**About SCAD – Small Lots, Small Houses, and Accelerated Gentrification**

This is the second of a number of short pieces pointing out problems with SCAD. This one will be devoted to SCAD’s proposed changes to the rules for the “Small Lot Option” adopted in 2019 as part of the Expanding Housing Choices initiative. The EHC changes allowed developers to subdivide a standard residential lot into two, three, or maybe four small lots with new small houses. This called the small lot option. Generally, SCAD would allow developers to build much larger houses on small lots – increasing their profitability, but defeating any arguable affordability benefit attendant to this housing type.

What is SCAD? It is a developer-proposed re-write of Durham’s zoning code called the Uniform Development Ordinance or “UDO.” The SCAD acronym was coined by the developers to stand for “Simplified Codes for Affordable Development.” Of course, this naming is strategic because it is meant to make us think SCAD is about affordable housing. While there are a couple of things in SCAD that are directed to affordability, the vast majority of SCAD’s provisions have nothing to do with housing affordability. Instead, they are designed to make redevelopment of Durham more profitable for the development community – usually at the expense of Durham’s existing residential communities.

SCAD is extremely complex. Not only are hundreds of individual changes proposed, the changes often work together to compound impacts. This happens in SCAD’s treatment of the Small Lot Option.

Small Lots and Small Houses – The 2019 EHC rule changes allow a developer to cut an existing lot up into smaller lots as long as the resulting lots are no more than 2,000 sf in area and are not narrower than 25 feet. The house built on such a lot cannot be larger than 1,200 sf. The virtue of the small lot rules is that they incentivize the creation of small, market-entry housing and we need more of this housing in our inventory. Under North Carolina Law, we cannot fix the price of homes, but we can regulate home sizes. As the planning staff frequently said in support of the EHC, small houses are generally less expensive than larger houses. The 1,200 sf limit in the current rules arguably lowers the bottom rung on the wealth ladder to the point where some people might reach it. Property developed under the EHC has produced little in the way of truly affordable housing, but the small lot rules have sparked considerable developer interest and have resulted in quite a number of small houses across town.

The downside of small lots and small houses has been accelerated gentrification in lower- wealth, formerly redlined neighborhoods where existing housing is the most affordable. Development is a capitalist venture. Developers target the least expensive existing, “naturally occurring” housing for redevelopment. The existing house is demolished to make way for two or more 1,200 sf houses. These newer homes are often priced out of reach for the people who live in the neighborhoods where they are being built.

SCAD will make the problem worse by allowing developers to build much bigger, more expensive houses on the small lots. Under the current rules, a small house can have a garage, but its area must count as part of the 1,200 sf maximum. Consequently, no garages have been built. But under the proposed SCAD rules, garages would not be included in the 1,200 sf. Nor would heated square footage that is “below grade.” Under the guidelines adopted by the State of North Carolina for measuring residential square footage, “below grade” means any area that has a portion of its floor level below the ground level outside. The effect of the proposed SCAD changes, then, will be that the house which today must be relatively small will grow to 2,000 sf and have a garage. Additionally, the height limit for a small house will go from 25 feet to two stories or 32 feet. This means that the “below grade” living area can be mostly above ground. The lot will be small, but the house on it can no longer pretend to be a market-entry home. In a stroke, SCAD will move the bottom rung of the wealth ladder up beyond the reach of market entry purchasers and renters. The larger houses will be more expensive and more profitable. They will be a more powerful engine for gentrification and displacement in neighborhoods where existing homes are the least expensive. This will be a boon to the development industry, but no consolation to most people in Durham. – certainly not to the people in the neighborhoods targeted for this type of housing.