



MERCATUS CENTER  
George Mason University

## POLICY SPOTLIGHT

# Housing Reform in the States: A Menu of Options for 2025

To address the high cost of housing, lawmakers can learn from states across the country

SALIM FURTH, EMILY HAMILTON, AND CHARLES GARDNER | JUNE 2025

**H**ousing affordability has become a prominent issue at the state and local levels. In 2021 and 2022, rents and home prices rose sharply amid post-pandemic economic conditions and widespread inflation. In most cities housing costs have remained elevated.

High housing costs stem primarily from restrictive local zoning laws that prevent builders from meeting housing demand. Through bipartisan efforts, state legislators have already begun to curb excessive local regulatory power. Notable accomplishments include Colorado requiring cities to allow more multifamily housing near public transit and Arizona making it easier to replace commercial structures with residential ones.<sup>1</sup>

States that have not yet built consensus for pro-housing regulatory reform can **establish an entity modeled on Montana's Housing Task Force**, which quickly developed solutions to improve housing affordability and attainability.

The rest of the proposals falls into four broad categories:

### 1. Reverse regulatory overreach

- Permit ADUs
- Limit Parking Mandates

---

<sup>1</sup> See Salim Furth et al., "Housing Reform in the States: A Menu of Options for 2025" (Mercatus Policy Brief, Mercatus Center at George Mason University, August 2024). Scan the QR code below for the full analysis, including sources.



For more information or to meet with the scholar, contact  
Mercatus Outreach, 703-993-4930, [dschroeder@mercatus.gmu.edu](mailto:dschroeder@mercatus.gmu.edu) or [mercatusoutreach@mercatus.gmu.edu](mailto:mercatusoutreach@mercatus.gmu.edu)  
Mercatus Center at George Mason University, 3434 Washington Blvd., 4th Floor, Arlington, Virginia 22201

*The ideas presented in this document do not represent official positions of the Mercatus Center or George Mason University.*

- Cap Minimum Lot Size Requirements
- Allow Residential Uses in Commercial Zones
- Allow Transit-Oriented Development

## **2. Streamline procedures**

- Require “Specific and Objective” Approval Criteria
- Allow Third-Party Reviews of Building Plans
- Reform Protest Petitions

## **3. Improve legal frameworks**

- Block Zoning That Illegalizes Existing Conditions
- Adopt Protections Against Downzoning
- Limit Objectors’ Standing to Sue
- Simplify HOA Laws

## **4. Update construction standards**

- Allow HUD Code Manufactured Housing
- Eliminate Aesthetic Mandates and Materials Bans
- Allow Single-Stair Multifamily Design
- Allow Lower-Cost Elevators