



Laying Foundations: Momentum Continues for Housing Supply Reforms in 2024

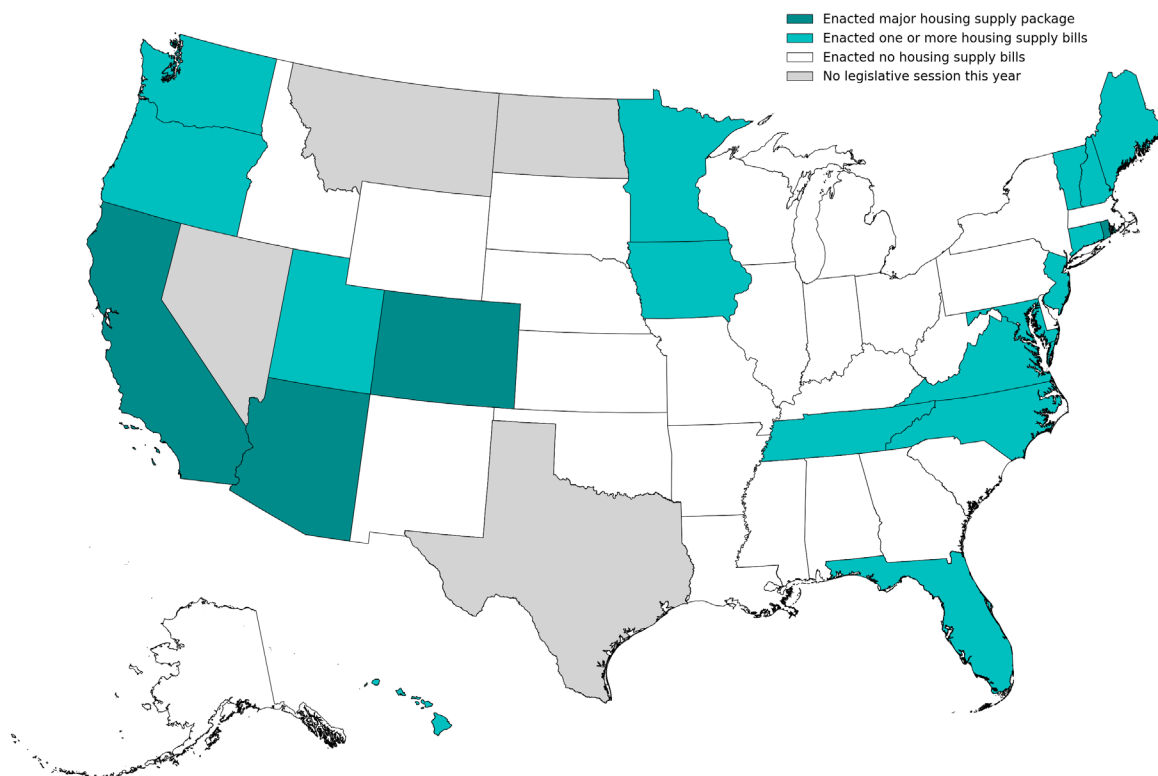
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Last year, we reported on the accelerating pace of state-level housing supply reform, with major victories in four states and laws being enacted across the country.¹ This year, state legislatures kept up the pace, with 263 individual bills under consideration that would contribute to easing the regulatory burdens on homebuilding, touching on areas from accessory dwelling unit (ADU) permitting to building code reforms. With most state legislatures having adjourned for the year, we can take stock of this year's successes and failures:

- In the first six months of 2024, states enacted 50 housing supply bills, compared with 30 enacted during the same months in 2023.
- In the past 12 months, 65 housing supply bills have been enacted in 20 states (see figure 1).
- Several states that had previously enacted major housing supply bills (such as California, Florida, and Rhode Island) continued to advance legislation building on or refining their previous reforms.
- Colorado and Arizona were the year's comeback stories, enacting major housing packages after very public failures last year.
- Two more high-cost states, Hawaii and Maryland, made strong opening bids in the zoning reform game.
- The year's new trend is building code reforms. Five states took steps toward allowing "single-stair" multifamily building designs up to six stories.
- Legislators in Vermont and Kentucky moved in the opposite direction, reversing housing supply reforms. Another counterproductive tactic cropped up in 10 states, where legislators introduced bills to prohibit institutional investors from buying single-family homes. However, none of those bills has passed.

FIGURE 1. States that enacted housing supply bills, July 2023–June 2024



Source: Authors' tabulation and analysis. State boundary shapefile: IPUMS NHGIS, University of Minnesota, <https://nhgis.org/>.

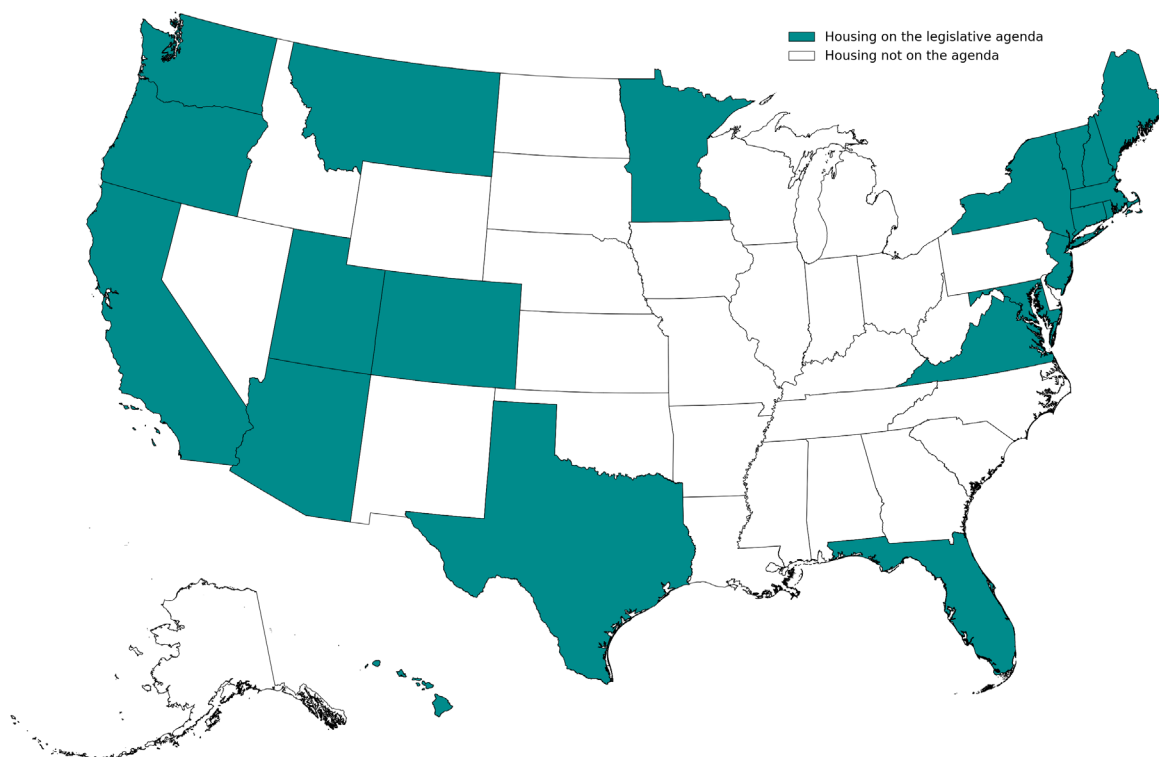
Housing Is on the Agenda

This year, the divisions between cheaper and more expensive regions of the country were apparent in state legislatures. In many states, housing supply is firmly on the policy agenda: governors highlight it, legislators debate it, advocacy groups promote it, and journalists report on it. Such states often have legislative committees with “housing” in the name. This is no guarantee of success. In New York, a vigorous public debate has yielded a firm “no” so far. But in New York and in some 20 other states (highlighted in figure 2), the debate will continue. By our judgment, housing supply is on the agenda in most of the East Coast, West Coast, and Mountain West states.²

In some states, a single leader defines housing supply’s place in the legislative debate. For example, in Rhode Island, land use lawyer and House Speaker Joe Shekarchi (D-Warwick) introduces an annual flotilla of relatively modest bills, most of which are enacted. His continued success points to the ongoing relevance of high housing costs in the Ocean State.

In California, the epicenter of the American housing supply crisis, housing supply is not only on the agenda—it is a top-tier issue. In late 2023, the Golden State enacted more than a dozen housing

FIGURE 2. Housing supply is on the legislative agenda in 21 states



Source: Authors’ assessment as of July 2024. State boundary shapefile: IPUMS NHGIS, University of Minnesota, <https://nhgis.org/>.

supply bills, primarily making reforms to the permitting process but also refining ADU law and making the state’s required local planning process more stringent. Dozens more housing supply bills have been introduced in 2024 and remain under consideration as of this writing.³

From the Blue Ridge Mountains to the Front Range, housing costs are lower, local regulation is less burdensome, and housing supply is largely a niche issue in state legislatures. When ambitious housing supply bills are introduced, such as Kentucky’s HB 102, they usually expire in committee. Occasionally, a narrower bill will be enacted as part of the push and pull among housing industry stakeholders. Iowa’s HF 2388, which preempts restrictions against lower-cost exterior materials, is a good example, as is North Carolina’s H.488 (2023), which shifted triplexes and fourplexes to the single-family building code.

The largest two Sun Belt states—Texas and Florida—are exceptions to the pattern. Florida Governor Ron DeSantis signed the Live Local Act into law last year, and a “cleanup” bill tweaked those reforms this year. With its nonmarket affordability mandates, the Live Local Act was not the kind

of bill an observer of national ideological trends would expect to pass a Republican-dominated legislature. Texas’s legislature did not meet this year, but its cities picked up a vigorous debate that began in the 2023 legislative session.⁴

As housing supply debates spread, we are interested to see whether the YIMBY (yes in my backyard) versus NIMBY (not in my backyard) terms of debate familiar in coastal states take hold in the Midwest and the South or whether housing supply is framed differently in those regions.

Colorado Comeback

In 2023, Colorado disappointed advocates when suburban Democrats joined with Republicans to vote down Governor Jared Polis’s housing package. Polis vowed to try again,⁵ and this year most of his proposals passed into law.

Polis’s centerpiece is HB24-1313, which sets zoning targets for major municipalities. Those cities must change their zoning to accommodate a “housing opportunity goal” that scales with the amount of buildable land near transit. The 2024 version allows cities more flexibility in how to accomplish the goals than the 2023 version did. More concerning for advocates, the main fiscal stick—cities that don’t comply would have lost highway funding—was removed. Despite the changes, the bill may be the most significant “transit-oriented development” statute of the YIMBY era.⁶

The Centennial State enacted several other bills:

- HB24-1304 eliminates mandatory parking minimums for multifamily and mixed-use buildings near transit in metropolitan planning organization (MPO) areas. Localities can require parking if they issue a finding of need in some cases, a concession compared with last year’s bill.
- HB24-1152 requires cities with populations of 1,000 or more in MPO areas to administratively permit one ADU per lot in all single-family residential zones.
- HB24-1007 preempts limits on unrelated adults sharing a house.
- HB24-1107 discourages lawsuits against city decisions to allow housing and allows development to continue while a lawsuit is pending.

Colorado’s success came despite Republican opposition, bucking the trend we hypothesized last year that “minority opposition dissipat[es] majority appetite for reform.”⁷

Phoenix from the Ashes

Along with Colorado and New York, Arizona was a major 2023 disappointment to housing supply advocates. This year, Arizona’s housing supply package was second only to Colorado’s. (Of New York, the less said the better.)

- HB 2297 requires cities with populations over 150,000 to permit multifamily residential development on land amounting to 10 percent of existing commercial, industrial, or mixed-use buildings.
- HB 2721 requires municipalities with populations over 75,000 to permit houses with up to four dwelling units within one mile of the city’s central business district, without regulating them more strictly than single-family homes, requiring owner occupancy, or requiring more than one parking space per unit.
- HB 2720 requires municipalities with populations of 75,000 or more to allow two ADUs on all single-family lots.

ADU bills have steadily improved, closing common loopholes by preempting local parking requirements and owner-occupancy restrictions.⁸ HB 2720 exemplified this trend, prohibiting cities from imposing eight restrictions that tend to prevent ADU construction.⁹

Not everything passed was enacted, however. Governor Katie Hobbs vetoed HB 2570, which would have capped minimum lot sizes and dimensional restrictions in municipalities with populations of 70,000 or more. In contrast to Colorado, Arizona shows the possibilities and limits of a bottom-up, bipartisan approach without gubernatorial leadership.

Housing Hawaii

Hawaii—home to the most expensive housing in the country¹⁰—debated a score of bills. Two were enacted:

- SB 3202 requires counties to adopt ADU ordinances allowing for either the construction of at least two ADUs per lot or enough ADUs to house one-half of the county’s share of projected five-year population growth. The bill also preempts county prohibition of separate sales of ADUs from their main unit, and it requires Honolulu County to rezone to accommodate its entire share of projected growth.
- HB 2090 broadly permits residential construction in commercial districts, although it allows counties to reserve first floors for commercial use. It also requires counties to write permissive adaptive reuse ordinances.

Maryland Mentioned

Maryland’s Wes Moore was one of several governors who put housing supply reform near the center of their legislative agendas. However, the initial draft of his “Moore Housing” package undermined its own effectiveness by requiring a large percentage of units to be deed-restricted affordable. Urbanist advocates argued decisively that the high affordability requirements undermined the bill’s intent.¹¹ Over the course of the markup, however, HB 538 was geographically

narrowed and economically broadened. The reduction in affordability requirements was not a poison pill for Democratic legislators, who voted for it near-unanimously.

As enacted, HB 538 has several provisions:

- It requires localities to allow manufactured and modular homes in single-family zones.
- It offers significant density bonuses for multifamily housing in commercial and mixed-use zones near transit, provided that 15 or 20 percent of the units are deed-restricted affordable at 60 percent of the area median income.
- It allows housing construction or density bonuses on land owned by nonprofits, including churches, and certain state-owned campuses, provided that 25 percent of the units are deed-restricted affordable at 60 percent of the area median income.

Single-Stair Levels Up

Last year, we remarked on the failure of “everything bagel” housing omnibus bills, which attract the maximum number of opponents. This year, no state has seriously attempted a similar effort (bills to that effect have been introduced in Massachusetts and New Jersey, but they do not have the imprimatur of the state’s executive or legislative leadership, and similar bills in Kentucky and Nebraska died a lonely death). The theory that such bills act as beachheads for later reform was bolstered by this year’s successes in Colorado and Arizona.

The rapid success of “single-stair” building code reforms this year illustrated the promise of going small. Single-stair reforms involve changing state or local building codes (not zoning) to allow residential structures up to six stories to be built with a single-egress staircase. In most of the United States, current codes require a second staircase for fire egress if the building exceeds three stories. Single-stair building designs propose to replace the second staircase, which is an expensive use of space, with other fire safety measures. Single-stair designs are the dominant form of construction worldwide, but have been legal domestically only in New York City, Seattle, and recently Honolulu.

Single-stair reform is the memetic “one weird trick” that could unlock significant housing supply by allowing for a wide variety of new design styles and taller buildings on small urban parcels.¹² Despite—or because of—its wonky obscurity, single-stair reform was this year’s most successful pro-housing reform. As of July 2023, only Washington and Oregon had enacted legislation to begin the process of implementing single-stair reforms. Since then, bills directing state building safety authorities to consider, implement, or allow single-stair reforms have passed in California, Connecticut, Minnesota, Tennessee, and Virginia. A similar Pennsylvania bill is still under consideration. The only state where single-stair reform failed this year was New York.

By contrast, so-called yes in God’s backyard (YIGBY) bills generated a similar buzz among advocates¹³ but yielded few legislative changes. Part of the premise of YIGBY is that it could expand the YIMBY coalition to include religious congregations and legislators motivated to support them. So far, the only YIGBY effort that seems to have been important for coalition-building was in Maryland, where it was part of the “Moore Housing” effort. Next year, with Virginia’s advocates likely to take another pass at a YIGBY bill, will be a critical test of this policy.

One Step Back

The broad success of pro-housing reforms was not universal. In some cases, other priorities prevailed. Vermont Democrats overrode Governor Phil Scott’s veto to pass S.687. Although the bill may ease constraints on homebuilding in village cores, it unambiguously tightens them elsewhere in the interest of forest conservation. Another new law, S.213, requires one-to-one replacement of wetlands and tightens restrictions on building in flood zones. Although some provisions of the complex S.687 will benefit housing supply, the two bills in combination make this year a step backward for Vermont after last year’s major liberalization.

Flipping the parties, Kentucky Republicans overrode Governor Andy Beshear to reverse a local upzoning in Louisville. The argument for local control was evidently unpersuasive.

While these laws exposed partisan fault lines, other counterproductive policy proposals spanned the political spectrum. Politicians from both major parties have floated bills to prohibit or discourage institutional investors from buying single-family homes. Prospective buyers are understandably frustrated by competition with large companies. But anti-investor policies are also anti-renter and, in any case, fail to address the underlying lack of available homes.¹⁴

So far, no anti-investor bill has passed a state legislature. But new research suggests that voters are more sympathetic to price controls and investor bans than to effective pro-housing policies.¹⁵ We likely have not heard the last of this policy proposal.

A Maturing Movement

If YIMBY advocates expected exponential growth in pro-housing legislation year over year, they will be disappointed by this legislative session. Nevertheless, at a time when high housing costs are a bigger part of national debates than ever in living memory, state legislatures considered hundreds of bills that target the source of the problem and passed dozens (see table 1). There was considerable overlap between those states that passed bills last year and those that passed bills this year: more and more state legislatures are accepting housing affordability as part of their remit, usually with good outcomes.

TABLE 1. Selected housing policies considered and bills enacted, July 2023–June 2024

Policy area	States where a bill concerning the policy was introduced	Bills enacted
Providing easier permitting for accessory dwelling units	AZ, CA, CO, CT, DE, HI, IL, KY, MA, MN, NE, NH, NJ, NY, NC, OR, PA, RI, TN, VT, VA, WA, WV	AZ: HB 2720 CA: AB 976, AB 1332, AB 1033 CO: HB24-1152 HI: SB 3202 RI: H7062, S2998
Legalizing duplex, triplex, or fourplex housing in single-family zones	AZ, CA, CT, HI, IL, KY, MD, MA, MN, NE, NH, NY, NC, OR, PA, RI, TN, VT, WA	AZ: HB 2721 MD: HB 538 WA: HB 1998, HB 2321
Zoning for high density near transit	AZ, CA, CO, CT, DC, HI, KY, ME, MA, MN, NJ, NY, TN, UT, WA	CO: HB24-1313 UT: SB 208 WA: HB 2321
Relaxing parking minimums	AZ, CA, CO, CT, FL, HI, IL, KY, ME, MD, MA, MN, NH, NJ, PA, TN, VT, WA	CA: AB 894, AB 1308 CO: HB24-1304 MD: HB 38 NH: HB1400 ^a WA: HB 1998
Relaxing minimum lot size requirements	AZ, CT, HI, KY, ME, MI, MN, NH, NY, NC, PA, TN, VT, WA	
Streamlining the permitting process	AZ, CA, CO, CT, FL, HI, KY, ME, MD, MA, MN, NH, NY, NC, OH, OR, PA, RI, SC, TN, VT, VA	CA: AB 1633, SB 423, SB 684, AB 821, AB 1307, AB 1332, AB 281 CO: HB24-1107 FL: HB 267, SB 812 HI: SB 3202 NH: HB1359 ^a OR: SB 1537 RI: HB 7949, HB 7951, HB 7978, HB 7979, HB 7982, SB 3000 VT: H.687 VA: SB 296
Limiting local design requirements	AZ, CA, CT, IA, KY, MA, MN, PA, RI, TN, UT	IA: HF 2388 RI: HB 7324
Enacting mandates to plan for housing, including “fair share” schemes	AL, AZ, CA, CO, CT, FL, MA, MN, MS, NJ, RI, VT, WA	AZ: SB 1162 CA: AB 1485 CO: HB24-1313 NJ: A4 VT: H.687 WA: HB 2321
Allowing more residential uses in commercial zones	AZ, CA, CT, FL, HI, KY, MD, MN, NH, NJ, NC, PA, RI, TN, VA	AZ: HB 2297 FL: SB 328 HI: HB 2090 MD: HB 538
Allowing religious and nonprofit organizations to build housing on their land	AZ, CA, CT, HI, MD, MN, NY, SC, TN, VA	CA: SB 4 MD: HB 538

TABLE 1 (continued)

Policy area	States where a bill concerning the policy was introduced	Bills enacted
Directing the state building council to study or permit buildings up to six stories with a single staircase	CA, CT, MN, NY, PA, TN, VA	CA: AB 835 CT: HB 5524 MN: HF 5247 TN: SB 2834 VA: SB 195
Enacting other reforms pertaining to manufactured housing or the state building code	AZ, FL, HI, KY, ME, NH, NC, OK, RI, UT, VT, WA, WV	FL: SB 1526 ME: LD 337 NH: HB 1361 NC: H.488 RI: HB 7980 UT: HB 64, HB 518 WA: HB 2071
Placing limits on house purchases by institutional investors	AZ, CA, CT, IL, IN, KY, MN, NE, NY, OK	

Source: Authors' tabulation and analysis.

Note: This table is not directly comparable to the similar table in "Breaking Ground" (Mercatus Policy Brief, Mercatus Center at George Mason University, Arlington, VA, August 2023) because it considers a 12-month period rather than a 6-month period.

a. Pending signature by the governor as of July 10, 2024.

About the Authors

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Notes

1. Eli Kahn and Salim Furth, "Breaking Ground: An Examination of Effective State Housing Reforms in 2023" (Mercatus Policy Brief, Mercatus Center at George Mason University, Arlington, VA, August 2023).
2. This is our subjective judgment, and readers will make their own. For us, the marginal states were North Carolina and Florida.

3. We will say nothing more about California, and we refer the interested reader to analyses by the Turner Center, California YIMBY, and Alfred Twu. See Muhammad Alamelid and David Garcia, “2023 California Housing Legislative Round Up,” Turner Center for Housing Innovation, October 2023; “2024 Legislation,” California YIMBY, accessed July 12, 2024, <https://cayimby.org/2024-legislation/>; Alfred Twu, “2024 California Housing Legislation Highlights Bill Tracker,” <https://alfredtwu.medium.com/2024-california-housing-legislation-highlights-bill-tracker-10dfbb23a188>, accessed July 12, 2024.
4. Salim Furth, “Minimum Lot Size Regulations Are a Barrier to Homeownership in Dallas” (Testimony before the Dallas City Council, December 6, 2023).
5. Seth Klamann and Nick Coltrain, “Polis, Lawmakers Set to Relaunch Marquee Housing Effort, Months After Initial Failure,” *Greeley Tribune*, July 15, 2023.
6. For further analysis, see Matt Frommer, “Housing in Transit-Oriented Communities (HB24-1313),” *Land Use and Transit Legislation Blog Series: Part 1*, July 2, 2024.
7. Kahn and Furth, “Breaking Ground.”
8. Emily Hamilton and Abigail Houseal, “A Taxonomy of State Accessory Dwelling Unit Laws” (Mercatus Policy Brief, Mercatus Center at George Mason University, Arlington, VA, forthcoming).
9. Under HB 2720, a municipality cannot restrict ADUs in any of the following eight ways: (a) prohibiting rentals, (b) restricting occupancy depending on relationship, (c) requiring additional parking, (d) requiring design to match the primary house, (e) imposing stricter height, setback, lot size, lot coverage, or building frontage requirements than for primary houses in the district, (f) requiring rear or side setbacks of more than five feet, (g) requiring street improvements, or (h) requiring a restrictive covenant.
10. Deane Biermeier and Samantha Allen, “15 States with the Highest Average Home Prices,” *Forbes*, May 24, 2024.
11. Matthew Yglesias, “Housing Reform Should Actually Add Housing,” *Slow Boring* (blog), January 18, 2024; Salim Furth and Emily Hamilton, “Expanding Maryland’s Housing Stock: A Roadmap to Meeting Housing Targets” (Mercatus Policy Brief, Mercatus Center at George Mason University, Arlington, VA, February 2024); Dan Reed, “We Support Governor Moore’s Housing Proposals, and Want to Make Them Better,” *Greater Greater Washington*, February 12, 2024.
12. Brad Hargreaves and Stephen Smith, “The Case for Single-Stair Multifamily,” *Thesis Driven*, January 18, 2024.
13. Rachel M. Cohen, “Yes In God’s Backyard? This Housing Solution May Be the Answer to Your Prayers,” *Vox*, June 18, 2024.
14. Kevin Erdmann, “Getting Corporate Money Out of Single-Family Homes Won’t Help the Housing Affordability Crisis” (Mercatus Policy Brief, Mercatus Center at George Mason University, Arlington, VA, May 2024).
15. Christopher S. Elmendorf, Clayton Nall, and Stan Oklobdzija, “What State Housing Policies Do Voters Want? Evidence from a Platform-Choice Experiment,” April 29, 2024.