



Windows of Opportunity: Lawmakers Remain Open to Housing Supply Legislation in 2026

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The “yes, in my backyard” (YIMBY) era of state-level housing legislation began with California state senator Scott Wiener’s controversial S.B. 827 (2018), which proposed to allow much taller, denser housing near transit stations across California.¹ Up to that point, YIMBY activities had almost entirely focused on city reforms or individual project approvals. Although S.B. 827 failed, it opened up a new corridor for pro-homes advocacy. As three preceding reports in this series have documented, that advocacy corridor has carried a lot of freight since 2023.²

Senator Wiener, in what will likely be his last term in the state senate, tried one more time to pass legislation allowing more homes near transit. This time he succeeded. California cities have already begun the compliance process, rezoning as required.³

In this fourth annual Mercatus review of recent legislation, we once again tracked bills across the states that are intended to increase housing supply.⁴ Key points from the past 12 months include the following:

- Lawmakers introduced 350 housing supply bills in 40 of the 46 states that held legislative sessions.
- Lawmakers in 28 states enacted 89 bills.
- Idaho passed key reforms including allowing accessory dwelling units (ADUs), houses on small lots, and multifamily buildings with a single egress stairway.
- North Carolina eliminated mandatory parking minimums for all uses across most of the state.
- New York legislators agreed to exempt a large share of housing development from the state’s environmental review law, which had been adding large costs and delays to most new construction.
- On the minus side, a YIMBY-era housing supply bill was repealed for the first time, in Connecticut.

High Energy in Moderate-Cost States

The YIMBY movement first emerged in places like Austin, Cambridge (Massachusetts), and San Francisco. But postpandemic national inflation, especially in housing prices, helped spread YIMBY activism to regions with below-average growth in housing demand. In 2026, it is notable that major legislation has advanced in several states with relatively moderate costs and growth rates, including Illinois, Indiana, Kansas, Michigan, and Pennsylvania.

Indiana and Kansas illustrate the range of outcomes in these newly active YIMBY states. In Indiana, legislative leaders in the house of representatives allied with the governor to advance an ambitious housing supply omnibus bill, H.B. 1001. The state senate demurred, however. In the end, a very diminished version of H.B. 1001 was passed and signed. The new law makes some procedural changes to housing development, caps fees, and requires localities to report on their housing production.

Kansas had a similar starting point but a different conclusion. Republican Senate President Ty Masterson championed an ambitious bill that allows small-lot homes statewide and streamlines permitting for both small-lot homes and ADUs. It passed both chambers with minor amendments and was signed into law by Democratic Governor Laura Kelly, making it a bipartisan reform for the state.

Political Barriers

The polar opposite of Kansas, where pro-housing legislation passed with few political obstacles, might be Hawaii, where housing costs are extremely high and have been for a long time. Even as long ago as 1990, Hawaii's price-to-income ratio was 2.5 times higher than the national average.⁵ Not surprisingly, Hawaii's legislature considered more housing supply bills than that of any other state in the past year. But only three bills, all with modest aims, became law.

Minnesota advocates' frustration has been even greater. After Minneapolis earned headlines as the first US city to end single-family-only zoning,⁶ it seemed natural that the YIMBY momentum would carry over to the state level. Industry groups and advocates gradually built a broad coalition, and legislators debated many of the same bills year after year. But opposition, anchored by the League of Minnesota Cities, has remained firm.

In moderate-cost Illinois, Governor J. B. Pritzker took the lead in the state's first major pro-homes legislative push. His leadership was not enough, however. Despite a well-publicized campaign and direct appeal to the voters, his ambitious and wide-ranging legislative package was stifled in the legislature. The governor and his allies will have opportunities in the second half of 2026 to negotiate for compromise reforms.

But the toughest environment for pro-homes advocates was in Connecticut, which earned the dubious distinction of effecting the first direct repeal of YIMBY-era housing supply legislation.

In 2024, Connecticut had passed a law to allow multifamily buildings up to six stories to have a single egress stairway. In 2026, the state repealed that law at the urging of fire professionals.⁷

Political Breakthroughs

Stalemates do not last forever. Advocates in California and New York recently celebrated policy wins that were years in the making. The failure of S.B. 827 and its successor, S.B. 50 (2019), rerouted California legislators toward more convoluted legislative approaches. Although California passes a dozen or more bills per year to increase the housing supply, they are always contested and frequently compromised.

In the process, legislators in California have become comfortable with preempting local ordinances and setting statewide land-use policy. So when Senator Wiener brought back the idea of upzoning transit corridors, it was much less controversial. The bill takes effect gradually—but it will, by 2030, allow far more residential development within half a mile of rapid transit stations.

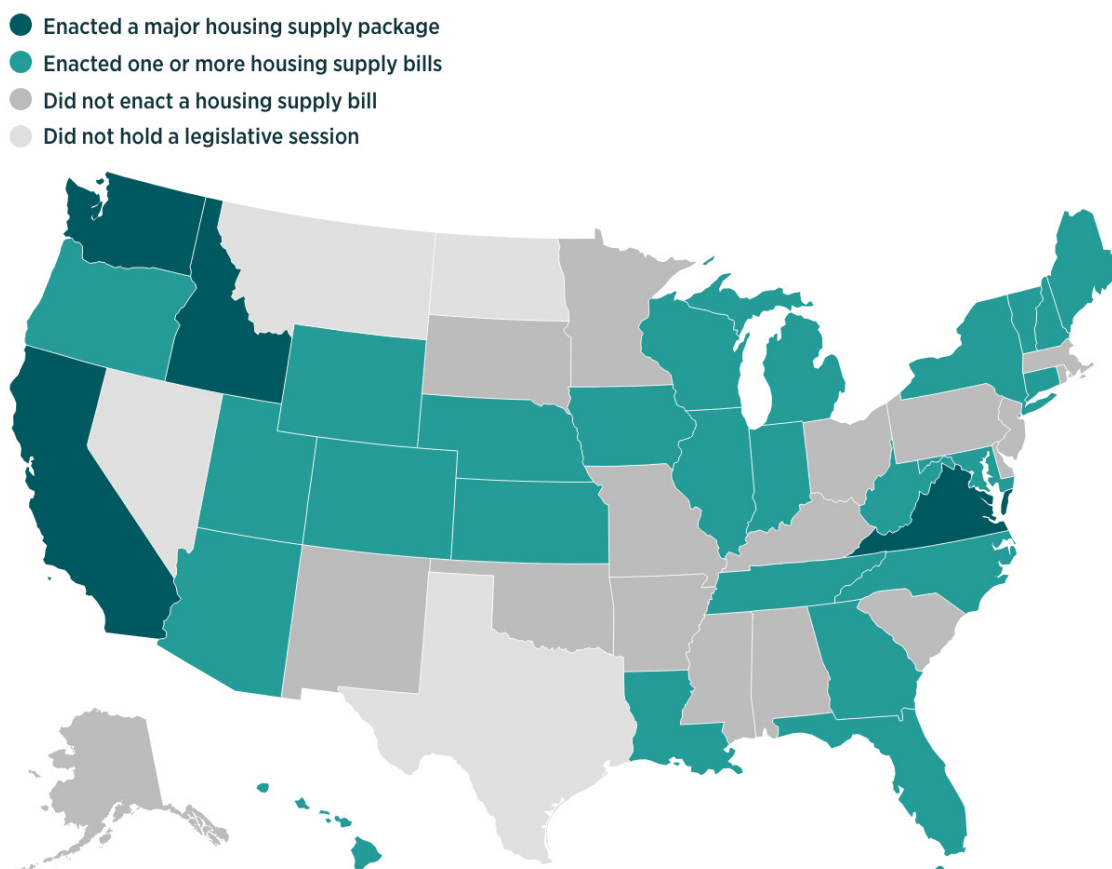
On the opposite coast, New York Governor Kathy Hochul and housing advocates finally broke through the difficult politics of New York’s legislature and enacted a major reform. Hochul made herself the face of housing reform with her 2023 “Housing Compact,” but she ran into a brick wall at the legislature. In the years that followed, New York earned the reputation as the state least willing to grapple with its extremely high prices and exclusionary suburban zoning. In 2026, the Empire State can finally challenge that narrative. It enacted major exemptions for housing in its onerous environmental review statute, which is responsible for delays of typically four months to two years and a high rate of lawsuits challenging housing approvals.⁸ The reform will enable New York municipalities to welcome housing if they want to.

The third breakthrough in 2026 was in Virginia. With a unique political coalition, Virginia’s advocacy has focused on allowing housing on land owned by churches and other religious organizations. After years of no success, that “Yes in God’s Backyard” (YIGBY) approach finally paid off, along with several other bills, including ones legalizing accessory dwelling units, capping parking minimums near transit, and allowing Housing and Urban Development (HUD) Code manufactured homes wherever single-family homes are allowed.

Slight Slowdown

A year ago, our annual review of housing legislation reported a staggering increase in the number of housing supply bills introduced. This year, the pace cooled off, with the number of bills passed (89) and introduced (350) landing in between the 2024 and 2025 numbers. The decline is partly owing to the fact that four state legislatures do not meet in even-numbered years, and some others, such as Arkansas, have abbreviated sessions. Overall activity, however, remains extremely high by historic norms.

FIGURE 1. States that enacted housing supply bills, July 2025–June 2026



Source: Authors' analysis.

In addition to California and Virginia, major housing supply packages passed in Washington and Idaho (see figure 1). The two states have very different histories with pro-homes legislation. Washington had already passed almost every policy in the YIMBY playbook. This year's package legalized residences in most commercial zones and allowed outside-the-box construction options, including scissor stairs, kit homes, and smaller elevators. By contrast, Idaho had barely touched housing supply reforms, despite experiencing years of rapid growth and rising prices. It dove into housing reform with one of the nation's strongest minimum lot size reforms as well as legalizing ADUs, single-stair buildings, and third-party reviews of electrical, plumbing, and HVAC systems.

Policy Trends

Table 1 lists the states that considered housing supply legislation in several categories and the bills that passed in those categories, covering July 2025 through June 2026. We highlight three of those categories below.

TABLE 1. Selected housing policies considered and bills enacted, July 2025–June 2026

Policy Area	States where a bill considering the policy was introduced	Bills enacted
Providing easier permitting for accessory dwelling units	AZ, CA, CT, FL, GA, HI, IA, ID, IL, IN, KS, KY, MA, MD, ME, MI, MN, NC, NE, NH, NJ, NM, PA, RI, TN, UT, VA, VT, WA, WI, WV	AZ: H.B. 2946 CA: A.B. 130, A.B. 1154, A.B. 462, A.B. 1529, S.B. 9 CT: H.B. 5288 IA: S.F. 2369 ID: H. 707, S. 1354 KS: S.B. 418 ME: L.D. 2173 UT: S.B. 284 VA: S.B. 531 WA: H.B. 1345 WV: S.B. 659
Legalizing duplex, triplex or fourplex housing in single-family zones	AZ, CT, FL, ID, IL, IN, KY, MA, MD, MI, MN, NJ, PA, RI, TN, VT, WA, WI, WV	ME: L.D. 128 WA: H.B. 2269
Zoning for high density near transit	CA, CT, FL, HI, IL, MA, MD, NC, NJ, NY, VA	CA: S.B. 79, A.B. 130 MD: H.B. 894
Relaxing parking minimums	FL, HI, IL, IN, KY, MA, MD, MI, NH, NJ, NM, NY, PA, RI, VA	CA: S.B. 358 MD: H.B. 894 NC: H. 162 VA: H.B. 888
Relaxing minimum lot size requirements	CA, CO, CT, FL, HI, ID, IL, IN, KS, KY, MA, MD, MI, MN, NC, NM, RI, UT, VA	ID: H. 707, S. 1352 KS: S.B. 418 MI: S.B. 23 VA: H.B. 1212
Streamlining the permitting process	AZ, CA, DE, FL, GA, HI, ID, IL, KS, KY, MA, MD, MI, MO, NC, NE, NH, NJ, NM, NY, PA, RI, TN, UT, VA, VT, WA, WV, WY	AZ: S.B. 1566 CA: A.B. 130, A.B. 253, A.B. 301, A.B. 357, A.B. 462, A.B. 818, A.B. 1061, S.B. 131, S.B. 464 FL: H.B. 399, H.B. 927 GA: S.B. 447 HI: S.B. 2671, S.B. 2673 ID: H. 585 IN: H.B. 1001 KS: S.B. 418, H.B. 2088 MD: H.B. 548, S.B. 325 NE: L.B. 441 NY: A. 10008C TN: S.B. 2237 UT: S.B. 284 VA: H.B. 594 VT: S. 325 WA: H.B. 2266, H.B. 2418 WY: H.B. 2

TABLE 1. (continued)

Policy Area	States where a bill considering the policy was introduced	Bills enacted
Making it harder to use the judicial or housing appeals systems to block housing	CA, CT, IA, KY, NE, NH, SC, TN, UT, VA, VT, WA, WV	CA: A.B. 130, A.B. 712, S.B. 131, S.B. 808 IA: S.F. 2378 NH: H.B. 399 UT: S.B. 284 VA: H.B. 198, S.B. 504
Directing the state building council to study or permit buildings up to six stories with a single staircase	CA, ID, IL, KY, MA, MI, MN, MO, NY, OK, PA, RI, WI	ID: H. 706 MI: H.B. 5570, H.B. 5571
Other reforms pertaining to the state building code	CA, HI, IA, IL, IN, KS, KY, LA, ME, MI, MO, NE, NH, RI, VA, VT, WA, WI	CA: A.B. 130 KS: H.B. 2739 LA: H.R. 253 ME: L.D. 2224 WA: H.B. 2151, H.B. 2228, S.B. 5156, S.B. 5552
Enacting mandates to plan for housing, including "fair share" requirements and incentives for upzoning	AZ, CA, CT, FL, HI, MA, ME, NH, NJ, NY, OR, PA, VA, VT, WI	AZ: H.B. 2946 CA: S.B. 131 CT: H.B. 8002 FL: S.B. 399 ME: L.D. 2173 WI: A.B. 453
Allowing more residential uses in commercial zones	CA, CT, FL, ID, IL, KY, MA, MD, MN, MO, NH, NJ, NM, NY, PA, RI, VA, VT, WA	CA: A.B. 507 FL: H.B. 1389 MD: H.B. 1137, S.B. 829 WA: S.B. 6026
Allowing religious and nonprofit organizations to build housing on their land	CO, CT, ID, IL, IN, MA, MN, NJ, OK, RI, VA, WA	CA: A.B. 130 CO: H.B. 26-1001 VA: H.B. 1279, S.B. 388 WA: H.B. 1859
Providing equal treatment for HUD Code manufactured housing	CT, FL, HI, ID, IL, ME, MI, MO, NH, OR, VA, VT, WA	FL: H.B. 803 ID: H. 800 ME: L.D. 2231 OR: H.B. 4082 VA: H.B. 655, S.B. 346 VT: H. 757

1. Starter homes

For the first time, legislation to enable starter homes by capping minimum lot sizes became a major component of YIMBY legislative packages. Thirteen states considered strong bills to cap minimum lot size requirements; four more had weak ones.⁹ States with noteworthy starter home bills include the following:

- Idaho and Kansas passed strong starter home bills. Idaho's bill, modeled on a 2025 Texas law, allows lots as small as 30 by 70 feet in new subdivisions of at least four acres.
- Kansas's law allows starter homes on lots of 3,000 square feet, but with less detailed provisions. The law is more promising for development in infill locations than Idaho's law, but it may require further interpretation and implementation by state authorities.
- In addition, advocates in Massachusetts succeeded in placing a statewide minimum lot size referendum on the 2026 ballot. If voters agree, minimum lot sizes will be capped at 5,000 square feet statewide where water and sewer are available.

2. Environmental review exemptions

Beginning with Washington, several progressive states have exempted some housing developments from environmental review acts.¹⁰ These review acts, sometimes called “mini-NEPAs” after the federal National Environmental Protection Act, do not contain specific environmental standards. Rather, they require a comprehensive review of the potential environmental (and sometimes social) impacts of any government decision.

- In 2025, California enacted significant exemptions from its mini-NEPA that were debated and widely publicized. That debate helped create a permission structure for four reforms in the northeast in 2026.
- New York's new law exempting many forms of housing development from its byzantine environmental and social review process, discussed above, is likely to be even more impactful than California's exemptions.
- In Massachusetts, Governor Maura Healey used executive action to move some housing developments to a less onerous tier of environmental review.¹¹ This reform will have less impact than New York's, because prior to the reform, Massachusetts was only reviewing about 23 residential projects per year, far fewer than in New York.¹²
- Maine's L.D. 128 expanded an exemption from a different variety of state environmental review, so that buildings of up to four homes no longer require review. This reform was designed to harmonize with previous Maine laws that allow two to four homes per residential lot across the state.
- Vermont's reform, S.B. 325, is the latest in a series of changes to state review of land use change under Act 250. S.B. 325 repeals and delays parts of a 2024 law that, if fully implemented, would have made it more difficult to build homes in rural areas.

The importance of these environmental review reforms is not only that they directly affect construction timelines, but that they reflect progressive lawmakers weighing difficult tradeoffs and deciding in favor of housing.

3. HUD Code manufactured homes

Housing built to the HUD Code for Manufactured Housing is the least expensive way to build a new house in the United States today. A single-section manufactured house costs less than half of a comparable site-built house, after accounting for transportation costs and attaching the unit to a permanent foundation.¹³

Many states have laws that limit their localities' authority to zone out manufactured housing. In the past year, two states adopted strong versions of this type of policy. In Florida and Virginia, localities must now allow manufactured housing on any lot where a site-built house would be allowed, and localities are barred from adopting design restrictions that single out manufactured housing. Policymakers in four other states passed more modest protections for manufactured housing.

Looking Ahead

At the time of this publication, several state legislatures continue to advance housing supply legislation. In Michigan, a bipartisan suite of bills covering starter homes, ADUs, and permitting reforms is currently moving through the state's full-time legislative body. Similarly, Pennsylvania's legislature is considering bills to reform occupancy restrictions, permit ADUs, permit single-stair apartments, and expedite permitting. In Massachusetts, end-of-session negotiations include provisions to allow apartments in commercial zones, reform site plan review, and legalize duplexes statewide. Since the end of our analysis window (July 1, 2025, through June 30, 2026), Delaware has passed permitting reforms. North Carolina has as well, in a major new law that also legalizes multifamily construction in commercial zones and ADUs in large jurisdictions. The law also aligns the state's manufactured-home definitions with a new federal standard, easing the use of future lower-cost models.

2027 could prove a test case for the durability of pro-housing momentum. Of the 36 gubernatorial races in 2026, 18 do not involve an incumbent, due to term limits or retirements.¹⁴ As new political leadership emerges across states, the political viability of pro-housing reforms may change. The repeal of Connecticut's single-stair law shows YIMBY-era reforms are not invulnerable. It's likely that YIMBY advocacy will include some defense in the coming years. Nevertheless, the past year demonstrates that policymakers continue to take housing affordability concerns seriously.

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Notes

1. California's major accessory dwelling unit (ADU) legislation passed two years earlier. But YIMBYs, as an organized advocacy force, were not leaders in that effort. For more on S.B. 827, see Salim Furth, "California's Density Deficit and the Likely Impact of SB 827" (Mercatus Policy Brief, Mercatus Center at George Mason University, April 2018).
2. 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, August 2023); 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, August 2025).
3. See, e.g., Helen Jeong and Conan Nolan, "More Apartments Are Coming to LA near Transit Hubs, Thanks to New Law," NBC Los Angeles, July 2, 2026, <https://www.nbclosangeles.com/news/local/yimby-new-housing-zone-law-sb-79/3911896/>.
4. We cover bills that passed out of legislatures between July 1, 2025, and June 30, 2026. Where we discuss *bills introduced*, we consider only those introduced between those dates, although some of the *bills passed* were introduced prior to July 1, 2025. As in previous years, we have tried to avoid double-counting companion and substitute bills. We do not cover funding or demand-side interventions, nor do the numbers reported here include bills that would be likely to decrease housing supply.
5. Demographia, "Change in Housing Affordability: 1990-2000 by US State and District," accessed July 9, 2026, <http://www.demographia.com/db-statehouseinc2000.htm>.
6. Richard D. Kahlenberg, *How Minneapolis Ended Single-Family Zoning* (The Century Foundation, 2019), <https://tcf.org/content/report/minneapolis-ended-single-family-zoning/>.
7. Amit Kama, "The Rise and Fall of Single-Stair Reform in Connecticut: Lessons for Future Advocacy," *RPA Lab*, Regional Plan Association, July 2026, <https://rpa.org/news/lab/single-stair-reform-in-ct>.

8. Silvia Del Fava and Salim Furth, “How to Streamline Housing Permitting in New York” (Mercatus Policy Brief, Mercatus Center at George Mason University, July 2026).
9. Salim Furth, “Starter Homes Reforms,” *Market Urbanism*, February 2026, <https://marketurbanism.com/2026/02/16/starter-home-reforms/>.
10. Washington expanded exemptions from its mini-NEPA five times between 2003 and 2025. California enacted significant exemptions in 2025. Carrie Sessions and Brenden McFarland, *SEPA Exemptions and Land Use* (Department of Ecology, State of Washington, October 2015), <https://app.leg.wa.gov/committeeschedules/Home/Document/289757>.
11. Mass.gov, “Governor Healey Files Environmental Review Reforms to Accelerate Housing Permitting and Development,” news release, January 16, 2026, <https://www.mass.gov/news/governor-healey-files-environmental-review-reforms-to-accelerate-housing-permitting-and-development>.
12. The Massachusetts Executive Office of Energy and Environmental Affairs counted 76 residential and mixed-use projects in a 40-month period. New York’s process is decentralized, so there is no reliable count. New York City alone handles hundreds each year; the state total would easily exceed 1,000. Massachusetts Executive Office of Energy and Environmental Affairs, *Background Document on Proposed Regulations by Massachusetts Environmental Policy Act (MEPA) Office* (June 2025), <https://www.mass.gov/doc/june-20-2025-mepa-regulations-background-document/download>.
13. Christopher Herbert et al., *Comparison of the Costs of Manufactured and Site-Built Housing* (Joint Center for Housing Studies of Harvard University, July 2023), <https://www.jchs.harvard.edu/research-areas/working-papers/comparison-costs-manufactured-and-site-built-housing>.
14. Ballotpedia, “Gubernatorial Elections, 2026,” accessed July 17, 2026, https://ballotpedia.org/Gubernatorial_elections,_2026.