



EXECUTIVE SUMMARY

Community Development

763-512-2345 / 763-512-2344 (fax)

Golden Valley City Council Work Session

December 9, 2025

Agenda Item

2. Missing Middle Housing Study Update

Prepared By

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Summary

Golden Valley, like many first-ring suburbs in the Twin Cities region, is facing growing pressure to expand housing options in response to shifting demographics, rising housing costs, and changing household needs. While the city has long been characterized by its predominantly single-family neighborhoods, there is growing recognition that this limited housing mix no longer meets the diverse needs of current and future residents. Younger households, aging residents looking to downsize, and workers seeking to live closer to employment centers all require more varied, flexible, and affordable housing options than what is currently available.

"Missing middle housing" refers to a range of multi-unit or clustered housing types—such as duplexes, triplexes, townhomes, and courtyard apartments—that are compatible in scale with single-family neighborhoods but offer greater affordability and choice. These housing types have historically existed in Golden Valley and surrounding communities but have become increasingly rare due to zoning restrictions and development trends. This project explores strategies to reintroduce missing middle housing into Golden Valley's fabric in a way that supports the city's goals of strategic redevelopment, local control, and inclusivity.

Financial or Budget Considerations

The 2025 budget includes \$65,000 to engage a consultant to complete a Missing Middle Housing Study. The consultant's contract for this study includes a not-to-exceed cost of \$55,000. The Metropolitan Council awarded a \$50,000 grant to the City recently and the grant agreement will be on an upcoming City Council meeting agenda. The grant will be utilized for study implementation efforts as directed by City Council and the City Manager in 2026.

Legal Considerations

Any formal policy recommendations would be reviewed by the Legal Division prior to placement on a City agenda.

Equity Considerations

This study supports the 2030 Strategic Directive for Strategic (Re)Development, specifically the goal to

foster a healthy mix of housing stock that accommodates various price points and life stages. The creation of missing middle housing supports the City's goals to preserve and promote economically diverse housing options in our community by creating high quality housing in Golden Valley for households with a variety of income levels, ages, and sizes.

Recommended Action

Provide staff direction on next steps.

Supporting Documents

- [Presentation](#)
- [Draft: Study Recommendations Matrix](#)
- [Housing Market Analysis](#)
- [Developer Interviews Memo](#)

MISSING MIDDLE HOUSING STUDY

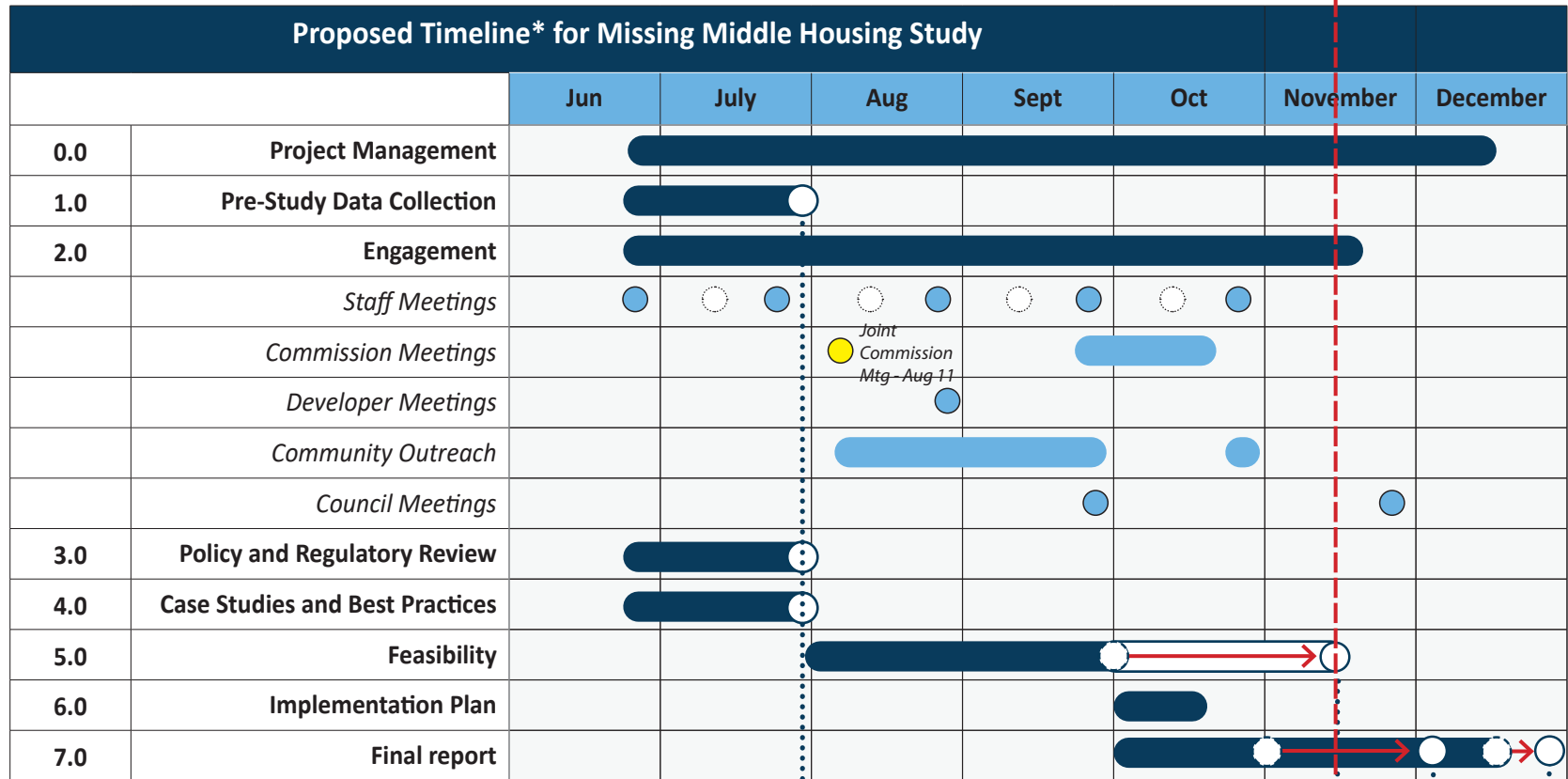
CITY OF GOLDEN VALLEY
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Agenda

1. Project Schedule
2. Key Study Questions
3. Recommendations
4. Example Implementation Matrix

SCHEDULE - UPDATED



- Staff Workgroup Meeting
- Project Management Check-in

Deliverable #1. Existing Conditions Report

- » Housing Needs
- » Evaluation of existing stock
- » Policy and regulatory Review
- » Case Studies and Best Practices

Deliverable #2. Feasibility Report

- » Lot Fit Studies
- » Infrastructure review
- » Developer insights and model proforma

Deliverable #3. Draft and Final Plan

- » Specific Recommendations for Regulatory changes
- » Refined policy initiatives

		Oct
0.0	Project Management	
1.0	Pre-Study Data Collection	
2.0	Engagement	
	Staff Meetings	
	Commission Meetings	●
	Developer Meetings	■
	Community Outreach	■
	Council Meetings	
3.0	Policy and Regulatory Review	
4.0	Case Studies and Best Practices	
5.0	Feasibility	■
6.0	Implementation Plan	
7.0	Final report	

Key Questions

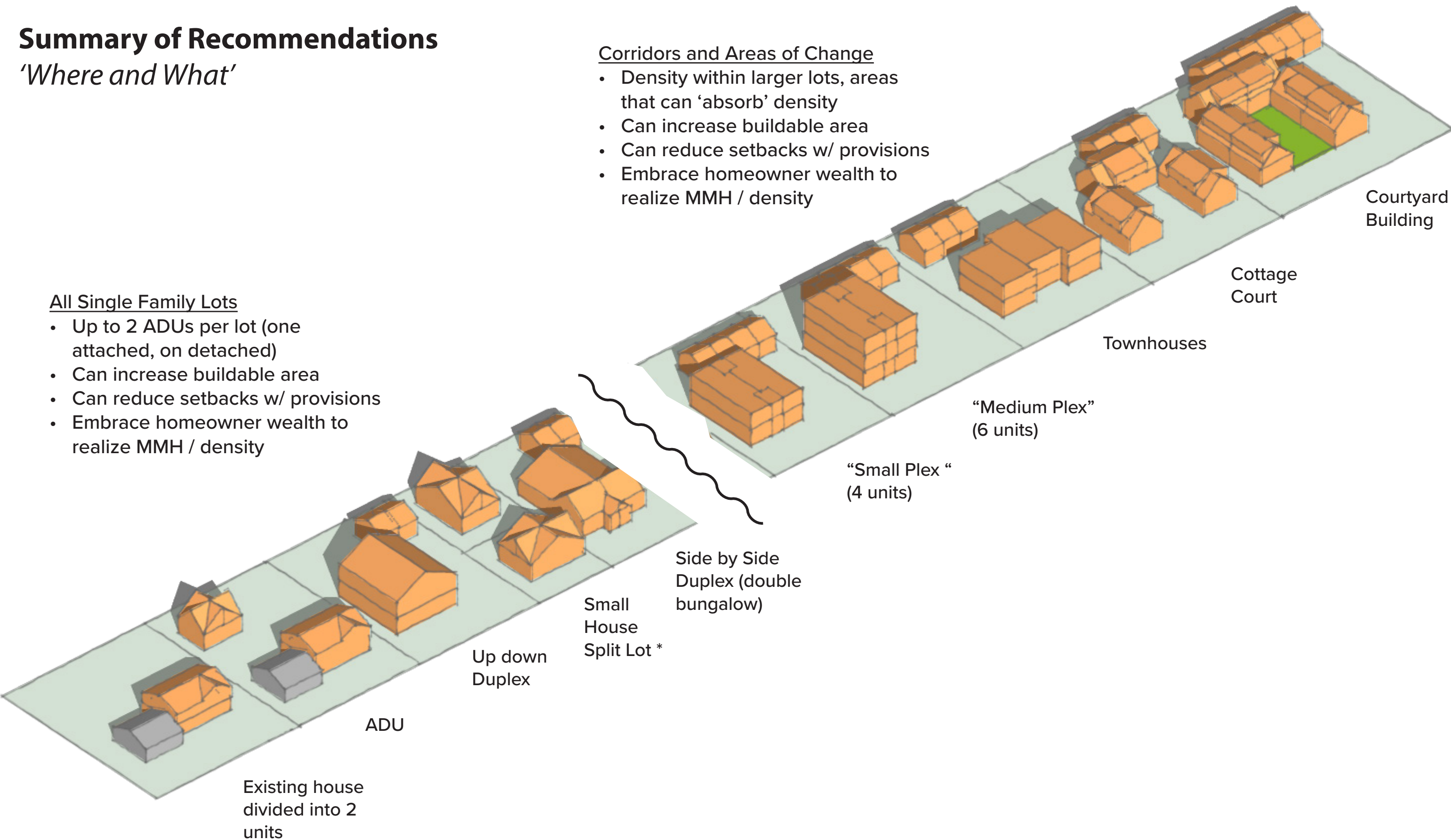
- What types of MMH should be allowed to be built where?
- What policy and programmatic changes are needed to facilitate, and encourage, these types of MMH in this areas?

Summary of Recommendations

'Where and What'

- Corridors and Areas of Change
- Density within larger lots, areas that can 'absorb' density
 - Can increase buildable area
 - Can reduce setbacks w/ provisions
 - Embrace homeowner wealth to realize MMH / density

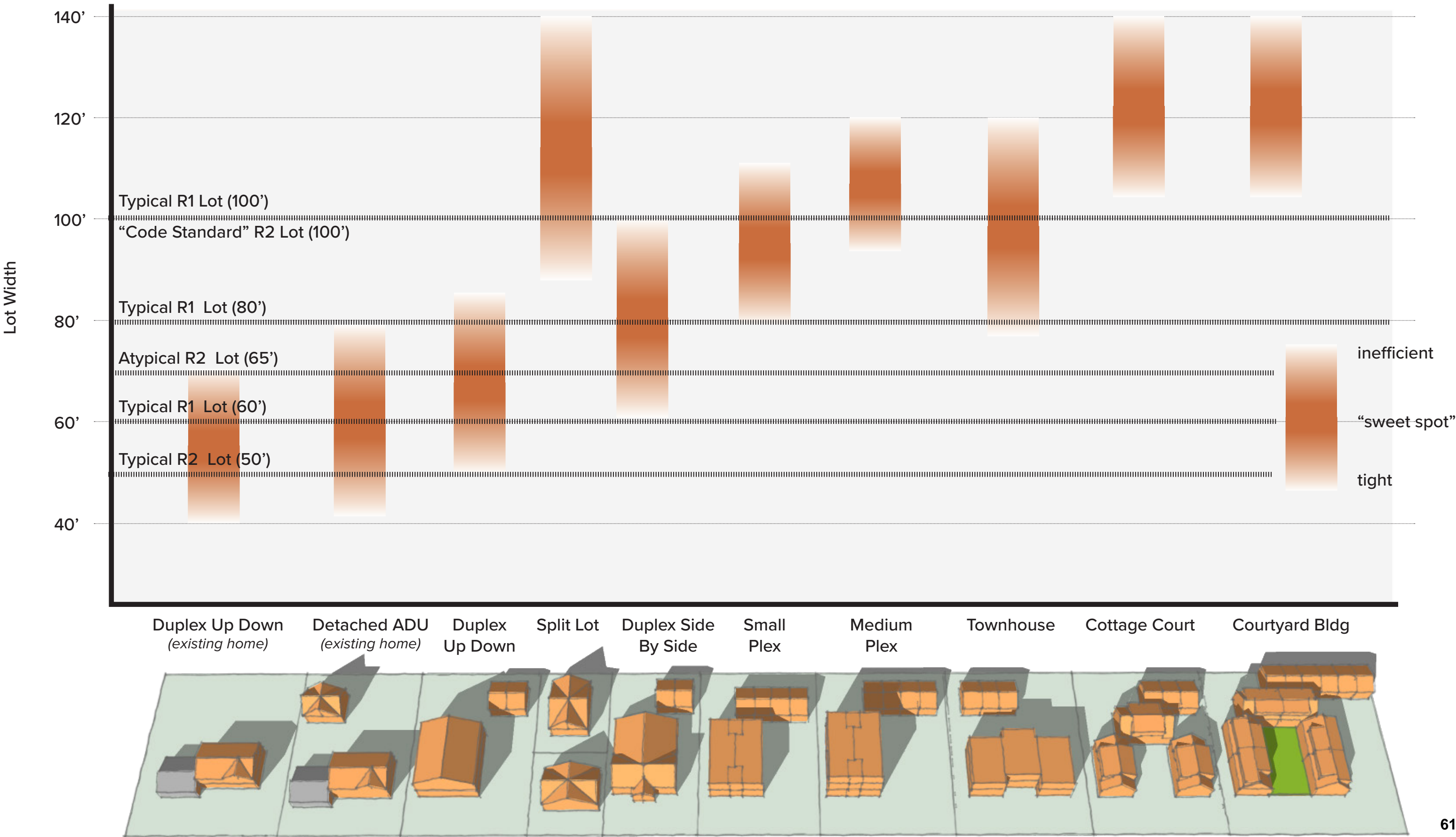
- All Single Family Lots
- Up to 2 ADUs per lot (one attached, on detached)
 - Can increase buildable area
 - Can reduce setbacks w/ provisions
 - Embrace homeowner wealth to realize MMH / density



**split lots on corner lots only*

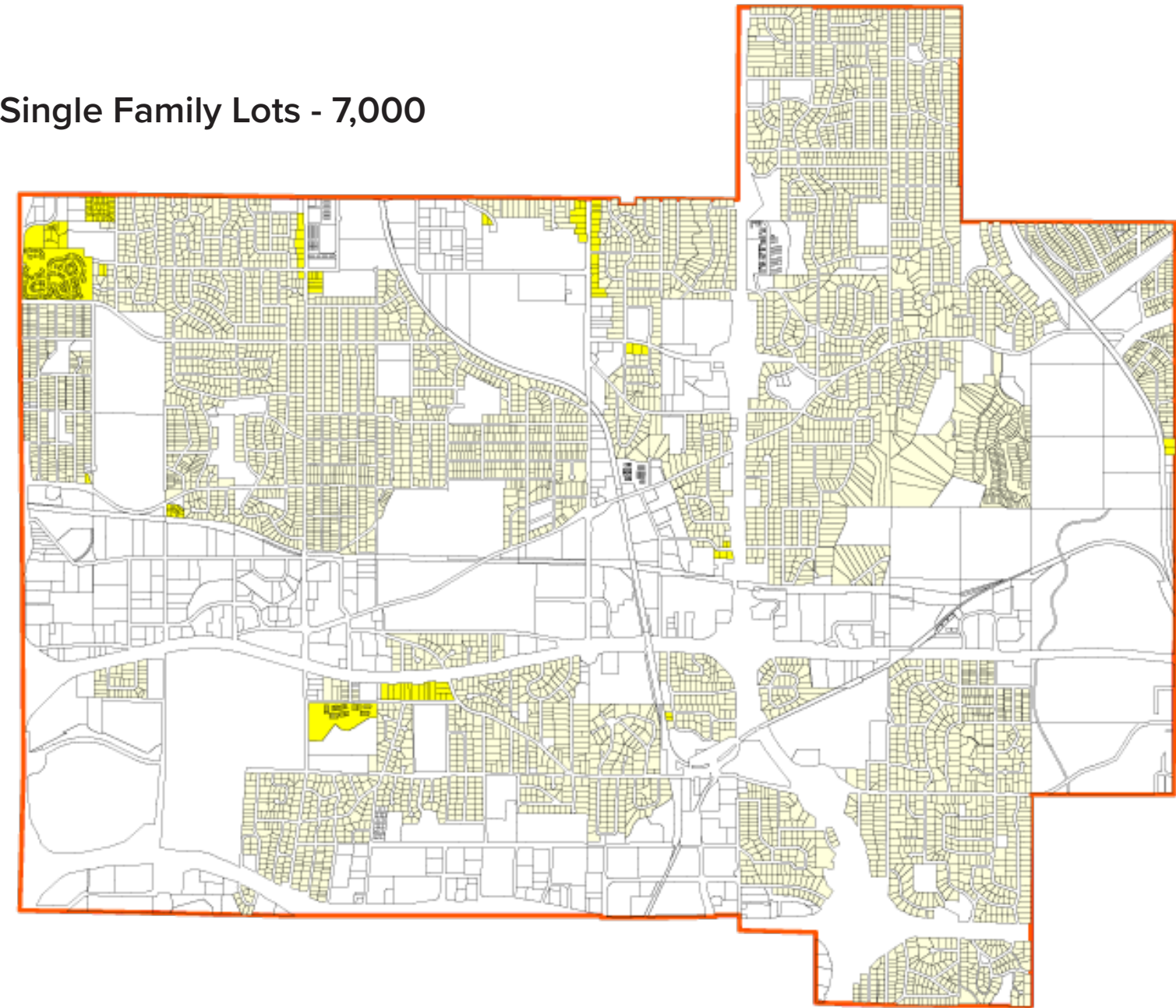
Lot Width Favorability

Lot Width Missing Middle Favorability
Assumes New Builds with Front Loaded, Rear-Sited Garage



Single Family (R1) Lots

Single Family Lots - 7,000



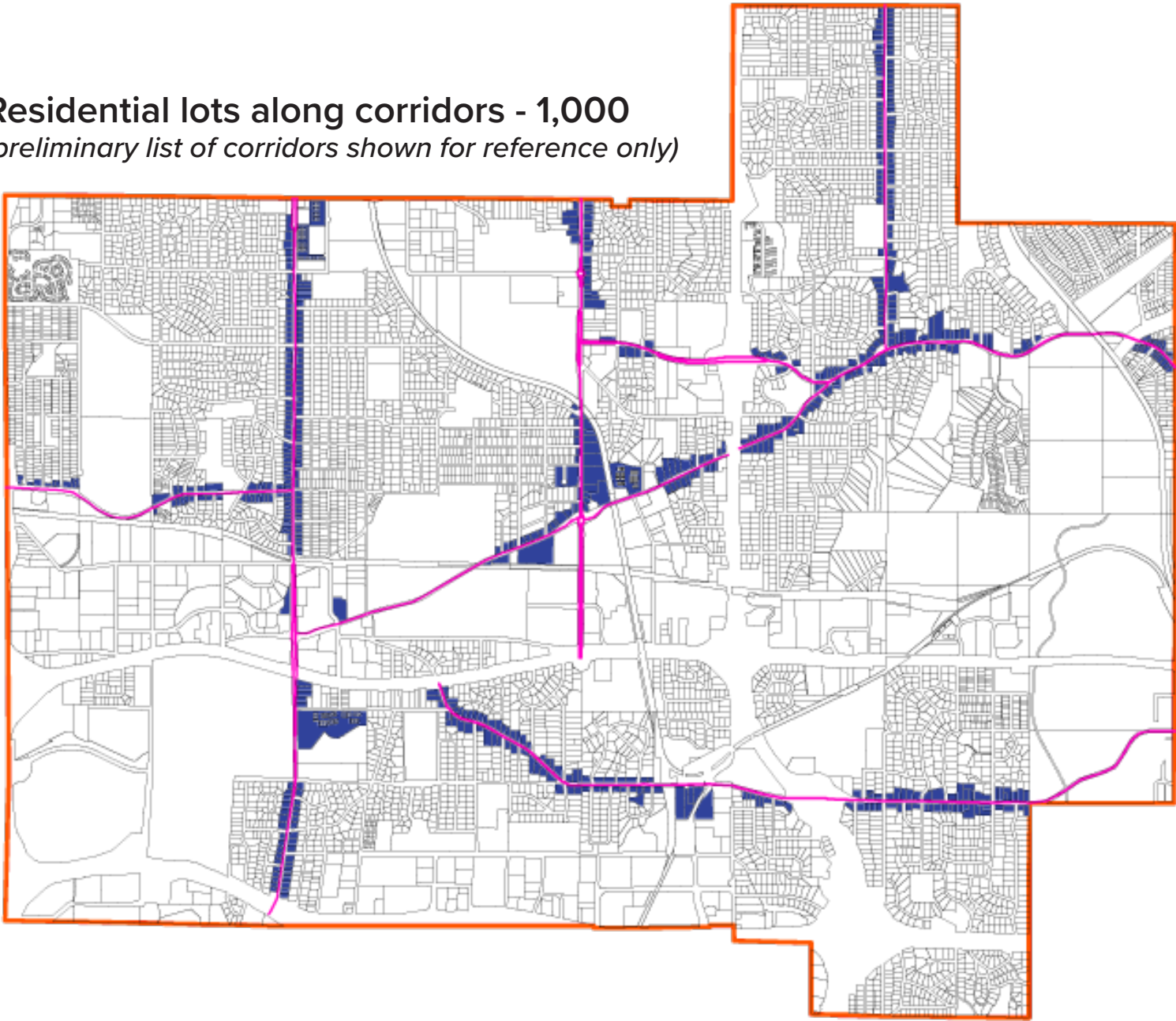
Recommendations

- Allow up to two ADUs per lot - one attached, one detached
- Allow duplexes
- Reduce setbacks for density / multi units on lots < 10,000
- Increase lot coverage for density
- Increase height rules for density
- Front yard site improvements requirements for density, setback encroachment

100' x 120 (12,000 sq ft)										
	Sub Div. House	ADU	Lot Split	SBS Duplex	U/D Duplex	Small Plex	Med. Plex	Town-house	Cottage Court	Court-yard Bld
Density (1 u/lot : 4 u/a)	8 u/a	8 u/a	8 u/a	8 u/a	8 u/a	16 u/a	24 u/a	12 u/a	12 u/a	24 u/a
Lot Size (min 10k sq ft)			<10k sq ft							
Setbacks (F35'/S12.5'/R25')									S	F/S
Lot % Coverage (35%)										40%
Building Heights (28')							>28'			

Corridors and Areas of Change

Residential lots along corridors - 1,000
(preliminary list of corridors shown for reference only)



Recommendations

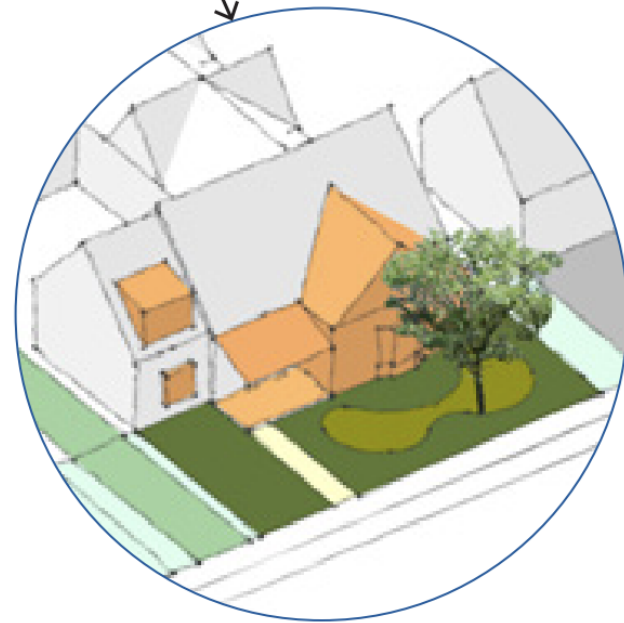
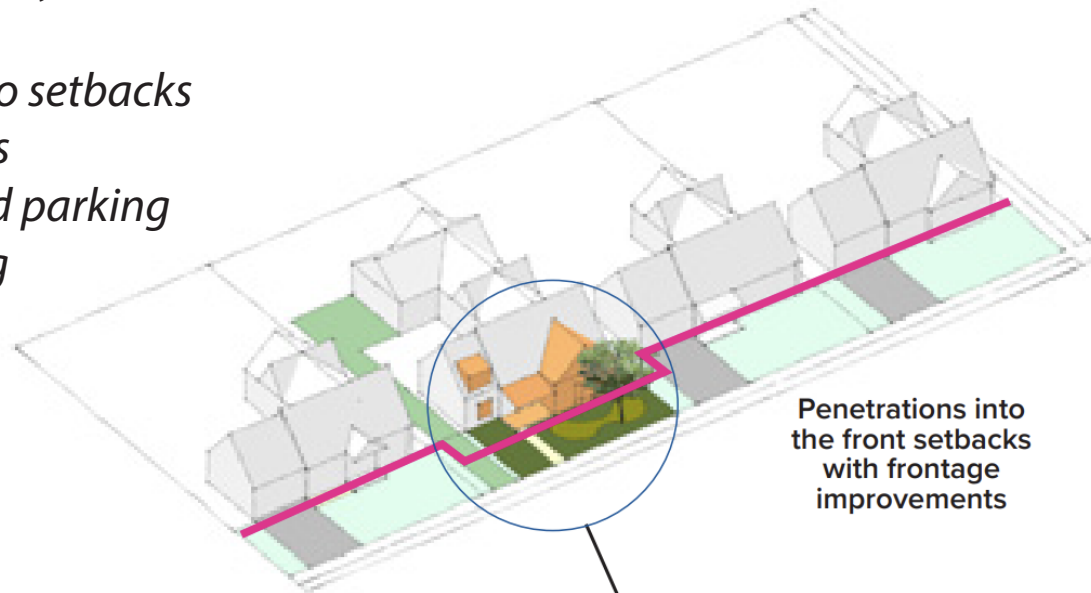
- In addition to previous density allowances, also allow smallplex+ along corridors and designated areas of change
- Reduce setbacks for density / multi units on all lots
- Increase lot coverage for density
- Increase height rules for density
- Front yard site improvements requirements for density, setback encroachment

100' x 120 (12,000 sq ft)										
	Sub Div. House	ADU	Lot Split	SBS Duplex	U/D Duplex	Small Plex	Med. Plex	Town-house	Cottage Court	Court-yard Bld
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Lot Size (min 10k sq ft)			<10k sq ft							
Setbacks (F35'/S12.5'/R25')									S	F/S
Lot % Coverage (35%)										40%
Building Heights (28')							>28'			

by-right along corridors

Right Sizing and “Micro Incentivizes”

- Garages/cars to the rear
- Large mature front yard trees
- Usable yards
- Front porches into setbacks
- Require sidewalks
- Covered/enclosed parking
- On-street parking
- By-right density

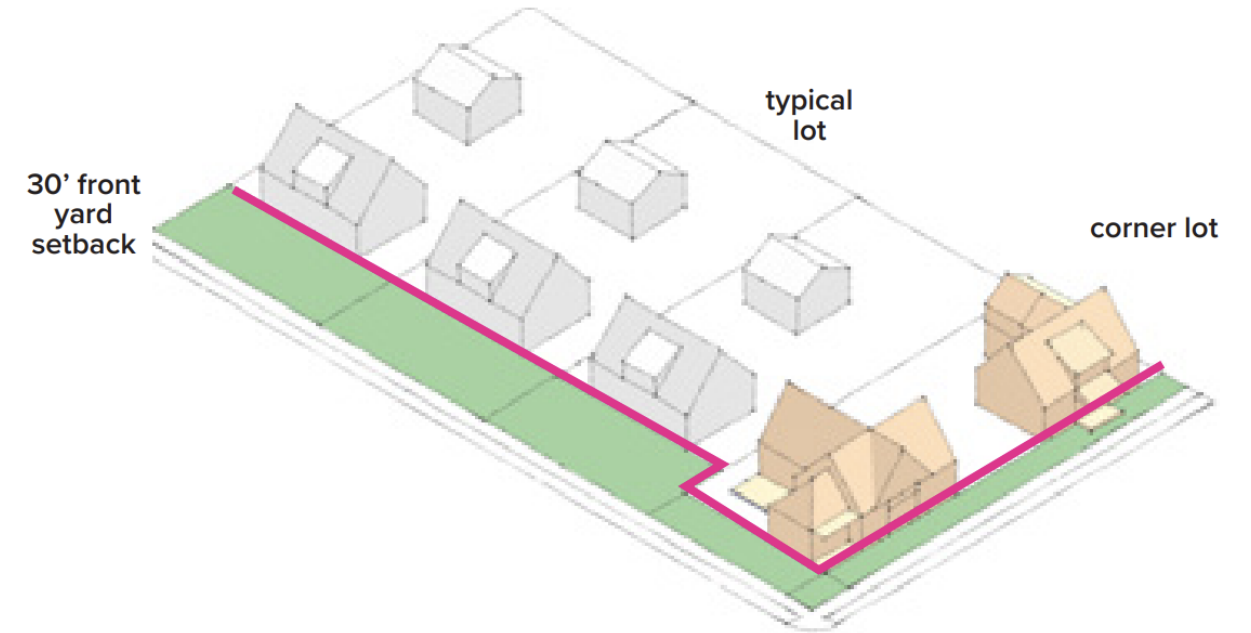


Potential Frontage Contributions

- » deep porch
- » shade tree
- » rain garden
- » narrow driveway
- » garage tucked back

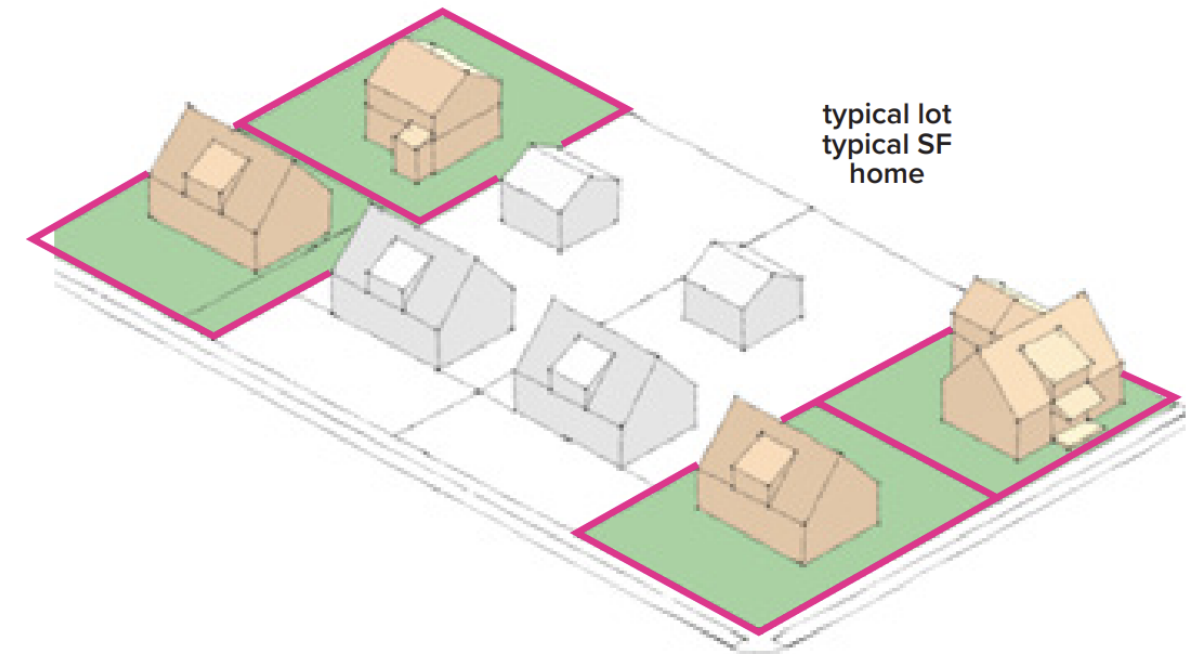
Flexibility with Front Yard Setbacks

In order to create additional development flexibility and a greater diversity of housing types, the strict 30' front yard setback requirement can be loosened in return for frontage enhancements such as deep and wide porches, high quality front facade materials, enhanced landscaping, and side loaded garages that do not face the street.



Flexibility with Corner Lots

Currently the code requires larger setbacks at corners. Reduced setbacks, with stoops or porches close to the sidewalk, can help define the corner and create a visual terminus to each block.



Reduced Minimum Lot Sizes

Currently the minimum lot size is 8750 sf. Many lots in and around the downtown are smaller. Reducing the minimum lot size will bring currently non-conforming (formerly legal) lots into compliance while also opening up the opportunity for smaller homes on smaller lots. This can happen both mid block with “flag lots” or on corner lots.

Implementation Strategy

- Low Density MMH in all R1/R2 lots, split lots on corners only, and higher density MMH along key corridors
- Implementation will focus on POLICY changes and PROGRAMMATIC changes.
- An actionable matrix is being developed to guide the actions of the city and its partners *(example to the right)*

MISSING MIDDLE HOUSING POLICY RECOMMENDATIONS - DRAFT				
Po - 1: Allow Duplexes and ADU's in all R1 and R2 district, by-right				
Purpose	Anticipated Impact	Action Step	Responsible Party	Timing
Allowing additional density via Duplexes and ADUs, supports the City's Directives of Strategic (Re)Development goals (5.3, 5.4), and Effective Governance & Mangement goals (2.4). Allowing these units by-right removes some barriers to construction.	There are approximately 7000 R1 and R2 lots, currently, in the city. However, due to financial factors, the rate of these conversations or new-builds are anticipated to be very modest for the next several years, at least.	Amend the R1 and R2 zoning to allow for duplex and ADU's, by right, in all R1 and R2 zoning district. Each lot should be allowed 1 duplex (2 total units), or up to 2 ADUs (3 total units) so long as at least 1 ADU is an interior ADU.	City Planning Staff	Short
Po - 2: Amend the R1 and R2 zoning district site design standards to accommodate and encourage additional MMH density				
Purpose	Anticipated Impact	Action Step	Responsible Party	Timing
Amending site design standars, such as setbacks, height, lot buildable area, and impervious coverage encourages density while protecting against large single family home development.	There are approximately 7000 R1 and R2 lots, currently, in the city. However, due to financial factors, the rate of these conversations is anticipated to be very modest for the next several years, at least.	Amend the R1 and R2 zoning districts with the follow provisions when a property owner is introducing additional units to a lot:		
		Allow encroachment up to 50% into the sideyard setbacks, and 10ft in the rear yard setback.	City Planning Staff	Short
		Allow an increase in building height of up to 34ft (3 stories)	City Planning Staff	Short
		Allow an increase in buildable lot area of up to X% of the total building footprints	City Planning Staff	Short
		Allow a decreased minimum lot size standards (square footage) of 25% when additional units are added to a residential lot.	City Planning Staff	Short
		Allow an increase in impervious coverage of up to X% of the total building footprint	City Planning Staff	Short

MISSING MIDDLE HOUSING POLICY RECOMMENDATIONS - DRAFT				
Po - 1: Allow Duplexes and ADU's in all R1 and R2 district, by-right				
Purpose	Anticipated Impact	Action Step	Responsible Party	Timing
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Po - 2: Amend the R1 and R2 zoning district site design standards to accommodate and encourage additional MMH density				
Purpose	Anticipated Impact	Action Step	Responsible Party	Timing
Amending site design standars, such as setbacks, height, lot buildable area, and impervious coverage encourages density while protecting against large single family home development.	There are approximately 7000 R1 and R2 lots, currently, in the city. However, due to financial factors, the rate of these conversations is anticipated to be very modest for the next several years, at least.	Amend the R1 and R2 zoning districts with the follow provisions when a property owner is introducing additional units to a lot:		
		Allow encroachment up to 50% into the sideyard setbacks, and 10ft in the rear yard setback.	City Planning Staff	Short
		Allow an increase in building height of up to 34ft (3 stories)	City Planning Staff	Short
		Allow an increase in buildable lot area of up to X% of the total building footprints	City Planning Staff	Short
		Allow a decreased minimum lot size standards (square footage) of 25% when additional units are added to a residential lot.	City Planning Staff	Short
		Allow an increase in impervious coverage of up to X% of the total building footprint	City Planning Staff	Short
Po - 3: Amend the R1 and R2 zoning district site design standards to allow for an encroachment into the front yard setback, with additional site improvements, to encourage additional MMH density				
Purpose	Anticipated Impact	Action Step	Responsible Party	Timing
To encourage additional housing density, some elements of residential development should be allowed to encroach into the current 30ft front yard set back, provided that 'above-and-beyond' front lawn improvements are provided.	There are approximately 7000 R1 and R2 lots, currently, in the city. However, due to financial factors, the rate of these conversations is anticipated to be very modest for the next several years, at least.	Amend the R1 and R2 zoning districts with the follow provisions when a property owner is introducing additional units to a lot:		
		Allow encroachment up to 10ft into the front setbacks, for housing features such as front porches, patios, or entrances.	City Planning Staff	Short
		Require any of the following front yard site improvements for an encroachment: additional trees, native resilient plants, rain garden.	City Planning Staff	Short
Po - 4: Allow townhomes, small plex's (4-8 units), medium plex's (8-16 units), and similar scales of MMH in all residential lots along major city corridors				
Purpose	Anticipated Impact	Action Step	Responsible Party	Timing
Allowing additional density via Duplexes and ADUs, supports the City's Directives of Strategic (Re)Development goals (5.3, 5.4), and Effective Giverancen & Mangement goals (2.4). Allowing these units by-right removes some barriers to construction. Allowing them along major corridors within the city ensures that higher density housing is located along connective transportation infrastructure that can support additional density.	There are approximately 1000 residential lots, currently, in the city along identified corridors (see pg X). However, due to financial factors, the rate of these conversations or new-builds are anticipated to be very modest for the next several years, at least.	Amend the R1 and R2 zoning to allow for duplex and ADU's, by right, in all R1 and R2 zoning district. Each lot should be allowed 1 duplex (2 total units), or up to 2 ADUs (3 total units) so long as at least 1 ADU is an interior ADU.	City Planning Staff	Short
Po - 5: Amend all residential zoning district site design standards to accommodate and encourage additional MMH density when located along a major corridor.				
Purpose	Anticipated Impact	Action Step	Responsible Party	Timing

TIME	
Short	0-1 yr
Medium	1-2 years
Long	2+ years

Amending site design standars, such as setbacks, height, lot buildable area, and impervious coverage encourages density while protecting against large single family home development.	There are approximately 1000 residential lots, currently, in the city along identified corridors (see pg X). However, due to financial factors, the rate of these conversations or new-builds are anticipated to be very modest for the next several years, at least.	Amend residential zoning districts with the follow provisions when a property owner is introducing additional units to a lot, and when located along a major corridor:		
		Allow encroachment up to 50% into the sideyard setbacks, and 10ft in the rear yard setback.	City Planning Staff	Short
		Allow an increase in building height of up to 34ft (3 stories)	City Planning Staff	Short
		Allow an increase in buildable lot area of up to X% of the total building footprints	City Planning Staff	Short
		Allow a decreased minimum lot size standards (square footage) of 25% when additional units are added to a residential lot.	City Planning Staff	Short
		Allow an increase in impervious coverage of up to X% of the total building footprint	City Planning Staff	Short
Po - 6: Amend all residential zoning district site design standards to allow for an encroachment into the front yard setback, with additional site improvements, to encourage additional MMH density, when located along a major corridor.				
Purpose	Anticipated Impact	Action Step	Responsible Party	Timing
To encourage additional housing density, some elements of residential development should be allowed to encroach into the current 30 - Xft front yard set back, provided that 'above-and-beyond' front lawn improvements are provided.	There are approximately 1000 residential lots, currently, in the city along identified corridors (see pg X). However, due to financial factors, the rate of these conversations or new-builds are anticipated to be very modest for the next several years, at least.	Amend residential zoning districts with the follow provisions when a property owner is introducing additional units to a lot, and when located along a major corridor:		
		Allow encroachment up to 10ft into the front setbacks, for housing features such as front porches, patios, or entrances.	City Planning Staff	Short
		Require any of the following front yard site improvements for an encroachment: additional trees, native resilient plants, rain garden.	City Planning Staff	Short
Po - 7: Allow split-lot subdivisions in all residential corner lots, so long as driveway access is provided from each intersecting street				
Purpose	Anticipated Impact	Action Step	Responsible Party	Timing
Allowing additional density via Duplexes and ADUs, supports the City's Directives of Strategic (Re)Development goals (5.3, 5.4), and Effective Giverancen & Mangement goals (2.4). Allowing these units by-right removes some barriers to construction.	There are approximately X residential corner lots, currently, in the city (see pg X). However, due to financial factors, the rate of these subdivisions and new-builds are anticipated to be very modest for the next several years, at least.	Amend all residential zoning districts to allow for split-lot subdivision, by right, for corner lots, provided that driveway access can be provided from each intersecting street.	City Planning Staff	Short
Po - 8: Amend corner lot design standards for residential zoning districts to accommodate and encourage additional housing density, when a corner lot is subdivided.				
Purpose	Anticipated Impact	Action Step	Responsible Party	Timing
Amending site design standars, such as setbacks, height, lot buildable area, and impervious coverage encourages density while protecting against large single family home development.	There are approximately 1000 residential lots, currently, in the city along identified corridors (see pg X). However, due to financial factors, the rate of these conversations or new-builds are anticipated to be very modest for the next several years, at least.	Amend residential zoning districts with the follow provisions when a property owner is introducing additional units to a lot, and when located along a major corridor:		
		Allow encroachment up to 50% into the sideyard setbacks, and 10ft in the rear yard setback.	City Planning Staff	Short
		Allow an increase in building height of up to 34ft (3 stories)	City Planning Staff	Short
		Allow an increase in buildable lot area of up to X% of the total building footprints	City Planning Staff	Short
		Allow a decreased minimum lot size standards (square footage) of 25% when additional units are added to a residential lot.	City Planning Staff	Short
		Allow an increase in impervious coverage of up to X% of the total building footprint	City Planning Staff	Short
Po - 9: Amend R-1 and R-2 residential setback guidance to remove the 'wedding cake' standards, towards a more consistent and predictable standard.				
Purpose	Anticipated Impact	Action Step	Responsible Party	Timing
Amending residential setback standards is needed to clarify and streamline site design guidance for residential properties across the city. Establishing a consistent	There are approximately 7000 R-1 and R-2 residential lots, currently, in the city. Amending the setback guidance will immediately create clarity for each residential property. In the case of an	Amend R-1 and R-2 residential zoning districts with the follow setback guidance:		
		Lots <65' wide: X ft	City Planning Staff	Short
		Lots 65'-100' wide: X ft	City Planning Staff	Short

and predicate set of standards also removes barriers for determining site design standards for MMH standards throughout the city.	existing, conflicting property, it would become legal non-conforming, and no action would be needed by the property owner.	Lots >100' wide: X ft	City Planning Staff	Short

DRAFT

Demographic Shifts, Housing Market, and Housing Affordability in the City of Golden Valley

Prepared for Bolton & Menk and the City of Golden Valley
August 11, 2025

Demographic Shifts

- Golden Valley is projected to grow by about 2,000 households between 2020 and 2040, according to the Metropolitan Council (Figure 2, Slide 5)
- Over the next five years, household growth is projected to occur most in the age 35 to 54 and over age 75 age groups (Figure 3, Slide 6)
 - Millennials will continue to seek affordable owner-occupied housing
 - Baby boomers will be looking for new maintenance-free options
- Based on shifts and replacement needs, the 2023 Compressive Housing Needs Analysis found demand for between 1,600 and 1,800 units of new housing (Slide 10)

Housing Market

- Owner-occupied, single-family homes still make up the majority of homes in Golden Valley (Figures 9 and 10, Slide 13)
- Most new development has been larger multifamily projects in the last few years (Figure 13, Slide 15)
- About 370 units opened in 2023 (*Xenia Apartments*) and 300 new rental units will be coming online in 2025 (*The Winn*)
- The median sale price of a single-family home increased about 22% between 2019 and 2025 (Figure 16, Slide 17)
- The market-rate rental market has absorbed about 25 units per quarter since 2019 (Figure 20, Slide 19)

Affordability

- Homebuyers in Golden Valley need incomes 14% higher than the median income in the city and 31% higher than the Metro median income to be able to afford the median priced, for-sale home (Figure 21, Slide 21)
- “Cost-burdened households” are households that pay more than 30% of their income for housing
- Almost one in five homeowners (18%) are cost burdened in Golden Valley (Figure 23, Slide 23)
- Over four of every 10 renters (43%) are cost burdened in Golden Valley (Figure 26, Slide 24)

Demographic Shifts

Short-Term Projected Population and Household Growth from ESRI

- Golden Valley has 22,000 people within 10,000 households
- The population is projected to grow by 0.3% annually between 2025 and 2030
- Household growth is projected to be stronger over the same period at 0.7%
- Reflects a national trend of aging households with fewer members
- Compared to other areas, this trend is more pronounced in Golden Valley

1 Population and Household Growth

	Census 2010	Census 2020	Estimate 2025	Forecast 2030	Annual Growth Rate	
					2010-2025	2025-2030
Population						
City of Golden Valley	20,359	22,552	22,135	22,506	0.6%	0.3%
<i>Comparison Areas</i>						
Hennepin County	1,152,439	1,281,565	1,298,422	1,312,783	0.8%	0.2%
Seven County Metro Area	2,849,565	3,163,104	3,253,299	3,322,753	0.9%	0.4%
Minneapolis-St. Paul MSA	3,333,633	3,690,261	3,809,346	3,903,629	0.9%	0.5%
State of Minnesota	5,303,925	5,706,494	5,852,943	5,959,077	0.7%	0.4%
United States	308,745,538	331,449,281	339,887,819	347,149,422	0.6%	0.4%
Households						
City of Golden Valley	8,810	9,957	10,144	10,492	0.9%	0.7%
<i>Comparison Areas</i>						
Hennepin County	475,913	528,547	544,231	555,884	0.9%	0.4%
Seven County Metro Area	1,117,748	1,239,526	1,288,806	1,325,145	1.0%	0.6%
Minneapolis-St. Paul MSA	1,293,601	1,434,315	1,498,244	1,546,472	1.0%	0.6%
State of Minnesota	2,087,227	2,253,990	2,333,970	2,391,162	0.7%	0.5%
United States	116,716,292	126,817,580	132,422,916	136,716,884	0.8%	0.6%

Source: US Census Bureau; ESRI; LOCi Consulting LLC

- Metropolitan Council has estimates available for projected population, households, and employment, 2020 to 2040
- The Met Council projections are higher than ESRI's projections (Golden Valley: 1,400 new households between 2020 and 2025 versus ESRI's 535 new households)
- Household growth is projected to decrease significantly between 2030 and 2040

2 Long-Term Population, Household, and Employment Projections

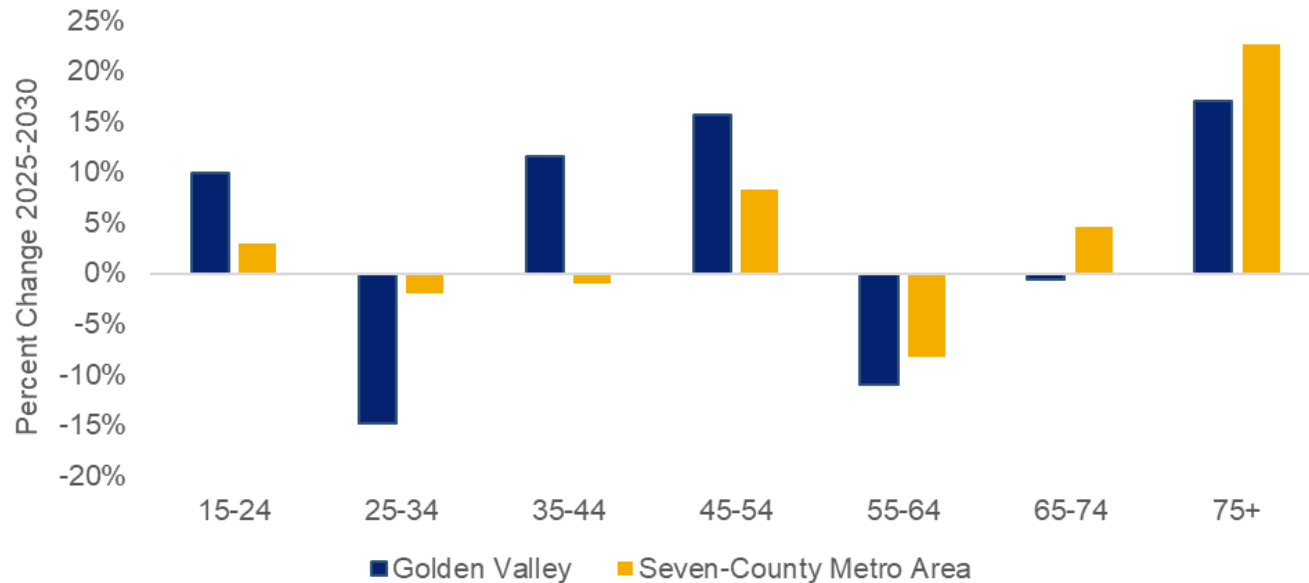
	Census 2020	Forecast 2030	Forecast 2040	Projected Change	
				2020-2030	2030-2040
Population					
Golden Valley	22,552	25,800	26,700	3,248	900
Seven-County Metro Area	3,163,104	3,451,000	3,653,000	287,896	202,000
Households					
Golden Valley	9,957	11,400	11,800	1,443	400
Seven-County Metro Area	3,163,104	3,451,000	3,653,000	287,896	202,000
Employment					
Golden Valley	28,845	36,000	37,000	7,155	1,000
Seven-County Metro Area	3,163,104	3,451,000	3,653,000	287,896	202,000

* Final Forecasts issued 12/31/2024.

Source: Metropolitan Council; LOCi Consulting LLC

Projected Household Growth by Age of Householder, 2025 to 2030

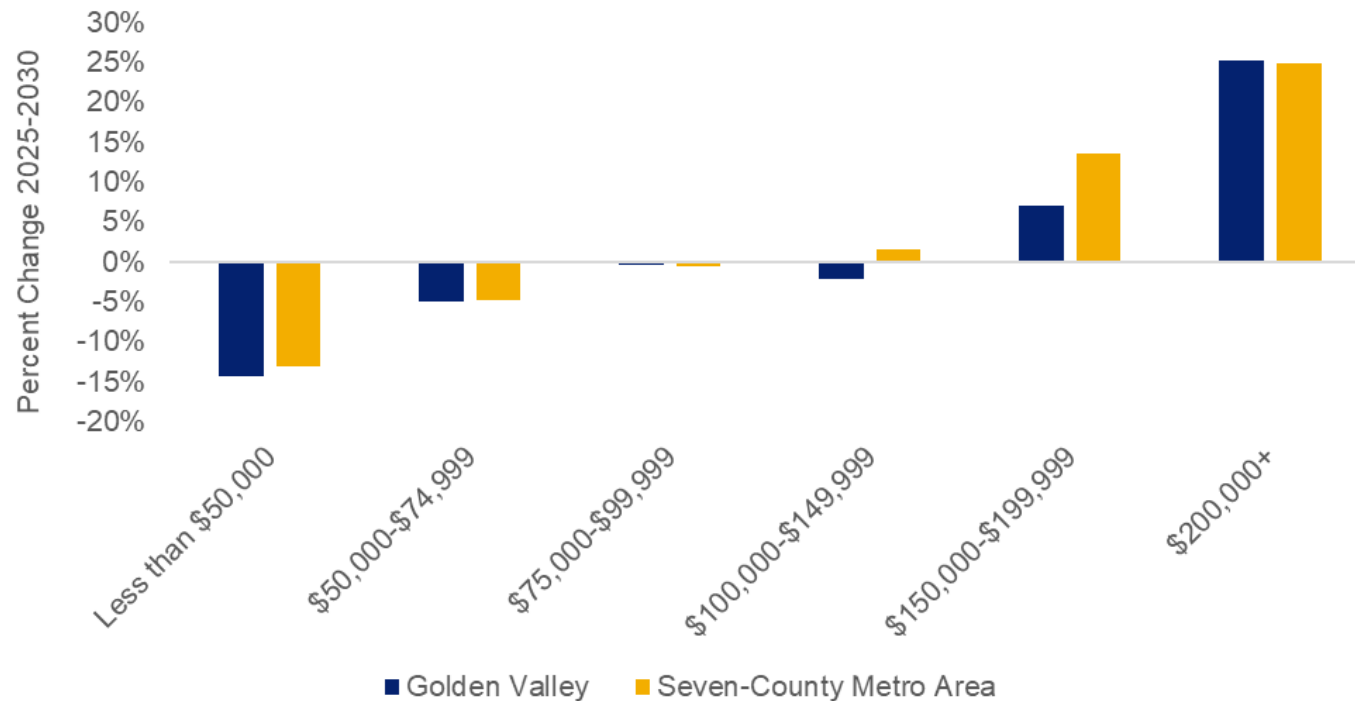
3. Projected Household Growth by Age of Householder, 2025 to 2030



- Baby Boomers (Age 65 plus) and Millennials (Age 35-45) will continue to drive household growth
- Higher growth in Golden Valley for households in their typical homeownership years (Age 35 to 54)
- Median Age in 2025:
 - Golden Valley: 42.5
 - Seven County Metro Area: 38.3
- Median Age in 2030:
 - Golden Valley: 44.0
 - Seven County Metro Area: 39.0

Projected Household Growth by Income of Householder, 2025 to 2030

4. Projected Household Growth by Income of Householder, 2025 to 2030

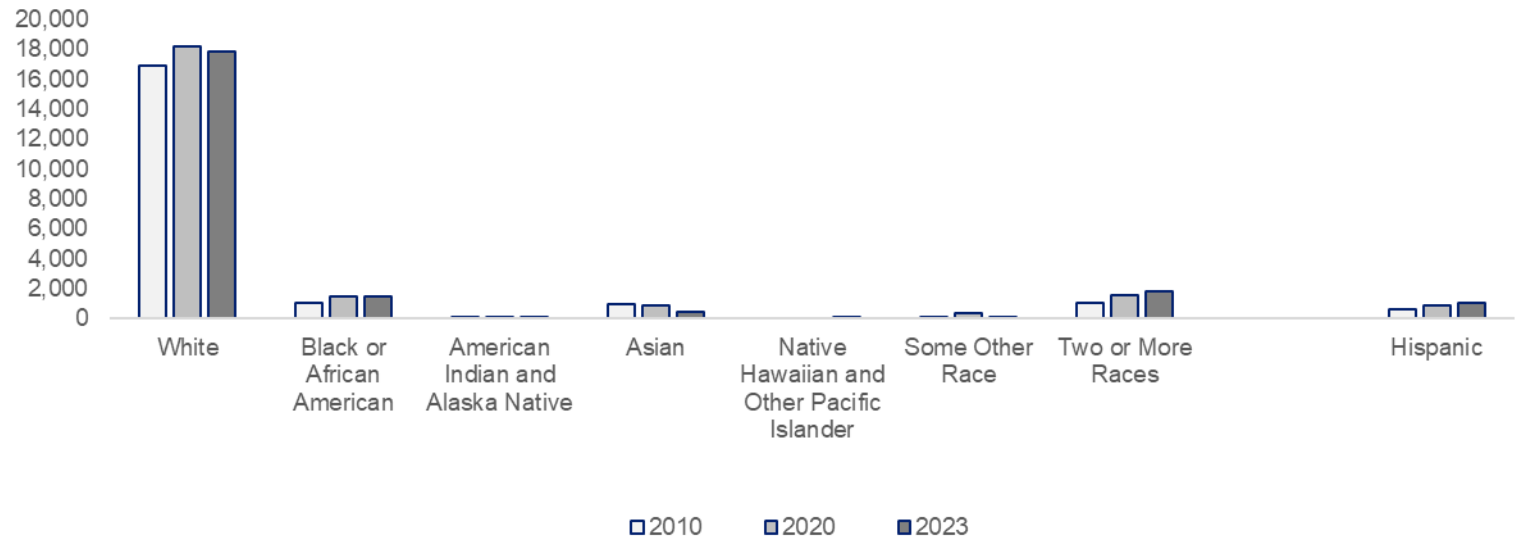


- Overall shift in growth to higher income groups
- Rising incomes overall and age shifts
 - Millennials hitting higher income earning years
 - Baby Boomers with higher investment incomes
- But might also reflect lower household formation rates in lower income groups due to rising housing costs

Population by Race and Ethnicity

- The population of Golden Valley has remained slightly less diverse than the Seven-County Metro Area as a whole
- In 2023, Golden Valley's population:
 - 82% White (Metro: 81%)
 - 7% Black (Metro: 8%)
 - 2% Asian (Metro: 6%)
 - 5% Hispanic (Metro: 6%)
- Between 2014 and 2023, the Black population grew from 5% to 7% and the Hispanic population grew from 3% to 5%
- Percent Asian declined from 5% to 2%

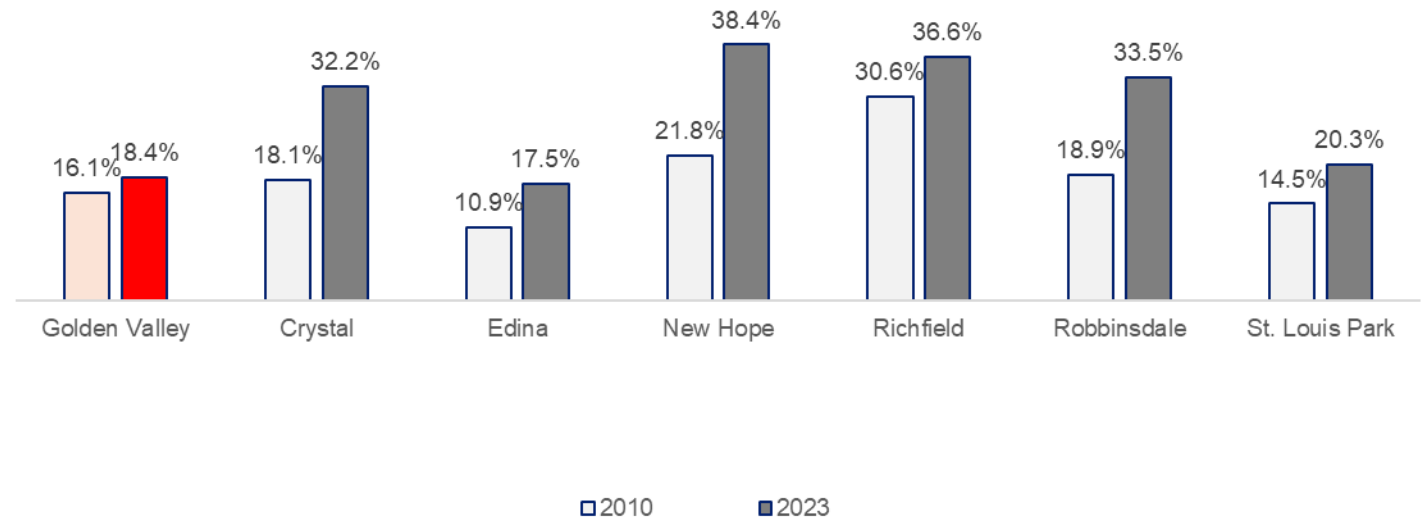
5. Population by Race and Ethnicity, Golden Valley, 2014, 2020, and 2023



Note that Hispanic is an Ethnicity and not a Race. Hispanic population is made up of multiple racial classifications.

- Except for Edina, Golden Valley has a lower percentage of Non-White population than comparison cities
- Comparison cities, including Edina, have seen their Non-White populations grow at a greater rate than Golden Valley

6. Percent Non-White Population, Comparison Cities, 2010 and 2023

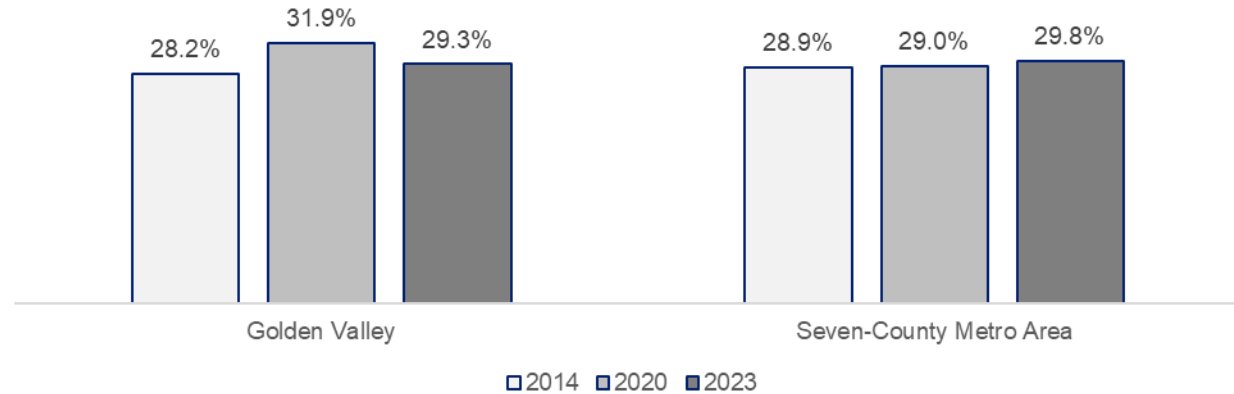


Note that Hispanic is an Ethnicity and not a Race. Hispanic population is made up of multiple racial classifications.

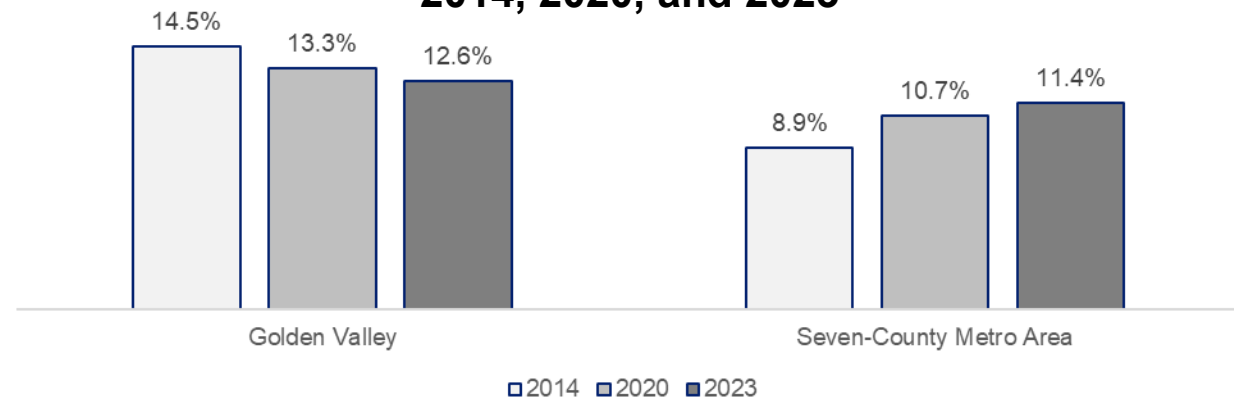
Percent of Households Living Alone

- The city of Golden Valley has comparable rates of single person households as the rest of the Metro Area
- However, a larger percentage of those households are over age 65
- The Metro Area is seeing an increase in single-person, senior households. While Golden Valley's rate is declining

7. Households Living Alone, 2014, 2020, and 2023



8. Households Living Alone Over Age 65 as a Percent of All Households, 2014, 2020, and 2023



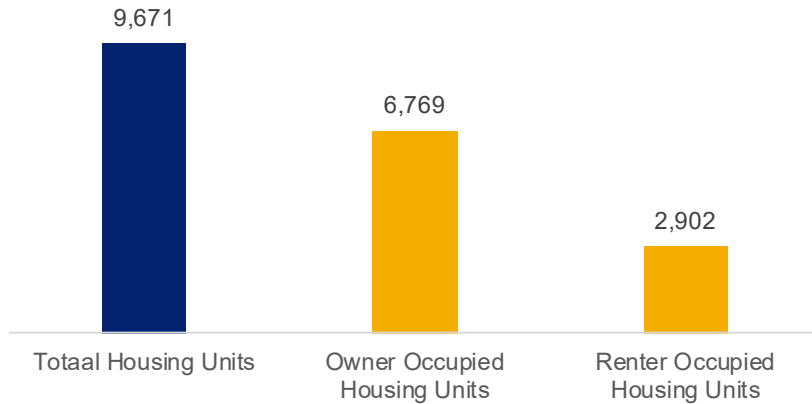
- Based on the shift in housing need and natural replacement, the 2023 Comprehensive Housing Need Analysis found demand for about 1,600 to 1,800 new units between 2023 and 2025
- Some of this demand could be developed as Missing Middle Housing

RECOMMENDED HOUSING DEVELOPMENT Golden Valley 2023 to 2035				
		Purchase Price/ Monthly Rent Range ¹	No. of Units	Development Timing
Owner-Occupied Homes				
<i>Single Family</i> ²				
	Move-up	\$450,000 - \$699,999	40 - 50	Ongoing
	Executive	\$700,000+	60 - 70	Ongoing
	Total		100 - 120	
<i>Townhomes/Twinhomes/Villas</i> ²				
	Attached Townhomes	\$400,000 - \$600,000	190 - 210	Ongoing
	Twinhomes / Detached Townhomes/Villas	\$600,000+	40 - 50	Ongoing
	Total		230 - 260	
<i>Condominiums</i>				
	Entry-level	<\$350,000	30 - 35	2025+
	Move-up	\$350,000 - \$500,000	50 - 60	2025+
	Executive	\$500,000+	50 - 55	2025+
	Total		130 - 150	
Total Owner-Occupied			460 - 530	
General Occupancy Rental Housing				
<i>Market Rate Rental Housing</i>				
	Apartment-style (moderate)	\$975/Eff - \$2,200/3BR	100 - 120	2026+
	Apartment-style (luxury)	\$1,100/Eff - \$3,200/3BR	100 - 120	2026+
	Rental Townhomes	\$2,000/2BR - \$3,000/3BR	50 - 60	2024+
	Total		250 - 300	
<i>Affordable Rental Housing</i>				
	Apartment-style	Moderate Income ³	260 - 300	2024+
	Townhomes	Moderate Income ³	40 - 50	2024+
	Subsidized	30% of Income ⁴	100 - 150	2024+
	Total		400 - 500	
Total Renter-Occupied			650 - 800	
Senior Housing (i.e. Age Restricted) 2023 to 2028				
	Active Adult Ownership / Co-op	\$200,000+	125 +	2024+
	Active Adult Market Rate Rental ⁵	\$1,800/1BR - \$2,500/2BR	150 - 180	2024+
	Active Adult Affordable Rental ⁵	Moderate Income ³	100 - 120	2024+
	Independent Living	\$2,400+ per month	60 - 80	2026+
	Assisted Living	\$3,000/EFF - \$5,000/2BR	60 - 80	2026+
	Memory Care	\$5,000/EFF - \$6,000/2BR	40 - 50	2026+
	Total		535 - 510	
Total - All Units			1,645 - 1,840	
¹ Pricing in 2023 dollars. Pricing can be adjusted to account for inflation. ² Replacement need, infill, and redevelopment. Development of single-family homes and townhomes/twinhomes will hinge on land availability. Due to Golden Valley's location, there is pent-up demand that exceeds replacement need. ³ Affordability subject to income guidelines per Minnesota Housing Finance Agency (MHFA). See Table HA-1 for Hennepin County Income limits. ⁴ Subsidized housing will be difficult to develop financially ⁵ Alternative development concept is to combine active adult affordable and market rate active adult into mixed-income senior community Note - Recommended development does not coincide with total demand. Golden Valley may not be able to accommodate all recommended housing types based on land availability and development constraints.				
Source: Maxfield Research and Consulting, LLC.				

Housing Market

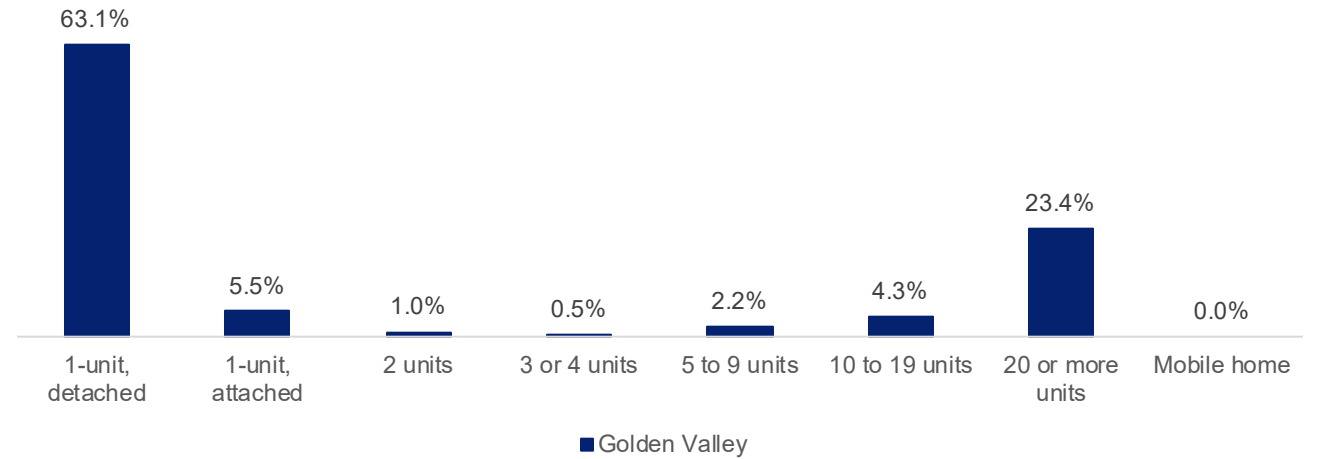
Existing Housing Stock in Golden Valley

9 Housing Unit Inventory in Golden Valley, 2023



Source: American Community Survey, US Census Bureau; LOCi Consulting LLC

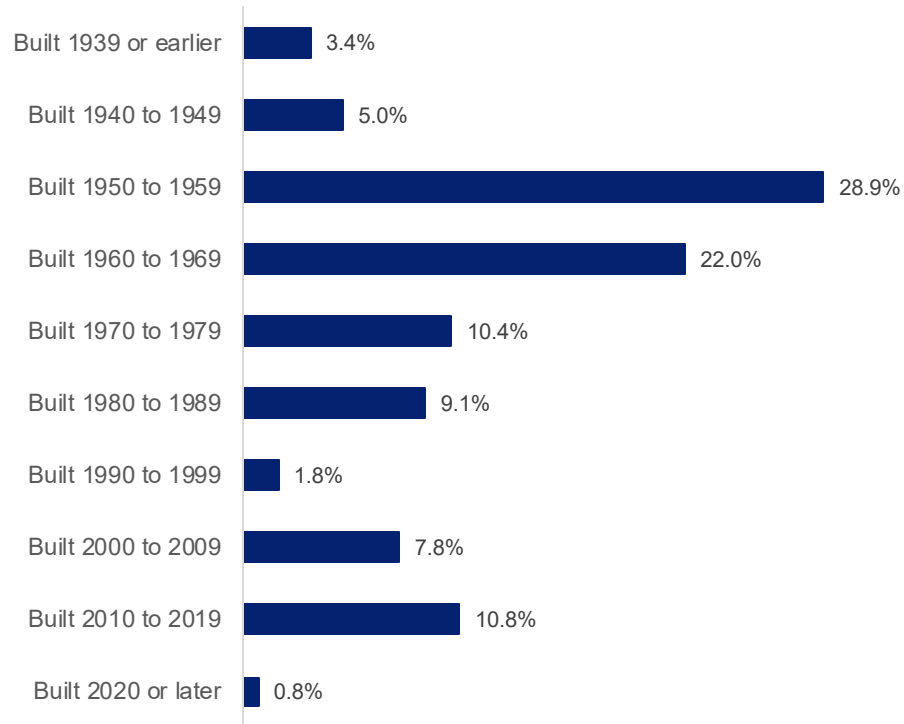
10 Units in the Structure, Golden Valley, 2023



Source: American Community Survey, US Census Bureau; LOCi Consulting LLC

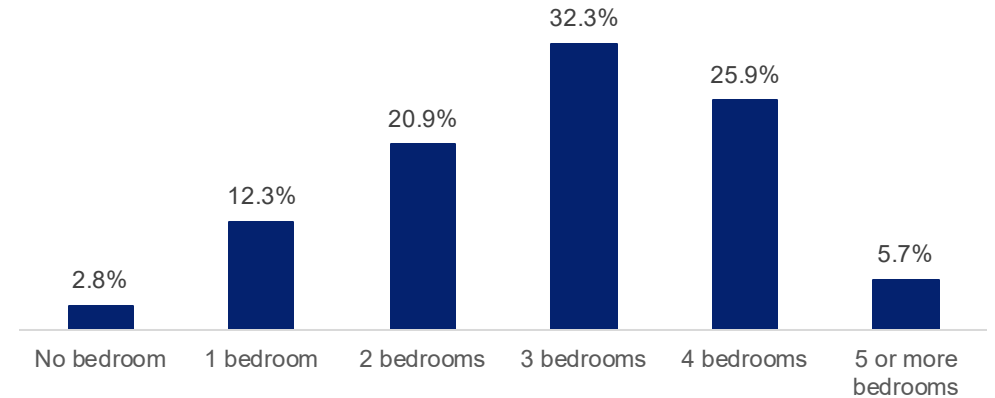
Existing Housing Stock in Golden Valley

11 Year the Structure Was Built, Golden Valley, 2023



Source: American Community Survey, US Census Bureau; LOCi Consulting LLC

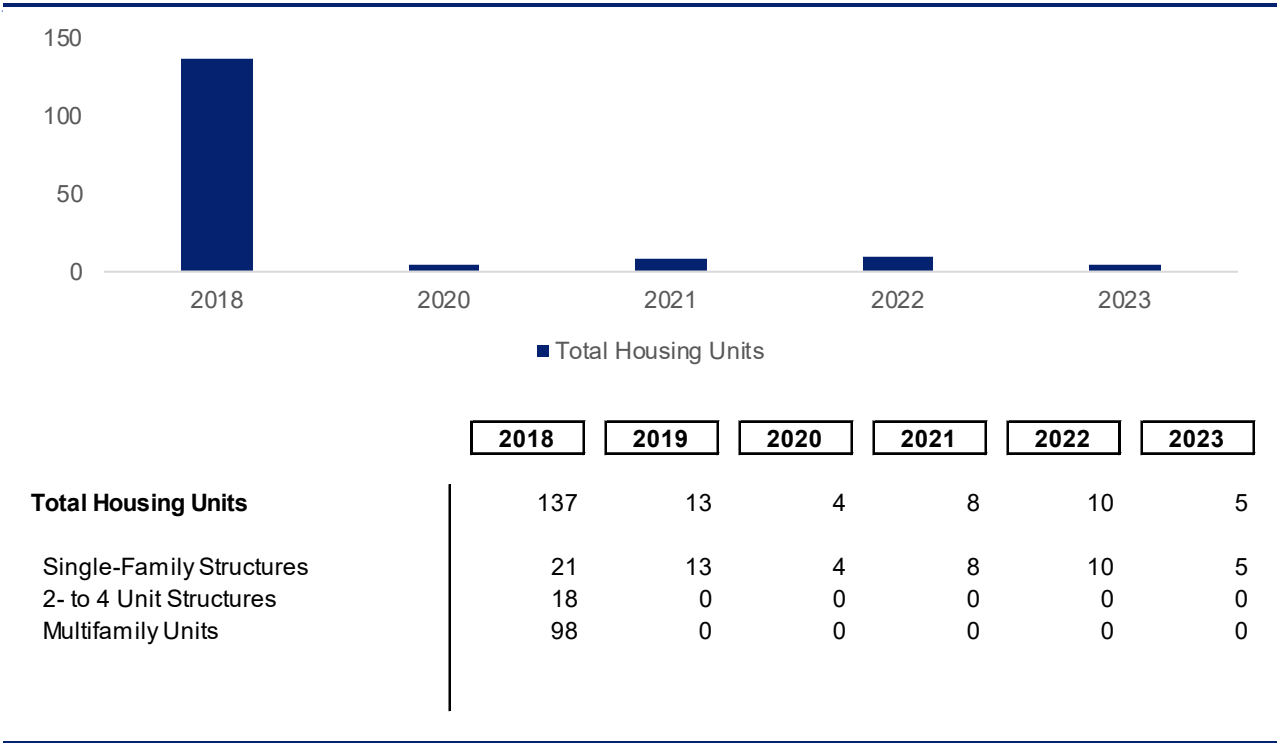
12 Number of Bedrooms in the Unit, Golden Valley, 2023



Source: American Community Survey, US Census Bureau; LOCi Consulting LLC

Recent Residential Building Permits in Golden Valley

13 Building Permit Units in the City of Golden Valley, 2018-2023



Source: SOCDS HUD Building Permits; Minnesota Department of Labor and Industry; LOCi Consulting LLC

Note: Xenia Apartment development—369 units—was approved in 2013 and permits were issued in 2017.

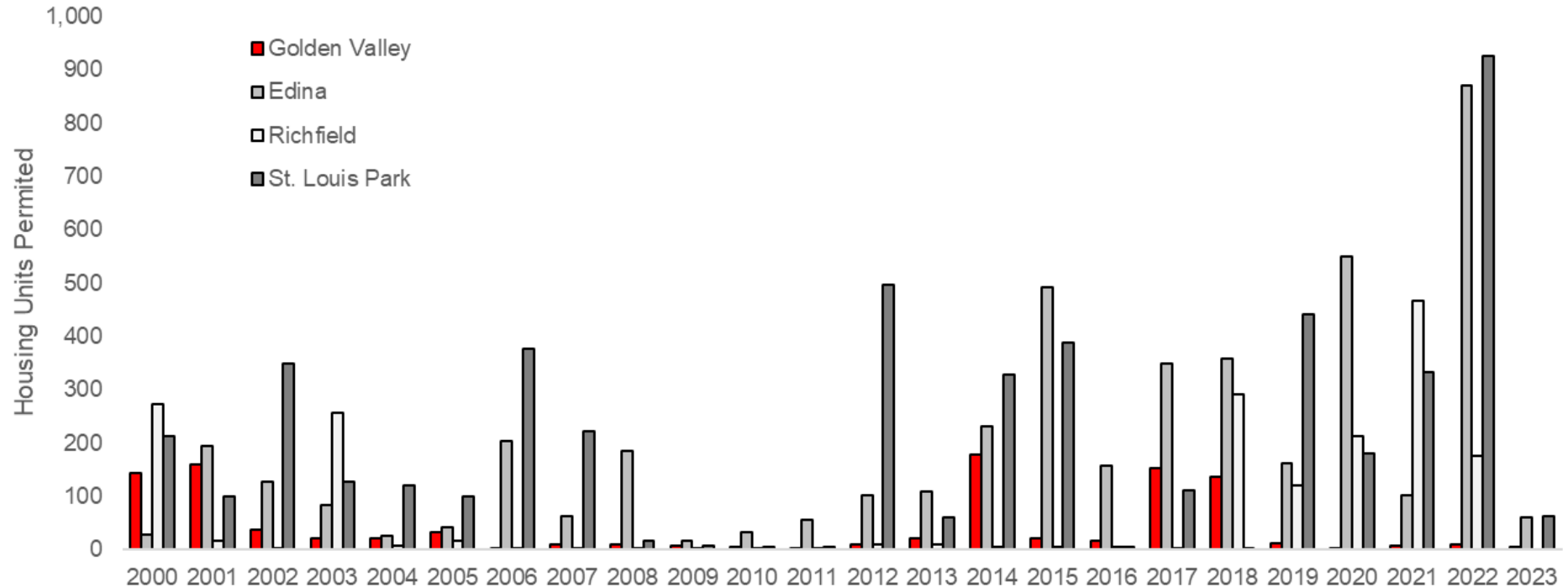


- Golden Valley has had fewer building permit housing units per year, compared to peer cities

Average Annual Housing Units Permitted, 2000-2023

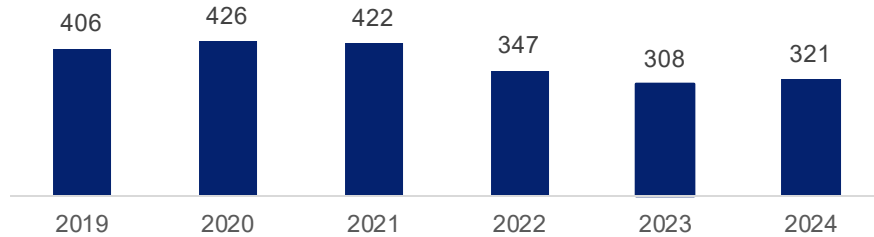
- Golden Valley: 43
- Edina: 192
- Richfield: 79
- St. Louis Park: 208

14. Total Building Permit Housing Units by Year, 2000 to 2023



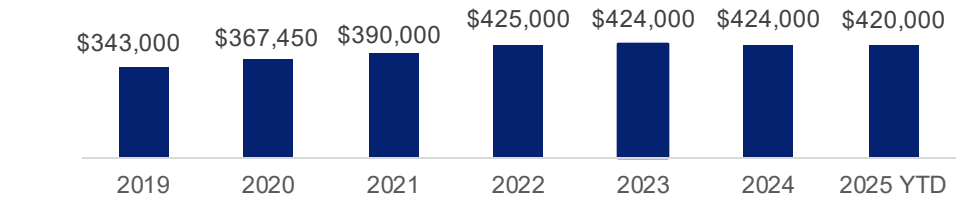
For-Sale Housing Market in Golden Valley

15 Residential Real Estate Transactions in Golden Valley



Source: Multiple Listing Service; LOCi Consulting LLC

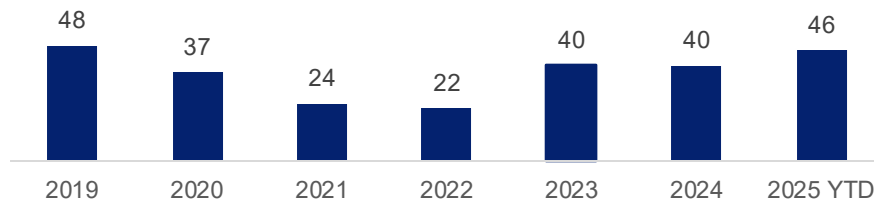
16 Median Sales Price of Home Sales in Golden Valley



*2024 YTD is rolling 12-months from October 2024.

Source: Multiple Listing Service; LOCi Consulting LLC

17 Average Days on the Market for Home Sales in Golden Valley



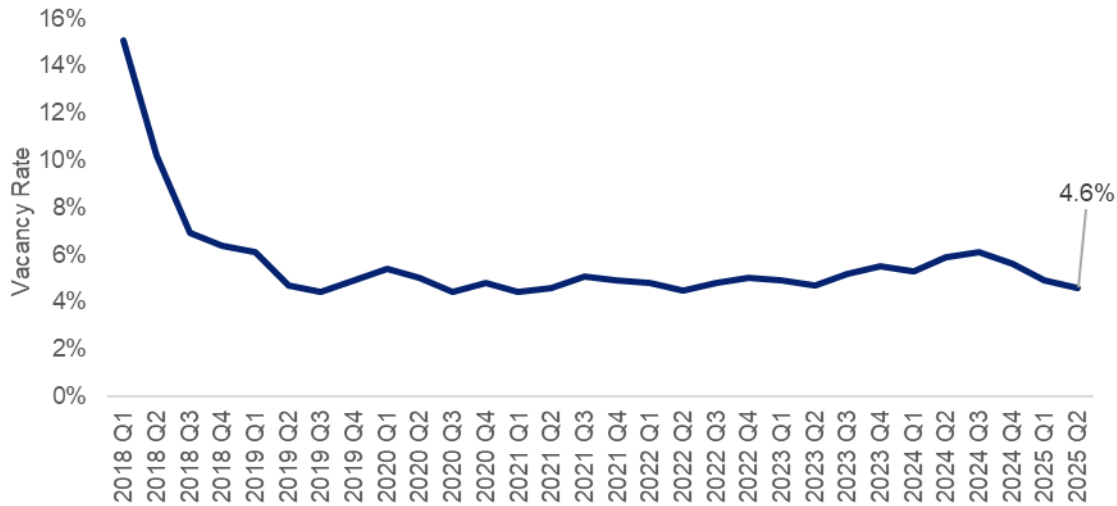
*2024 YTD is rolling 12-months from October 2024.

Source: Multiple Listing Service; LOCi Consulting LLC



Market Rate Rental in Golden Valley—Vacancy Rate and Average Rents

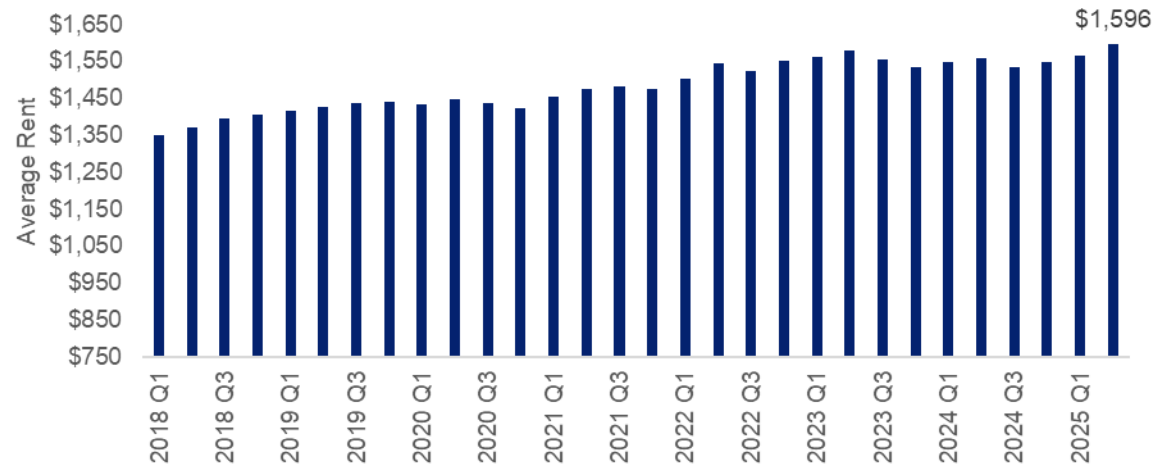
18 Vacancy Rates for Market-Rate Rental Housing in Golden Valley



* Data is Q1 2018 to Q2 2025

Source: CoStar; LOCi Consulting LLC

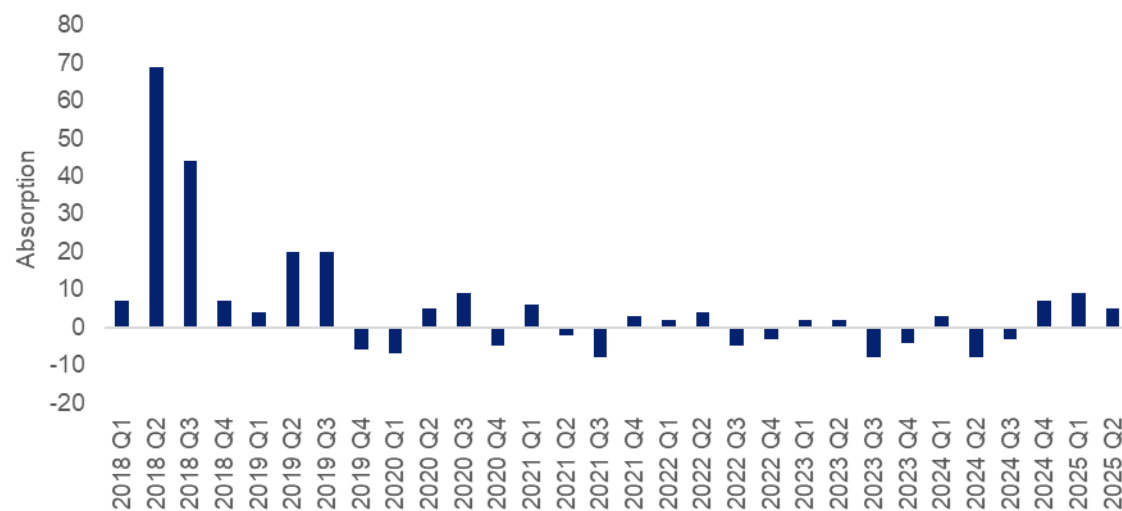
19 Average Rent for Market-Rate Rental in Golden Valley



* Data is Q1 2018 to Q2 2025

Source: CoStar; LOCi Consulting LLC

20 Quarterly Absorption of Units for Market-Rate Rental in Golden Valley



* Data is Q1 2018 to Q2 2025

Source: CoStar; LOCi Consulting LLC



Housing Affordability

Housing Affordability Relative to Incomes—For Sale Housing

- Homebuyers in Golden Valley need incomes 14% higher than the median income to afford the median for-sale home. For the Metro Area, incomes need to be 26% percent higher than the median
- Higher incomes in Golden Valley make the affordability index seem more affordable than the Metro Area.
- This might be explained by the fact that there are fewer housing options for lower- and moderate-income households, thus fewer lower- and moderate-income households
- Available housing may be driving incomes, not vice versa

21 Income Needed for Median Sale Price For-Sale Housing

	Golden Valley	Twin Cities Metro Area
Home Price	\$420,000	\$401,000
Down Payment (10%)	\$42,000	\$40,100
Estimated Closing Costs (3%)	\$12,600	\$12,030
Total Loan Amount	\$390,600	\$372,930
Interest Rate for 30-Year Mortgage	6.75%	6.75%
Monthly Payment (Principal and Interest)	\$2,533	\$2,419
Property Tax	\$350	\$334
Homeowners Insurance	\$140	\$134
Mortgage Insurance	\$163	\$155
Home Maintenance and Repair	\$100	\$100
Total Monthly Housing Cost	\$3,286	\$3,142
Total Annual Housing Cost	\$39,434	\$37,704
Household Income Required Assuming 30% Affordability	\$131,000	\$126,000
2025 Median Household Income	\$114,732	\$99,859
Affordability Index	1.14	1.26

Source: Northstar MLS; ESRI; LOCi Consulting LLC

- On average, rental affordability looks similar to homeowner affordability
- Higher incomes in Golden Valley mean overall rents are more affordable
- However, higher incomes in Golden Valley might be explained by the fact that there are fewer overall housing options for lower- and moderate-income households
- So fewer lower- and moderate-income households live in Golden Valley

22 Income Needed for Average Market Rate Rental Housing

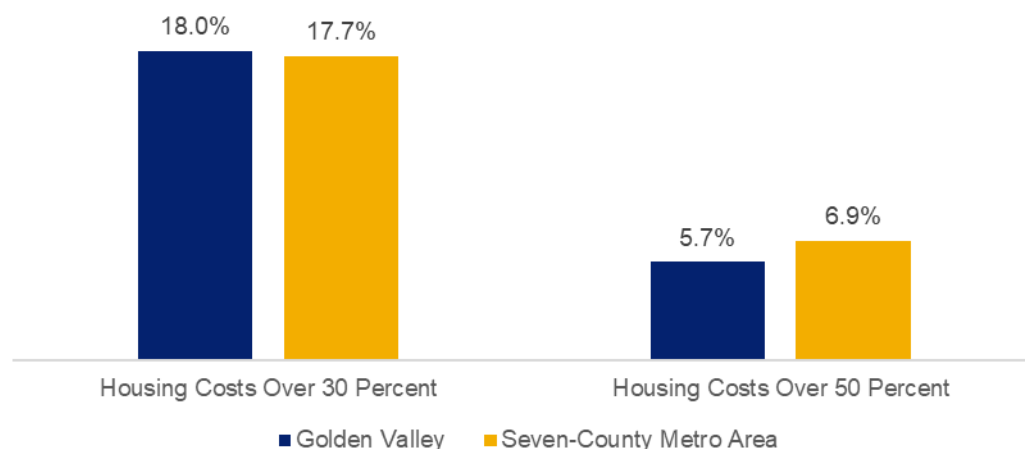
	Golden Valley	Twin Cities Metro Area
Monthly Rent	\$1,596	\$1,589
Total Monthly Housing Cost	\$1,596	\$1,589
Total Annual Housing Cost	\$19,152	\$19,068
Household Income Required Assuming 30% Affordability	\$63,840	\$63,560
2025 Median Household Income	\$114,732	\$99,859
Affordability Index	0.56	0.64

Source: Costar; ESRI; LOCi Consulting LLC

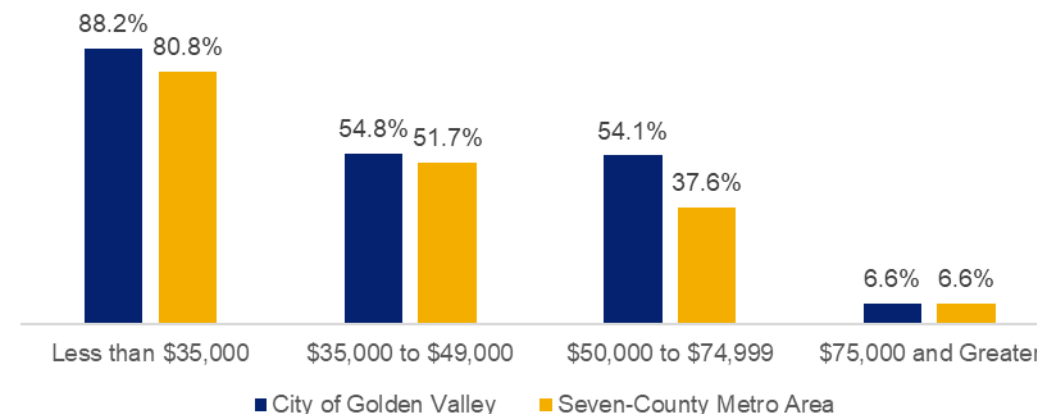
Cost-Burdened Owner-Occupied Housing

- Almost one in five homeowners (18%) in the city of Golden Valley—including both those with and without mortgages—pay more than 30% of their income in housing costs
- About 7% of homeowners pay over 50% of their income in housing costs

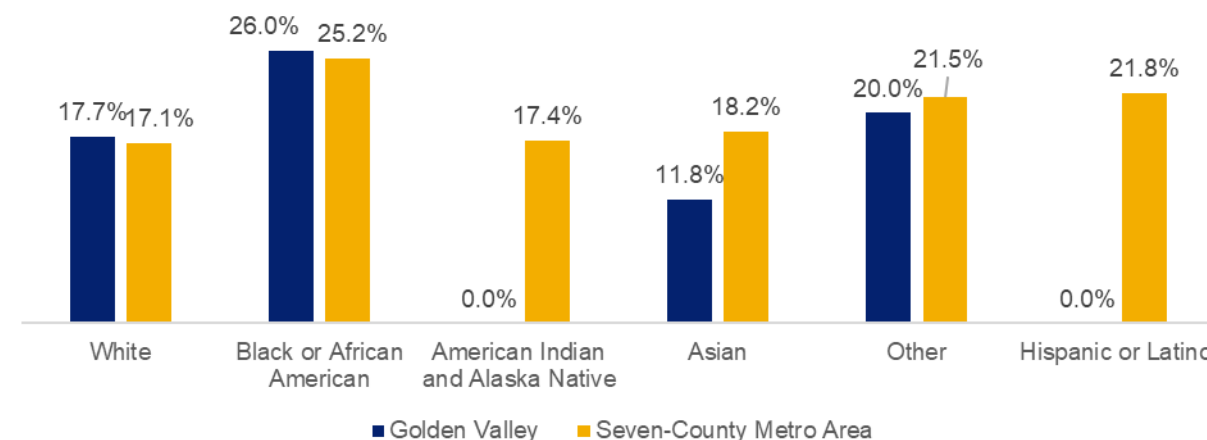
23. All Housing Cost Burdened Owner Households, 2023



24. Housing Cost Burdened Owner Households by Income, 2023



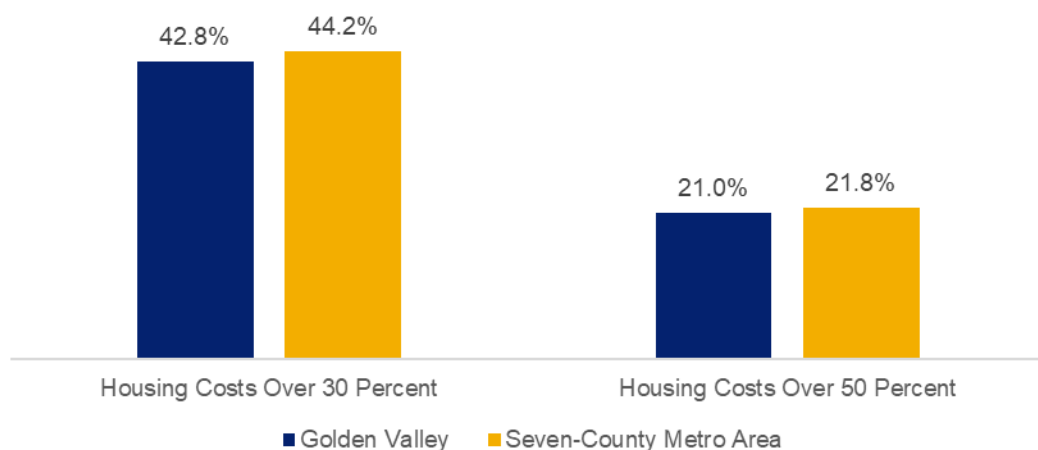
25. Housing Cost Burdened Owner Households by Race and Ethnicity, 2023



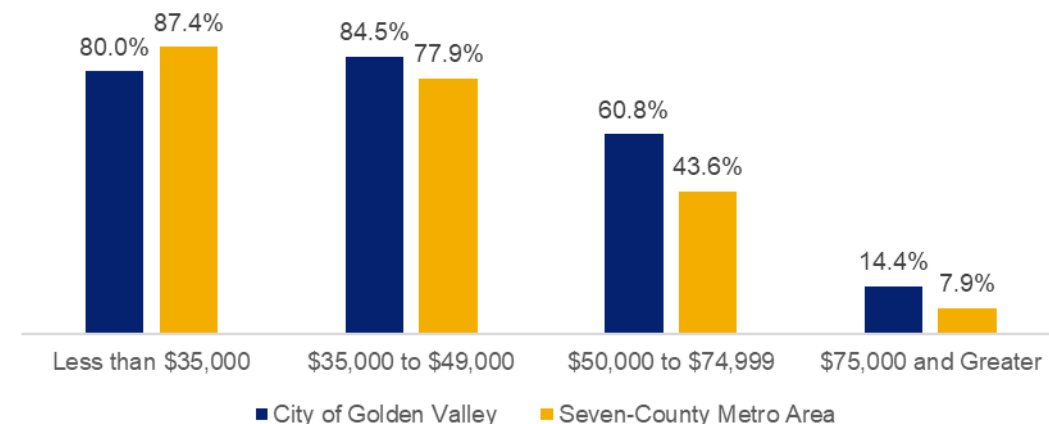
Cost-Burdened Renter-Occupied Housing

- Four in 10 renters pay more than 30% of their incomes in rent in the city of Golden Valley
- Over one in five pay more than 50% of their income in rent in the city

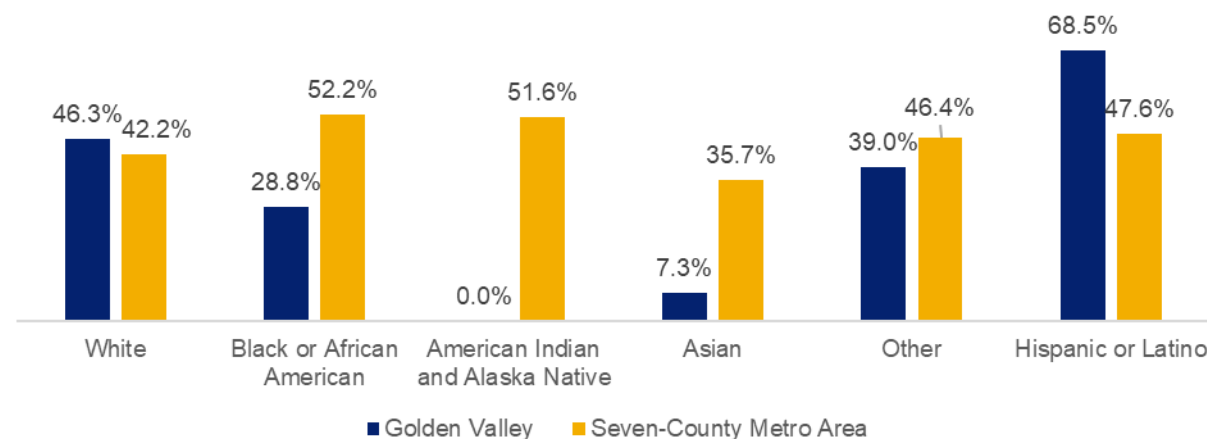
26. All Housing Cost Burdened Renter Households, 2023



27. Housing Cost Burdened Renter Households by Income, 2023



28. Housing Cost Burdened Renter Households by Race and Ethnicity, 2023



The data in this preliminary analysis are compiled from a variety of sources. Sources are identified in the tables and figures.

LOCi Consulting believes that these sources are reliable. However, there is no way to authenticate this data and information. LOCi Consulting does not guarantee the data and assumes no liability for any errors in fact, analysis, or judgement. The data in this analysis includes the most recent information available at the time of this analysis.

The findings, conclusions, and recommendations in this demand analysis are based on the best judgements and analysis at the time of the study. LOCi Consulting makes no guarantees or assurances that the projections or conclusions will be realized as stated.

Services:

- Market studies
- Demographic analysis
- Customer segmentation
- Market identification
- Market sizing
- Competitive analysis
- Geographic Information Systems (GIS) and site selection
- Data analytics

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<https://www.lociconsult.com/>



Memo

Date: December 4, 2025

To: Golden Valley Missing Middle Project Team

From: Grant Martin
Principal
LOCi Consulting LLC

Re: Key Findings from the Developer Interviews for the Golden Valley Missing Middle Housing Study

Purpose

The purpose of this memo is to provide key findings from the developer interviews for the Golden Valley Missing Middle Housing Study.

Background

The interviews were conducted between August 2025 and December 2025. A total of 20 developers were identified having experience with infill urban development and redevelopment or smaller scale development. The list was developed based on input from the consultant team and Golden Valley city staff. The consultant team attempted to contact all of the developers identified. Of those contacted, interviews were ultimately conducted with 11 developers.

About half of the developers focus primarily on affordable housing and about half focus primarily on market-rate housing. Most of the developers do rental projects, but a couple of the developers build owner-occupied projects. Only three of the developers have experience working on missing middle projects, in these cases meaning duplexes, triplexes, and quad homes.

The purpose of the interviews was to:

- Gather information on impediments to the development of missing middle housing in communities like Golden Valley;
- Conduct outreach to developers who should know that the city is interested in encouraging the development of less traditional housing options; and
- Create the potential for future partnerships with knowledgeable developers for missing middle housing development and other development activities.

This memo is organized into key findings following by comments, points, and quotes directly from the interviews. Developers were informed that the responses would be kept anonymous.

Key Findings

1. Pro Formas are challenging with all housing types—driven by high interest rates and construction costs.
 - For-sale, single family homes
 - For-sale condominiums
 - Rental apartments
2. Projects are getting built in urban/first ring suburban areas with:
 - Subsidies from cities (Tax Increment Financing, Tax Abatement, Property Write-Downs, etc.)
 - Vertically integrated developers who may be taking losses on development fees to keep construction and property management teams working
3. There is no specialized market to develop, build, and operate missing middle housing.
 - Single-family and custom homebuilders
 - Apartment developers
4. Neither group of developers wants to tackle this type of development because of risks and rewards.
 - For SF and custom home developers, it is too specialized
 - For apartment developers, the fixed costs are the same for a larger project, and those are more profitable and less risky
 - For affordable housing developers, there are only a few programs to finance these projects
5. Beyond specialized developers, construction contractors, subcontractors, consultants, and property managers also specialize and may not want to bid on or support missing middle housing.
6. Other hurdles are external to city zoning and financing:
 - Four-unit buildings can have increased building requirements because they are classified as commercial buildings
 - Financing from Minnesota Housing may require prevailing wages, increasing costs of development
 - Energy efficiency requirements may increase costs of development



New Construction at the Laurel Ponds development

7. Some cities have encouraged smaller scale development through emerging developer programs.
 - Opportunities: Get technical assistance to new developers to build this housing
 - Challenges: Need upfront financing for projects that might not move forward—some developers said predevelopment financing is often the biggest challenge because of the risk
 - Challenges: Maybe too few new developers
 - Challenges: May be better managed by larger governmental structure—county or Met Council
 8. A few affordable missing middle housing developers are exploring and implementing new methods to develop smaller-scale affordable housing projects.
 - For example, developers are using modular construction to reduce costs and overall project time
- rates are coming down, construction costs increases are slowing, etc.
- For developers, it is important to have a sense that the project will have a good chance of moving forward in a community. The developer wants to feel confident the community supports the project. “How is the project looked at? Will it get approved?”
 - “There are a lot of beliefs about housing development in city government. We are not on the same page when it comes to what is realistic,” said a market rate developer. He suggested that there should be a prototypical pro-forma that would be starting place to understand where the challenges for development are occurring.
 - One developer said that cities could make all residential development more feasible if they were more creative and flexible around five key issues that drive costs: sustainability regulations, affordability requirements, prevailing wages, required commercial space, and excessive architectural enhancements.

Select Comments and Themes

Financial Challenges for All Housing Development

- One developer said that, even when interest rates are better, most of the residential housing that is getting built is either for high-income renters and buyers or for low- and moderate-income renters. There is a real gap in the middle.
- Many people who work in local government underestimate the financial challenges. Once developer said, “They don’t understand that it isn’t 2018. It’s just much harder to get a project done in 2025.”
- One developer said that the challenges around housing production are a macro market issue—the costs (construction costs, borrowing costs, etc.) are simply too high to build housing that is affordable to renters and buyers. He said this issue is not something that can be easily fixed by local government. At the same time, he said he believes the problem is getting better—interest
- One affordable housing developer said that he understands the intentions for energy efficiency and agrees that they can significantly reduce homeownership costs over time. But, he said, they do add costs and can sometimes make projects unworkable.

Which Developers are Most Likely to Pursue Missing Middle Development

- One market rate developer said that development is complex, and it is difficult to be good at everything. Developers must focus and specialize to be good at it. Promoting smaller scale development may mean working with a few developers to help them become specialists.
- “Bigger companies are better suited for bigger projects,” said one market-rate developer. “There are a handful of smaller companies that are better suited for projects on a smaller scale.”



Large lot single-family home in Golden Valley

- One market-rate developer said that it is difficult to find builders and architects who would take on missing middle projects even if he pursued these projects.
- A developer who works at a larger development company suggested that custom homebuilders might be better at developing duplexes, triplexes, and fourplexes than larger developers. He said that if this group could be incentivized, they would be a good resource.
- “A four-unit project requires all the same due diligence as a 40-unit project,” said one developer. “There are economies of scale with the larger projects. If I’m going to put in all the same energy as a large project, I’m going to want to get the same return out of it. And that’s less likely with the smaller project.”
- One developer said that these projects might work for a small developer who can also be the general contractor.
- “Whether it’s a 40-, 50-, or 60-unit building, it’s the same amount of work as a 200-unit building,” said one market-rate developer. He said the incentive is to spread the fixed costs over more units and bigger projects.

City Regulation and Missing Middle Housing

- If the missing middle development cannot be built by right, said one developer, it will not likely move forward—neighborhood opposition will kill these projects. He said he pursued a cluster rental home development in an affluent city in the Metro Area and neighborhood opposition brought down the project. He said it would have been an asset to the neighborhood and the design fit the scale. At the present time, the economics of this project would not work at the still vacant site.
- One developer said city regulation is not the primary challenge. “Zoning is not the limiting factor,” one developer said. “The limiting factor is money.”

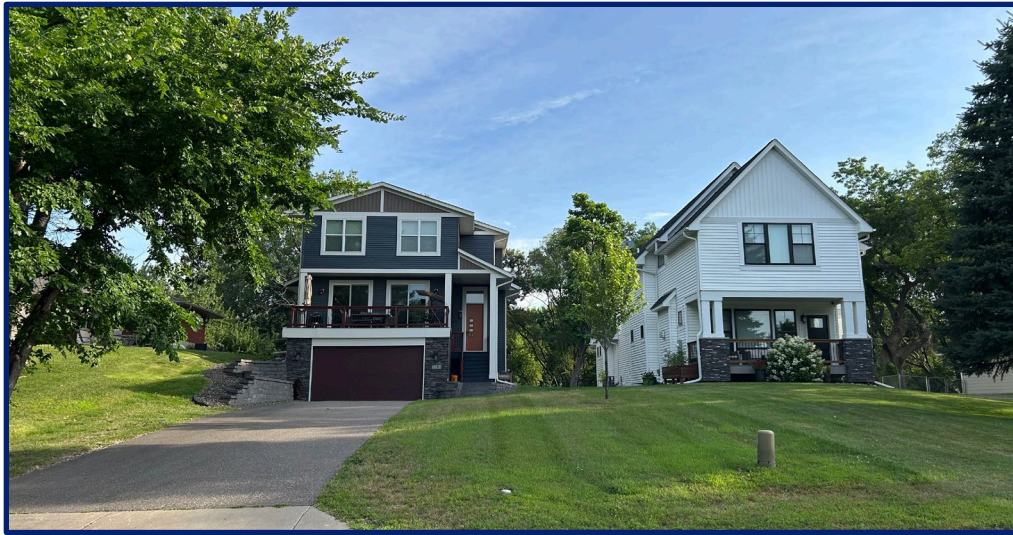
- One developer said that having the city staff well versed in missing middle housing development process is important for success. There should be an easy to follow, step by step process. That creates more certainty for the developer.
- Another developer said the same. Having city staff that thoroughly understand the process reduces the overall timeline and development costs, and makes the process move smoothly.
- One developer said that parking minimums provide unnecessary headwinds to a project. He said that the developer should let the market determine how much parking is provided. “Theres are a completely non-sense relic of the 1950s,” he said.
- Zoning has to be appropriate for missing middle housing, said one developer. The code has to be clear about what types of missing middle housing are allowed—“bungalow courts, gentle density, tiny houses, ADUs, etc.”
- One developer said that cities need to clearly outline how city water and sewer hookups would be handled in missing middle developments. This information needs to be clearly articulated.
- A few developers suggested that the city develop model missing middle projects or a “look book” that clearly outlines what would be acceptable. If this could reduce the approval time and neighborhood tensions, this type of resource would be well received by developers.

Emerging Developer Programs

- Two emerging developers were interviewed. They said the toughest part is raising financing for predevelopment costs. They suggested that, if the city could provide funding for those efforts, it would create more opportunities for emerging developer projects. Those projects would be more likely to be missing middle housing.



The Winn in Golden Valley, under construction for a 2026 opening



Recently constructed homes on larger lots in Golden Valley

- But another market-rate developer did not think that providing up-front funding for emerging developers is a good idea. “That would be a good way to spend money and not get a lot for your money,” he said.
- One former developer who works with emerging developers said the programs are good ways to get prospective developers the technical assistance, gap funding, and support to get started. The developer agreed that the biggest challenges of the project are at the initial phases. He said these developers have “to be scrappy and take on that risk at that phase. It’s what makes a good developer.”
- One developer said that emerging developer programs are best administered by large cities or counties. It might not be effective for a smaller city like Golden Valley to have a program.
- One source pushed the idea of a sponsor developer for emerging developers. The more experienced sponsor developer could provide technical support and connections to resources

that could help make the emerging developer successful.

Affordable Missing Middle Housing

- An affordable housing developer said that without financial programs to support this type of development, it is unlikely to occur. “If you are just talking about zoning changes, you are not going to see affordable missing middle housing developed,” she said.
- One affordable developer said that the city of Golden Valley does not have a good reputation for working with affordable housing developers.
- Higher land costs in Golden Valley make affordable missing middle housing development particularly challenging.
- One affordable housing developer said that two issues can really drive-up costs for development. First, if state housing agency funds are used, the contractors must pay prevailing wage. Second, if the project has more than three units, it has additional commercial

building code requirements. He said these requirements can add \$50,000 to \$90,000 per building on top of the per unit costs.

- An affordable housing developer said that cities could help secure the funding stack for projects. These projects often require a variety of funding sources—city funds, Federal Community Development Block Grants (CDBGs), state funding, Local Affordable Housing Aid (LAHA) and Statewide Affordable Housing Aid (SAHA), etc.
- One affordable housing developer said he is building smaller infill affordable housing—single-family and duplexes—for \$150,000 to \$200,000 per unit (not including land costs).

Modular Construction

- One affordable housing builder said modular construction could be used to make missing middle housing development feasible. He said

that cities need to open their minds to construction techniques that have not been considered traditional. That developer uses modular construction and said many cities are resistant to those methods even though the finished product is comparable.

- That developer said he is working with another Metro Area city to build for-sale twinhomes and fourplexes. He said the cost to build each unit can range from \$150,000 to \$175,000 (not including land or site costs), making the final sale price affordable for moderate-income families.
- A modular homebuilder said that, with modular homes, quality control inspections happen at various stages within the factory, often overseen by third-party inspectors, speeding up the approval process and ensuring that each section of the home meets building codes before it arrives on-site. Once delivered and assembled, only final site inspections are required.