Memorandum

PREPARED FOR: House Interim Committee on Housing and Homelessness at the request of Chair Pam Marsh
DATE: September 29, 2025
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RE: Policy Scan: Tools to Increase Housing Production

The following memorandum responds to a query from Representative Pam Marsh, Chair of the Oregon State Legislature House Interim Committee on Housing and Homelessness, seeking to detail innovative production-increasing strategies from around the country that show promise of spurring housing production towards the goal of increasing housing supply and reducing the housing cost burden.

Legislative Context

Across the United States, states and local governments are exploring new housing policies in response to persistent affordability challenges, slowing housing production, and demographic changes. Rising home prices and rents in many regions have outpaced wage growth: home prices have increased 65 percent on an inflation-adjusted basis between 2000 and 2024, while real wages grew only modestly during the same period.[1] Supply constraints—driven by limited land availability, zoning restrictions, and high construction costs—have further contributed to shortages. At the same time, shifts in population, including growth in both urban and rural areas, increased migration, and changing household sizes, have created diverse housing needs. In response, legislatures in multiple states have advanced a range of strategies intended to reduce barriers to housing production, expand affordability, and align housing supply with demand.

- Fifty percent of renter households in the U.S. were cost-burdened in 2023, spending more than 30 percent of their income on housing. (See interactive map.)[2]
- The U.S. is estimated to have a shortfall of 4.7 million housing units, limiting supply across income levels.[3]
- Since 2020, at least 20 states have enacted housing reforms aimed at increasing supply, reducing costs, or streamlining development.[4]

These national patterns mirror the challenges observed in Oregon, where housing costs have risen faster than wages, production has slowed, and affordability pressures have contributed to higher rates of cost-burdened households and homelessness.[5] The Oregon

[1] U.S Department of the Treasury: Rent, House Prices, and Demographics, 2024.
[2] Joint Center for Housing Studies of Harvard University, The State of the Nation's Housing, 2025.
[3] Freddie Mac, Housing Supply: Economic, Housing and Mortgage Market Outlook, 2024.
[4] National Conference of State Legislatures, Housing and Homelessness Legislation Database, 2025.
[5] State of the State's Housing, Oregon Housing and Community Services, 2024.

Housing Needs Analysis (OHNA) estimates that approximately 29,500 additional homes need to be constructed annually in the coming years to address this shortfall and stabilize prices. However, residential building permits have been declining, from about 20,000 in 2022 to fewer than 18,000 in 2023, and approximately 13,000 by November 2024 (the most recent month with available data). The Joint Center for Housing Studies at Harvard University reports that the home price-to-income ratio has reached a record high, with all major metropolitan areas in Oregon registering ratios above 5, based on an affordability index of 30 percent of income devoted to housing payments. Similar trends appear in the rental market. Among Oregon's 20 largest metropolitan areas, half report that more than 50 percent of renters are cost-burdened, meaning they spend 30 percent or more of their income on rent. Nine of the 10 remaining regions report cost-burdened rates above 40 percent.

Purpose and Scope

This issue brief reviews strategies from other states aimed at spurring housing production. The brief draws on examples from recent legislation, state reports, and policy research to provide a comparative overview of approaches used nationwide. The scan emphasizes strategies in six categories:

- increasing neighborhood density;
- modular and manufactured housing;
- financing and incentives;
- administration and regulation;
- expanding housing for specific populations such as seniors and veterans; and
- tailoring housing production strategies to rural contexts.

Increasing Neighborhood Density

Commercial and Transit Area Zoning

Legislatures are opening commercial districts and transit corridors to housing. Strategies include allowing multifamily (Arizona) and mixed-use (Nevada) development by-right in commercial zones, enabling office-to-residential conversions (New Hampshire), and permitting taller apartment buildings near transit hubs (Montana). Many of these reforms remove rezoning and parking requirements to reduce costs and accelerate housing delivery (Texas).

Inclusionary Zoning (IZ)

IZ policies require or incentivize developers to include affordable units in market-rate projects. Strategies range from eliminating single-family zoning (Minneapolis) to requiring regular housing needs assessments and action plans (Nebraska). States are also pairing zoning reforms with funding mechanisms (Vermont) and tax incentives to ensure affordable units are integrated into new development (Auburn, Maine), particularly near transit corridors (Washington).

Accessory Dwelling Units (ADUs)

ADU legislation has spread nationwide, with reforms preventing cities from blocking construction through fees (Maryland), parking mandates (New Hampshire), or restrictive rules (Maryland). States are standardizing the right to build ADUs on single-family lots, expanding ADU allowances to unincorporated areas (Arizona), and streamlining permitting. These units have become a significant share of new housing, especially in California.

Builder's Remedy

California's Builder's Remedy empowers developers to bypass restrictive local zoning in jurisdictions that fail to submit state-approved housing plans, provided projects meet affordability thresholds. This creates a strong compliance incentive for local governments to adopt housing elements while ensuring affordable housing continues to move forward.

Lot Size and Subdivision Standards

Reforms are targeting large minimum lot size requirements that restrict density. Strategies include reducing statewide minimum lot sizes (Maine), lowering thresholds for new subdivisions (Washington), and simplifying the subdivision of existing parcels (Texas).

Modular and Manufactured Housing

Improving Financing Options

Many owners face higher costs because manufactured homes are titled as personal property and financed through "chattel" loans. Several states, including Minnesota, New York, and Maryland, have advanced laws to help reclassify manufactured homes as real property, thereby expanding access to traditional mortgages (Colorado). Other measures require lenders to disclose financing limitations and clarify refinancing options (Illinois).

Tenant Protections and Community Stability

Because many residents rent land beneath their homes, states have acted to strengthen tenant protections. Reforms include requiring just-cause eviction standards (Arizona), advance notice for rent increases (Mississippi) , and honoring leases when ownership changes (Iowa). States such as Colorado, Iowa, Mississippi, and Arizona have also introduced grant and loan programs to help residents purchase manufactured home communities.

Zoning and Local Authority Reforms

A growing number of states—including Kentucky, Maine, Maryland, Montana, Texas, and Virginia—are restricting local governments from excluding manufactured housing through discriminatory zoning. These laws allow reasonable compatibility standards but limit costly requirements that could block development. Some jurisdictions, such as Jackson, Mississippi, are piloting manufactured housing as an affordable homeownership strategy by pairing zoning updates with direct financial assistance.

Federal and State Incentives

Federal actions have modernized HUD codes, expanded financing through Fannie Mae and Freddie Mac, and supported resident-owned communities. States have supplemented these efforts with targeted programs, such as Florida's assistance for first-time buyers of manufactured homes and Colorado's concessionary debt initiative to support modular home manufacturers.

Financing and Incentives

Tax Credits and Direct Subsidies

States are expanding tax credit programs and dedicated funds to reduce development costs and attract investment in affordable housing. Examples include expanding low-income housing tax credits (California), raising program caps and funding low-interest loans for multifamily housing (Florida), and creating dedicated affordable housing funds with tax incentives for builders (Guam).

Homeownership Assistance

Recognizing that upfront costs remain the biggest barrier to ownership, states are providing grants, forgivable loans, and targeted down payment programs. Strategies include broadening eligibility for down payment support (Florida), offering forgivable loans to first-generation buyers (Minnesota), and providing shared equity down payment assistance for educators and school staff (Colorado). Other measures reduce borrowing costs through upfront mortgage buydowns (California, Louisiana), encourage savings with tax-advantaged accounts (Ohio), and create tailored supports for specific groups such as teachers (Connecticut).

Alternative Home Financing and Consumer Protections

To address reliance on high-risk contracts such as land installment agreements, rent-to-own deals, or chattel loans, states are regulating terms and improving buyer protections. Examples include granting redemption rights in land contracts (California), requiring disclosures and recording of installment sales (Illinois), mandating contract transparency in rent-to-own agreements (Hawaii), providing guides and consumer education (Detroit, Michigan), and enforcing cancellation rights and disclosures (North Carolina). Oversight initiatives are also underway to monitor and regulate these practices (New York).

Public-Private Partnerships (PPPs)
New models are leveraging public land, capital, and private investment to expand mixed-income housing. States and cities have created new entities or funds to drive development, such as a workforce housing authority with bonding power (Colorado), a nonprofit development corporation to consolidate land and require affordable set-asides (Atlanta, Georgia), and a revolving Momentum Fund to accelerate shovel-ready projects (Massachusetts). Other initiatives pair research and financing tools to promote affordability, such as a statewide modular housing code and a loan program for starter homes (Utah).

Administration and Regulation

Streamlining Permitting
States are accelerating housing delivery by simplifying approvals and reducing costly delays. Reforms include allowing third-party permit reviewers (Arizona), adopting preapproved design plans (Arizona), exempting multifamily projects from environmental review (California), creating state–county task forces to eliminate redundancies (Hawaii), mandating administrative—not discretionary—review for small projects (Maine), capping and tying impact fees to infrastructure (Montana), expanding electronic permitting (Rhode Island), and setting strict application review timelines with third-party fallback options (Texas).

Cross-Agency Coordination
Cities are breaking down silos to better align public assets with housing goals. In Atlanta (Georgia), a housing strike force consolidated underused land from multiple agencies and rezoned parcels for housing, demonstrating how coordinated governance can unlock land for development.

Building Codes
States are revising codes to reduce costs while maintaining safety. Strategies include regional coordination to harmonize codes (Arizona – Maricopa County), overriding restrictive local height limits (Montana), offering tax deductions and grants for retrofits (Louisiana), lowering compliance costs by applying residential codes to small multifamily housing (Texas), and exploring more flexible single-stair building designs through studies, task forces, or legislation (Connecticut, Tennessee, California, New York, Minnesota, Pennsylvania, Virginia, Washington, Texas, Colorado, New Hampshire, Maryland, Hawaii).

Parking Requirements
Recognizing the cost burden of mandatory parking, many states are reducing or eliminating minimums. Approaches include grant support for localities adopting innovative reforms (Colorado), authorizing reduced requirements in residential projects (Nevada), removing mandates near transit (Minneapolis, Seattle), capping or eliminating requirements for smaller units and affordable housing (Washington, New Hampshire, Texas, Montana), and treating parking flexibly through demand management plans (Buffalo, New York).

Construction Defect Litigation
To encourage multifamily and condominium development, several states have eased liability requirements for builders. In 2025, reforms were enacted to rebalance construction defect rules in Hawaii, Washington, Colorado, and Montana. For a complete list of Construction Defect Laws by State please see here.

Rural Housing Strategies

Rural communities face lower incomes, higher poverty, aging housing stock, and limited infrastructure investment. Many households spend disproportionate shares of income on rent, and persistent poverty is concentrated in regions such as the Mississippi Delta, Appalachia, and Native lands. These conditions underscore the need for tailored housing solutions.

Dedicated Funding and Gap Financing
States are creating funding streams and loan programs to make rural housing feasible where private capital is scarce. Examples include voter-approved affordable housing funds (Colorado – Proposition 123), gap financing tools layered with federal programs (North Dakota – HIF), subsidies for moderate-income homes (Kansas), below-market loans backed by state trust funds (Montana – CTMH), and competitive matching grants for nonprofit developers (Nebraska – RWHF).

Workforce and Entry-Level Housing
Programs target affordable housing for workers and families critical to rural economies. Strategies include supporting entry-level homes through state-led construction initiatives (South Dakota – Governor's House Program), tax credits tied to workforce needs (Iowa), and competitive programs requiring local matches in job-growth regions (Minnesota – Workforce Housing Development Program). Nebraska also funds youth- and workforce-focused housing projects (Developing Youth Talent Initiative).

Modular, Preservation, and Land-Based Strategies
States and nonprofits are piloting innovative housing delivery models and preservation tools. Examples include a modular housing program offering customizable low-cost homes (Texas – MiCASiTA), preservation credits and small rural rental housing RFPs (Maine), and land banking programs to convert vacant or abandoned properties into new housing (18 states + Puerto Rico).

Tax Incentives and Investment Zones
To attract private capital, some states use targeted incentives. Examples include renaissance and opportunity zones for rural economic and housing development (North Dakota) and leveraging Low-Income Housing Tax Credits as a cornerstone of rural rental production (various states).

Local Success Stories (Minnesota)
Case studies show how small towns are using creative partnerships and financing to meet local needs. Examples include private–public financing for workforce rentals (Perham), city-led subdivisions with nonprofit partnerships (Claremont), mixed supportive and affordable housing through deep collaboration (Grand Rapids), arts-driven community engagement to rehabilitate aging stock (Milan), senior housing expansions with integrated services (Mora, Ortonville), workforce and supportive housing on repurposed sites (North Branch), and proactive infrastructure and marketing investments to attract residents (Balaton).

Seniors, Veterans, and Persons with Disabilities

Seniors, veterans, and people with disabilities face heightened barriers to secure affordable and accessible housing. Seniors on fixed incomes increasingly struggle with cost burdens; veterans encounter affordability issues, frequent relocations, and limited awareness of VA benefits; and people with disabilities often cannot find housing that meets accessibility needs, as only a tiny fraction of the housing stock is wheelchair accessible.

Accessibility and Housing Modifications
States are investing in programs that expand or retrofit accessible housing. Examples include grant programs for accessibility modifications in homes (New York – Access to Home, Access to Home for Heroes), state tax credit programs encouraging more accessible units in new developments (Massachusetts LIHTC QAP[6]; Michigan LIHTC QAP), and zoning reforms allowing ADUs as disability accommodations (Rhode Island).

[6] Low Income Housing Tax Credit Program Qualified Allocation Plan.

Veteran-Focused Programs
Veteran housing initiatives focus on preserving affordability and supporting rehabilitation. Key measures include capital loans for multifamily housing targeted to veterans (California – Veterans Housing & Homelessness Prevention program), home repair and modification grants for veterans and surviving spouses (Texas – Housing for Texas Heroes), and property and homestead tax exemptions available in most states and territories.

Prioritizing Accessible Units in Development
State housing finance agencies are shaping production through funding guidelines. For example, California's Multifamily Housing Program guidelines require accessibility standards and prioritize accessible units, while Massachusetts and Michigan give higher scores to LIHTC projects that deliver accessible or visitable housing.