



Phase 2
Formulate

Interim Report

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Executive Summary



HEW Renew is a 4-phase, community-inspired design process guiding the revitalization of the historic HEW complex, a site that has remained vacant in Nevada City, California for nearly two decades. Phase 1: "Listen & Explore" engaged more than 300 participants, including immediate neighbors, local stakeholders, and the broader community, establishing a clear shared directive: housing is the greatest unmet need and the most realistic vision for the site, complemented by community spaces, open space, and services for diverse populations.

Phase 2, "Formulate & Select," built directly on that foundation, shifting the conversation toward an exploration of real-world constraints, trade-offs, and financial feasibility. Through interactive focus groups and structured activities, community members were invited to "think like a developer." Two activities anchored the process: a Quadrant Map exercise examining the relationship between social benefit and neighborhood impact across six theoretical scenarios, and a Unit Mix Game exploring how shared project costs govern the type and quantity of housing that can realistically be built.

The discussion confirmed and refined the main direction established in Phase 1. Several key themes emerged across all sessions:

- **Affordability:** Broadly defined and urgently needed, extending well beyond subsidized housing to encompass workforce, senior, young adult, first-time buyer, and moderate-income households.
- **Intergenerational Living:** A strong and recurring desire for housing and shared spaces that foster meaningful connection across ages and life stages.
- **Diversity of Housing Types:** A clear preference for mixed typologies, including compact homes, apartments, and townhomes.
- **Neighborhood Sensitivity:** Careful attention to traffic, fire safety and access, rural character, open space preservation, and historic integration.

The findings within this report represent a meaningful maturation in community dialogue. These insights reflect participants' practical engagement with developmental constraints, and will guide concept development in the remainder of Phase 2 and Phase 3.

ACTIVITY #1:

Individual vs. Collective Trade-Offs

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OVERVIEW & PURPOSE

The first activity used a quadrant map to help participants establish a shared framework for thinking through the relationship between social benefit and neighborhood impact. Six exaggerated theoretical project scenarios were presented to each group. The exaggeration was deliberate. These were not proposals for the HEW site but tools for education and calibration. Participants were encouraged to think like a developer by considering who each scenario serves, what it contributes socially, and what impacts it might create.

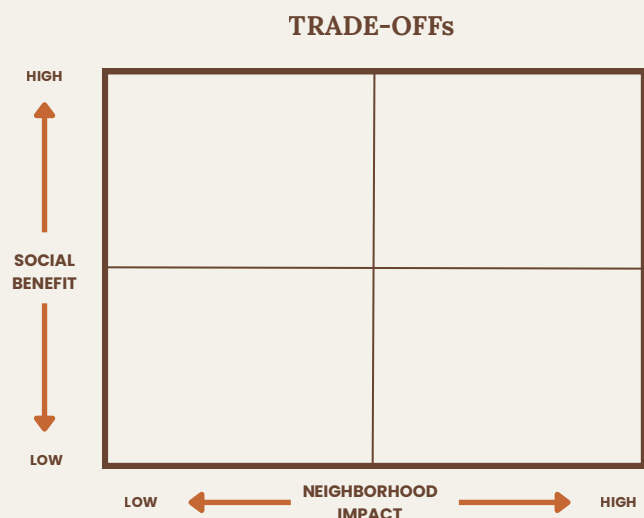
The purpose was to show that development is not a simple winner-takes-all venture. The activity demonstrated that community benefits and localized impacts are not binary or mutually exclusive. A project can produce high social benefit with low neighborhood impact, high social benefit with high neighborhood impact, or any other combination across the spectrum. Thoughtful planning works to maximize benefit while minimizing negative effects on nearby residents and the broader community.

The Quadrant Map Framework

Participants were provided with a Quadrant Map featuring two intersecting axes and were asked to place stickers for each given scenario on their individual maps; results were discussed in breakout groups and then with the full group.

In addition, they were asked the following two questions:

1. What elements are particularly appealing or off-putting to you?
2. What is your ideal scenario?



ACTIVITY #1:

Individual vs. Collective Trade-Offs

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The Vertical Axis: Social Benefits

Examples of Social Benefits included:

- Providing housing for underserved populations
- Increasing fire safety
- Economic development (creation of jobs and/or business opportunities)
- Creation of community connection (gathering spaces, parks, trails, gardens)
- Creation of revenue to the city/community (property and/or sales tax)

The Horizontal Axis: Neighborhood Impacts

Examples of Neighborhood Impacts included:

- Property value changes (increases could be a low neighborhood impact whereas decreases could be a high impact)
- Traffic
- Sound/Light Pollution
- Neighborhood Safety
- Owner-Occupancy (some perceive rentals as a higher neighborhood impact whereas some perceive owner occupied properties as lower neighborhood impact)

The 6 Theoretical Scenarios

With these definitions in mind, focus groups evaluated six deliberately exaggerated, theoretical development scenarios to help assess their quadrant mapping:

1. *Gated Community*: Large luxury homes for sale with neighborhood security gates
2. *Cottages & More Cottages*: Detached cottages for sale and rent with private yards
3. *Community Townhomes*: Multi-family homes for sale and rent with a private clubhouse and garden
4. *Multi-Family Apartments*: Rental apartment complex with public trails, a fitness room, a pool, and a shared clubhouse
5. *Mixed Use Lofts & Live/Work Studios*: Creative units for sale anchored by a ground-floor coffee shop and restaurant
6. *Boutique Hotel*: Nightly rentals and event venue featuring botanical gardens, a gym, and a banquet room

ACTIVITY #1:

Individual vs. Collective Trade-Offs

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COMMUNITY FEEDBACK & FINDINGS

The activity demonstrated that scenario placements varied considerably by individual perspective and priority. Those variations illustrated that the same scenario can look very different depending on who you are and what you value. However, several patterns emerged consistently across all sessions:

Preferred Typologies

Across the scenarios, participants were most receptive to cottages, townhomes, and apartment combinations that felt scaled, clustered, and visually compatible with the neighborhood. Co-housing also drew interest when it was understood as a way to build community and reduce isolation, though some participants wanted it to remain flexible rather than overly prescriptive. Live/work concepts had some appeal, especially when tied to local creative or professional uses, but responses were mixed because of traffic concerns and questions about whether such uses would complement downtown or compete with it.

"I'd love to see a mix of cottages and apartments and townhomes—with a central facility that is open to the whole community, not just residents."

"My ideal scenario: co-housing, or a mix of cottages and apartments, with trails, gardens, and social gathering spaces. Something dog-friendly and walkable to town."

Rejected Scenarios

The boutique hotel and gated community were rejected in every session without exception. Participants repeatedly described these as poor fits for the site and neighborhood because they seemed to provide less direct community value while introducing more concern about traffic, transient use, and exclusivity.

"Neither the immediate neighborhood nor the community at large needs an expensive gated community or a boutique hotel."

"A boutique hotel has no social benefit. Mixed-use provides benefits and services to the whole community, while the hotel only serves its own customers."

ACTIVITY #1:

Individual vs. Collective Trade-Offs

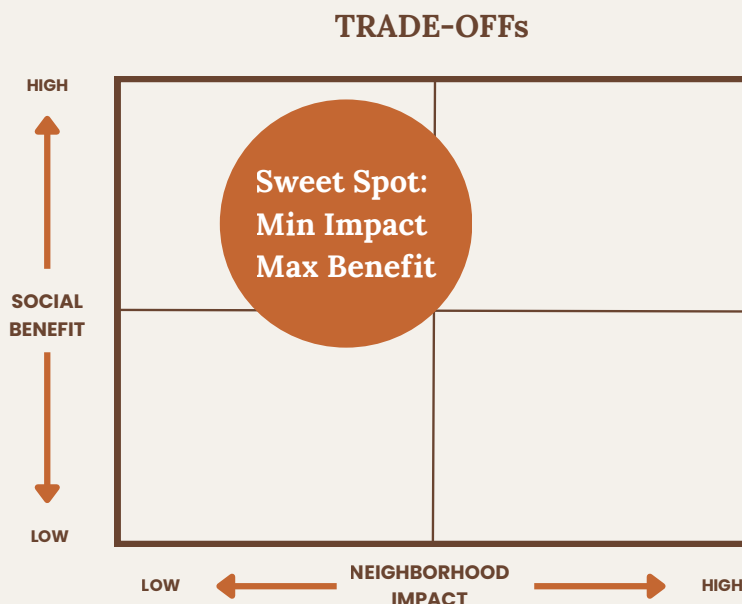


Traffic & Fire Safety

Traffic on Willow Valley Road was the dominant impact concern across all sessions. Participants cited existing speed and safety conditions, emergency evacuation routes, and congestion as primary concerns. Others pushed back on exaggerated fears, noting Cashin's Field, a 52-unit project, as evidence that feared traffic impacts do not always materialize; some shared memories of the heavy daily traffic of the Health, Education, and Welfare building during its active years. The consensus called for careful walkability, circulation design, access, and fire safety strategies as primary site planning parameters.

Historic Preservation & Rural Character

A strong and consistent theme was the desire to preserve as much of the historic complex as possible while still enabling a realistic future for the site. Participants responded positively to the idea of adaptive reuse, repurposing existing buildings rather than demolishing them. The rural edge condition of the site, its views, creek access, and tree canopy were all named as assets worth protecting.



Everyone agreed that the HEW Renew process and any future development should aim for the “sweet spot” in the upper-left-hand quadrant of the map: minimizing neighborhood impacts while maximizing community benefits. That shared aspiration will serve as the evaluative lens for all further design concepts.

ACTIVITY #2:

Unit Mix Game

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OVERVIEW & PURPOSE

The second activity shifted the conversation from preference to feasibility. Participants were asked to work through how “shared project costs” shape a project’s required density and unit mix. The purpose was not to establish final unit counts or pricing but to provide a more comprehensive understanding of the full scope of costs involved and their direct consequences in the planning of a development. The exercise also served to delineate the community’s priorities (how much affordable vs. moderate vs. luxury) prior to the generation of design concepts.

Approximately 45 participants completed the full exercise across all sessions. Exercises 3 and 4 were the primary data-collection exercises; Exercises 1 and 2 were designed as pedagogical tools to build the financial literacy needed for Exercises 3 and 4 to be meaningful.

The Shared Cost Stack

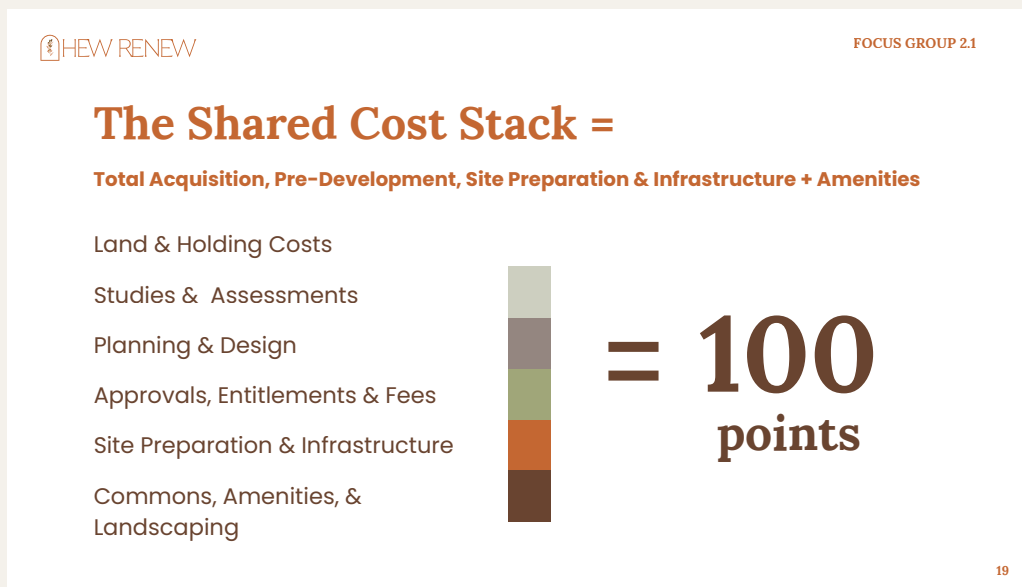
Before playing the game, participants were introduced to the concept of shared, or “soft” costs: the expenses that accrue in any development project regardless of what gets built, and before a single unit of construction begins. These are not optional costs. They are fixed obligations that must be recovered through the project’s eventual revenue. To avoid introducing hypothetical or misleading dollar figures and to simplify the exercise, the game used a point system with 100 points representing the total shared cost stack.

For a project of the HEW site’s complexity (involving zoning changes, annexation, historic preservation, remediation, roads and utility connections, topography, etc.), the total shared cost stack could easily reach hundreds of thousands to several million dollars before construction begins.

ACTIVITY #2:

Unit Mix Game

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Examples of shared/common costs include:

- **Acquisition cost** – the purchase price of the land
- **Holding/carrying costs** – annual property taxes, insurance, maintenance, and security during the planning process
- **Studies and assessments** – geotechnical, biological, cultural, historic, and environmental reports
- **Planning and engineering** – grading plans, infrastructure design, road and utility layouts, architectural site plans
- **Entitlement costs** – CEQA review, zoning changes, annexation processing, application fees
- **Site preparation** – clearing, grading, utility connections, roads, sidewalks
- **Commons, amenities, and landscaping** – trails, gardens, shared spaces, and community facilities

ACTIVITY #2:

Unit Mix Game

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Unit Type (by Price)

Three unit types represented a simplified spectrum of housing price points. Each unit contributes a proportional share back toward the shared cost stack:

HEW RENEW FOCUS GROUP 2.1

Unit Type (by price)

Each unit that is built has to pay for its portion of the shared cost. The amount each unit can pay back is correlated to its type (as below).

Affordable	→		→	5 points
Moderate	→		→	10 points
Luxury	→		→	20 points

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Before the exercises began, discussion about these terms revealed that the terminology is itself contested. Definitions of affordable, moderate, and luxury varied considerably by personal experience and priorities. Participants were encouraged to use their own definitions throughout, which means the data reflects a diversity of values and personal reference points rather than a single shared standard.

Unit Mix Game – the 4 Exercises

Participants were provided with a Unit Mix Game worksheet featuring four exercises highlighting how unit count and rate of return per unit were linked; results were discussed in breakout groups and as a whole group.

ACTIVITY #2:

Unit Mix Game

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Exercise #1 – Maximum Affordability

Practice Exercise #1: Max Affordability

You are tasked to create as much affordable housing as possible, how would you choose units to add up to 100 pts?

Affordable:	5 pts	X	_____	units	=	_____	pts
Moderate:	10 pts	X	_____	units	=	_____	pts
Luxury:	20 pts	X	_____	units	=	_____	pts
				TOTAL	=	100	pts

This exercise was primarily pedagogical and was used to demonstrate the math. To maximize affordable units: 20 affordable units × 5 points = 100 points. No moderate or luxury units required; however, some participants added moderate or luxury units under the assumption that a mix of units was necessary or that they would subsidize the cost of affordable units.

Exercise #2 – Minimize Unit Count

Exercise #2: Minimize Unit Count

You are tasked to create a project with a minimal number of units, how would you choose units to add up to 100 pts?

Affordable:	5 pts	X	_____	units	=	_____	pts
Moderate:	10 pts	X	_____	units	=	_____	pts
Luxury:	20 pts	X	_____	units	=	_____	pts
				TOTAL	=	100	pts

To minimize units: 5 luxury units × 20 points = 100 points. Again, some participants added affordable and moderate units because they felt those housing types should be represented regardless of the exercise constraint; emphasizing affordability as the highest priority.

ACTIVITY #2:

Unit Mix Game

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Exercise #3 – You’re in Charge

Exercise #3: You’re in Charge

You are tasked to create a project that reflects what you personally think would be best for this site, how would you select a mix of different unit types that add up to 100 pts?

Affordable:	5 pts	X	_____	units	=	_____	pts
Moderate:	10 pts	X	_____	units	=	_____	pts
Luxury:	20 pts	X	_____	units	=	_____	pts
				TOTAL	=	100	pts

Data collection sheets show that a vast majority of participants rejected the two extremes and converged on a blended, zero-luxury model balancing workforce and subsidized units. 82% of participants chose zero luxury units. The most common single choice, selected by more than a third of respondents, was 10 affordable and 5 moderate.

Exercise #4 – Phase 1 Findings

Exercise #4: Phase 1 Findings

You are tasked to create a project that is multi-generational, mixed-income with a variety of housing types, how would you select a mix of different unit types that add up to 100 pts?

Affordable:	5 pts	X	_____	units	=	_____	pts
Moderate:	10 pts	X	_____	units	=	_____	pts
Luxury:	20 pts	X	_____	units	=	_____	pts
				TOTAL	=	100	pts

Results mirrored Exercise #3 closely. The tabulated results on the following page reflect this pattern. However, a small, targeted tier of premium units was introduced, with many noting that luxury could cross-subsidize more affordable units.

ACTIVITY #2:

Unit Mix Game

Exercise #3 result tabulation

METRIC	AFFORDABLE	MODERATE	LUXURY
Average units chosen	8.67	4.69	0.38
Most common single choice	10 units	5 units	0 units

Exercise #4 result tabulation

METRIC	AFFORDABLE	MODERATE	LUXURY
Average units chosen	7.91	4.26	0.53
Most common single choice	10 units	5 units	0 units



ACTIVITY #2:

Unit Mix Game

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COMMUNITY FEEDBACK & FINDINGS

The Unit Mix Game generated some of the most candid and substantive conversations of the Phase 2 process. Many participants noted they had not previously thought through how much cost exists before a single unit is built. Most participants engaged seriously with the financial constraints of development and used the exercises as a springboard to articulate what kind of housing they wanted to see. The ability to visualize the entire shared cost stack and the dynamic between unit type and count helped people have more thoughtful and grounded deliberations. Together, the four exercises produced specific, consistent, and locally grounded priorities.

Affordability

No single word generated more discussion across all focus group sessions than “affordable.” Its meaning proved highly personal and context-dependent, with participants also questioning what the term actually meant in practice and whether “affordable” has become disconnected from local reality. Many cited how even the affordable units would likely still be expensive by local standards, which shows how difficult the current housing market has become.

Participants defined affordability in a variety of ways: rent capped at roughly 30% of income; workforce housing; first-time buyer opportunities; seniors on fixed incomes; and formally subsidized, income-restricted units. The definitions differed, but the underlying urgency was identical across every group.

"Affordable means keeping rent around 30% of your income. For most people here, that's not what's being built."

"Affordable housing is desperately needed in Nevada City. It can still support varied incomes and ages – from workforce to subsidized for very low income."

"My kids can't live here. They're both working and can't afford to buy. That's the crisis."

ACTIVITY #2:

Unit Mix Game

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The Density–Affordability Paradox

The activity revealed persistent inherent tensions: first, a project must balance community goals with the reality that a development has to “pencil out” or be financially feasible in order to be built; and second, the desire for fewer total units to minimize neighborhood impact is structurally at odds with the desire for maximum affordability. The boundary constraints of Exercises 1 and 2 show that physical site density is not an arbitrary number driven by developer preference; it is a direct mathematical consequence of affordability goals. If the community wants to maximize low-cost housing, it must accept a higher, clustered configuration to spread shared infrastructure costs across more units. Minimum unit count targets become difficult to reconcile with deep affordability goals unless alternative financial strategies are introduced.

Luxury Units

While 82% of Exercise #3 respondents chose not to include any luxury units, the feedback was pragmatic rather than dogmatic. Those who included any premium units framed it as a subsidy mechanism, not a preference.

“The luxury units could help subsidize the other types of housing on the property. Moderate and affordable have to pencil out somehow.”

“I threw a couple in hoping they’d bring down costs for additional affordable units. But I’d rather not include them.”

Skeptics raised valid design concerns that went beyond preference. Luxury buyers tend to cluster with one another, what one participant called the “birds of a feather syndrome,” making isolated luxury units in a mixed-income project harder to sell and potentially creating visible social stratification within the community. Others noted that the high-end housing market in Nevada County is already reasonably well served. The emerging consensus was moderate-as-the-ceiling, with luxury as a last resort rather than a planning tool.

ACTIVITY #2:

Unit Mix Game

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Housing Inventory Deficiencies

What distinguished Exercise #4 from Exercise #3 was not the numbers but the conversation around them. When asked to build a multi-generational, mixed-income community, participants described what they actually wanted in more specific terms and the three-category price framework proved too abstract to capture it.

Participant notes and discussions consistently described a wish for: micro-units and studios for singles and seniors; one- to two-bedroom apartments for young adults and couples; small houses (700–1,400 sq ft) with modest yards for small families; and a limited number of larger three-bedroom homes.

This range of forms maps directly onto what housing scholars and practitioners call Missing Middle Housing: the spectrum of small-scale, walkable, neighborhood-compatible typologies that postwar zoning all but eliminated from American cities and towns."

Pursuing Affordable Innovation

Participants recognized that building housing in the current market is incredibly difficult and that affordable units often carry negative development margins. Ideas raised organically by participants for resolving this tension included: modular or manufactured construction to reduce per-unit costs; grant funding and nonprofit developer partnerships; consolidation of infrastructure; phased development that spreads costs over time; clustering units tightly to preserve open space; targeted cross-subsidization of premium units, and exploring whether local firms pioneering lower-cost construction methods could be part of a pilot project. The fact that these ideas emerged from community members rather than being introduced by facilitators reflects genuine engagement with the problem.

"Someone needs to get creative. I've been to a lot of housing meetings in the last six months and I just feel like we need creative solutions."

Other Key Themes and Implications

The Populations at Stake

A central message from the groups was that the site should provide a housing solution that stays local, serves real community needs, and does not overburden the neighborhood. Participants named the same underserved populations repeatedly across every session and every activity. These were not abstract demographics; in many cases, the people being described were family members or close acquaintances of the participants themselves:

- Young adults who grew up in the area and cannot afford to stay
- Working households—teachers, healthcare workers, tradespeople, small business employees—priced out of the local market
- Seniors seeking to downsize without leaving their community or social networks
- Singles and couples who fall between the cracks of subsidized housing eligibility and market-rate affordability
- Artists and creatives who provide vibrancy and cultural value to the community
- Seniors on fixed incomes with limited means to generate income
- Single-income families for whom ownership has become structurally out of reach

The common thread is a community that is slowly losing its own workforce, young people, and families, a process that, if unaddressed, erodes the economic resilience and social fabric that make a small town viable.

Missing Middle Housing

The community is not just asking for affordable housing. As noted above, this preference aligns with Missing Middle Housing: a diverse range of small-scale typologies situated between single-family homes and large apartment complexes that include: small houses, townhomes, cluster apartments, and multi-unit buildings such as duplexes, triplexes, and multiplexes. These serve multiple household types, fit naturally into existing neighborhoods, support owner-occupancy, intergenerational connections, and a "sliding scale" of neighborhood living.

Other Key Themes and Implications

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Affordable by Design

The findings also point toward a more flexible understanding of affordability. Designing around typology first—with price points following from form and scale—is the approach the data most consistently supports. Rather than relying on a single policy definition based on government subsidy or income restrictions alone, the project can move forward with an affordable by design approach that uses thoughtful site planning in conjunction with efficient unit sizes, clustering, shared amenities, and a diverse mix of housing types to broaden access. Subsidy-dependent affordability is difficult to finance and subject to policy change. Design-driven affordability, by contrast, can be more durable and locally controlled. This is a more feasible path for the site and one that aligns well with the community's repeated interest in low-maintenance, context-sensitive housing.

Pathways for Owner Occupancy

The owner-occupancy discussion was notable: participants were not simply expressing a preference but articulating deeper beliefs about stewardship, stability, and the kind of long-term commitment a project would embed in the neighborhood. Participants responded positively to the idea of ownership opportunities, but especially to entry level homes. There was particular regard for first-time homebuyers, whether participants' own children seeking to stay in the area, or friends and family who were being priced out. There was also a clear desire for housing that feels humane and dignified. The overall message was not simply "build housing," but "build housing that people can live with, afford, and be proud of."

Low-Maintenance Living

Low-maintenance living was a subtle but consistent theme that emerged in Phase 2. The preference arose around structural configurations such as townhomes, apartments, and courtyard bungalows that limited individual responsibility in favor of shared stewardship. It was often mentioned in reference to demographics and lifestyle shifts resonating across age groups and life stages: from seniors who wanted to downsize without leaving their community, to a younger generation indifferent to home maintenance, and busy families with no time for landscape upkeep and improvements. Shared stewardship rather than individual property burden should be noted as a meaningful design signal with direct implications to unit form and site planning.

Conclusion

Phase 2 builds directly on the Phase 1 finding that housing is the most desired and realistic use for the HEW site, refining what kind of housing the community is most willing to support. The strongest support was for a project that feels local, modest in scale, and carefully integrated into the site's historic and rural context. When asked to describe their ideal scenario, responses clustered around a consistent vision.

- A combination of compact homes, townhomes, and apartments — not a single typology
- Mixed rental and owner-occupied units to serve different household types and life stages
- Below-market-rate pricing, but not necessarily government-subsidized
- Shared green spaces, trails, and community gardens open to the wider neighborhood
- A small central amenity — coffee shop, gathering space, or garden — not a commercial destination
- Development concentrated to preserve open space and existing trees
- Minimize traffic; increase safety, walkability and other transit options
- No short-term rentals (Airbnb/VRBO restrictions)

The activities also made clear that affordability, neighborhood impact, and financial feasibility cannot be considered separately. Participants worked through the constraints earnestly and understood that a viable project must balance project size, unit mix, traffic, fire access, open space, and preservation, while still creating something that can be built and sustained over time.

These findings point directly to Missing Middle Housing—a diverse range of modest, neighborhood-compatible residences designed for the people who actually need to live here. This may be best achieved through an affordable by design approach: utilizing efficient form, thoughtful site planning, and creative financial mechanisms, not solely through subsidy or mandated percentages. Missing Middle Housing demonstrates how smaller-scale, more varied housing forms can serve a wider range of households while still respecting neighborhood character and site constraints.

What Phase 2 demonstrates is that this community is ready for an honest design conversation. Participants who arrived with strong opinions left with a more nuanced understanding of what is actually possible and why. The process demonstrates the power of inclusive dialogue to navigate complexity and build shared ownership. This approach gives HEW Renew the best opportunity to create something that is practical, adaptable, and genuinely responsive to community needs.

Data & Credits

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HEW RENEW PHASE 2 INTERIM FINDINGS REPORT

Prepared as part of the Hew Renew Community-Inspired Design Process
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All findings reported in this document were from data gathered in the following focus group sessions:

- March 4, 2026 8:00 am - 9:30 am
- March 4, 2026 11:30 am - 1:00 pm
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- March 7, 2026 9:00 am - 10:30 am
- March 7, 2026 11:30 am - 1:00 pm
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