

TOPICS // ISSUES AND TRENDS

## Legalizing More Housing Construction with State and Local Innovations

By [Deborah L. Myerson](#)  
June 27, 2024



**Boise, Idaho, was one of the formerly affordable housing markets where prices have spiraled since 2020 even as interest rates have risen.**

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Making infill development easier, adding a state role to local land-use controls, and connecting housing with transit were some of the top trends in housing policy that emerged on May 9 at the 2024 ULI/Charles H. Shaw Forum on Urban Community Issues. The forum topic, “State and Local

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For more than 20 years, the Shaw Forum has brought together a small group of private, nonprofit, and public sector experts and leaders in urban development. Attendees at the 2024 forum, hosted this year by the [ULI Terwilliger Center for Housing](#), gathered virtually to discuss recent innovations in state and local housing policies designed to expand housing production as a solution to the housing affordability challenge.

### Housing supply affects affordability

Forum moderator and ULI Foundation chair Doug Abbey opened the event with comments about the housing shortage in the United States and its impact upon society: “We’re seeing an explosion of policy, innovation, and thinking about land use and housing—and how we can create more housing.”

Jenny Schuetz, a Brookings Institution senior fellow, discussed the challenges and opportunities in addressing the crisis: “Not only is there an affordability problem, but the lack of supply is a big piece of that.”

Schuetz noted that state governments increasingly recognize their role in addressing housing needs. “That’s generally a promising direction,” she said, “partly because, if you change things at the state level, you can push a lot of localities to make changes [all] at once.”

Anthony Fusarelli, planning director for Arlington County, Virginia, discussed [several recent initiatives in Arlington](#) to increase its housing supply and reduce costs. Arlington is located directly across the Potomac River from Washington, D.C., with approximately 240,000 residents and 123,000 housing units in a 26-square-mile (67 sq km) area. Currently, the median sale price for a single-family detached home in Arlington is more than \$1.2 million. Two-bedroom apartment rents average \$2,900 a month.

Describing efforts to address local housing needs, Fusarelli noted that Arlington County has expanded the size and design of accessory dwelling units (ADUs) to allow for more flexibility. Arlington’s “missing middle” housing study has led to the adoption of zoning amendments to establish an as-of-right development path for duplexes, townhouses, and small multifamily buildings. However, the biggest impact has come from changes to bonus density and height provisions for special exception site plans. Fusarelli reported that these changes have generated \$40 million for the county’s affordable housing investment fund and almost 200 affordable housing units.

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2024 executive budget to increase housing supply by producing 800,000 new homes during the next decade. Yet the Housing Compact proposal died amid intense opposition. In 2023 Governor Hochul did establish, via an executive order, the [Pro-Housing Community Program](#), a statewide initiative to give priority consideration for as much as \$650 million in state discretionary funds to localities committed to housing growth.

Murphy also described New York's "[City of Yes](#)" initiative, spearheaded by Mayor Eric Adams. This effort seeks to significantly increase New York City's housing supply by revising zoning laws to encourage development, including facilitating the conversion of underused office spaces into residential units, promoting transit-oriented development, and eliminating parking requirements for new housing projects.

### **Pursuing supply-side policies**

Regarding Massachusetts, Chrystal Kornegay, with MassHousing, and Dara Kovel, with Beacon Communities Development LLC, discussed the [MBTA Communities Act](#). This act requires the 177 cities and towns in the state with transit stops to rezone to allow multifamily housing within a half mile of public transportation. She noted some pushback from communities resistant to such change.

Kornegay said, "The MBTA Communities [Act] was the first change to our statewide zoning in 25 years. And so, it really was a big deal." Nearly 160 communities currently have a planning phase underway, according to Kornegay.

Michael Wilt of the Texas State Affordable Housing Corporation (TSAHC) presented material on the housing situation in Texas. He indicated that, since 2010, Texas has produced 2.5 million new single-family homes representing 22.5 percent of the state's total occupied housing inventory. Yet the state still grapples with affordability challenges.

A coalition of housing champions, led by Texans for Reasonable Solutions—an organization with supporters including tech companies that have relocated to Austin—has emerged to advocate for statewide housing reforms. Wilt explained that business leaders recognize how relocating large numbers of tech professionals to Austin has placed a lot of pressure on the local housing market.

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Results of these advocacy efforts include [House Bill 14](#)—adopted in 2023 and called the “Shot Clock” bill—which has been successful in expediting the local review process. The new law requires local development authorities to provide decisions on permit applications and inspections within two weeks of their review deadlines. If they fail to do so, developers can take their applications to a third-party reviewer.

Anthony De Yurre, of Bilzin Sumberg’s Land Development & Government Relations Group, discussed [Florida’s](#) 2023 Live Local Act, which allows for the development of affordable housing in commercial, industrial, and mixed-use zoning districts. The state law, as amended in 2024, pre-empts local zoning laws so that developers can build up to 150 percent of the maximum permitted density in a particular municipality. Overall, the Live Local Act is considered a powerful tool in meeting the demand for affordable housing in Florida while also promoting mixed-use development and compliance with high design standards.

### Cities chase zoning reforms

Breanne Rothstein, of Thrive Consulting, made a presentation on the housing initiatives and challenges in Minneapolis. In the [Minneapolis 2040 plan](#), the city approved “missing middle housing” rezoning to allow up to three units on single-family lots throughout the city. However, a lawsuit currently being litigated means that approval of such permits is on hold for now. Missing middle homes are structures that house multiple units, yet are smaller than large apartment buildings. The term *missing* applies because their construction significantly decreased after they were outlawed in numerous cities around the 1930s; and *middle* because they serve as an intermediate option between single-family residences and towering apartment or condominium buildings.

Minneapolis also identified commercial corridors as places where higher density would be allowed, starting with the city’s 2008 comprehensive plan. This policy has led to the redevelopment of commercial areas into housing, particularly 40- to 50-unit buildings. Rothstein said that the commercial corridor rezonings had a much bigger impact at scale than did the missing middle zoning reform. Rothstein commented, “Almost 16 years later, we are seeing ... huge benefits of that policy that no one really talks about.”



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which encourages the purchase and redevelopment of vacant city-owned land in partnership with community stakeholders.

According to Esenberg, “The city is taking a really strong approach to ... office conversion, but also [to] affordability by [tapping into ... TIF](#). The city is investing [more than] \$151 million into the development of 1,000 units, with 30 percent affordability requirements, so 300 units will be affordable.”

Nicki Olivier Hellenkamp, a mayor’s housing advisor for Boise, Idaho, discussed the city’s housing policy and [recent zoning code update](#). She noted that Boise experienced a rapid rise in housing costs caused by a significant influx of new residents seeking a less expensive and more attractive area to live while they earn higher salaries through remote work.

Boise’s zoning code—which had not been updated in 60 years—took effect in December 2023, with changes intended to address housing shortages and affordability issues. Key changes included reducing parking minimums, allowing more housing types, and increasing density and height limits.

Hellenkamp noted that the city council election occurred shortly after the zoning update. She said, “The zoning code became a really big part of the election conversation. And all of [the council members] were reelected. Additional folks who were supportive of the zoning code update were also elected. And so, in some ways, I think it served as a little bit of a referendum.”

### **State-led efforts to legalize more housing**

California has been trying to tackle housing supply challenges since the state’s [Density Bonus Law, in 1979](#). More recent policy innovations build upon this legacy. Sarah Karlinsky, research director of the Turner Center at University of California, Berkeley, and Linda Mandolini, president of Eden Housing, commented on the changes in California’s housing planning framework viewed through the lens of housing policy that has emerged over the past decade.

Karlinsky noted that improvements to California’s [Regional Housing Needs Allocation \(RHNA\) process](#) has significantly affected the state. SB 828 was adopted in 2018 to overhaul the RHNA process and make it more data-driven and less political. She called SB 828 “a game-changer.” The changes under SB 828 led to higher housing allocation targets for many regions by pushing municipalities to zone

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opening new housing opportunities.

New in 2023 is the "[Hold Cities Accountable](#)" law (AB 1633), which adds legal clarification and certainty to the California Environmental Quality Act (CEQA) to help ensure that environmentally beneficial and legally compliant homes are permitted and built. Mandolini said she thought the law would have a major benefit for housing production, "so that cities can't just drag out the process forever." She added, "The other really interesting thing coming out of the Bay Area is an approach towards regionalism. We've created the [Bay Area Housing Finance Authority](#), [which] is looking to put a bond on the ballot to raise \$10 [billion] to \$20 billion for affordable housing."

Mark Egge, a member of the Montana Governor's Housing Task Force and past member of the Bozeman Planning Board, described the state of housing in Montana. He said that the state's median home costs have increased by more than 60 percent since February 2020 but Montana's median incomes have not kept pace. Montana's governor, Greg Gianforte, convened the [bipartisan Housing Task Force](#) in 2022 to examine regulatory barriers, leading to [six key bills being introduced in the state legislature](#). Those bills streamlined development review by local governments and made duplexes and accessory dwelling units legal to build anywhere that single family homes are allowed. The bills passed in the 2023 legislative session with broad bipartisan support.

Egge noted, "It's a ... bit too soon to say what the impact of these bills [has] been," as some of the bills currently face challenges in the courts. The Montana Housing Task Force is in the process of finalizing an additional set of recommendations for the 2025 legislative session.

The 2024 ULI/Charles H. Shaw Forum showcased a wide range of state and local initiatives aimed at increasing housing supply, enhancing affordability, and connecting housing with such essential services as transit. Continued collaboration and exchange among policymakers remains crucial in removing barriers and unleashing effective strategies to increase the U.S. housing supply.

*In fall 2024, the ULI Terwilliger Center will release a policy report, informed by the Shaw Forum, on innovations in state and local policy to increase housing supply.*



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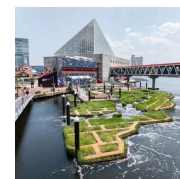
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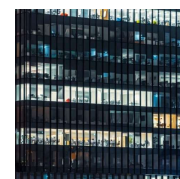
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