

Fixing the housing shortage: Emerging state & local solutions

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America is still building fewer homes than it was before 2008

Total housing units built per 100,000 people per year

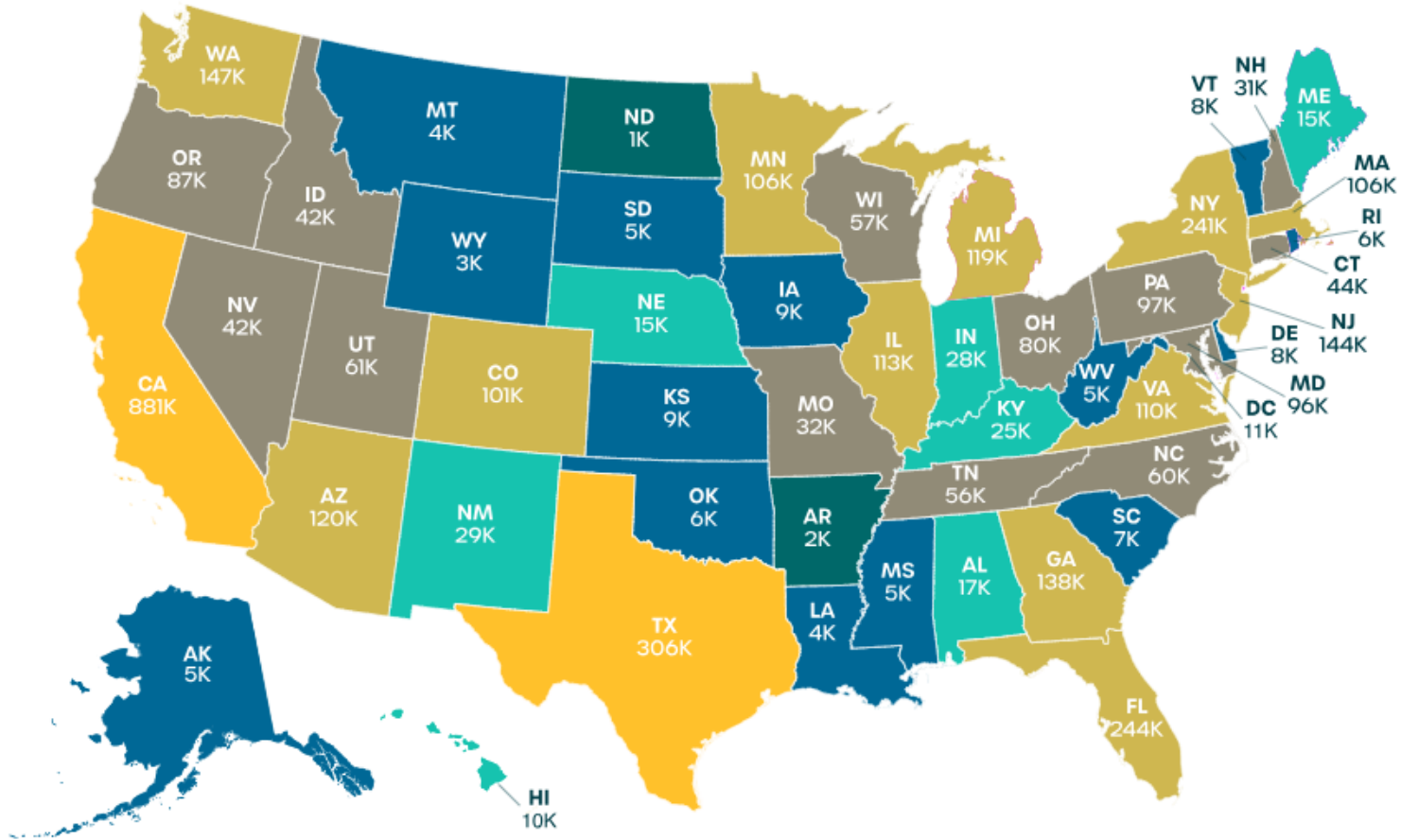


Source: U.S. Census Bureau

Source: Steve Malpezzi & Richard Green, Primer on US Housing



Housing Underproduction



UNITS OF UNDERPRODUCTION, 2021



Policy reforms to increase housing supply

- The problems
 - Overly restrictive land use regulations make it hard to build housing in high-demand locations
 - Not enough rental housing or starter homes in high-opportunity communities
- Emerging local & state solutions
 - Match policy reforms to local market context
 - Find the right balance between states & localities
 - Build political support for better policies



Match policy reforms to local context



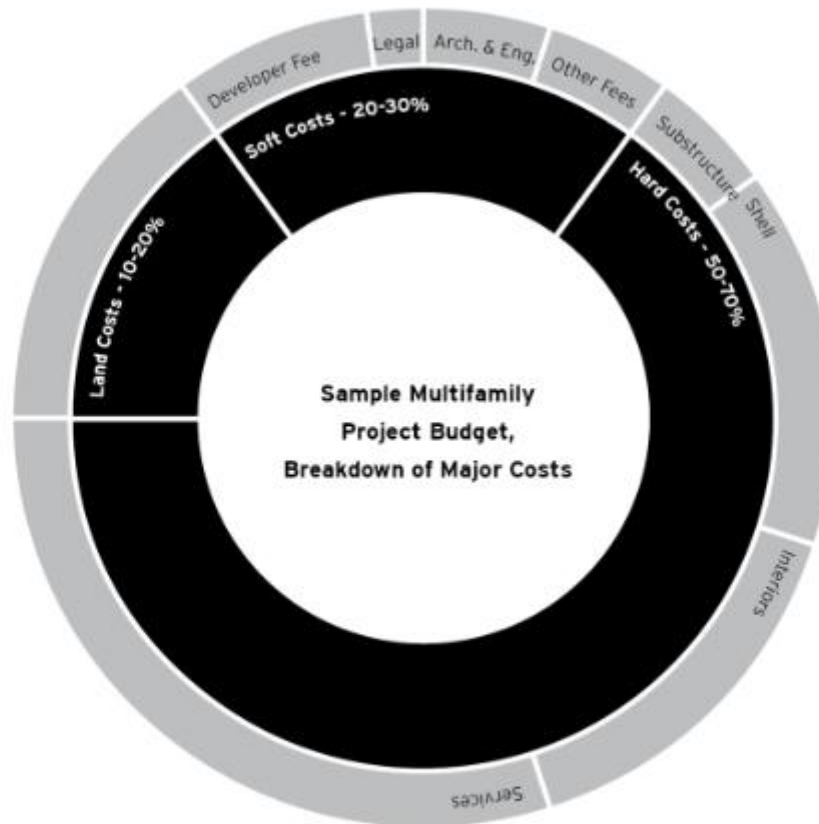
Match policy reforms to local context

- Two broad types of regulatory reforms could enable more housing supply:
 - Legalize homes of all shapes & sizes
 - Make development process shorter, simpler, & more transparent
- What rule changes effectively add capacity & lower costs depends on local markets (& politics)
 - Relative importance of housing cost components
 - Menu of options for urban, suburban, & rural communities
 - Politically low-hanging fruit vs biggest bang for the buck



Cost components vary by location

Breakdown of major costs in sample multifamily project budget



Notes: Hypothetical project budget based on several sources, including R.S. Means, U.S. Government Accountability Office, developer interviews.

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Housing policy mad libs

- Where land is most expensive, allow less land per home.
 - Legalize apartments, small *lot* sizes, tall(er) buildings
 - In most locations, buildings >6 stories don't pencil.
- Where hard costs are relatively expensive, allow small, no-frills homes.
 - Small minimum *house* sizes, reduced parking requirements, manufactured & modular homes, building code reforms for small 'plexes
- Where process is long & uncertain, reduce veto points.
 - Allow as-of-right approval, eliminate design review, run approval processes concurrently, development shot clocks
- Tradeoffs between political popularity & effectiveness?



Multifamily housing typology



	Infill	Low-rise	Mid-rise	High-rise
Names	Duplex, two, three or four-family, garden, walk-up	3-over-1	5-over-1, 5-over-2, 4-over-2	Tower
Construction type	Typically wood	Typically wood	Wood on concrete or steel podium	Concrete or steel
# of Floors	3 stories, up to 6 in older buildings	1-3 stories	4-7 stories	Unlimited by IBC, dictated by zoning, usually 12 + stories
Cost PSF	Varied	\$150-225	\$175-250	\$225-400+

Source: Author interviews with developers, architects and contractors

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City of Muskegon: Tax Increment Financing for Vacant Lot Development

 Muskegon, MI



<https://muskegon-mi.gov/city-services/development-services/economic-development/tax-incentives/>





Discretionary approval process gives existing residents veto power.



Balancing state & local roles



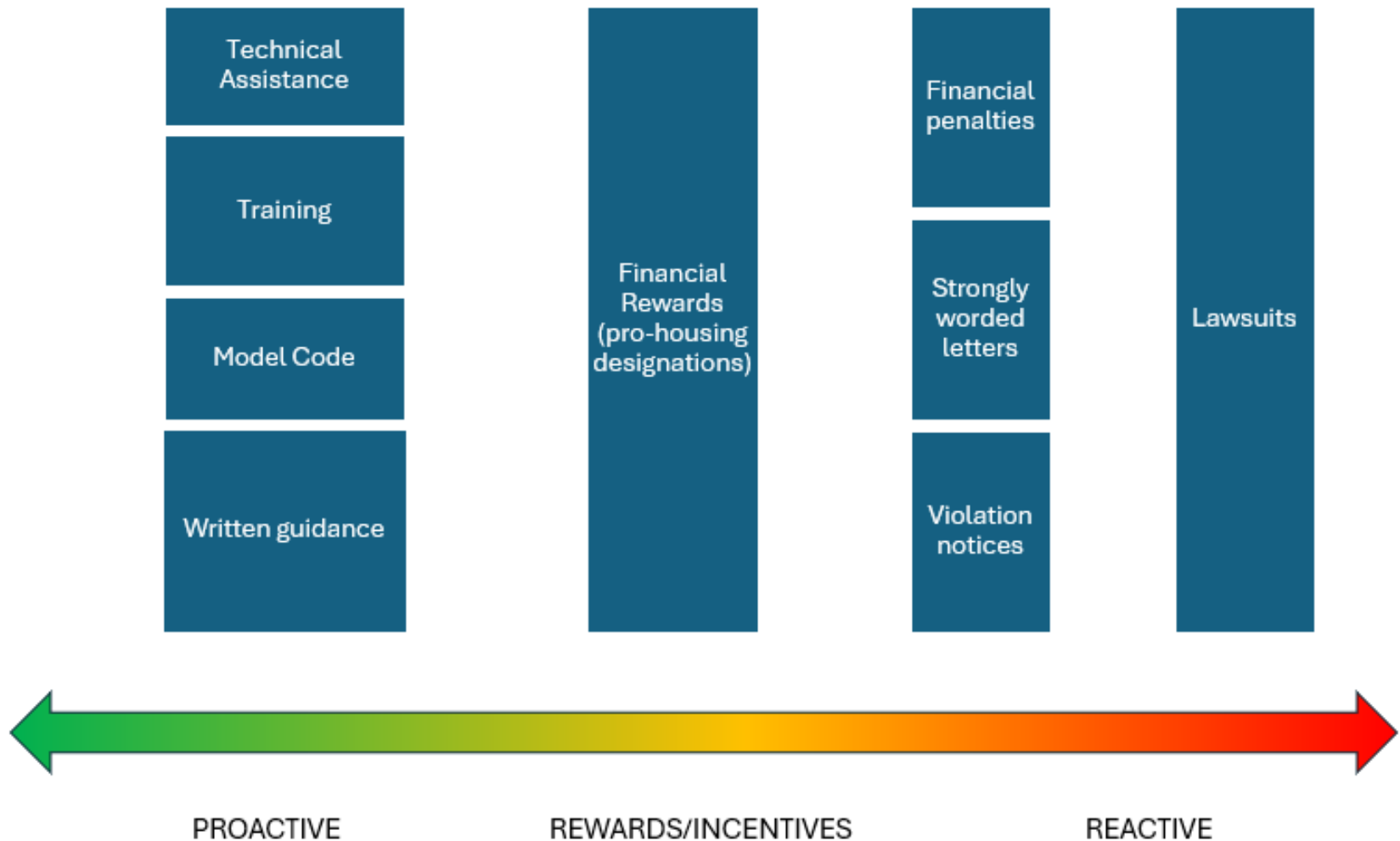
Several types of state housing policies are emerging

Policy area	States where a bill considering the policy was introduced
Providing easier permitting for accessory dwelling units	AZ, AR, CA, CT, DE, FL, HI, IL, IA, KY, ME, MD, MA, MN, NE, NV, NJ, NM, NC, OR, SC, TX, UT, VA, WA, WV
Legalizing duplex, triplex or fourplex housing in single-family zones	AR, CA, CT, IL, KY, ME, MA, MN, MT, NE, NH, NJ, NM, NY, NC, OK, OR, RI, UT, VA, WA
Zoning for high density near transit	CA, CT, DC, HI, MD, MA, MN, NJ, NM, NY, NC, RI, VA
Relaxing parking minimums	AR, CA, CT, FL, IL, ME, MD, MA, MN, MT, NH, NJ, NM, NY, NC, OK, TX, UT, VA, WA

<https://www.mercatus.org/research/policy-briefs/framing-futures-pro-housing-legislation-goes-vertical-2025>



States have a spectrum of mechanisms to implement housing policies



Source: Lincoln Institute and Brookings Institution.



Words matter: Messaging for success



The Pro-Housing Framework

Through extensive testing, including qualboards, research journaling, and two national surveys of American voters and political influentials, followed by randomized controlled trials, we have developed a five-step framework for policymakers and advocates to advance housing policy. **The messaging framework connects tactical policy changes to the real experiences and aspirations of real people and communities.**

1
Meet people where they are:
costs are too high

2
Point to **competition** as how **shortages** increase **costs**.

3
Emphasize the **people affected** in our communities now

4
Be **specific** and **concrete** when presenting changes

5
Highlight how **more home choices benefit people** and their communities



3.

Emphasize the **PEOPLE AFFECTED** IN OUR COMMUNITIES NOW

Focus on **sympathetic community members** who are hurt by the shortage—families trying to stay where they grew up, workers that communities rely on who can't afford to live where they work—to **forge an emotional connection** to policies that will help unlock more home choices people can afford. **Shift the focus** from housing structures **to the benefits for people.**

Top-Testing Example:

“Right now, people our communities rely on—like teachers, childcare workers, and service and retail workers—can't find homes they can afford in the places they serve.”



DOs AND DON'Ts: FRAMING AND TERMINOLOGY

Adopt everyday wording, familiar examples, and friendly visual language.

Avoid anti-housing frames, scare tactics, exaggerations, and jargon.

- DO:
 - “Make it easier to build homes of all shapes & sizes”
- DON'T
 - “End single-family zoning”



Predictions are hard...

- Opportunities
 - Unprecedented public attention to housing production & (un)affordability
 - State & local reforms continue to gain momentum
 - YIMBYs have changed tone of public debate



Predictions are hard...

- Opportunities
 - Unprecedented public attention to housing production & (un)affordability
 - State-level reforms continue to gain momentum
 - YIMBYs have changed tone of public debate
- Risks
 - Legal & political pushback against pro-housing wins
 - Supply-oriented reforms will take time to show meaningful increases in production
 - Macroeconomic challenges to real estate markets
 - Uncertainty around federal policies



Comments and questions welcome!

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