition from special interest groups, the requisite land use regulations in place, time, goodwill, incentives in the form of vacant land, and reduced fees, to consequently improve the supply of MMH types. Risk flow can be any action, policy or regulation, which slows the process (Time and Time to Market) (Ojah Maharaj, 2020a). Figure 1 illustrates the flow of risk, risk reduction, and capital between the stakeholders. Capital flow is denoted by the broken and solid/unbroken lines and the arrows; risk/uncertainty is indicated by the broken lines and negative signs and arrows; the positive sign means risk reduction. It is important to note that the arrows are bi-directional, indicating risk reversal/mitigation can occur, and the problems are solvable (Ojah Maharaj, 2020a).

This research demonstrated that increasing risk inhibits (attenuates) capital and, consequently, suppresses the supply of MMH type (Time and Time to Market). It also demonstrated that reducing risk encourages capital. Thus, monitoring and managing the process can lead to increased MMH types (Ojah Maharaj, 2020a). This model describes a macro

view of all the stakeholders and the roles they play in the supply of the MMH types. If the model upholds, then, the risk mitigation and capital infusion which occurs with each of the stakeholders would help to increase the supply of MMH types in urban core neighborhoods (Ojah Maharaj, 2020a). However, mitigation and capital infusion would require coordination and cooperation among all stakeholders with the city regulators playing a lead role (Ojah Maharaj, 2020a). The broken lines indicate how the City Regulators, the Power Brokers, and the Capital Investors interact with each other. However, the focus of Figure 1 is the relationship as indicated by the solid lines between the City Regulators, the Power Brokers and the Capital Investors in the Supply of the MMH types.

As indicated in Ojah Maharaj (2020a), the Suppliers/Developers have a pivotal role in the supply of the MMH types. However, they are affected /interact with the three stakeholders (the city regulators, the Power Brokers, and the Capital Investors) by the positive (risk reduction and capital) and negative (risk) actions of all three stakeholders. The research question is on the supply of MMH types. The impact

on the supply of MMH will also impact the Supplier/Developer. Hence, the placement of MMH supply in Figure 1 as opposed to the inclusion of the Supplier/Developer stakeholder in Figure 1.

Figure 1 also illustrates the relationship of all the

stakeholders with each other and their dependence on each other for the removal of the risk (-ve factors) and replacement with risk-reducing factors/moderating factors (+ve) to help increase the MMH supply. However, as noted by Ojah Maharaj (2020a Interview #7), eliminating the risks with one of the stakeholders, such as the city regulators/practitioners, does not necessarily mean the suppliers/developers will produce the MMH types in the urban core areas. Instead, this research led to the proposal of the need for all the stakeholders to lower/eliminate their risks and replace them with moderating factors within or from other stakeholder units. A model in which the practitioners/city regulators have a pivotal role.

Figure 1 summarizes the relationships of each of the stakeholders. The risk reduction strategy would be translated into action items for policy recommendations for the respective stakeholders.

Strategy for Increasing the MMH Types

Appendix A and Figure 1 depict a macro viewpoint to illustrate the contingent relationships of each stakeholder and the need for each stakeholder

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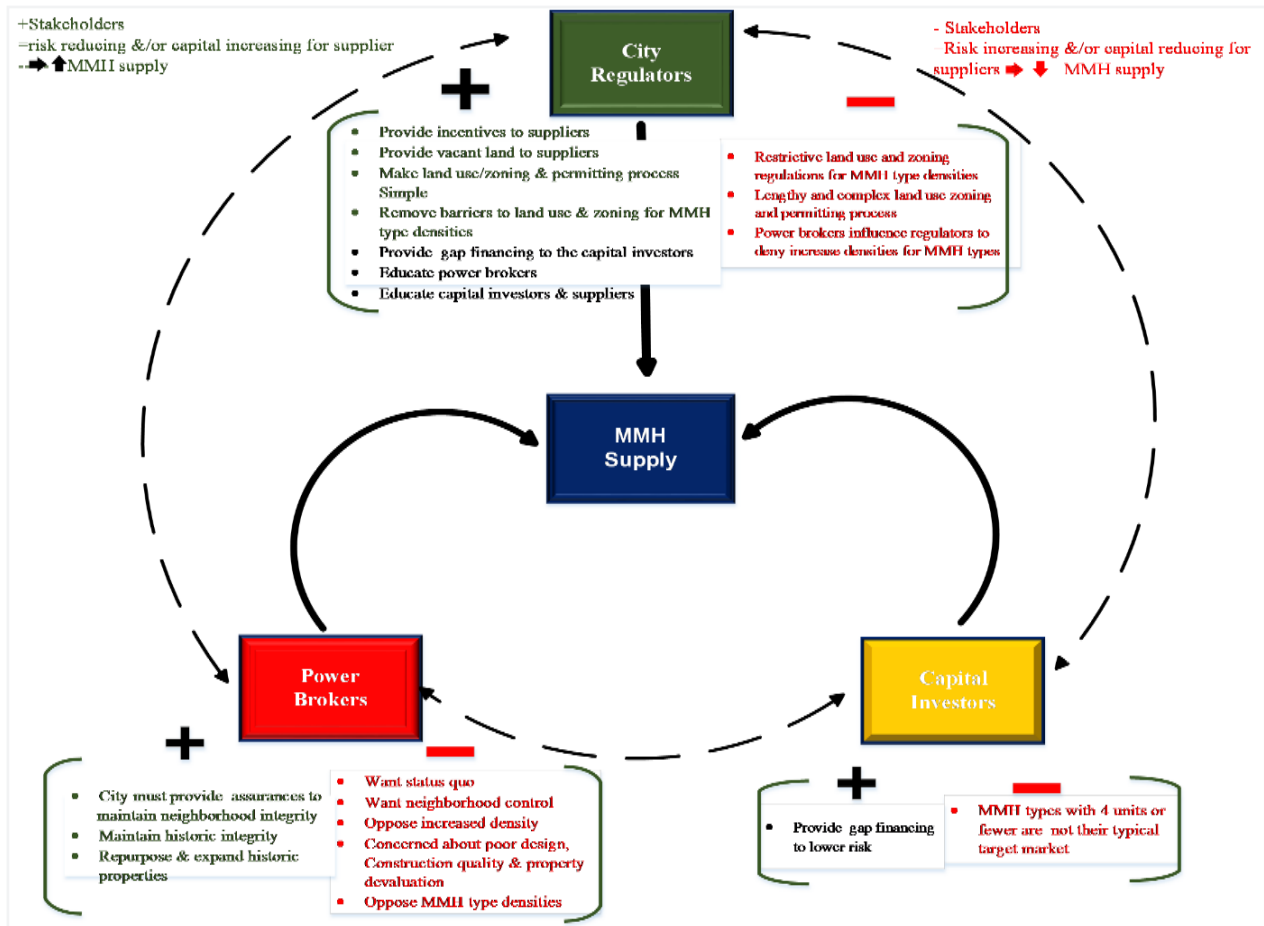


Figure 1: Risk, Risk Reduction, and Capital Among the Stakeholders in the Supply of the MMH types. Risk attenuates capital. Reducing risk encourages capital.

to work together. The interviews revealed a variety of misconceptions across stakeholder groups that could potentially interfere with the needed collaboration (Ojah Maharaj, 2020a, and Appendix A). Thus, a need for an alliance of all the stakeholders (cooperative alliance) to cooperate to help increase the supply of MMH types was indicated.

➤ *Recommendation:* Before the launch of the developers’ alliances, preliminary meetings/sessions (the cooperative alliance) would need to occur with all the stakeholders to learn about each other and ultimately increase communication and cooperation, and eliminate and misconceptions, to promote and enhance social capital and support.

The small developers’ alliance has been successful in Chattanooga and Memphis, Tennessee, Columbus and Atlanta, Georgia, and Tigard, Oregon among other cities in the U.S. (Inc-Dev Alliance, n.d). However, it is new to Hillsborough and Pinellas counties in Tampa Bay.

The purpose of the developer’s alliances would be to reduce risks, encourage support, and cultivate

the small developers with capital to incrementally increase the supply of the MMH types in the walkable urban core. In the context of this research, risk means any time, policy, action, or behavior that could negatively delay or impact end the result. Risk reduction is time, incentives, goodwill, policy, action, or behavior that can improve the result; capital is money. The focus of the research question is on the supply of MMH types. The impact on the supply of MMH will also impact the Supplier/Developer (Figure 1). Therefore, Suppliers are not included in Figure 1. Figure 2 illustrates the key concepts within the model for the small developers’ alliances in Tampa Bay.

Applications of the Theory

The findings of the interview research suggested that a cooperative alliance with all the stakeholders working together could help reduce risk and increase capital toward the goal of increasing the supply of MMH types in the Tampa Bay area (Ojah Maharaj, 2020a).

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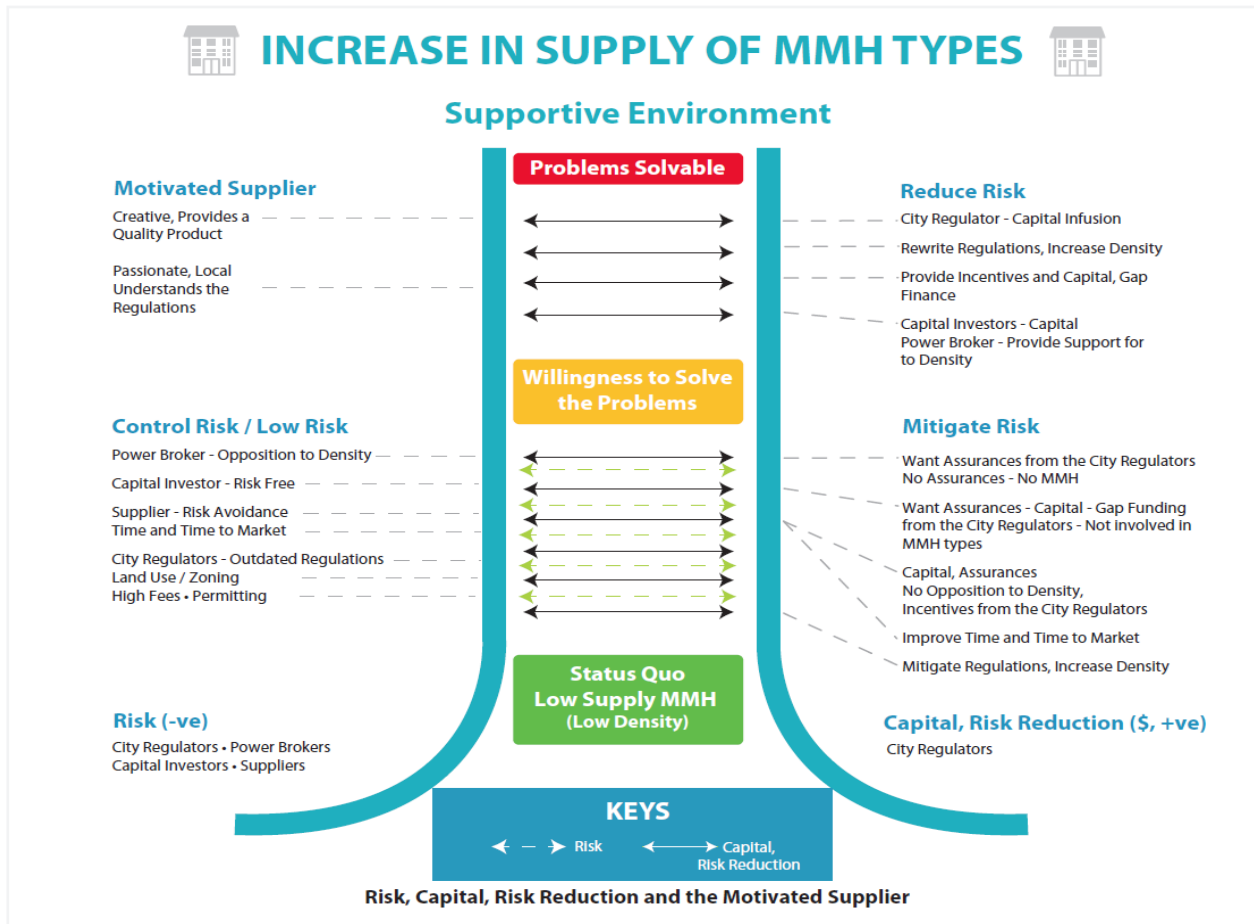


Figure 2: Risk, Risk Reduction, Capital to the Developer. A Cooperative Risk Reduction Strategy for the Formation of a Local Developers’ Alliance

support and ultimately use capital to cultivate the small developers. The goal would be for small developers to incrementally increase the quality supply of the MMH types in the walkable urban core (CNU, n.d.; Inc-Dev Alliance, n.d.-a). The developer’s alliance would comprise of local developers. Developers whom, through past performance, already demonstrated their ability to provide a quality product and are passionate about their city and neighborhood. They would be small, with no more than 25-50 employees, a number used as the limit because that determines a small business enterprise in local municipalities such as the city of St. Petersburg and the city of Tampa.

Expected Effect

The goal is to have a supportive environment to nurture and grow the developers. The expectations are, the select targeted small developers would incrementally introduce the MMH types in walkable urban neighborhoods that have amenities to meet the needs of the buyers (CNU, n.d.; Inc-Dev Alliance, n.d.-a, n.d.-b; Ojah Maharaj, 2020a).

Changing the Status Quo

Due to regulatory barriers, neighborhood opposition to increased density, and the inaction of the City Regulators, the Capital Investors, and the Suppliers, there is a low supply of MMH types in the urban core, (Status Quo) (Ojah Maharaj, 2020a). The Power Brokers are opposed to an increased density (Ojah Maharaj, 2020a; Appendix A). Density is required to support the MMH types because of a lack of land (Parolek, 2016). The Power Brokers would like assurances that the perceived risks of increased densities would be addressed (Ojah Maharaj, 2020a; Appendix A). Good design, safety, and possible increased property values would have a positive influence in the neighborhood (Ojah Maharaj, 2020b; Appendix A; Parolek, 2016).

Willingness to Solve the Problems

During the interviews, stakeholders expressed the need and their interest (willingness) in working with the various stakeholders to resolve their issues (Ojah Maharaj, 2020a). The stakeholders would get together and have discussions regarding the concerns and needs of each stakeholder and provide ways to

support the stakeholders. This dialogue would help develop an action plan to help mitigate the risks of each stakeholder. Consequently, there would be a reduced risk and increased potential for capital infusion (Ojah Maharaj, 2020a).

The initial needs from the City Regulators: available vacant city land; reduced permitting fees; reduced wait times for licensing and other approvals; eliminated or reduced off-street parking requirements for MMH types; and revised land use and zoning requirements for increased densities. The Suppliers want assurances that the neighborhoods agree with the increased densities in their neighborhoods (Ojah Maharaj, 2020a and Appendix B, Figure 1).

The Power Brokers want assurances of adherence to design criteria to ensure compatibility with the neighborhood (Ojah Maharaj, 2020a, and Appendix B, Figure 1); they want a quality product. They want to minimize disruption of the neighborhood ethos and reduction in construction noise and traffic flow disruption during construction (Ojah Maharaj, 2020a and Appendix B, Figure 1, as stated in Interviews #14, 15). The Capital Investors want gap financing so that they can provide financing to the Suppliers. This funding would help reduce their risks (Ojah Maharaj, 2020a and Appendix B, Figure 1, as stated in Interviews #26, 31). The City Regulators would work with other stakeholders to develop a program that provides gap financing to the Capital Investors. At the same time, the City Regulators would seek assurances from the stakeholders to adhere to the desired agreements/assurances. The initial meetings mentioned above would be before this segment.

Problems Are Solvable

Comments derived from the interviews conducted in the earlier study (Ojah Maharaj, 2020a) provide a basis for optimism that many of the concerns, as listed above, can be addressed. Some examples of actual responses relating to the concerns mentioned are presented in Appendix B Tables, Figures B1–B4.

The first set of responses, shown in Appendix B, Figure B, deals with power brokers (regulators, residents) that illustrate a need for communication and collaboration. The next set of responses, in Appendix B, Figure B2, illustrate the perceived needs of developers for collaboration and communications. Lenders and individuals that work with lenders (e.g., developers) comment on their need for cooperation and communication in Appendix B, Figure B3. Developers expressed their desire to build units tai-

lored to meet the need of the community in Appendix B, Figure B4. As previously noted, the demand for MMH in urban areas is already high, suggesting a high motivation to collaborate with other stakeholders in ways that overcome barriers.

The Motivated Developer

Based on data from the interviews, developers expressed an interest and eagerness to work with the various stakeholders to resolve the barriers and work on developing the MMH types; these developers are referred to as the motivated developer. This individual is one who is passionate about the community (Appendix B, Figure B4, as stated in Interview 15). The developer invests time in understanding the land use and zoning regulations and knows the city's vision (as stated in Interviews #11, 15). The developer who is willing to develop relationships with the City Regulators, the Capital Investor, Power Brokers, and buyers to help increase the supply of MMH. The developer meets the demands of the consumer by providing a quality product (Appendix B, Figure B4, as stated in Interviews #9, 11, 12). As the research reveals, the developer who is invested in the community with a willingness and readiness to work through issues with the various stakeholders to create a working environment that is beneficial to all the stakeholders. A momentum that is waiting to be embraced and harnessed for growth and improvement.

The developer who is invested in the community with a willingness and readiness to work through issues with the various stakeholders to create a working environment that is beneficial to all the stakeholders

Policy Recommendations

The following policy recommendations are based on the empirical findings/qualitative research conducted by Ojah Maharaj (2020a). The proposals of 1) the initial formation of an alliance of all the stakeholders (the cooperative alliance) and 2) a developers' alliance are based on the empirical findings/qualitative research conducted by Ojah Maharaj (2020a), as well as the researcher's more than 25 years of practical experience in urban planning and economic development. This experience involves practicing and witnessing practitioners work with individuals, stakeholders and frequently the community, to resolve issues/conflicts and develop solutions. This process requires skillsets of professional knowledge and an understanding of the policies/issues, listening, cooperation, compromise and building consensus. Additionally, the process can be long and time-consuming. Thus, the initial leadership of such an undertaking would require the skillsets and mission of the practitioners/local government (Ojah Maharaj, 2020a, Interview #s 8, 11).

What makes this novel idea unique is the recommendation to have a working group of all the stakeholders to work through the issues as identified in Appendix A. Upon readiness, this will be followed by an outreach to the community as a united front with the city regulators. The purpose of this effort is to listen and receive input on the necessary density changes for MMH types and present findings from the cooperative alliance. It is imperative to take a comprehensive approach by involving the different stakeholders and having defined stages in the process to have sustained and ongoing solutions to increase the supply of MMH types in urban core neighborhoods. It will also provide the framework of lowered risks for the suppliers, the capital investors, and the Power Brokers in the development and on-going functioning of the developers' alliance.

Implementation

Implementing the cooperative alliance would require addressing several questions. Additionally, evaluations/recommendations are derived from the interviews. It is crucial to realize that this process will be lengthy, time-consuming, and will require the skill sets to work with the various stakeholders to cooperate, resolve conflicts and develop solutions (Ojah Maharaj, 2020a, Interview #7).

Who would establish and lead the cooperative alliance?

- *Recommendation:* Initially, the local government will work in partnership with the stakeholders to initiate, develop, and see the alliance to a self-sufficient stage. Alliance leadership would need to address a variety of concerns.

Who would be included in the cooperative alliance?

- *Recommendation:* The initial meetings would involve all the stakeholders (cooperative alliance): City Regulators; Power Brokers (neighborhood leaders and special interest groups such as historic preservation groups, the Tampa Bay Chamber of Commerce), the Suppliers/Developers, and the Capital Investors/Lenders (based on the researcher's experience, Ojah Maharaj, 2020a, and as stated in Interview #39).

Purpose of the Initial Meetings of All the Stakeholders (Appendix B, Figures B1–B4)

- Provide forums for participants to get to know each other, break down silos, and establish a common goal.

- Provide the opportunity for each of the Stakeholder groups to inform, receive input, and educate the group on their purpose, goals, and objectives.
- Clarify misconceptions such as the fear of increased density, parking issues, property values safety, and demographics of potential residents (Ojah Maharaj, 2020b).
- Educate, inform and receive input from the group, on MMH types, current locations of MMH types in the city, land use and zoning regulations, permitting procedures, city incentives, and location of available land for development (Appendix A).
- Also discuss design criteria options of MMH types (CNU, n.d.; Inc-Dev Alliance, n.d.-a, n.d.-b; Ojah Maharaj, 2020a, 2020b).

Once the comfort level of the group (cooperative alliance) is established and they have worked through their issues and misconceptions, the next step is for the stakeholders to present a united front to educate the community and receive further input on the subject matter.

- *Recommendation:* Work with the Power Brokers (Neighborhoods) through the cooperative alliance to address concerns and support for increased densities for MMH types.
 - Upon agreement with the Power Brokers, amend and update city regulations to accommodate MMH types.

Recommendation: Formalize the Developers Alliance

What Services would the cooperative alliance Provide?

- *Recommendation:* Risk Reduction, Capital flow, and Supportive Environment: The cooperative alliance would provide training and a comprehensive approach where all the stakeholders work together to help develop the targeted small developers (developers' alliance) that are part of the cooperative alliance to help overcome the barriers and provide MMH type in preexisting neighborhoods that have the amenities to support denser housing types (CNU, n.d.; Inc-Dev Alliance, n.d.-a, n.d.-b).

Concerns

The key to the success of this alliance lies in the willingness of all the stakeholders to minimize and mitigate the risks and provide capital to the small developers to increase the supply of MMH types. Unwilling participants would hinder the process.

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Risks & Risk Reductions

Risk --City Regulations: Risk is in the form of neighborhood opposition, onerous regulations that require land use, zoning regulation which does not support increased densities for the MMH types, and the lengthy permitting process (Ojah Maharaj, 2020a, Appendix A, as stated in Interview #1).

Risk Reductions

Reducing risks can be in the form of services from the City Regulators. Suggestions might include an agreed-upon plan to increase the density in the neighborhoods. Also, incentives such as permitting, and parking fee reductions.

Capital

Capital is in the form of gap financing to reduce the Capital Investors' risk in financing the MMH types.

Risk, Power Brokers, Neighborhood Opposition

It is vital to overcome opposition from the Power Brokers to allow increased densities,

- **Recommendation:** Risk Reduction: Work with the Power Brokers (Neighborhoods) through the cooperative alliance to address concerns and support for increased densities for MMH types
 - Upon agreement with the Power Brokers, amend, and update city regulations to accommodate MMH types (Ojah Maharaj, 2020a, Appendix A).
- **Recommendation:** Risk Reduction: City Regulators work to streamline processes that prevent delays in bringing the product to the market (Ojah Maharaj, 2020a, Time and Time to Market, Appendix A, and as stated in Interview #6).

Risk, Financing of MMH types

Capital Investors: It is essential to overcome the lack of financing by the Capital Investors to the Suppliers for the MMH types for four or fewer units or seek alternative sources of funding for the Suppliers/Developers (Ojah Maharaj, 2020a, as stated in Interview #26).

- **Recommendation:** Risk Reduction: City Regulators seek gap financing to reduce the risk of the Capital Investors to provide funding to the Suppliers (Appendix A).
 - City Regulators seek alternate sources of financing for Suppliers/Developers (Developers Alliance) for MMH types. Recommendation, Risk Reduction: City Regulators work with a conglomerate of lenders such

as the Neighborhood Lending Partners to provide gap financing for Capital Investors and a funding source for Suppliers (Ojah Maharaj, 2020a, and as stated in Interview #37).

The evidence is clear that there is a need for housing that is affordable (market-rate) in the urban core areas in the US and worldwide (Ojah Maharaj, 2020b). One proposal to meet this need is the MMH type. This research indicated 67% of the respondents viewed the MMH types as a viable way to increase the housing supply in urban core areas, while 87% of the respondents suggested the need to overcome the barriers to the MMH types (Ojah Maharaj, 2020a, Appendix 1). However, the research indicated barriers to the provision of the MMH types which include: the cost of the land; regulations; the market (cost of building materials and labor); opposition from special interest groups; political bias due to the opposition from special interest groups; practitioners hesitancy due to the political barriers and the time and effort needed to make the necessary changes to develop the housing types; as well as a lack of developer's and lenders interest

67% of the respondents viewed the MMH types as a viable way to increase the housing supply in urban core areas, while 87% of the respondents suggested the need to overcome the barriers to the MMH types

(Ojah Maharaj, 2020b and Figure 1, and Appendix A, Ojah Maharaj, 2020a,). The findings in the research by Ojah Maharaj, 2020a, and Ojah Maharaj, 2018 b, provide potential solutions to developing the MMH types. Solutions involve taking the stakeholders' issues and concerns into consideration to create a

supportive and workable environment for the stakeholders, particularly the developers. This proposal is a rare and significant opportunity, particularly for the developers who are producing middle housing types (Figure 6, Ojah Maharaj, 2020a).

This proposal is to embark on a process that ultimately creates a Developer's Alliance in a community to help increase the supply of the MMH types in urban core areas (Ojah Maharaj, 2020a, Appendix 1). However, as indicated in the research, it is a long and time-consuming process (Ojah Maharaj, 2020b and Ojah Maharaj, 2020a, Appendix 1-A). Additionally, creating an environment that is conducive to developing the MMH types in the urban core, may not be worth the political repercussions to the practitioner (Ojah Maharaj 2020a, Appendix 1 Ojah Maharaj, 2020b). The research (89% of the respondents) also suggests, even though it is a risky and potentially difficult undertaking, practitioners must invest the time upfront and undergo the process (Ojah Maharaj, 2020a, Appendix 1). There is a call to educate the developers, and the special interest

groups about city regulations and to clarify misinformation. Additionally, there is a call and the need for practitioners, lenders and developers to work together on this process (Ojah Maharaj, 2018 a, Appendix A). The research demonstrated the state of the current outmoded land development regulations and the need for more sustainable development and the negative environmental, social and health impacts of suburban development with long commutes (Ojah Maharaj, 2020b, Appendix B, Figure B1). These controversial issues require the political will and courage to embark on such an undertaking. This research and proposal demonstrate the need and a process to achieve long term sustained solutions. As practitioners' responses indicated, there is a need to nurture and cultivate the developers that understand and have a passion for their community. Developers who live in the city and understand their vision and goals (Ojah Maharaj, 2020a, Appendix A and Interview # 31)

Conclusions

This research utilized a grounded theory methodology to understand the factors that affect the supply of MMH types in walkable urban core neighborhoods in the Tampa Bay area. A theory of increasing risk inhibits (attenuates) capital and consequently suppresses the supply of MMH types. Decreasing risk encourages capital and helps increase the supply of MMH types emerged from interviews with thirty-nine leaders in the Tampa Bay area. Ultimately, the research led to identifying the need for a small developers' alliance to work with the stakeholders to grow, support, and help increase the supply of MMH types. Finally, the research and the theory led to the novel idea of which the evidence strongly suggests the need for a small developer's alliance working with all the stakeholders, to help increase the supply of MMH types in the urban core neighborhoods in Pinellas and Hillsborough counties of the Tampa Bay area. Future research is necessary for the City Regulators, the Capital Investors and the Power Brokers to get a better understanding to help increase the supply of MMH types in the walkable urban core neighborhoods. Concurrently, a cursory list of policy recommendations emerged for an alliance of all the stakeholders and the developers' alliance.

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Review

This article was accepted under the **constructive peer review** option. For further details, see the descriptions at:

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Author



Shrimatee Ojah Maharaj has more than 25 years' experience with the city of St Petersburg in Urban Planning, neighborhood /business corridor planning and redevelopment, economic development and small business retention and expansion. Originally from Trinidad and Tobago, she recently graduated from the Muma College of Business, University of South Florida with the Doctor in Business Administration (DBA), a graduate of the University of Florida, Master's in Urban and Regional Planning (MAURP) and the Bachelor of Science, General, University of the West Indies, Trinidad. She is also a founding member on the advisory board for the Gibbs High School, BETA Program (Business Economics and Technology Academy) and on the Board of directors' member for the Pinellas Opportunity Council, a social action/anti-poverty organization..

Appendix A: Summary of Role Related Findings from Ojah Maharaj (2020a)

Category	Suppliers	Power Brokers/ Influencers	City Regulators	Capital Investors
Supply Problem/ Needs Risk	<p>Land Use and Zoning Restrictions;</p> <p>Long Process to change Land use and zoning, regulations;</p> <p>Neighborhood Opposition, thus No MMH</p>	<p>Want no increased density;</p> <p>Concerned about poor design and quality of the building; property devaluation;</p> <p>Status Quo. They want Neighborhood Control. They oppose increased densities</p>	<p>They have outdated and restrictive land use & zoning regulations on density.</p> <p>The Power Brokers oppose density.</p>	<p>They do not finance MMH 4 units or less.</p> <p>MMH types that are less than four units are not their market</p>
Supply Solutions Capital	<p>Time & Time to Market is par-amount to the Supplier.</p> <p>They want no uncertainties, delays or opposition from the Power Broker or Regulator.</p> <p>They want incentives from the Regulator. A simple and easy permitting system, update land use and zoning regulations for increased density. restrictions</p>	<p>The Powerbrokers want assurances of maintaining the integrity, density and historical integrity density of the neighborhood.</p> <p>They promote Re-purpose & Expand Existing multifamily units.</p>	<p>Provide Incentives and vacant land to the Suppliers.</p> <p>They are willing to facilitate, retool, and support the stakeholders to increase the supply of MMH types. They will have to educate the Power brokers on the realities of increased densities and design criteria and educate the Suppliers Investors, lenders on available city services, and development opportunities. Facilitate or provide gap financing to Capital Investors, lenders and remove impediments to MMH types /densities</p>	<p>The Capital Investors will participate with gap financing</p>

Appendix B: Interviewee Quotes Supporting Findings Ojah Maharaj (2020a)

The first set of responses, shown in Figure B1, deals with power brokers (city regulators, residents) that illustrate a need for communication and collaboration.

“More people want to move into the urban core, but we do not have the housing units.” (Interview #23)
“We cannot get developers interested in the inner city and urban core “(Interview #23)
“We are putting together more than 100 inner city lots and will bid it out for developers.” (Interview #23)
“We need to talk with the developers.” (Interviews #6, 11, 36)
“The developers do not want to go into the area, because of the neighborhood opposition “(Interview #1)
“We need local developers who care for the community, who we can trust and are here for the long haul.” (Interview #31)
“I don’t think that it’s going to come necessarily from the private side because it’s so hard to develop. It is. It takes a lot, and so many things can go wrong. For the most part, they’re going to choose a process, choose a path, that is apparent and for them to do, for developers to change a market type, it’s going to have to have some measure of success somewhere else that they can bring to and they can see that and understand that.” (Interview #8)
“Educate the developers on the incentives and where to develop.” (Interview #17)
“Educate the neighborhood on density, the development, and the residents.” (Interviews #7, 11)

Figure B1: Selected Responses from City Regulators Evidence of the Need for Communication/Collaboration

The next set of responses, in Figure B2, illustrates the perceived needs of developers for collaboration and communications.

“Developer on the need for advocacy, we don’t challenge regulations very often until we have to.” (Interview #1)
“Municipalities aren’t speaking about it.,” “Municipalities are not lining up to do it.” (Interview #12)

Figure B2: Developers Refer to Their Need for Communication and Collaboration

Lenders and individuals that work with lenders (e.g., developers) comment on their need for mutual collaboration and communication in Figure B3.

“You have to understand the lenders, their lending cycles, and shop around” (Interview #1)
“Overall, they’ve been positive, I mean, we’ve had our challenges sometimes where there’s things that are outside of our control, like a bank is selling ... we’ve had banks selling to another bank and they’re not interested in doing the type of loans they’ve done with us and we still have years of relationships with that bank, so yeah, you have challenges like that.” (Interview #9)
“you know, and I spend a lot of time talking to lenders ... you do have to be aware of what financing is available and what the terms are gonna look like, what is ... what particular banks ... we work mostly with community banks with the size of projects that we do.” (Interview #9)
“So, you just kind of have to know what they’re looking for and what their risk tolerance is and kind of how that ... the science behind it. Then you have to create a strategy that’s financeable” (Interview #9)
“I am working on a product to help developers” (Interview #37)

Figure B3: Why a Developers Alliance? Lender and Borrower Perspectives

Developers expressed their desire to build units tailored to meet the need of the community in Figure B4. As previously noted, demand for MMH in urban areas is already high, suggesting a high motivation to collaborate with other stakeholders in ways that overcome barriers.

I'm a mission-driven developer, so my mission is really targeted to a specific group. (Interview #1)

"I am here to make money, not as much as others, and I love it" (Interview #9, 12)

"It is my gift to the street, the neighborhood" (Interview #12)

"They're not walking into a necessarily commoditized home that really is telling them how to live and it's more they're going into ... walking into a home that inspires the way they want to live." (Interview #9)

"Those three-story homes at open houses. "I'd go up to the agent, and I'd say, where's the elevator? They'd look at you like you're crazy. I'd say, what if I wanted to put an elevator in here? Nobody had even thought of that. This was, you remember, I was selling in 2008, 2009. If I didn't have that elevator option, I wouldn't've sold one-third of the homes that I was building, the first six homes. People can age in place" (Interview #15)

"Yeah, there's, other people doing it. I think we do it really, really, well. I think in part is because we do it with passion." (Interview #9)

"I tell people, I think you ... a lot of people think people are renovating homes, if they're renovating them for sale they're gonna do it nicer than when they renovate it for rent, where really 90% of the homes that we've done we've rented first for several years, and we've sold when the time has been right and it's been the appropriate opportunity, but we renovate our homes really to last for a really long time, and with real quality stuff." (Interview #9)

"It's great when I completely renovated one these 1100 sq. ft. homes and the family that grows up there shows me pictures and they're so happy to be able to stay, and I love saying that's always the best tasting scenario for a property, but it's fun when you do." (Interview #9)

Figure B4: What Motivates Developers