Terwilliger Center for Housing

Building the Future 2025

TRANSFORMATIVE TRENDS IN STATE, LOCAL, AND FEDERAL HOUSING POLICY

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ON THE COVER: Located in East Austin, Texas, ULI Terwilliger Center Award Winner The Chicon offers mixed-use affordability for households priced out by gentrification, with a focus on community ownership. (Andrea Carlo, Architectural Photographs)

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About ULI

The Urban Land Institute is a global, member-driven organization comprising more than 48,000 real estate and urban development professionals dedicated to advancing the Institute's mission of shaping the future of the built environment for transformative impact in communities worldwide.

ULI's interdisciplinary membership represents all aspects of the industry, including developers, property owners, investors, architects, urban planners, public officials, real estate brokers, appraisers, attorneys, engineers, financiers, and academics. Established in 1936, the Institute has a presence in the Americas, Europe, and Asia Pacific regions, with members in 84 countries.

The extraordinary impact that ULI makes on land use decision-making is based on its members sharing expertise on a variety of factors affecting the built environment, including urbanization, demographic and population changes, new economic drivers, technology advancements, and environmental concerns.

Peer-to-peer learning is achieved through the knowledge shared by members at thousands of convenings each year that reinforce ULI's position as a global authority on land use and real estate. Each year, thousands of events, both virtual and in person, are held in cities around the world.

Drawing on the work of its members, the Institute recognizes and shares best practices in urban design and development for the benefit of communities around the globe.

More information is available at uli.org. Follow ULI on X (formerly known as Twitter), Facebook, LinkedIn, and Instagram.

About the ULI Terwilliger Center for Housing

The mission of the Terwilliger Center for Housing is to ensure that everyone has a home that meets their needs at a price they can afford. Established in 2007 with a gift from longtime member and former ULI chairman J. Ronald Terwilliger, the Center's activities include technical assistance engagements, forums and convenings, research and publications, and an awards program. The goal is to catalyze the production and preservation of a full spectrum of housing options. Learn more at http://uli.org/terwilliger.

Acknowledgments

This report is informed by the presentations and discussion at the 2025 Building the Future Policy Forum hosted by the ULI Terwilliger Center for Housing on February 24, 2025, in Atlanta, Georgia.

Many of the photos in this report highlight innovative developments and policies submitted to the ULI Terwilliger Center for Housing's annual Housing Awards. We thank the nominators and project teams for sharing these images, which help bring to life the ideas and strategies featured throughout this publication.

The ULI Terwilliger Center Housing Awards recognize outstanding achievements in expanding housing opportunity in communities across the United States. The awards honor both project-level innovation and public policy excellence that advance affordability, accessibility, and equity in housing. To learn more about the program or to view past honorees, visit americas.uli.org/research/centers-initiatives/terwilliger-center-for-housing/awards/.

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Introduction

In 2025, the United States is navigating a pivotal moment in housing policy. The nation's housing crisis—decades in the making—has deepened into a structural emergency affecting communities of every size. At the same time, a remarkable wave of experimentation and innovation is reshaping how housing is financed, permitted, and delivered.

While federal housing policy remains influential, a shifting political landscape has led to increased uncertainty and retrenchment at the national level. In response, state and local governments, often working in partnership with the private and nonprofit sectors, are stepping forward with urgency and creativity. They are not only addressing local housing challenges but also piloting scalable solutions with national implications.

The 2025 edition of *Building the Future* captures this dynamic moment. Many housing policy innovations are driven by the recognition that production delays, rising insurance costs, outdated property tax frameworks, and siloed infrastructure investments are no longer tenable.

This report highlights the transformative trends and promising models emerging from across the country—from zoning reform and adaptive reuse to the revival of social housing models and the modernization of public data systems. It is organized into four sections:

- **PART I: REFORM** focuses on modernizing rules and systems that govern housing production—from permitting reform to property tax modernization.
- **PART II: CONNECT** explores how jurisdictions are aligning housing with infrastructure, data, and public land strategies to unlock coordinated impact.
- **PART III: LEVERAGE** highlights how leaders are deploying capital, unlocking innovative housing typologies, and expanding public and nonmarket delivery models.
- **PART IV: PROGRESS** provides updates to state and local housing policy reforms highlighted in the 2024 edition of this report.

Rooted in the insights and dialogue from the 2025 Building the Future Policy Forum and informed by the ongoing work of the National Housing Crisis Task Force, this report aims to equip policymakers, practitioners, and advocates with actionable ideas. It is a roadmap for modernizing housing systems, connecting public resources, and leveraging capital and land to address our most urgent housing needs.

As we look ahead to 2030, the question is not whether we can reform the housing system—but whether we can do so boldly, equitably, and at scale.

Streamline Regulations and Approvals

Reform Property Taxation for Affordable Housing

PART I: REFORM

PART I: REFORM – Modernizing Systems for Faster, Fairer Housing Production

The first step toward expanding housing supply is removing the barriers that make it slow, unpredictable, and expensive to build. Across the country, developers, public officials, and nonprofit partners face a common set of challenges: outdated zoning codes, multiyear permitting processes, rigid assessment systems, and tax burdens that often fall hardest on affordable housing. Reforming these structural obstacles is essential to achieving both speed and equity in housing production.

This section explores how jurisdictions are modernizing the systems that shape housing delivery—starting with streamlined regulations and approvals. At the same time, a growing number of states and cities are recognizing that property tax systems—long considered fixed—can and must be reformed to support affordability.

Streamline Regulations and Approvals

Across the country, local governments are rethinking outdated and cumbersome development regulations to address the urgent need for more housing—faster and more equitably. Permitting delays, restrictive zoning, and fragmented approval processes have long stood in the way of timely and cost-effective housing production. In 2025, a growing number of cities and states are acting to modernize these systems, often combining zoning reform with new administrative tools and targeted incentives.

Regulatory streamlining can take many forms—from code rewrites and process reform to strategic use of financial and administrative incentives. As housing challenges grow more complex, jurisdictions are embracing the idea that faster approvals and better rules are essential tools for equitable and effective housing delivery.

Seattle: Fast-Track Review and Permitting Reform

Seattle, Washington, has implemented significant reforms to streamline its permitting process and accelerate housing development. In 2025, the Seattle Department of Construction and Inspections (SDCI) began implementing state-mandated requirements to improve tracking and reporting of permit review

A model of inclusionary development in San Francisco's Mission Bay, 1180 Fourth Street delivers deeply affordable housing for families in a rapidly growing biotech district. (Bruce Damonte)

FEDERAL POLICY RESET AND POLITICAL UNCERTAINTY

The early months of 2025 have brought renewed attention to the uncertain federal policy landscape for housing. The comprehensive "From Crisis to Transformation" agenda, released by the National Housing Crisis Task Force in late 2024, laid out 40 bold recommendations to reorient federal involvement in housing—from permitting reform to capital mobilization. However, with the arrival of a new federal administration signaling sharp retrenchment in housing investment and regulation, the path forward is increasingly reliant on state and local leadership.

Highlights from the Task Force's "Crisis to Transformation" Roadmap

The National Housing Crisis Task Force, co-chaired by mayors and governors from both parties, proposed a sweeping one-year federal roadmap that includes the following:

- A national performance-based building code for modular housing,
- A federal reinsurance solution to stabilize property insurance markets,
- Emergency disposition of federal land for affordable housing,
- Tax credit reforms and new incentives for moderate-income renters, and
- A new housing fellowship and a Housing Innovation Unit within HUD.

The Task Force aims to treat housing with true crisis-level urgency while aligning local innovations with scalable national policy.

Emerging Federal Retrenchment

Despite this ambitious agenda, the incoming administration has introduced policies that could roll back core pillars of federal housing support. These include the following:

- Proposals to privatize government-sponsored enterprises and reduce HUD's role,
- Cuts to fair housing and community reinvestment oversight,
- Rollbacks of LIHTC expansion and affordable housing incentives, and
- Withdrawal from interagency coordination on housing and infrastructure.

The risk is not only fewer resources—but the erosion of federal legitimacy in convening and guiding the nation's housing priorities.

Call for State and Local Leadership

In response, the Task Force and its partners are doubling down on capacity-building at the state and local levels. The National Housing Crisis Task Force's State and Local Housing Action Plan calls on local and state governments to take the lead in solving the housing crisis by leveraging their authority and capacity across five key areas: land, capital, construction, regulation, and governance. The plan offers practical, adaptable tools—such as tax incentive strategies and case studies such as Atlanta's Housing Strike Force—to support action.

Now more than ever, the future of housing depends on local governments' ability to lead—and the ecosystems of institutions, intermediaries, and civic leaders that support them.

timelines. These measures aim to enhance efficiency, predictability, and transparency in the permitting process.

A notable reform includes the establishment of a two-step approach: first, implementing initial measures to track and report permit review performance; and second, preparing legislation to update business practices and technology to meet state requirements. This includes categorizing permit types, defining process deadlines, and automating performance reporting.

Additionally, the Seattle City Council approved a bill allowing downtown housing and hotel projects to bypass the traditional design review process for three years. This move is intended to expedite development in downtown areas by reducing the average project timeline by approximately nine months.

Chattanooga: Zoning Reform and Tax Abatement

Chattanooga, Tennessee, has undertaken significant reforms to modernize its zoning regulations and implement tax abatement programs aimed at accelerating housing production and promoting affordability.

ZONING CODE OVERHAUL

In November 2024, Chattanooga enacted its first comprehensive zoning code update since the 1960s. This reform streamlines development regulations and supports housing growth by

- Expanding "by-right" development to reduce the need for discretionary approvals
- Allowing increased residential density and building heights
- Reducing lot size requirements, building setbacks, and parking mandates
- Introducing "missing middle" residential zones to encourage small multifamily developments

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Chattanooga Missing Middle, Chattanooga

A nonprofit-led effort to pilot duplexes and small multifamily housing, the Chattanooga Missing Middle initiative advances zoning reform and adds moderate-density options in walkable neighborhoods. (Creative Revolver, Chattanooga, Tennessee)

For instance, under the previous code, a 20-unit apartment building along a commercial corridor required 45,500 square feet of land. The new code reduces this requirement to 19,000 square feet—a 58 percent decrease. Additionally, hotels can now be converted to residential units by-right, and accessory dwelling units (ADUs) are permitted by-right in all zones that allow single-family homes.

VOLUNTARY INCENTIVES PROGRAM (VIP)

Chattanooga has become the first city in Tennessee to implement a voluntary attainable housing incentives program, following a change in state law. These incentives aim to encourage the development of attainable housing without direct financial subsidies from the city.

The VIP offers zoning relief for housing developments that provide at least 10 percent of units priced at or below 80 percent of the area median income (AMI). In exchange, developers receive

- A 30-percent density bonus, allowing more units within the same building footprint
- Reduced parking minimums, lowering the number of required parking spaces
- A 30-percent height bonus in designated high-opportunity neighborhoods near public transit

AFFORDABLE HOUSING PILOT PROGRAM

Chattanooga has also reimagined its affordable housing Payment-in-Lieu-of-Taxes (PILOT) program to better align tax abatements with the cost of providing affordable units. Unlike traditional programs that offer a fixed percentage of tax abatement, Chattanooga's approach ties the abatement directly to the revenue lost by offering below-market rents. Developers can use a PILOT calculator to estimate their tax liability and determine the optimal mix of unit sizes and affordability levels to maximize their abatement. This flexible, market-responsive tool is designed to attract private-sector participation while delivering clear public benefits.

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J-centrel, Philadelphia

An adaptive use of a historic factory, J-centrel delivers affordable apartments and workspaces while catalyzing inclusive development in the Kensington neighborhood in Philadelphia. (SHIFT Capital)

Reform Property Taxation for Affordable Housing

Property taxes are one of the largest recurring operating costs for housing providers—and often disproportionately impact affordable housing projects, where rents are capped but assessments may not reflect income-restricted realities. By adjusting assessment methods, providing exemptions, or offering performance-based relief, jurisdictions can ensure that tax systems support—not undermine—the long-term affordability of the housing stock.

In **Tennessee**, policymakers have enacted a shift from cost-based to income-based assessment for properties financed through the low-income housing tax credit (LIHTC). By tying property tax valuations to actual rent revenue instead of replacement cost, Tennessee is helping reduce the long-term tax burden on affordable developments. This reform makes LIHTC projects more financially viable and provides greater certainty for developers and investors.

In **California**, long-standing property tax exemptions under the state's welfare exemption laws have been expanded to better support affordable housing. Recent legislative changes—such as Assembly Bill 2353—allow nonprofit housing providers to access tax relief even during the development phase, when income has yet to be generated. This provision helps lower carrying costs and supports the feasibility of new affordable housing projects.

Colorado recently enacted legislation providing targeted property tax exemptions for affordable housing developments managed by nonprofit and mission-driven organizations. This measure helps reduce operating expenses and ensures deeper affordability over time, particularly for residents earning below 60 percent of the AMI.

In **Washington, D.C.,** the city employs both tax exemptions and PILOT agreements to support affordable housing. PILOTs allow projects to fix property tax liabilities at predictable and reduced rates, providing a more stable financial environment for affordable housing operators. This approach has helped both preservation and new construction efforts in a high-cost, high-demand market.

Texas leverages public facility corporations (PFCs) and housing finance corporations (HFCs) to offer full property tax exemptions to mixed-income housing developments that meet affordability thresholds. While this model has drawn scrutiny in some cases, when structured effectively, it has enabled local governments to spur development without direct public subsidy, by exchanging tax relief for affordability commitments.

In **New York**, the Affordable Neighborhoods for New Yorkers (ANNY) program, established under New York State Real Property Tax Law § 485-x, is aimed at bolstering affordable housing development in New York City. Enacted in April 2024, this program serves as a successor to the expired 421—a tax incentive, offering property tax exemptions to developers who incorporate affordable housing units into new residential projects.

Minnesota uses the Low-Income Rental Classification program as part of its property classification system to provide tax relief for low-income rental housing. By assessing qualifying properties at a lower rate, the state reduces recurring tax expenses and improves project economics. This approach offers a replicable model for other states seeking to support affordability without overhauling their broader tax code.

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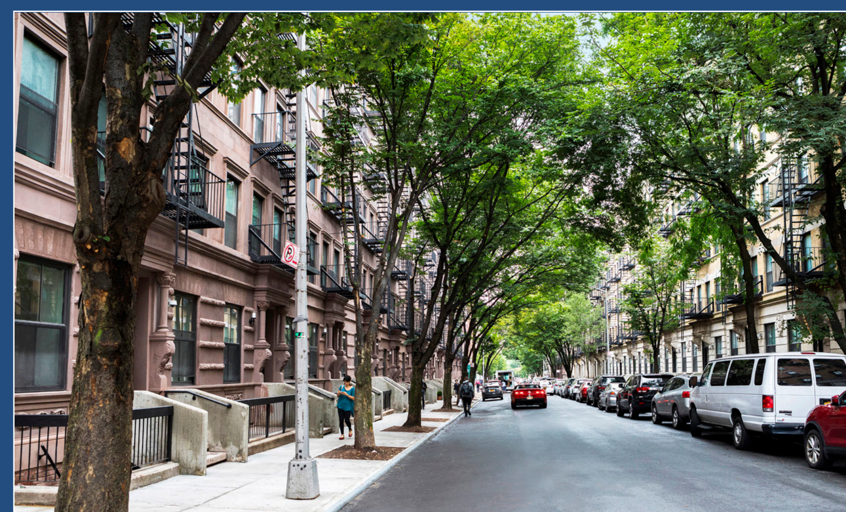
A. Philip Randolph Houses, New York



The A. Philip Randolph Houses project is a preservation and redevelopment project in New York City that restored historic public housing while adding modern amenities and expanding affordability in Harlem. (Trinity Financial Inc. and West Harlem Group Assistance)

RISING PROPERTY INSURANCE COSTS: A GROWING BARRIER TO HOUSING DEVELOPMENT AND STABILITY

Surging property insurance costs have emerged as a major challenge for housing providers—threatening project feasibility, operational stability, and long-term affordability. As natural disasters become more frequent and severe, and insurers reevaluate risk in light of climate change, the housing sector is facing a critical squeeze. Reinsurance rates and inflation are also contributing factors to rising premiums. Both market-rate and affordable housing developments are feeling the pressure, though in distinct ways.

ULI's *Insurance on the Rise: Climate Risk, Property Insurance, and Real Estate Investment Decisions* report underscores that insurance is no longer a passive operating cost—it has become a central determinant in whether housing projects can move forward. The report details how investors are adapting through risk mitigation, self-insurance, and more sophisticated forecasting of potential premium impacts.

Impact on Market-Rate Housing Development

For market-rate developers, insurance premiums have become a significant and often unpredictable line item in pro forma budgets. In high-risk areas—including regions vulnerable to wildfires, hurricanes, or flooding—some insurers are reducing coverage , forcing developers to rely more heavily on expensive surplus or specialty carriers. As a result:

- Project financing is delayed or denied when lenders deem insurance coverage inadequate or too costly.
- Premium spikes mid-construction can disrupt budgets, leading developers to reduce unit counts or shift toward luxury projects to preserve margins.
- Risk-averse underwriting is leading to more exclusions and higher deductibles, particularly for wood-frame construction, which remains a common typology for multifamily development.
- Higher insurance reserves and operating costs may ultimately be passed on to tenants in the form of increased rents.

These trends are contributing to a chilling effect on new housing production, particularly in states including California, Florida, Texas, and Louisiana, where climate risk is high and state insurance backstops are under strain. ULI's *CRE Guide to Natural Hazards and Property Insurance Underwriting* offers additional insight into how specific resilience strategies—such as fire-resistant construction, flood mitigation, and roof upgrades—can influence premium pricing.

Impact of Rising Insurance Costs on Affordable Housing Providers

Affordable housing developers and property managers face a distinct set of challenges. Their ability to absorb rising insurance costs is limited by the income-restricted nature of their properties and long-term affordability covenants. The following are key issues:

- Fixed rents and regulatory constraints prevent owners from passing through increased insurance costs to tenants, threatening the financial sustainability of properties.

Continued on next page

- Premium increases of 30–100 percent in recent years have outpaced rent growth and capital reserve planning, leading to funding gaps in new development and strain on operational budgets.
- Insurance underwriting challenges for older buildings or properties in disinvested neighborhoods have resulted in dropped coverage or uninsurable assets, even when properties meet code and have good maintenance records.
- There is increased difficulty in accessing LIHTC and bond financing, as projects may no longer meet debt service coverage ratios or may require additional soft funding to close unexpected insurance gaps.

Property managers are responding by reducing nonessential services, deferring maintenance, or dipping into capital reserves—all of which compromise long-term asset health and tenant stability. ULI's resilience case studies show that when capital improvements are linked to resilient retrofits, insurers may offer more favorable terms or be willing to underwrite previously at-risk buildings—highlighting a potential path forward for affordable housing preservation.

Calls for Policy Intervention

Recognizing these systemic risks, the National Housing Crisis Task Force has included insurance reform among its top federal policy priorities. Recommended actions include the following:

- Creating a national reinsurance program for affordable and workforce housing developments;
- Supporting state-based insurance pools or guarantees to stabilize premiums in high-risk markets;
- Expanding Department of Housing and Urban Development (HUD) and Treasury guidance on allowable insurance cost ranges in affordable housing underwriting; and
- Incentivizing resilient building practices through premium discounts tied to design, materials, or mitigation efforts.

ULI's research reinforces this last recommendation by demonstrating how clear, evidence-based underwriting standards tied to resilience can help stabilize coverage and pricing. The *CRE Guide to Natural Hazards and Property Insurance Underwriting* in particular emphasizes how environmental data and building features can factor into insurer decisions—knowledge that both developers and policymakers can use to close the gap between construction best practices and market-based risk assessments.

Ultimately, while many factors driving volatility in the insurance market are beyond the control of housing developers and owners, site selection remains a critical lever they can use to reduce risk and manage costs. Strategic location choices can be a cost-effective way to mitigate insurance exposure—though it's also essential to ensure housing is available in high-risk areas where people already live. Without broader action, however, insurance challenges still pose a significant threat to the viability of both new production and long-term affordability.

Connect Housing with Transit and Infrastructure

Modernize Local Capacity and Public Resources

Modernize Federal Systems: HUD’s Data Overhaul and the Future of Public Access

PART II: CONNECT

PART II: CONNECT – Aligning Infrastructure, Data, and Public Resources

A modern housing strategy is more than just a blueprint for production—it is a coordinated system that connects housing to the infrastructure, data, and institutions that support it. As local governments contend with limited resources and rising complexity, success increasingly depends on interagency and cross-sector planning efforts.

These efforts reflect a shift toward systems-thinking in housing policy—where success depends not only on what is built, but on how institutions are organized, how data is used, and how infrastructure and public assets are aligned to support long-term affordability and resilience.

Connect Housing with Transit and Infrastructure

As communities work to expand housing supply, aligning that growth with existing and planned infrastructure has become an essential strategy. Poor coordination between housing and infrastructure systems—whether related to water, sewer, roads, or public transit—can lead to development delays, rising costs, and community resistance. At the same time, well-integrated planning can unlock new opportunities to build housing in locations that offer better access to jobs, schools, and essential services.

Connecting housing production with transit and infrastructure improvements is a key measure to support more equitable, efficient, and future-ready development. Transit-oriented development (TOD) has long been promoted as a model for compact, walkable, and sustainable communities.

But beyond zoning near rail or bus stops, a growing number of cities and states are embedding housing goals into broader infrastructure investment strategies. Whether through capital planning, corridor studies, or funding programs that incentivize infrastructure upgrades in exchange for affordability, these efforts are redefining how housing and infrastructure interact.

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Plaza Roberto Maestas, Seattle

A landmark in equitable development, Plaza Roberto Maestas is a transit-oriented, mixed-use project shaped by a local Seattle nonprofit that celebrates Latino heritage while providing affordable homes. (Ramiro Reyes, El Centro de la Raza)

Nashville: Housing and Infrastructure Study

Nashville, Tennessee, is proactively addressing the intersection of housing, transit, and infrastructure through a key initiative: the Housing and Infrastructure Study. Initiated by Metro Nashville Planning and other departments, the Housing and Infrastructure Study assesses Nashville's residential development potential in relation to existing and planned infrastructure. The study's preliminary findings indicate that Nashville will fall short by at least 20,000 housing units over the next decade without changes to zoning policies or development rules. Key recommendations focus on increasing housing density along major corridors and enhancing infrastructure investments to support this growth.

This work complements insights from the ULI Terwilliger Center for Housing's technical assistance panel (TAP) report, *Sustaining Nashville: Building Sustainability and Resilience into Affordable Housing*. The report highlights how infrastructure investments—when paired with affordability mandates and public/private partnerships—can serve as a catalyst for sustainable, inclusive development.

These findings from the Housing and Infrastructure Study are also being integrated into Nashville's broader Unified Housing Strategy, unveiled in April 2025 as a comprehensive plan to address the city's housing crisis. The strategy lays out a network of coordinated actions across multiple agencies to align zoning reforms, infrastructure investments, land use policy, and financial tools toward the shared goal of creating 53,000 new homes over the next decade—half of them affordable to working families.

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Kirkpatrick Park, Nashville

Built through a mixed-income redevelopment strategy, Kirkpatrick Park offers high-quality housing for both public housing residents and new families in east Nashville, Tennessee. (Tom Gaitlin)

Washington State: Connecting Housing to Infrastructure Program

The Connecting Housing to Infrastructure Program (CHIP) is a Washington State initiative launched in 2021 to facilitate the development of affordable housing by funding essential infrastructure improvements. CHIP is a critical component of Washington's strategy to address its housing shortage. By reducing infrastructure costs, CHIP lowers barriers for affordable housing development, enabling projects to proceed that might otherwise be financially unfeasible. Since its inception, CHIP has awarded nearly $98 million, supporting the creation of over 9,500 affordable housing units across Washington State.

Administered by the Washington State Department of Commerce, CHIP provides grants and deferred loans to local governments—

cities, counties, and public utility districts—that partner with affordable housing projects. These funds cover costs associated with water, sewer, and stormwater infrastructure, including both on-site and off-site improvements, as well as reimbursements for waived system development charges.

To qualify, projects must allocate at least 25 percent of their units as affordable housing for households earning up to 80 percent of AMI, with a commitment to maintain affordability for a minimum of 25 years.

Modernize Local Capacity and Public Resources

As housing reforms accelerate across the country, the ability to implement them at the local level has become a defining challenge, and an opportunity. Expanding housing production requires more than policy mandates; it depends on practical tools, well-supported institutions, and modern public systems that can align resources with action.

States and cities are increasingly investing in the infrastructure behind the housing system: the planners, public land managers, data platforms, and development agencies that translate policy into real-world progress. Whether it's providing model zoning templates to understaffed towns, reimagining public land management, or upgrading outdated federal data systems, these efforts reflect a growing consensus that implementation capacity is just as critical as policy design.

Rhode Island: Municipal Technical Assistance Program

As part of a statewide effort to expand housing production and modernize outdated development regulations, Rhode Island has prioritized support for local governments—recognizing that state policy goals depend on municipal capacity to implement zoning reforms.

In response to legislative changes enacted during the 2023 and 2024 General Assembly sessions, RIHousing launched the Municipal Technical Assistance Program (MTAP). The $4 million initiative is designed to support Rhode Island's cities and towns in increasing local housing production. Funded through the state's Housing Production Fund, MTAP offers grants and access to a pool of pre-approved consultants to assist municipalities in activities such as conducting housing needs analyses, updating zoning and permitting requirements, developing model zoning ordinances, assessing infrastructure capacity, and engaging the public in housing development discussions.

Eligible municipalities must be incorporated Rhode Island cities or towns with support from key municipal leaders. Projects are capped at $100,000 for individual municipalities or up to $500,000 for partnerships, with a completion timeline not exceeding 18 months. Since its inception, MTAP has funded 38 projects across the state, aiding communities in implementing critical land use changes to facilitate affordable housing development.

Austin: Municipal Property Advisors

In its efforts to modernize data systems and unlock public resources, the City of Austin, Texas has pioneered the use of Municipal Property Advisors (MPAs)—external experts contracted to identify, evaluate, and activate underutilized public assets for community benefit, particularly affordable housing.

The MPA model addresses challenges such as fragmented ownership of public assets and limited municipal capacity to repurpose these assets effectively. By leveraging third-party expertise, cities can more efficiently convert underutilized properties into affordable housing and other community-focused developments.

Complementing this initiative, Austin has launched a comprehensive Public Asset Inventory, cataloging city-owned properties to identify opportunities for redevelopment and community use. This inventory supports strategic planning and ensures that public assets contribute to the city's housing and infrastructure goals.

Atlanta: Urban Development Corporations

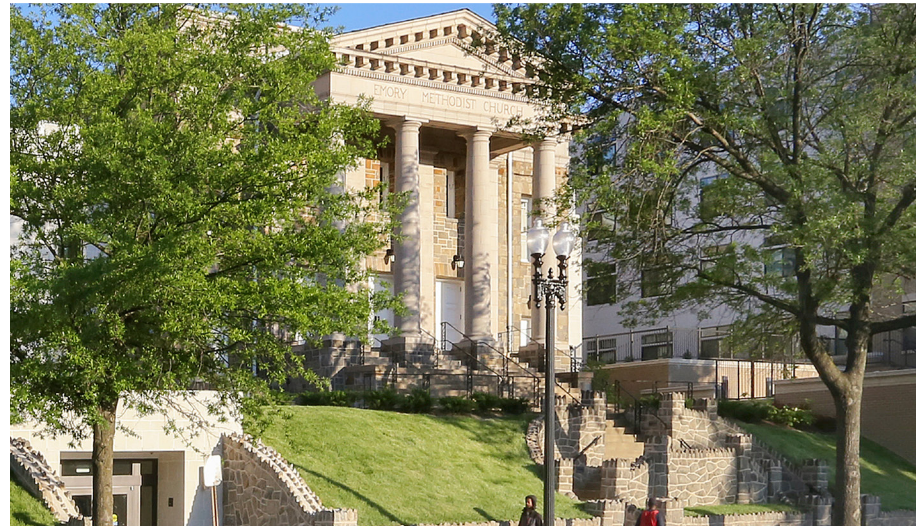
In its commitment to modernizing data systems and unlocking public resources, Atlanta has established the Atlanta Urban Development Corporation (AUDC)—a nonprofit public developer designed to transform underutilized public land into mixed-income, amenity-rich housing communities. Atlanta Housing, the housing authority of the City of Atlanta, launched AUDC in 2023 as a subsidiary.

AUDC plays a pivotal role in the City's strategy to create or preserve 20,000 affordable housing units by 2030, operating with a unique mandate to maximize the value of publicly owned land without relying heavily on traditional financing mechanisms such as the LIHTC. By leveraging public land as equity and employing innovative financing tools, AUDC aims to accelerate housing development timelines and maintain long-term affordability.

The corporation collaborates closely with city agencies, including Invest Atlanta and Atlanta Housing, to identify and activate public parcels for redevelopment. Notable projects under AUDC's purview include the transformation of the historic Fire Station 15 in Midtown into a mixed-use development that integrates affordable housing with essential city services.

Modernize Federal Systems: HUD's Data Overhaul and the Future of Public Access

In today's housing landscape, the ability to collect, integrate, and share data is foundational to effective governance. Yet many of the federal systems that support housing programs remain outdated, fragmented, or difficult to access—creating barriers to evidence-based policymaking and program delivery. In response, HUD has initiated a series of modernization efforts aimed at transforming its data infrastructure and restoring public access to critical housing information.



The adaptive use of a historic church campus, The Beacon Center blends affordable housing, community space, and services in the heart of Washington, D.C. (Brian Tomaino, Torti Gallas Urban Inc.)

To improve internal efficiency and program oversight, HUD has launched several major technology upgrades, including the Enterprise Analytics Platform, designed to integrate disparate datasets across HUD programs; FHA Catalyst, a cloud-based technology to modernize the Federal Housing Administration's mortgage and insurance systems; and the Housing Information Portal (HIP), intended to streamline data collection from public housing authorities. HUD has also worked to expand public access to its housing datasets through the HUD Open Data Site and HUD USER Datasets.

However, while some progress has been made, shifting federal priorities in 2025 have introduced uncertainty around long-term funding and data availability.

SMARTER SYSTEMS, STRONGER CAPACITY: HOW TECHNOLOGY IS EMPOWERING LOCAL HOUSING DELIVERY

While many local governments are seeking to advance housing solutions, limited staffing, outdated systems, and time-intensive review processes often slow down progress. In small and mid-sized communities in particular, the lack of in-house planning, data, and permitting capacity can prevent even well-crafted policies from being implemented effectively.

To bridge this gap, a wave of emerging technology tools is offering practical, accessible ways to expand local capacity without expanding local payrolls. These tools are helping cities and counties streamline land use analysis, identify underutilized parcels, model development scenarios, and make more confident, timely decisions about where and how housing can be built.

Designed to support infill housing production, InfillA provides municipalities with parcel-level assessments of where and what types of housing can be built by-right under existing zoning. The platform maps housing potential across a city and offers pre-approved building typologies for different lot types—helping staff, elected officials, and the public understand what's possible without rezoning.

Giraffe, an urban planning and land-use modeling tool, enables planners and developers to test zoning scenarios, density assumptions, and infrastructure overlays in real time. Its visualization capabilities support community engagement and help cities proactively align growth with infrastructure capacity.

Symbium is a "permit intelligence" platform that automates parts of the site analysis and permitting prep process. This technology helps both cities and homeowners understand what can be built on a given parcel, saving time and reducing administrative burdens.

Specializing in financial feasibility analysis for small-scale development, MapCraft helps cities and nonprofits evaluate which sites are viable under current market conditions. The tool models soft costs, financing terms, and potential subsidy needs, providing grounded insights for public investment.

For local governments and housing agencies seeking a practical way to assess development potential, affordability outcomes, and fiscal impacts, Metrosight's site-specific modeling tools can help. The platform helps users estimate how land use policies translate into actual housing production, offering the type of economic analysis that traditionally required custom consulting or in-house expertise.

While these tools vary in scope and sophistication, their shared value lies in reducing friction: speeding up analysis, increasing transparency, and enabling smaller jurisdictions to act with the confidence of larger agencies. Used strategically, they can help local governments shift from reactive gatekeeping to proactive housing delivery—building not just more homes, but a stronger public sector ecosystem to sustain long-term progress.

Unlock New Funding Tools

Reimagine Compact Living

Shared Living Models: From Co-Living to Home Sharing

Expand Homeownership Pathways Through Local Innovation

State-Led Innovation and Alternative Housing Models

Modular Momentum: Scaling Housing Through Innovation, Sustainability, and Regional Collaboration

PART III: LEVERAGE

PART III: LEVERAGE – Capital, Land, and Typologies for Impact

As housing costs continue to rise, the question facing many communities is no longer whether to act—but how to do more with what they have. Unlocking land, capital, and alternative building approaches is essential to scaling production and meeting the full diversity of housing needs. Whether repurposing vacant office buildings, reactivating public land, or expanding financing tools that reduce risk and increase speed, cities and states are learning to work smarter—not just spend more. As production challenges grow more complex, leveraging what we already have is becoming one of the most powerful tools for delivering what we still need.

Unlock New Funding Tools

As the cost of building and preserving housing continues to climb, traditional financing mechanisms are proving insufficient to meet today's affordability challenges. Public sector leaders are increasingly turning to new funding strategies—state tax credits, revolving loan funds, bond allocations, and tax increment financing—to bridge gaps, reduce development risk, and unlock stalled projects.

Tennessee: Rural and Workforce Housing Tax Credit

Established under Public Chapter 971 in 2024, the Tennessee Rural and Workforce Housing Tax Credit complements the federal LIHTC program. This state-level credit incentivizes the development of affordable housing by providing tax credits to projects that receive federal LIHTC allocations. At least 50 percent of these credits are

Built on surplus public land near transit, Talavera Lofts delivers deeply affordable units with preference for creative-sector workers and displaced residents in Austin, Texas. (Matthew Niemann) designated for projects in eligible rural areas, promoting equitable housing development across the state. The credits can be applied against various state taxes and may be carried forward for up to 25 years.

Georgia: Doubling Impact with State LIHTC and Private Activity Bonds

Georgia stands out nationally for its robust and coordinated use of two critical financing tools to support affordable housing production: a state-level LIHTC program and a strong allocation of private activity bonds.

Since 2001, Georgia has operated one of the few state LIHTC programs that offers a full match to the federal LIHTC. This means that for every dollar of federal tax credit awarded to a developer, the state provides an equal amount in state tax credits. Administered by the Georgia Department of Community Affairs (DCA), this 1:1 match substantially enhances the financial feasibility of affordable rental projects, particularly in high-cost or lower-income rural areas where market rents often fall short of covering development costs.

In tandem, Georgia makes strategic use of private activity bonds, which are tax-exempt bonds used to finance affordable rental housing developments. The state leverages these bonds to support 4 percent LIHTC transactions. The DCA oversees the allocation process, ensuring that projects meet specific criteria, such as setting aside a minimum number of units for low- to moderate-income families.

Michigan: Expanding Affordable Housing Options with the Housing TIF Program

Michigan has launched an innovative Housing Tax Increment Financing (TIF) program to address housing affordability and revitalize underutilized properties. Administered by the Michigan State Housing Development Authority (MSHDA), this program enables local Brownfield Redevelopment Authorities (BRAs) to capture future tax increments from housing developments and reinvest them into eligible project costs, such as infrastructure improvements and financing gaps.

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Broadway Lofts, Mount Pleasant, Michigan

Broadway Lofts in Mount Pleasant, Michigan, used the state's Housing Tax Increment Financing (TIF) program to offset key predevelopment costs through a Brownfield Redevelopment Authority to deliver 48 mixed-income units in the city's downtown core. (Michigan Community Capital)

The Housing TIF program targets developments serving households earning up to 120 percent of the AMI, focusing on the "missing middle" income bracket. By leveraging future tax revenues generated by increased property values, the program provides a sustainable funding mechanism without compromising current tax income.

Reimagine Compact Living

Across the United States, cities and states are reembracing compact, lower-cost housing options—such as single-room occupancy (SRO) units, micro-apartments, and co-living models—to meet urgent needs for affordability and flexibility in the housing market. These housing types, once stigmatized or restricted by zoning and building codes, are now being recognized as viable solutions for a broad spectrum of residents—from low-income renters and young adults to individuals exiting homelessness. Compact housing, when combined with thoughtful design and supportive services, can become a cornerstone of inclusive and resilient housing ecosystems.

Oregon: Legislative Support for SROs

Oregon has taken significant steps to address housing affordability by promoting SRO units. In 2023, House Bill 3395 required local governments to permit SROs in residential zoning districts. This legislation defines SROs as housing units that share bathroom or kitchen facilities with other units on the floor or in the building. The bill mandates that cities allow SROs with up to six units in all zones that permit single detached dwellings, thereby expanding affordable housing options for individuals seeking lower-cost accommodations.

Washington State: Legalizing Co-Living Homes

Washington State's House Bill 1998, enacted in 2024, legalizes co-living housing statewide, offering an affordable alternative for individuals earning as low as 50 percent of the AMI. Co-living residences feature small private units with shared kitchens and common areas, promoting economic inclusivity and efficient land use. The bill mandates that cities and counties allow co-living developments in zones permitting multifamily housing, prohibits overly restrictive regulations, and sets flexible parking requirements based on actual needs and transit access.

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Watts Works, Los Angeles

Watts Works in Los Angeles repurposed 58 shipping containers into 24 studio apartments and a manager's unit, delivering permanent supportive housing for formerly homeless residents. (Paul Vu)

New York City: Restoring SRO Units

In December 2023, Governor Kathy Hochul announced a $50 million initiative to rehabilitate up to 500 SRO units across New York State, with a particular focus on New York City. This funding, administered through New York State Homes and Community Renewal's Supportive Housing Preservation Program, aims to renovate existing SROs. The program is part of Governor Hochul's broader $25 billion housing plan to create or preserve 100,000 affordable homes statewide, including 10,000 with support services for vulnerable populations.

Houston: Office-to-Micro-Apartment Conversions

Houston is exploring the conversion of vacant office spaces into micro-apartments based on a "Flexible Co-Living Housing Feasibility Study" by Pew Charitable Trusts and Gensler that examined the feasibility of converting Houston's empty office buildings to communities of micro-apartments. This initiative aims to address both the surplus of unused commercial real estate and the demand for affordable housing, offering units ranging from 141 to 227 square feet at approximately $700 per month. The concept involves transforming underutilized office buildings into co-living spaces with private rooms and shared common areas like kitchens and bathrooms, significantly reducing construction costs. The goal is to expand affordable housing options for individuals earning between $20,000 to $30,000 annually, particularly benefiting single renters and seniors seeking smaller, more accessible living spaces.

Denver: Tiny Home Villages

Denver has developed several micro-communities featuring small, cabin-like structures to house individuals experiencing homelessness. These units typically include a twin bed, desk, and closet, with shared facilities for restrooms, showers, and kitchens.

CASE STUDIES FROM ULI'S HOMELESS TO HOUSED INITIATIVE

The ULI's Homeless to Housed (H2H) initiative, through its Terwilliger Center for Housing, offers compelling case studies that highlight innovative approaches to addressing housing shortages and affordability challenges. These examples underscore the potential of SRO units and micro-apartments as effective solutions.

Case Study: The Melody – Atlanta, Georgia

The Melody is a rapid housing project in Atlanta that transformed 20 shipping containers into 40 micro-apartments, each equipped with a bedroom and kitchenette. Completed in just four months, this development represents the fastest housing solution in the city's history. Located on a publicly owned lot near public transportation, The Melody serves individuals experiencing homelessness, providing them with immediate, private, and affordable housing options. The project's design emphasizes trauma-informed care, ensuring that residents have access to supportive services tailored to their needs.

Case Study: Harbor Crossing – Salem, Massachusetts

Harbor Crossing is a supportive, affordable housing development targeting young adults aged 18 to 24 transitioning out of foster care or facing homelessness. Located in Salem's historic Point neighborhood, the project offers non-time-limited housing solutions, combining affordability with supportive services. This initiative demonstrates the effectiveness of micro-apartment designs in providing stable housing for vulnerable populations.

Anchored in Seattle's Little Saigon neighborhood, An Lac supports intergenerational Vietnamese households through culturally responsive affordable housing design. (Low Income Housing Institute)

The city built three such communities with nearly 160 units in about six months, at approximately $25,000 per unit. These micro-communities offer private living spaces with essential amenities and access to supportive services, facilitating a transition to permanent housing for vulnerable populations.

Seattle: Congregate Housing in the One Seattle Plan

Seattle is actively promoting congregate housing models to address affordability and expand housing options. In 2024, the city proposed legislation permitting co-living housing—referred to as "congregate housing"—in all zones that allow multifamily housing. This proposal also eliminates certain design standards and parking requirements within half a mile of major transit stops to facilitate the development of communal living spaces. These initiatives are integrated into the city's updated *One Seattle Plan*, which emphasizes higher-density development near transit while maintaining livability standards such as natural light and access to common spaces.

Shared Living Models: From Co-Living to Home Sharing

As cities search for more flexible and affordable housing solutions, shared and communal living arrangements are gaining renewed attention. These models offer smaller private spaces paired with shared amenities, enabling greater density and affordability—particularly for singles, seniors, and lower-income residents. While long present in American housing history, modern versions of co-living, cohousing, and home-sharing are being adapted to meet contemporary affordability needs, shifting demographics, and community preferences.

Seattle: Embracing Co-Living and Cohousing

Seattle has taken legislative action to legalize and promote co-living, now permitted in all zones that allow multifamily housing. The city's 2024 zoning reform package eliminated certain design and parking requirements for co-living developments within a half-mile of major transit stops, aiming to reduce construction costs and increase feasibility. The reforms enable congregate housing configurations—private bedrooms with shared kitchens and bathrooms—to be built by-right, a key tool to support space-efficient, lower-cost housing options in high-demand neighborhoods.

In parallel, Seattle has seen grassroots efforts to expand cohousing—a model that blends private dwelling units with communal facilities and decision-making. Architect Grace Kim, a national leader in the cohousing movement, codeveloped Capitol Hill Urban Cohousing, which includes nine households, a shared kitchen, a rooftop garden, and a common house. Kim has emphasized the mental health and resilience benefits of intentional communities, positioning cohousing as not just an affordable typology, but a response to social isolation.

Washington, D.C.: Home Sharing and Housing Equity Goals

In Washington, D.C., home sharing is being promoted as a tool for affordability, aging in place, and efficient use of existing housing stock. Programs such as HomeShare Online match older homeowners with renters seeking affordable rooms, offering both financial relief and companionship. The initiative supports intergenerational living arrangements and helps residents remain in their homes as maintenance costs rise.

The District's *Housing Equity Report* sets a long-term vision for equitable housing distribution, including shared housing models. It outlines a goal of achieving at least 15 percent affordable housing in every planning area by 2050 and names shared housing as a mechanism for achieving that target—especially in high-cost, single-family neighborhoods.

While promising, the adoption of shared housing models remains limited due to zoning barriers, licensing requirements, and inconsistent public awareness. Expanding these solutions will require cities to modernize local regulations, build public support, and provide technical assistance for homeowners and housing operators.

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The Cottages on Vaughan, Clarkston, Georgia

The Cottages on Vaughan in Clarkston, Georgia, is a pocket neighborhood of eight micro-cottages ranging from 250 to 492 square feet. Developed by the MicroLife Institute, this project expands homeownership opportunities through compact, energy-efficient design and inclusive zoning reforms. (MicroLife Institute)

Expand Homeownership Pathways Through Local Innovation

Cities and states across the country are piloting innovative models to expand access to homeownership—particularly for low- and moderate-income households that face steep barriers to entering the housing market. From lease-purchase programs that help renters build equity over time to rent-to-own models on publicly owned land, these efforts are not only increasing housing supply but also advancing racial equity and wealth-building. Local governments and nonprofit developers are forging new tools to unlock ownership for those historically excluded from it.

Minneapolis: Lease-Purchase Initiatives

In Minneapolis, the Land Bank Twin Cities (LBTC) collaborates with nonprofit developers to operate lease-purchase programs aimed at increasing homeownership opportunities for low- to moderate-income households, particularly among Black, Indigenous, and people of color (BIPOC) communities. These initiatives allow income-qualified renters to lease rehabilitated homes with the option to purchase after a set period, often three years, during which a portion of their rent accrues toward a future downpayment. This model not only provides affordable housing options but also serves as a pathway to building generational wealth within historically marginalized communities.

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South Quarter IV, Minneapolis

Part of a long-term neighborhood revitalization effort, South Quarter IV in Minneapolis integrates deeply affordable housing with walkable, mixed-use design. (Don Wong)

Philadelphia's "Turn the Key" Program

Philadelphia's "Turn the Key" initiative, launched in 2022 by the Philadelphia Housing Development Corporation (PHDC), aims to create 1,000 affordable, energy-efficient single-family homes on publicly owned land. Targeting first-time homebuyers with incomes around $45,000, the program offers homes priced at an average of $184,500 after subsidies, with monthly mortgage payments around $1,200, significantly below the city's average rent for a two-bedroom apartment. Key features include a forgivable second mortgage of up to $75,000 and up to $10,000 in downpayment or settlement assistance, reducing upfront costs and making homeownership more accessible. The program not only facilitates homeownership for moderate-income residents but also addresses the racial wealth gap by enabling more Black and Brown families to build equity. As of 2024, the program has celebrated the sale of its 100th home.

State-Led Innovation and Alternative Housing Models

Beyond conventional homeownership approaches, several states and localities are embracing bold strategies to build new housing typologies and financing mechanisms. These range from publicly led social housing initiatives and gap-financing programs for for-sale housing, to co-living and shared housing solutions tailored to seniors and single adults. Together, these models challenge the traditional limits of ownership and occupancy, reflecting the diversity of needs in today's housing landscape.

Rhode Island: Expanding State-Led Pathways to Homeownership and Housing Production

Rhode Island is pursuing bold strategies to expand access to affordable housing—supporting both low-income homebuyers and new models of publicly led housing development. Through a mix of developer incentives and state-backed initiatives, the state is actively working to fill critical gaps in the housing market, particularly for moderate-income households.

TURNKEY AFFORDABLE HOMEOWNERSHIP PROGRAM

The Turnkey Affordable Homeownership Program, administered by RIHousing, aims to increase homeownership opportunities for low- to moderate-income residents. This initiative provides gap financing to developers for the construction of deed-restricted, for-sale homes. Developers are responsible for funding the acquisition and construction phases, with RIHousing reimbursing eligible costs upon project completion and occupancy certification. The program aims to streamline the development process and encourage the production of affordable housing units.

STATE-LED SOCIAL HOUSING INITIATIVE

Rhode Island is also exploring the establishment of a state-run public housing development program, potentially the first of its kind in the United States. A $10 million allocation from a voter-approved $120 million housing bond is designated to seed a revolving fund for this purpose. The proposed model involves the state acting as a developer and partial owner of mixed-income housing projects on publicly owned land. Low-interest construction loans would be offered to developers, with repayments replenishing the fund for future projects. This approach aims to address the housing shortage by directly involving the state in the development process.

The concept draws inspiration from Montgomery County, Maryland, which has successfully implemented a similar model. In Montgomery County, the public housing authority established a $100 million revolving fund to finance mixed-income housing developments, using income from market-rate units to subsidize lower-income

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The Laureate, Derwood, Maryland

The Laureate in Derwood, Maryland, is a 268-unit mixed-income development that used Montgomery County's Housing Production Fund to deliver 80 affordable rental apartments alongside market-rate units near the Shady Grove Metrorail Station. (Whitney Cox) housing and reinvest in future projects. To assess the feasibility of such a program in Rhode Island, the state commissioned a 71-page report, *Publicly Driven Development and Ownership of Housing: A Feasibility Study for Rhode Island*, by New York University's Furman Center for Real Estate and Urban Policy. The report examines various public housing models from around the world, including those in Montgomery County, Hong Kong, and Vienna, Austria, providing insights into how governments can be directly involved in housing development and financing.

Utah: Financing Attainable Homeownership Through State-Led Investment

The Utah Homes Investment Program is a state-led initiative aimed at increasing the supply of affordable, owner-occupied housing. Administered by the Utah Office of State Treasurer, the program allocates $300 million from the state's Transportation Investment Fund to provide low-cost deposits to financial institutions. These institutions, in turn, offer low-interest loans to developers committed to building affordable homes. Each qualified development project can receive up to $60 million in deposits, with the stipulation that at least 60 percent of the units be designated as "attainable" for moderate-income households. The program's design encourages collaboration between the state, financial institutions, and developers to address the housing shortage.

Modular Momentum: Scaling Housing Through Innovation, Sustainability, and Regional Collaboration

Modular construction is emerging as one of the most promising strategies to accelerate housing production, reduce costs, and meet ambitious climate goals. By shifting parts of the building process

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Vivo Apartment Homes, Cambridge, Massachusetts

Vivo Apartment Homes in Cambridge, Massachusetts, is a 91-unit mixed-income rental property, constructed using an innovative system of steel framing and prefabricated concrete planks. (Vivo Apartment Homes) off-site, modular techniques can dramatically shorten construction timelines while improving quality control and environmental performance. Increasingly, cities are also pairing modular construction with long-term planning tools—such as revolving loan funds and regional production hubs—to ensure that innovative building methods are matched by strategic delivery systems.

Denver: Integrating Modular Construction with Sustainable Design

Denver has been at the forefront of integrating modular construction into its housing strategy. The Red Rocks Rising project exemplifies this approach by combining modular construction techniques with Passive House design principles. Developed by Studio X at Page Architecture, this multifamily housing initiative was recognized with third place in Denver's Single-Stair Housing Challenge. The project employs prefabricated modular units assembled off-site, which streamlines construction timelines and reduces material waste. These units are designed in accordance with Passive House standards, featuring airtight construction, super-insulated walls, and balanced ventilation systems to enhance energy efficiency and indoor comfort. The building's design includes a central open-air atrium and external stairways, promoting natural ventilation and daylight access while fostering community interaction among residents. Additional sustainable features such as a green roof, rooftop gardens, and water reclamation systems align with Denver's climate action goals, setting a precedent for future sustainable multifamily housing developments.

Boston: Advancing Modular Housing Through Regional Collaboration

In Boston, the Metropolitan Area Planning Council (MAPC) has been awarded a $3 million Pathways to Removing Obstacles to Affordable Housing grant from HUD to explore innovative modular housing solutions. This initiative aims to assess local housing needs, identify barriers to housing production, and establish a modular housing construction facility in the Greater Boston area. By fostering regional collaboration, MAPC seeks to streamline the development of affordable housing and address the region's housing shortage.

Furthermore, Greystar, a prominent real estate developer, has launched Modern Living Solutions, a modular construction business focused on delivering attainable housing. One of their significant projects includes a large-scale modular multifamily complex in Taunton, Massachusetts, which, upon completion, will be one of the state's largest modular housing developments.

Cleveland: Utilizing Modular Homes to Address Housing Shortages

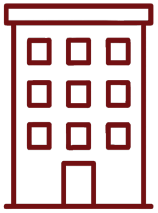
Cleveland, Ohio, is actively employing modular construction to combat its housing shortage. The Greater Cleveland Habitat for Humanity has initiated a project to build 19 modular homes in neighborhoods including Collinwood, as part of its "400 Home" initiative. These homes are designed to be energy-efficient and suitable for families, featuring three bedrooms, two bathrooms, full basements, and garages. The project has received substantial support, including $5 million in American Rescue Plan Act funding from the Cleveland City Council.

In December 2024, Cleveland, in collaboration with the Site Readiness for Good Jobs Fund, issued a national and international request for proposals to modular home manufacturers. The goal: to attract a partner to establish a modular housing facility within city limits, laying the groundwork for both housing production and economic revitalization. The city plans to select a manufacturer by the end of 2025, with production expected to scale in early 2026.

Massachusetts and MBTA Communities

New York: Pro-Housing Communities Program

Atlanta: Affordable Housing Strike Force



Florida: Live Local Act

ADU Condo-ization

PART IV: PROGRESS

Part IV: PROGRESS – Where Are They Now? Tracking Updates on 2024's Promising Housing Policy Reforms

One year ago, *Building the Future 2024* highlighted a wave of promising state and local housing reforms—from transit-oriented upzoning and zoning code overhauls to experimental ownership models and bold new incentive programs. As the housing landscape continues to evolve, many of these initiatives have advanced from planning to implementation, offering early lessons—and, in some cases, unexpected challenges.

Massachusetts and MBTA Communities

In the year since the MBTA Communities Law began reshaping housing policy in Massachusetts, significant progress has been made in aligning local zoning with the state's ambitious goals for transit-oriented development. As of April 2025, 68 communities have been deemed compliant or conditionally compliant with the law, which mandates that municipalities served by the MBTA establish at least one zoning district of reasonable size where multifamily housing is permitted by-right. In total, 119 communities have adopted multifamily zoning to comply with the law, aiming to increase the production of reasonably priced housing near public transit across the state.

The law has faced challenges, including opposition from some residents and towns. In January 2025, the Massachusetts Supreme Judicial Court upheld the constitutionality of the law, affirming the Attorney General's authority to enforce compliance. This decision has prompted renewed efforts among municipalities to meet the law's requirements.

Looking ahead, the MBTA Communities Law is poised to play a central role in Massachusetts's broader housing strategy. Governor Maura Healey's administration has emphasized the importance of this law in addressing the state's housing shortage, integrating it into plans to increase affordable home production by 50 percent under the Affordable Homes Act. The Act, signed into law in August 2024, authorizes $5.16 billion in spending over the next five years along with nearly 50 policy initiatives to counter rising housing costs.

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201 Canal, Lowell, Massachusetts

201 Canal in Lowell, Massachusetts, is a 125-unit mixed-income development that offers affordable and workforce housing options. (Gregg Shupe 2022)

New York: Pro-Housing Communities Program

Since its launch in 2023, New York's Pro-Housing Communities Program has become a cornerstone of the state's strategy to address its housing shortage. As of early 2025, 273 municipalities have achieved certification as Pro-Housing Communities, signaling a statewide commitment to expanding housing opportunities.

Certification is now a prerequisite for municipalities seeking access to up to $650 million in annual discretionary funding through various state programs, including the Downtown Revitalization Initiative, NY Forward, and the Regional Economic Development Council's Capital Fund. Looking ahead, Governor Kathy Hochul has proposed an additional $110 million in infrastructure funding to further support certified Pro-Housing Communities.

In the latest funding round, over $100 million was allocated to projects within these certified communities, supporting infrastructure enhancements and housing developments that align with the state's pro-housing objectives. Syracuse, designated among the first Pro-Housing Communities, has implemented measures such as streamlining permitting processes and adopting policies that promote fair housing.

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The Smile, New York

With bold design and below-market rents, The Smile adds affordable apartments and vibrancy to a key Harlem corridor in New York City. (Pernille Loof and Thomas Loof)

Atlanta: Affordable Housing Strike Force

In the past year, Atlanta's Affordable Housing Strike Force has made significant strides toward its ambitious goal of creating or preserving 20,000 affordable housing units by 2030. As of early 2025, nearly 8,000 units have been built, funded, or are currently under construction, reflecting the city's commitment to addressing housing affordability.

A key component of this progress has been the strategic utilization of public land. The Strike Force has advanced 40 public land projects through the development pipeline, including the redevelopment of the former Bowen Homes public housing site. These efforts are complemented by the work of the Atlanta Urban Development Corporation (AUDC), which has been instrumental in attracting private financing and expertise to transform underutilized public assets into affordable housing opportunities.

In addition to housing development, the Strike Force has focused on preserving existing affordable housing and preventing displacement. Programs such as WeatheRISE, which reduces energy burdens, and the Owner-Occupied Rehab program, which provides essential home repairs, have been expanded. The Anti-Displacement Tax Relief Fund program has also been enhanced to help legacy residents remain in their homes amidst rising property values.

The transit-accessible Vesta Camp Creek development brings needed affordable units to a growing corridor in South Atlanta, with a focus on family housing. (Middleburg Communities)

Florida: Live Local Act

Enacted in 2023, Florida's Live Local Act aimed to bolster affordable housing by offering developers incentives such as tax breaks and zoning preemptions. However, the 2024 amendments introduced through Senate Bill 328 have introduced new constraints that may limit the availability of land for affordable housing development.

A report by LandTech indicates that these amendments have resulted in a 22 percent decrease in sites available for affordable housing in Florida's five largest metropolitan areas—Jacksonville, South Florida, Sarasota/Bradenton, Orlando-Kissimmee, and the Tampa Bay Area. This equates to approximately 6.6 billion fewer square feet of land suitable for such developments.

Key Changes Introduced by the 2024 Amendments:

- **Height restrictions near single-family homes:** Developments adjacent to single-family neighborhoods are now limited in height to either 150 percent of the tallest adjacent building, the tallest height on the property, or three stories, whichever is greater.
- **Proximity to airports:** Affordable housing projects are prohibited within a quarter-mile of airport runways extending 10,000 feet, effectively eliminating certain areas from potential development.
- **Parking requirements:** The amendments ease parking requirements for developments near transit facilities. Specifically, parking requirements are reduced by 20 percent for developments within a half-mile of a major transportation hub that have available parking within 600 feet. Additionally, parking requirements are eliminated for mixed-use residential developments within designated transit-oriented developments.

While these changes aim to address community concerns and refine the implementation of the act, they have also inadvertently limited the scope for affordable housing development in certain regions. Stakeholders continue to assess the impact of these amendments on Florida's housing landscape.

Flagler Station in West Palm Beach, Florida, is the first new affordable apartment community in downtown West Palm Beach in three decades. (Nicholas Cuervo)

ADU Condo-ization

In the year following the enactment of California's Assembly Bill 1033 (AB 1033), which permits the separate sale of ADUs as condominiums, several municipalities have begun implementing this legislation to expand affordable homeownership opportunities.

San José stands out as a pioneer in this initiative. In June 2024, the San José City Council adopted Ordinance No. 31095, incorporating state provisions that allow permitted ADUs meeting specific conditions to be conveyed through a parcel map issued by the Public Works Department. Homeowners interested in this process must complete the ADU Condominium Checklist, assemble the required documentation, and apply for a parcel map. A crucial final step involves obtaining a new address for the ADU, as it can no longer be designated merely as "Unit X."

While San José has taken definitive steps, other municipalities are in various stages of adopting AB 1033. For instance, Los Angeles is anticipated to opt into the program, but homeowners must await official adoption before proceeding with separate ADU sales.

AB 1033's implementation is part of a broader trend in California to address housing shortages by increasing flexibility in property use. The law aims to provide homeowners with more options to manage their properties and to make homeownership more accessible to a broader population.

As more cities consider adopting ordinances under AB 1033, the coming year is expected to see a rise in ADU condominium conversions, contributing to the diversification of housing options across California.

In the past year, both Washington State and Oregon have made significant strides in facilitating the separate sale of ADUs through condominium conversion, commonly referred to as "ADU condo-ization."

Washington State: In 2023, Washington enacted House Bill 1337, which, among other provisions, prohibits local governments from disallowing the separate sale of ADUs as condominiums solely because they were originally built as ADUs. This legislative change has prompted cities such as Olympia to update their zoning codes to align with the new state requirements. Olympia's revised regulations explicitly permit the use of unit lot subdivisions, enabling the creation of separate lots for primary residences and detached ADUs. This approach facilitates the independent sale of ADUs, thereby expanding homeownership opportunities and increasing housing diversity in the region.

Oregon: Portland has emerged as a leader in ADU condo-ization. As of 2024, the city has recorded over 100 ADUs converted into condominiums. This trend has been bolstered by Portland's progressive zoning reforms, including the Residential Infill Project, which has relaxed regulations to encourage diverse housing types. ADU condo-ization in Portland serves multiple purposes: it allows homeowners to realize the value of their ADUs without becoming landlords, promotes co-housing arrangements, and provides more affordable homeownership options in a city grappling with housing affordability challenges.

A former garage transformed into an accessory dwelling unit (ADU) adds flexible, space-efficient housing on a single-family lot. (Sightline Institute - Missing Middle Library)

Conclusion: A Vision for 2030

Can the United States radically reduce the cost and complexity of housing production? The answer is yes—but only if we treat housing as a system in need of redesign, not just subsidy. The cost drivers behind housing inaccessibility are deeply structural: outdated zoning, fractured permitting systems, underused land, rigid financing models, and a lack of institutional capacity at every level of government. Reversing this trajectory requires a new generation of housing tools, a reinvestment in local capacity, and a national commitment to systems change.

An intentional housing policy ecosystem must do more than build—it must align. That means planning housing with infrastructure and transit, managing public land as a long-term resource, using real-time data to track performance, and designing policies that reward outcomes, not just compliance. It also means integrating equity, resilience, and climate goals into the very definition of housing success. This ecosystem needs both flexibility and accountability—supporting local innovation while ensuring that housing access is not determined by ZIP code.

As federal momentum stalls in 2025, the National Housing Crisis Task Force has emphasized the urgency of investing in state and local capacity, and of modernizing the institutions that shape housing supply. Its members—governors, mayors, housing executives, and private sector leaders—have repeatedly underscored that solving the housing crisis is not a question of technical feasibility, but of political will and institutional alignment.

To meet the scale of need, we must build the next generation of institutions. That includes regional housing compacts, state-level housing finance tools that de-risk production, and public developers that can act swiftly and equitably. We must equip the next generation of leaders with the capacity to navigate complex financing, engage communities, and collaborate across sectors. And we must design tools—land trusts, housing TIFs, social housing platforms, and streamlined regulatory frameworks—that are not only effective but scalable.

Across the country, governments are no longer waiting for federal permission—they are creating their own pathways to housing stability, affordability, and opportunity. The vision for 2030 is one where every city, every state, and every resident has the tools and support they need to thrive.

Appendix: 2025 Building the Future Housing Policy Forum

Presenters and Attendees

February 24, 2025
Atlanta, Georgia

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Fifth Third Community Development Corporation

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