



## State Housing Policy Changes Are More Random Than You Think

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In the 1970s, as rapid inflation squeezed American families' budgets, elected officials felt pressured to take visible actions to help their constituents. Local officials in New York City, Los Angeles, and Washington, DC adopted<sup>1</sup> new forms of rent regulation<sup>2</sup> intended to protect tenants from rising housing costs. Half a century later, those cities continue to rank among the most expensive places to live in the US. Empirical social scientists are still arguing over the effects of the rent policies: Do high-rent cities choose to adopt rent control,<sup>3</sup> or does rent control drive rents up further?<sup>4</sup>

This example illustrates one of the key challenges in estimating the effect of policy changes on important outcomes: Economic and political conditions affect whether and when certain types of policies are adopted. Over the past seven years, more than 20 states have adopted some type of pro-housing policy<sup>5</sup> designed to alleviate the acute—and worsening—housing shortage.<sup>6</sup> Fortunately for researchers interested in evaluating the outcomes of these policies, the chicken-and-egg problem is not as bad as it might seem. While expensive states are more likely to introduce pro-housing policies for consideration, many different factors influence which specific policies are adopted in any given year.

Examples from recent legislative sessions illustrate that there are several sources of unexpected variation in the adoption of statewide pro-housing policies. The data also indicate some research questions that would enhance our understanding of the outcomes and effectiveness of various pro-housing policies.

### **Unpredictable Legislative Outcomes**

The recent wave of statewide housing policy experimentation has shown a remarkable breadth among the policies being considered and adopted (see table 1). The most popular legislative change has been a push to legalize accessory dwelling units (ADUs); 18 states have adopted some form

**TABLE 1.** States are pursuing—and often passing—many types of housing reform

Examples of statewide housing policy changes, 2018–2025

| Policy type               |   | Legislation passed  | Bills considered, not enacted |
|---------------------------|---|---|-------------------------------|
| Legalize "middle housing" | ADUs                                      | AR 2025; AZ 2024; CO 2024; HI 2024; MD 2025; ME 2023; MT 2023; NH 2025; RI 2024; UT 2021, VT 2020 | TX 2025; VA 2025              |
|                           | Townhomes, duplexes, triplexes            | ME 2025; OR 2018  |                               |
|                           | Starter homes; small lots                 | TX 2025   | AZ 2024, 2025                 |
| Location-specific housing | Transit-oriented development              | CO 2024; MA 2021; WA 2025   | CT 2025; CO 2023              |
|                           | Apts in commercial                        | FL 2023; MT 2025  | VA 2025                       |
|                           | Land owned by churches or schools (YIGBY) | FL 2025   | NY 2025; TX 2025; VA 2025     |
| Production goals          | Targets; housing needs assessment         | FL 2024, OR 2023  |                               |
|                           | Fair share/Affordable                     | RI 2023   | CT 2025                       |
| Other                     | Parking reform                            | MT 2025, NH 2025, WA 2025   | CT 2025                       |
|                           | Single-stair buildings                    | CT 2024; MN 2024; MT 2025; TN 2024; TX 2025; WA 2024  |                               |
|                           | Process streamlining                      | MT 2025; NH 2024, 2025  |                               |

Sources: Salim Furth, Emily Hamilton, and Charles Gardner, "Housing Reform in the States: A Menu of Options for 2025" (Mercatus Policy Brief, Mercatus Center at George Mason University, August 2024); Eli Kahn and Salim Furth, "Laying Foundations: Momentum Continues for Housing Supply Reforms in 2024" (Mercatus Policy Brief, Mercatus Center at George Mason University, July 2024); Eli Kahn and Salim Furth, "Framing Futures: Pro-Housing Legislation Goes Vertical in 2025" (Mercatus Policy Brief, Mercatus Center at George Mason University, July 2025); Smida Munteanu, Jenny Schuetz, and Sydney Zelinka, "Updates on the State of Statewide Housing Policy: New Insights into Implementation and Results," Lincoln Institute of Land Policy, January 2025; Jenny Schuetz et al., "From the House to the Ground: Insights into the Challenges of Implementing State Housing Policies," Lincoln Institute of Land Policy, September 2023.

Notes: This list is not a comprehensive inventory of statewide policy changes. Bills are grouped by general category, but specific details of policies vary widely. ADU = accessory dwelling unit. Housing on land owned by faith-based organizations is sometimes referred to as "Yes In God's Backyard" (YIGBY).

of this policy. Pro-housing advocates have also introduced bills on a wide range of topics, such as encouraging apartments near transit stations, setting quantitative production targets, reducing off-street parking minimums, and streamlining development processes.

During the 2025 legislative session, legislatures in several states introduced multiple housing bills—sometimes under the jurisdiction of different committees and shepherded by different sponsors. In these cases, it can be hard to predict which bills will muster enough support to pass. Texas's legislators introduced more than half a dozen bills concerning construction of housing such as apartments in commercial zones, single-stair dwellings, starter homes, procedural reforms, ADUs, and housing on land owned by faith-based organizations (sometimes termed YIGBY, or "Yes in God's backyard"). Seven bills passed,<sup>7</sup> but ADUs and YIGBY did not. Elsewhere in the Southwest, Arizona passed bills expanding ADU legalization to unincorporated county land and allowing apartments in commercial zones, but efforts to pass a "starter homes" bill failed.

Understanding the specifics of policies that pass in a given legislative session is a key first step in designing an effective evaluation of those policies. For example, policies to encourage “starter homes” are more likely to change outcomes in the owner-occupied market, while legalizing apartments in commercial corridors should more directly impact rental housing availability and prices.

### **Timing Matters**

Legislators feel greater urgency to show their constituents they are doing something when housing costs rise, but building up coalitions that can successfully push legislation over the finish line takes time. Further, some states may need several bites at the same apple: Minnesota legislators introduced statewide zoning reforms in both 2024 and 2025, but they were effectively stymied by the League of Minnesota Cities, a membership association that advocates for local control over public policy.<sup>8</sup>

Even successful legislation typically does not go into effect right away; legislators build in time for local governments to rewrite their zoning regulations to comply with new state standards. When Massachusetts’s signature MBTA Communities Act was signed into law in January 2021, the first set of localities was not required to have revised zoning in place until December 2024.<sup>9</sup>

Relatively small variations in the timing of policy adoption could translate into meaningful differences in housing market outcomes because of changing macroeconomic conditions. For example, homeowners’ desire and willingness to build newly legal ADUs may fluctuate with rising interest rates or changing tariffs on construction materials.

### **Governors as Wild Cards**

Getting bills through the legislature is a substantial hurdle—navigating through arcane rules, getting past a series of committee chairs each with their own agendas, not to mention reconciling differences across two chambers.<sup>10</sup> But bill sponsors shouldn’t count their chickens before the governor signs off, regardless of partisan alignment.

In 2025, Connecticut’s Democratic-led legislature passed the most significant housing legislation in a generation, an ambitious omnibus bill including upzoning near transit stations and parking reforms.<sup>11</sup> Despite the governor’s staff having been closely involved with the bill’s drafting, Democratic Governor Ned Lamont succumbed to pressure from suburban elites and unexpectedly vetoed the bill.<sup>12</sup> By contrast, Montana Governor Greg Gianforte worked with legislators from both parties<sup>13</sup> to pass ambitious legislative packages (nicknamed the Montana Miracle<sup>14</sup>) in both 2023 and 2025.

The interactions between governors and legislators raise a host of intriguing questions for empirical political scientists. Are housing bills more or less likely to pass when governors belong to the same party as the legislative majority? Does legislative success vary by which entity takes

the public lead versus who gives support behind the scenes? How does gubernatorial enthusiasm influence the bill's post-passage implementation and enforcement, which is generally delegated to executive agencies?

### **More Experiments, More Opportunities**

In the realm of housing policy, state governments are living up to their reputation as “laboratories of democracy.” Since 2018, legislators from Juneau<sup>15</sup> to Honolulu<sup>16</sup> to Augusta<sup>17</sup> to Tallahassee<sup>18</sup> have introduced, debated, and in many instances passed innovative housing policies designed to make it easier to build homes of all shapes and sizes. This extraordinary period of policy experimentation offers researchers a wealth of opportunities to evaluate the effects of those policies on key housing outcomes.

Policymakers and housing advocates need better information on what types of policy changes are most effective at increasing the supply, diversity, and affordability of homes.<sup>19</sup> The highest research priority should be supporting rigorous, timely analysis of the effects of statewide policy on local, regional, and state housing outcomes, including development of better housing production metrics. Developing rigorous causal estimates of policy effects is always difficult, especially disentangling the effects of the policy itself from the underlying political will of elected officials and their constituents. The likelihood of any given state passing a particular housing bill in a particular year, however, is not easy to predict—a source of frustration to legislators, but a potential boon for researchers.

### **About the Author**

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