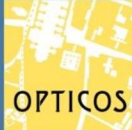




# Missing Middle Housing Test Fits

Carmel, Indiana  
June, 2026



1820 VENTURES

# Lot Testing Overview

## What does lot testing tell us?

The purpose of lot testing is to identify potential barriers and opportunities for Missing Middle Housing within Carmel. These lot tests can be used to help calibrate zoning standards that encourage Missing Middle Housing types, such as setbacks and/or parking counts. The test fits can also be used to help visualize what a broader range of housing types may look like in existing context and prompt discussions about what housing types the community would like to see in their neighborhoods.

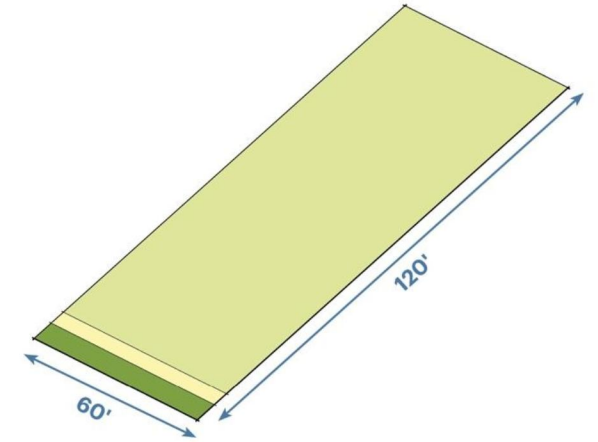
A test fit represents one possible way that a developer could lay out buildings, circulation, parking, and open space on the site—within the constraints of the existing and ideal standards. While alternate schemes are possible, the test fit shown here generally reflects the expected balance between the zoning standards' provisions for neighborhood compatibility and a hypothetical developer's priority of maximizing yield in terms of units or return on investment.

## Why were these lots selected?

The selected opportunity sites represent typical lot sizes and conditions within Carmel, Indiana. These lots were then used to generate different design scenarios that will be representative of a repeatable condition, or as best practice to inform any future zoning efforts. The Missing Middle scenarios shown below could provide attainable housing opportunities for residents looking to age in place as well as promote walkable environments and neighborhoods.

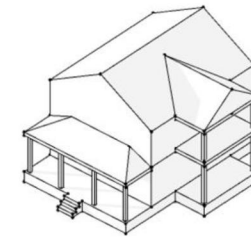
## Step 1: Determine lots to test

Typical lots, or lots with dimensions that are regularly repeated in a given area, are good testing subjects when predictable infill patterns are desired. City-owned lots in desirable locations that may need additional units to achieve feasible results are also good subjects for lot testing.

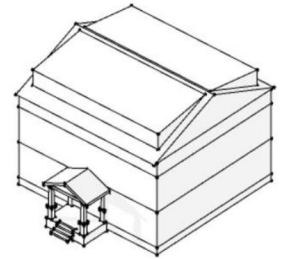


## Step 2: Determine building types

Building types should be selected according to physical site constraints and the housing needs of a community.



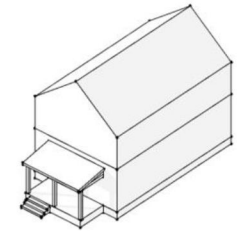
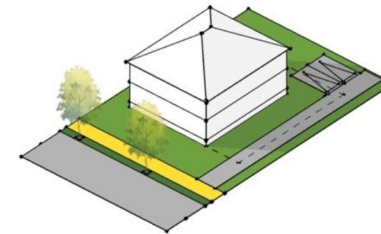
Duplex



Fourplex

## Step 3: Test various design scenarios

Ensure that the test fit creates a repeatable scenario while also allowing for variation between developments, such as varying frontage types, ADU arrangements, parking scenarios, and open space configurations.



Duplex

## Test Site 1 // Small (50'x170') // R-2 District

### Allowed Scenario

For-sale  
IRC



### Missing Middle Housing Idealized Scenario

For-rent  
IRC



### Regulatory Test Fit Buildout

Lot Metrics	Test Fit Metrics	Existing R2 Standards	
Lot Area	8,500 sf	10,000 sf min.	
Lot Width	50'	80' min.	
<b>Yard Setbacks</b>			
Front Yard Setback	35'	35' min.	
Side Yard Setback	5'	5' min.	
Rear Yard Setback	15'	SF and Two-Unit: 20' min.; Other Uses: 15' min.	
Lot Coverage	<b>16.8%</b> <b>(Principal Building)</b>	35% max. (all Impervious Surfaces)	
Density	<b>None</b>	3.9 lots per acre max.	
Resultant Units per Lot	-	0.76 units max.	
<b>Building Metrics</b>			
Housing Type	<b>Duplex</b>	Single-Family	Limited to: Single-Family
Number of Principal Units	<b>2 units</b>	1 unit	1 unit max.
Building Footprint	34' x 42'	40' x 55'	-
Building Area (Total)	1,346 sf	4,310 sf	1-Story SF: 1,100 sf min.; 2-Story SF: 900 sf
Average Unit Size	673 sf	4,310 sf	No min.
Building Height	1 story / 16'	2 stories/ 24'	35' max.
<b>Parking</b>			
Parking Spaces	<b>1 per unit</b>	2 per unit	2 min. per unit
Parking Location	<b>Rear / Behind (Principal Building)</b>	Front-loaded (Garage)	-
<b>Accessory Dwelling Units (ADUs)</b>			
Number of ADUs	<b>1 unit (detached)</b>	None	None permitted in base district
Building Footprint	24' x 22'	-	-
Unit Size	528 sf	-	-
Building Height	1 story / 14.5'	-	-
Parking Required	None	-	-

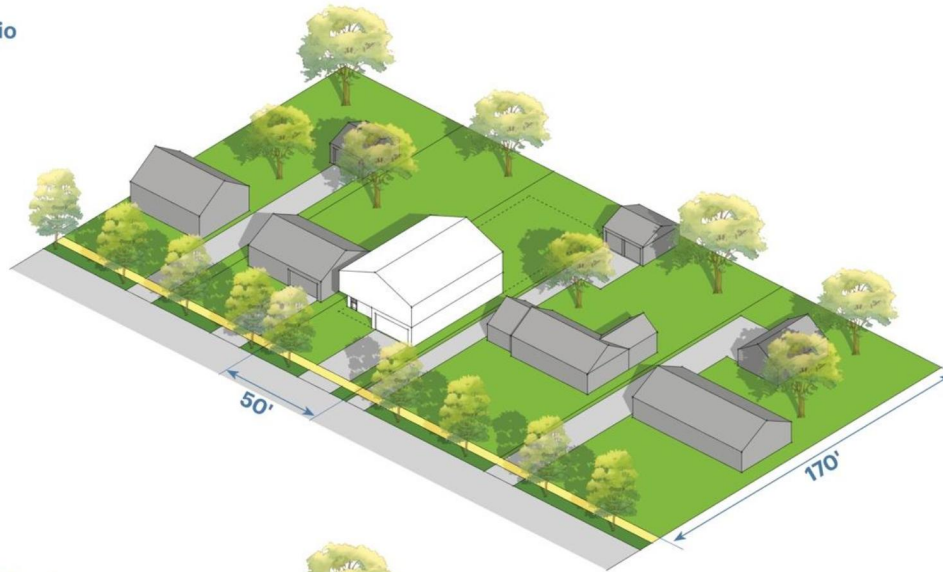
### Recommended Zoning Adjustments to Allow MMH Application

- 1 Require frontages types** such as porches to allow housing to better face the public realm, especially in zones with high front setbacks. Additionally, **consider establishing a new residential zoning district with reduced front setbacks** to encourage more pedestrian-oriented neighborhoods.
- 2 Consider allowing house-scale types** within R-2 to such as a Duplexes, and ADUs. Then, **calibrate the density** to existing lot widths and desired number of units.
- 3 Decrease parking requirements to 1 space/unit** to allow more area for housing or open space, or consider **allowing on-street parking to count** towards the required minimum.
- 4 Require parking spaces to be located behind the building** to reserve the front facade for frontage types and/or open space to enhance the pedestrian experience of the street.

# Test Site 1 // Small (50'x170') // R-2 District

## Allowed Scenario

For-sale  
IRC



## Missing Middle Housing Idealized Scenario

For-rent  
IRC



## Financial Buildout

Project Cost Assumptions	MMH	Allowed
Land Purchase Price	\$150,000	\$150,000
Total Hard Costs	\$359,156	\$1,010,776
Total Soft Costs (ex-financing)	\$59,690	\$133,293
Total Impact Fees	\$31,500	\$10,500
Subtotal (before financing)	\$600,347	\$1,304,569
Financing / Carry Costs	\$27,016	\$58,706
<b>Total Project Cost (Uses)</b>	<b>\$627,362</b>	<b>\$1,363,274</b>
Cost per Unit (all units w/ADU)	\$209,121	\$1,363,274
Cost per sf (blended)	\$335	\$316
<b>Net Operating Income (NOI)</b>	<b>\$35,568</b>	<b>N/A</b>
Yield on Cost - YOC (%)	5.7%	N/A
% of Project Cost Gap to Achieve 6.5% YOC	12.8%	N/A

### Definition of Terms

**Cost gaps** also known as a feasibility gap or financing gap, this refers to the difference between the total cost to build or acquire a property and the amount of capital a developer can realistically secure—such as loans and equity—based on the project’s projected revenue or appraised value.

**Net Operating Income (NOI)** a measure of a property’s ongoing operational profitability, calculated as total revenue minus operating expenses, used to evaluate a project’s cash-generating capacity.

**Yield on Cost (YOC)**, also known as development yield, measures the projected annual return of a real estate development based on what it costs to build. It is calculated by dividing the property’s expected stabilized Net Operating Income (NOI) by its total development cost, including land, construction, and financing expenses. YOC helps determine whether a project generates enough income to justify the cost and risk of development, and is often compared to market Cap Rates, which evaluate the property’s return relative to what it would sell for on the market today.

## Missing Middle Housing Financial Summary

- Delivers 15 units/acre vs. 5 units/acre for the single-family alternative, dramatically improving density on the same 8,500 sf lot while also reducing the overall size of the building.
- Lowest cost per unit of any of the options which allows for better affordability on rents and can be achieved amidst conventional single-unit residential neighborhood context.
- Achieves a 5.7% YOC with a modest 12.8% gap to 6.5% threshold — the most feasible path to viable returns on this small lot; reduction in impact fees alone enables the returns to work.

## Test Site 2 // Small (70'x130') // R-3 District

### Allowed Scenario

For-sale  
IRC



### Missing Middle Housing Idealized Scenario

For-rent  
IRC



### Regulatory Test Fit Buildout

Lot Metrics	Test Fit Metrics	Existing R3 Standards	
Lot Area	9,100 sf	8,000 sf min.	
Lot Width	70'	60' min.	
<b>Yard Setbacks</b>			
Front Yard Setback	30'	30' min.	
Side Yard Setback	5'	5' min.	
Rear Yard Setback	15'	SF: 20' min.; Other Uses: 15' min.	
Lot Coverage	19% (Principal Building)	35% max. (all Impervious Surfaces)	
Density	None	5.0 lots per acre max.	
Resultant Units per Lot	-	1.045 max.	
<b>Building Metrics</b>			
	MMH	Allowed	
Housing Type	Fourplex	Single-Family	Limited to: Single-Family and Two-Unit
Number of Principal Units	4 units	1 unit	2 units max.
Building Footprint	36' x 48'	60' x 40'	-
Building Area (Total)	3,456 sf	7,200 sf	1-Story SF: 800 sf min.; 2-Story SF: 700 sf min. All other uses: 800 sf min.
Average Unit Size	864 sf	7,200 sf	No min.
Building Height	2 stories / 28'	3 stories / 35'	35' max.
<b>Parking</b>			
Parking Spaces	1 per unit	2 per unit	2 min. per unit
Parking Location	Rear / Behind (Principal Building)	Front-loaded (Garage)	-

### Recommended Zoning Adjustments to Allow MMH Application

- 1 **Require frontages types** such as porches to allow housing to better face the public realm, especially in zones with high front setbacks. Additionally, **consider establishing a new residential zoning district with reduced front setbacks** to encourage more pedestrian-oriented neighborhoods.
- 2 **Consider allowing additional house-scale types** within R-3 such as Triplexes and Fourplexes.
- 3 **Calibrate the density** to existing lot widths and desired number of units. In this example, even a Duplex, which is allowed by-right, would not be allowed because of the limited number of units (1 unit max.) created by the density.
- 4 **Decrease parking requirements to 1 space/unit** to allow more area for housing or open space, or consider **allowing on-street parking to count** towards the required minimum.
- 5 **Require parking spaces to be located behind the building** to reserve the front facade for frontage types and/or open space to enhance the pedestrian experience of the street.

## Test Site 2 // Small (70'x130') // R-3 District

### Allowed Scenario

For-sale  
IRC



### Missing Middle Housing Idealized Scenario

For-rent  
IRC



### Financial Buildout

Project Cost Assumptions	MMH	Allowed
Land Purchase Price	\$175,000	\$175,000
Total Hard Costs	\$623,767	\$1,679,900
Total Soft Costs (ex-financing)	\$96,090	\$215,088
Total Impact Fees	\$42,000	\$10,500
Subtotal (before financing)	\$936,857	\$2,080,488
Financing / Carry Costs	\$42,159	\$93,622
<b>Total Project Cost (Uses)</b>	<b>\$979,015</b>	<b>\$2,174,110</b>
Cost per Unit (all units w/ADU)	\$244,754	\$2,174,110
Cost per sf (blended)	\$283	\$302
<b>Net Operating Income (NOI)</b>	<b>\$58,687</b>	<b>N/A</b>
Yield on Cost - YOC (%)	6.0%	N/A
% of Project Cost Gap to Achieve 6.5% YOC	7.8%	N/A

### Definition of Terms

**Cost gaps** also known as a feasibility gap or financing gap, this refers to the difference between the total cost to build or acquire a property and the amount of capital a developer can realistically secure—such as loans and equity—based on the project's projected revenue or appraised value.

**Net Operating Income (NOI)** a measure of a property's ongoing operational profitability, calculated as total revenue minus operating expenses, used to evaluate a project's cash-generating capacity.

**Yield on Cost (YOC)**, also known as development yield, measures the projected annual return of a real estate development based on what it costs to build. It is calculated by dividing the property's expected stabilized Net Operating Income (NOI) by its total development cost, including land, construction, and financing expenses. YOC helps determine whether a project generates enough income to justify the cost and risk of development, and is often compared to market Cap Rates, which evaluate the property's return relative to what it would sell for on the market today.

### Missing Middle Housing Financial Summary

- Quadruples unit count vs. the custom single-family option (4 vs. 1) on identical 9,100 sf lots.
- Likely the most challenging lot to change from a large custom home to a fourplex; good NOI on what is otherwise non revenue generating property of a custom home
- 6.0% YOC already clears 6.5% by a narrow margin (7.8% gap)

# Test Site 3 // Medium (150'x200') // S-2 District

## Allowed Scenario

For-sale  
IRC



## Missing Middle Housing Idealized Scenario

For-rent  
IRC



## Regulatory Test Fit Buildout

Lot Metrics	Test Fit Metrics	Existing S2 Standards	
Lot Area	30,000 sf	12,000 sf min.	
Lot Width	150'	100' min.	
<b>Yard Setbacks</b>			
Front Yard Setback	<b>20'</b>	35' min.	
Side Yard Setback	5'	SF: 10' min.; Other Uses: 20' min.	
Rear Yard Setback	<b>20'</b>	SF: 20' min.; Other Uses: 15' min.	
Lot Coverage	<b>23.7% (Principal Buildings)</b>	35% max. (all Impervious Surfaces)	
Density	<b>None</b>	2.4 lots per acre max.	
Resultant Units per Lot	-	1.65 units max.	
<b>Building Metrics</b>			
	<b>MMH</b>	<b>Allowed</b>	
Housing Type	<b>Cottage Court</b>	Single-Family	Limited to: Single-Family
Number of Principal Units	<b>7 Units</b>	1 unit	1 unit max.
Building Footprint	22' x 36'	108' x 85'	-
Building Area (Total)	7,128 sf	9,664 sf	-
Average Unit Size	-	9,180 sf	-
1-Story Cottages	<b>792 sf</b>	-	1-Story SF: 800 sf min.; 2-Story SF: 700 sf min. All other uses: 800 sf min.
2-Story Cottages	1,584 sf	-	
Building Height	-	2 stories / 30'	35' max.
1-Story Cottages	1 story / 16'	-	-
2-Story Cottages	2 stories / 27.5'	-	-
<b>Parking</b>			
Parking Spaces	<b>1 per unit</b>	2 per unit	2 min. per unit
Parking Location	<b>Rear / Behind (Principal Building)</b>	Front-loaded (Garage)	-

## Recommended Zoning Adjustments to Allow MMH Application

- Consider providing the following cottage-court specific standards:**
  - Allowing cottage courts as an allowable use in predominantly single-family zones.
  - Calibrate setback standards to existing lot sizes where cottages are desired.
  - Require a minimum of three cottages around common open space.
  - Limit building size to 1,200 - 1,500 gross sf and building footprint to 800 -1,000 sf.
  - Apply frontage requirements that promote porches and stoops that engage the shared open space. Cottages located along the street should have frontages that orient to the public realm while providing side facades or secondary entrances along the open space.
- Decrease parking requirements to 1 space/unit** to allow more area for housing or open space, or consider **allowing on-street parking to count** towards the required minimum.
- Require parking spaces to be located behind the building** to reserve the front facade for frontage types and/or open space to enhance the pedestrian experience of the street.

# Test Site 3 // Medium (150'x200') // S-2 District

## Allowed Scenario

For-sale  
IRC



## Missing Middle Housing Idealized Scenario

For-rent  
IRC



## Financial Buildout

Project Cost Assumptions	MMH	Allowed
Land Purchase Price	\$450,000	\$450,000
Total Hard Costs	\$1,442,018	\$2,345,761
Total Soft Costs (ex-financing)	\$231,882	\$297,491
Total Impact Fees	\$73,500	\$10,500
Subtotal (before financing)	\$2,197,400	\$3,103,752
Financing / Carry Costs	\$98,883	\$139,669
<b>Total Project Cost (Uses)</b>	<b>\$2,296,283</b>	<b>\$3,243,421</b>
Cost per Unit (all units w/ADU)	\$328,040	\$3,243,421
Cost per sf (blended)	\$322	\$353
<b>Net Operating Income (NOI)</b>	<b>\$113,907</b>	<b>N/A</b>
Yield on Cost - YOC (%)	5.0%	N/A
% of Project Cost Gap to Achieve 6.5% YOC	23.7%	N/A

### Definition of Terms

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## Missing Middle Housing Financial Summary

- 7 units on 30,000 sf at \$328K/unit vs. \$3.24M for the single-family custom home equates to a 10x improvement in cost efficiency.
- 5.0% YOC with a 23.7% gap to threshold is the widest of the MMH options, suggesting this site needs the most subsidy or cost reduction to pencil.
- Cottage court typology offers a middle-density rental product that single-family zoning simply can’t achieve; it is the lowest of the MMH in terms of units per acre.

# Test Site 4 // Large (5 Acres) // R-4 District

## Allowed Scenario

For-sale  
IRC



## Missing Middle Housing Idealized Scenario

For-rent  
IRC



### Regulatory Test Fit Buildout

Lot Metrics (per lot)	Test Fit Metrics		Existing R4 Standards (subdivided lots)
Lot Area	4700 sf - 19,800 sf		4,000 sf min.
Lot Width	40' - 120'		60' min.
<b>Yard Setbacks</b>			
Front Yard Setback	10'	SF and Two-Family: 30' min.; Other Uses: 5' min.	
Side Yard Setback	5'	5' min.	
Rear Yard Setback	20'	20' min.	
Lot Coverage	-	35% max. (all Impervious Surfaces)	
Density	-	8.0 lots per acre max.	
Resultant Units per Lot	-	1.65 units max.	
<b>Housing Type</b>			
	MMH	Allowed	
ADUs	3 (3 DU)	-	Single-Family, Two-Family and Multiple-family
Single-Family	-	1 (1 DU)	
Cottage Court	1 (8 DU)	-	-
Duplexes	11 (24 DU)	11 (22 DU)	-
Triplex/Fourplex	5 (19 DU)	-	-
Multiplex Medium (5-10 DU)	3 (22 DU)	-	-
Multiplex Large (10+ DU)	3 (38 DU)	-	-
Total Number of Units	114 units	23 units	-
<b>Parking (per lot)</b>			
Parking Spaces	1 per unit	2 per unit	2 min. per unit
Parking Location	Rear / Behind (Principal Building)	Front-loaded (Garage)	-

<sup>1</sup> Exception to minimum rear yard setback when alley is present

### Recommended Zoning Adjustments to Allow MMH Application

- 1 Calibrate the minimum lot area and width** that may be used break down larger lots to the desired building types. Typically, large lots accommodate more intense building types are better located along major streets, while smaller lots that accommodate house-scale types better fit further back.
- 2 Differentiate multi-family uses by building types** (triplex, fourplex, courtyard, multiplex) instead of just "multiple-family", for more predictable results and to promote housing diversity.
- 3 Decrease parking requirements to 1 space/unit** to allow more area for housing or open space, or consider **allowing on-street parking to count** towards the required minimum.
- 4 Provide large site standards** that allow a mix of uses, breakdowns of a larger lots, open space, and housing diversity that encourage walkable "destinations".

# Test Site 4 // Large (5 Acres) // R-4 District

## Missing Middle Housing Idealized Scenario - Building Type Breakdown

- Cottage Court
- Duplex
- Triplex/Fourplex
- Multiplex
- Mixed-Use (not tested)



# Test Site 4 // Large (5 Acres) // R-4 District

## Allowed Scenario

For-sale  
IRC



## Missing Middle Housing Idealized Scenario

For-rent  
IRC



### Financial Buildout

Project Cost Assumptions	MMH	Allowed
Land Purchase Price	\$3,000,000	\$3,000,000
Total Hard Costs	\$22,135,638	\$22,625,148
Total Soft Costs (ex-financing)	\$2,020,851	\$1,960,012
Total Impact Fees	\$1,197,000	\$241,500
Subtotal (before financing)	\$28,353,489	\$27,826,660
Financing / Carry Costs	\$1,275,907	\$1,252,200
<b>Total Project Cost (Uses)</b>	<b>\$29,629,396</b>	<b>\$29,078,860</b>
Cost per Unit (all units w/ADU)	\$259,907	\$1,264,298
Cost per sf (blended)	\$245	\$249
<b>Net Operating Income (NOI)</b>	<b>\$113,907</b>	<b>N/A</b>
Yield on Cost - YOC (%)	6.3%	N/A
% of Project Cost Gap to Achieve 6.5% YOC	3.8%	N/A

### Definition of Terms

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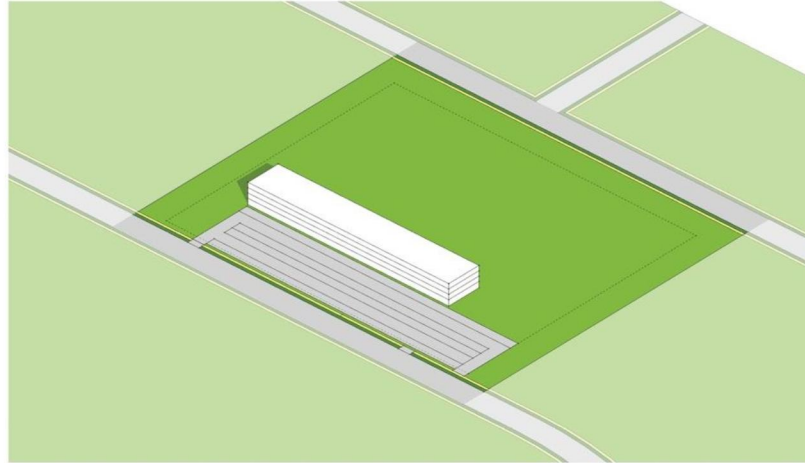
### Missing Middle Housing Financial Summary

- Largest absolute NOI of any site at \$1.85M, driven by 114 units across 217,800 sf.
- Best YOC among all MMH options at 6.3%, with only a 3.8% gap to the 6.5% target — the most investment-ready site.
- Cost per unit of \$260K on a \$29.6M project reflects the efficiency gains of true multifamily scale; versus the "allowed" concept that does not make sense with 5,000 SF duplexes.

# Test Site 5 // Large (10 Acres) // R-5 District

## Allowed Scenario

For-rent  
IRC



## Missing Middle Housing Idealized Scenario

For-rent  
IRC



### Regulatory Test Fit Buildout

Lot Metrics (per lot)	Test Fit Metrics	Existing R5 Standards	
Lot Area	4,600 sf - 17,500 sf	10 acres min. for residential uses	
Lot Width	40' - 130'	No min.	
<b>Yard Setbacks</b>			
Front Yard Setback	10'	10' min.	
Side Yard Setback	5'	50' min.	
Rear Yard Setback <sup>1</sup>	20'	20' min.	
Lot Coverage	-	40% max. (all Impervious Surfaces)	
Density	-	12.0 lots per acre max.	
Resultant Units per Lot	-	120 units max.	
<b>Housing Type</b>			
	MMH	Allowed	
ADUs	4 (4 DU)	-	Single-Family, and Multiple-family
Cottage Court	1 (5 DU)	-	-
Duplexes	17 (34 DU)	-	-
Triplex/Fourplex	3 (11 DU)	-	-
Multiplex Medium (5-10 DU)	6 (42 DU)	-	-
Multiplex Large (10+ DU)	7 (95 DU)	1 (120 DU)	-
Total Number of Units	<b>191 du</b>	120 units	-
<b>Parking (per lot)</b>			
Parking Spaces	<b>1 per unit</b>	257 total	2 per unit + 1 per 7 units
Parking Location	<b>Rear / Behind (Principal Building)</b>	Front-loaded (Garage)	-

<sup>1</sup> Exception to minimum rear yard setback when alley is present

### Recommended Zoning Adjustments to Allow MMH Application

- 1 Reduce the minimum lot area**, to better accommodate lot sizes that are calibrated for multi-unit buildings.
- 2 Differentiate multi-family uses by building types** (triplex, fourplex, courtyard, multiplex) instead of just "multiple-family", for more predictable results and to promote housing diversity.
- 3 Decrease parking requirements to 1 space/unit** to allow more area for housing or open space, or consider **allowing on-street parking to count** towards the required minimum.
- 4 Provide large site standards** that allow a mix of uses, breakdowns of a larger lots, open space, and housing diversity that encourage walkable "destinations".
- 5 Require framework plans for sites larger than 10 acres** to ensure connectivity with future development, open space,

# Test Site 5 // Large (10 Acres) // R-5 District

## Missing Middle Housing Idealized Scenario - Building Type Breakdown

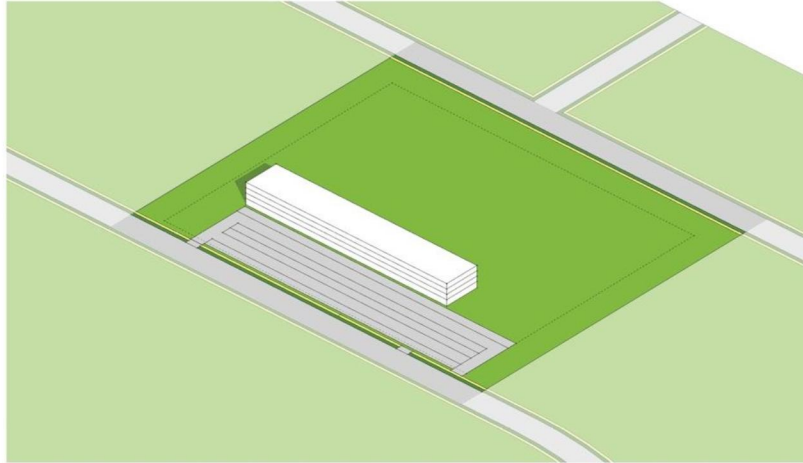
- Cottage Court
- Duplex
- Townhouse
- Triplex/Fourplex
- Multiplex
- Courtyard
- Mixed-Use (not tested)



# Test Site 5 // Large (10 Acres) // R-5 District

## Allowed Scenario

For-rent  
IRC



## Missing Middle Housing Idealized Scenario

For-rent  
IRC



## Financial Buildout

Project Cost Assumptions	MMH	Allowed
Land Purchase Price	\$7,500,000	\$7,500,000
Total Hard Costs	\$42,050,883	\$24,273,480
Total Soft Costs (ex-financing)	\$3,614,071	\$2,091,878
Total Impact Fees	\$2,005,500	\$1,260,000
Subtotal (before financing)	\$55,170,454	\$35,125,358
Financing / Carry Costs	\$2,482,670	\$1,580,641
<b>Total Project Cost (Uses)</b>	<b>\$57,653,124</b>	<b>\$36,706,000</b>
Cost per Unit (all units w/ADU)	\$301,849	\$305,883
Cost per sf (blended)	\$248	\$308
<b>Net Operating Income (NOI)</b>	<b>\$113,907</b>	<b>\$1,846,800</b>
Yield on Cost - YOC (%)	6.1%	5.0%
% of Project Cost Gap to Achieve 6.5% YOC	6.3%	22.6%

### Definition of Terms

**Cost gaps** also known as a feasibility gap or financing gap, this refers to the difference between the total cost to build or acquire a property and the amount of capital a developer can realistically secure—such as loans and equity—based on the project’s projected revenue or appraised value.

**Net Operating Income (NOI)** a measure of a property’s ongoing operational profitability, calculated as total revenue minus operating expenses, used to evaluate a project’s cash-generating capacity.

**Yield on Cost (YOC)** , also known as development yield, measures the projected annual return of a real estate development based on what it costs to build. It is calculated by dividing the property’s expected stabilized Net Operating Income (NOI) by its total development cost, including land, construction, and financing expenses. YOC helps determine whether a project generates enough income to justify the cost and risk of development, and is often compared to market Cap Rates, which evaluate the property’s return relative to what it would sell for on the market today.

## Missing Middle Housing Financial Summary

- Increases unit count (+191) by 58% over the "allowed" scenario with a great neighborhood feel and close to returns that work.
- \$3.5M NOI is the highest across all sites and options, demonstrating strong income potential at scale, and scale that feels quite different than ~200 unit apartments that have been built at 3-5 stories in Carmel of late.
- At 6.1% YOC with a 6.3% gap, it's very close to the 6.5% threshold and competitive with Site 4 despite being nearly twice the size.