

# Building the Future

INNOVATIONS IN STATE AND LOCAL POLICIES TO BOOST HOUSING SUPPLY

© 2024 by the Urban Land Institute

2001 L Street, NW | Suite 200 | Washington, DC 20036-4948

All rights reserved. Reproduction or use of the whole or any part of the contents without written permission of the copyright holder is prohibited.

#### Recommended bibliographic listing:

Urban Land Institute. *Building the Future: Innovations in State and Local Policies to Boost Housing Supply.*Washington, DC: Urban Land Institute, 2024.

**ON THE COVER:** Directly adjacent to the Othello Light Rail Station, Orenda is a middle-income, mixed-use equitable transit-oriented development located in Seattle, Washington. (Spectrum Development Solutions)



### Find this report and hundreds of others on Knowledge Finder,

the leading global resource of trends and best practices in real estate development and financing. Explore an ever-expanding library and find recommended content related to your interests, including reading lists, case studies, videos and webinars, books, and more.

knowledge.uli.org

## About ULI

The Urban Land Institute is a global, member-driven organization comprising more than 48,000 real estate and urban development professionals dedicated to advancing the Institute's mission of shaping the future of the built environment for transformative impact in communities worldwide.

ULI's interdisciplinary membership represents all aspects of the industry, including developers, property owners, investors, architects, urban planners, public officials, real estate brokers, appraisers, attorneys, engineers, financiers, and academics. Established in 1936, the Institute has a presence in the Americas, Europe, and Asia Pacific regions, with members in 84 countries.

The extraordinary impact that ULI makes on land use decision-making is based on its members sharing expertise on a variety of factors affecting the built environment, including urbanization, demographic and population changes, new economic drivers, technology advancements, and environmental concerns.

Peer-to-peer learning is achieved through the knowledge shared by members at thousands of convenings each year that reinforce ULI's position as a global authority on land use and real estate. Each year, thousands of events, both virtual and in person, are held in cities around the world.

Drawing on the work of its members, the Institute recognizes and shares best practices in urban design and development for the benefit of communities around the globe.

More information is available at <u>uli.org</u>. Follow ULI on <u>X (formerly known as Twitter)</u>, <u>Facebook</u>, <u>LinkedIn</u>, and <u>Instagram</u>.

# **About the ULI Terwilliger Center for Housing**

The mission of the Terwilliger Center for Housing is to ensure that everyone has a home that meets their needs at a price they can afford. Established in 2007 with a gift from longtime member and former ULI chairman J. Ronald Terwilliger, the Center's activities include technical assistance engagements, forums and convenings, research and publications, and an awards program. The goal is to catalyze the production and preservation of a full spectrum of housing options. Learn more at <a href="http://uli.org/terwilliger">http://uli.org/terwilliger</a>.

## **Acknowledgments**

This report is informed by the presentations and discussion at the 2024 ULI Charles H. Shaw Symposium on Urban Community Issues, "State and Local Policy Innovations to Expand Housing Production."

## **Project Team**

#### AUTHOR

**DEBORAH L. MYERSON** 

Senior Research and Policy Fellow ULI Terwilliger Center for Housing

TERWILLIGER CENTER STAFF

**ROSEMARIE HEPNER** 

Vice President

**WILLIAM ZEH HERBIG** 

Senior Director, Homeless to Housed

**FABIOLA YURCISIN** 

Director

**SARAH JOYCE** 

Associate

**ULI STAFF** 

**LIBBY RIKER** 

Senior Editor

**NICOLE LONG** 

Traffic Manager

**CRAIG CHAPMAN** 

Senior Director, Marketing Operations

Introduction	1
REFORM	3
Implement Zoning Reform	4
Make Infill Easy: Add Accessory Dwelling Units	10
Small Regulatory Changes, Big Impacts	12
CONNECT	15
Connect Housing and Transit	16
Ensure Local Compliance with State Housing Laws	18
LEVERAGE	21
Leverage Land	22
Money Matters	26
Explore Potential for Office-to-Residential Conversions	28
Conclusion	31
Appendix	32

# Contents

## Introduction

In the face of growing housing shortages and escalating prices, state and local governments across the United States are pioneering innovative strategies to expand housing supply. The current housing shortages in U.S. markets are leading to increased housing costs, making it difficult for many households to buy or rent a home affordably. This report delves into the array of policies and initiatives aimed at addressing this critical issue.

Housing policy innovations encompass a wide range of approaches, including zoning reform, financial incentives, and connecting housing with transit. States including California and Oregon have implemented comprehensive zoning reforms to allow higher-density housing in traditionally single-family neighborhoods, while some cities such as Minneapolis have eliminated single-family zoning to make way for more diverse housing options. These reforms are critical in areas where land availability is limited and housing demand is high.

Financial incentives are also a key component of housing policy innovation. Programs offering grants, low-interest loans, and tax breaks for housing development encourage private investment and reduce financial barriers for homeowners and developers. For instance, Colorado's recent legislation provides financial support for the construction of accessory dwelling units (ADUs), which can help mitigate housing shortages by increasing the number of rental units available in existing neighborhoods.

Despite the promise these strategies hold, it is crucial to acknowledge that innovative housing policies require time to take root. The implementation and impact of such policies often span several years, as they involve significant changes to existing regulatory frameworks, require substantial financial investments,



Some cities, such as Minneapolis, have eliminated single-family exclusive zoning to make way for more diverse housing options. (Deborah Myerson)

and necessitate community buy-in. In addition, the complexities of housing markets mean that the effects of new policies may not be immediately apparent. For instance, the construction of new housing units can be delayed by factors such as permitting processes, infrastructure development, and market conditions.

Moreover, changing public perception and garnering support for new housing initiatives can be a gradual process. Communities may initially resist changes to zoning laws or the introduction of higher-density housing due to concerns about neighborhood character, traffic, and property values. Effective communication and community engagement are essential to addressing these concerns and fostering a supportive environment for housing innovations.

As we explore these forward-thinking policies and their potential

to reshape the housing landscape, it is important to remain patient and persistent. Building the future of housing requires a long-term commitment, thoughtful planning, and a willingness to adapt and refine strategies as challenges arise. By understanding and embracing the complexities of housing policy innovations, state and local governments can lay the foundation for a more equitable, affordable, and sustainable housing future.

## Innovations in State and Local Policies to Boost Housing Supply

Efforts to expand housing supply benefit from increased coordination among state and local governments, especially amidst common obstacles such as high labor and materials costs, fluctuating interest rates, and community opposition. While partisan dynamics can drive a wide variety of state and local innovations in housing policy from state to state, understanding and using a diverse mix of available tools—from zoning reforms to financial incentives—can facilitate more effective housing solutions.

Finally, the fiscal impact of inadequate housing can significantly hinder economic growth and stability. Addressing the housing shortage is imperative not only for improving living conditions, but also for bolstering economic productivity.

The state and local policies profiled in this report—representing just some of the many efforts to expand housing supply that are taking shape in the United States today—center around three themes:

- Reform zoning and other regulations to unleash housing production;
- Connect resources that maximize the impact of housing investments; and
- Leverage land, finance, and the adaptive reuse of outmoded buildings to create new opportunities for residential development.







**Implement Zoning Reform** 

Make Infill Easy: Add Accessory Dwelling Units

**Small Regulatory Changes, Big Impacts** 

# Reform

## **Implement Zoning Reform**

Zoning reform has become a hot topic in the United States in recent years, as state and local governments have begun to recognize zoning's significant impact on the availability, affordability, and equity of housing. Land use planning and zoning in the United States has traditionally been a local affair, allowing communities to tailor land use policies to their preferences. Yet, local zoning can perpetuate exclusionary practices that have historically led to communities being segregated by race and income. Local governments have increasingly tackled zoning reform to address housing shortages, foster inclusivity, and support more sustainable development that can meet the housing needs of their current and future residents.

Recognizing the need for more comprehensive housing solutions, some states have also reclaimed regulatory power from local governments. Balancing local control with state intervention is essential to create inclusive, sustainable, and equitable housing policies.

## Boise: Modern Zoning Code

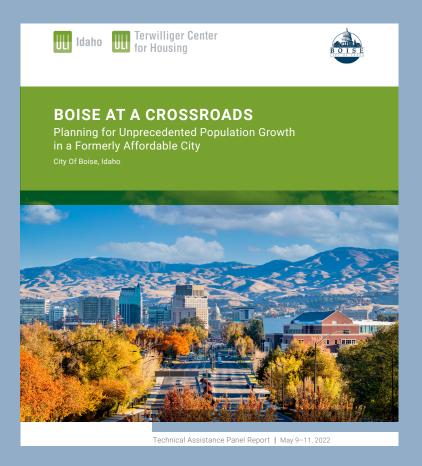
Over the past decade, Boise, Idaho, has experienced a rapid rise in housing costs propelled by a significant influx of new residents—many seeking a less expensive and more attractive area to live while they earn higher salaries through remote work. Yet, Boise's zoning code had not changed in 60 years. When Boise updated its zoning code in 2023, the city made changes to accommodate future growth, address housing shortages, and promote affordability. The city undertook an extensive public engagement process, involving community meetings, surveys, workshops, and public hearings. Multiple drafts of the zoning code were released for public review, with feedback being incorporated at each stage. This iterative process helped refine the code to better meet community needs



Ash+River Townhomes in Boise, Idaho, is 34 units of workforce/moderate-income housing near the city's downtown. (Nate Stallings for deChase Miksis)

and expectations. The process was also informed by an Urban Land Institute technical assistance panel (TAP), facilitated by a joint effort between ULI Idaho and ULI's Terwilliger Center for Housing.

The update received strong support from city leadership, including the mayor and city council. This political backing was crucial for moving the process forward and enacting the changes. The new zoning code allows for higher residential density in various parts of the city. This includes enabling multifamily housing in areas that were previously restricted to single-family homes.



### **BOISE AT A CROSSROADS**

The city of Boise engaged ULI Idaho and the ULI Terwilliger Center for Housing in 2022 to organize a TAP to help advance its work on housing attainability in an era of unprecedented growth. See <a href="the TAP">the TAP</a> report with panel recommendations: Boise at a Crossroads: Planning for Unprecedented Population Growth in a Formerly Affordable City.

## Bozeman, Montana: Community Housing Action Plan

The city of Bozeman, Montana, adopted a <u>Community Housing</u> <u>Action Plan in 2019</u> (and amended it in 2020) designed to address challenges posed by rapid population growth and increasing housing costs. <u>The city defines "community housing"</u> as "homes that those who live and/or work in Bozeman can afford to purchase or rent." In recent years, Bozeman has implemented several initiatives to grow housing supply and diversity and updated its zoning and development regulations to encourage higher density and mixeduse developments. Bozeman has supported a variety of housing solutions such as ADUs, tiny homes, and cohousing developments.

Bozeman also maintains a housing dashboard to help residents stay informed about affordable housing development in the community. The dashboard shows the forecast of affordable housing unit production compared to the overall demand for affordable homes in the city. As of May 2024, the dashboard had on record 1,607 community housing units in the pipeline, 607 approved plans, and 387 units under construction in Bozeman.

## Minneapolis 2040 Plan

The Minneapolis 2040 plan is a comprehensive long-term strategy to guide the city's growth and development, with a strong focus on promoting "missing middle" housing to diversify housing options and increase density across the city. The plan encourages the development of higher-density housing along transit corridors and in areas well-served by public amenities. Minneapolis 2040 also includes provisions to support inclusionary zoning policies that require a certain percentage of new housing units to be affordable to low- and moderate-income households.

One of the most groundbreaking aspects of the Minneapolis 2040 plan is the legalization of duplexes and triplexes to be built on lots previously zoned only for single-family homes. However, a lawsuit currently being litigated means that approval of such permits is on hold for now.

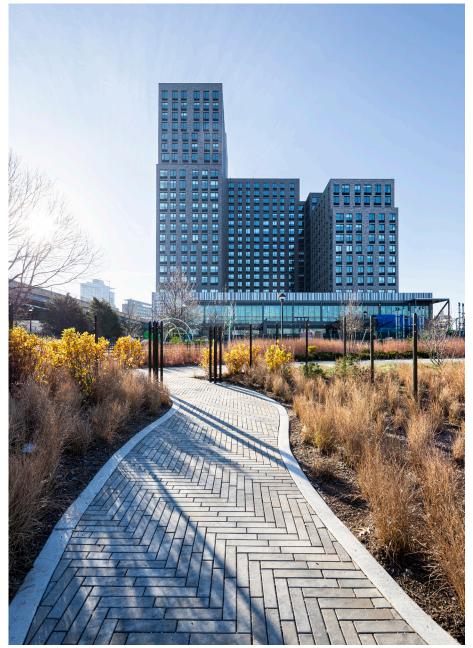
#### WHAT IS MISSING MIDDLE?

Missing middle homes are structures that house multiple units, yet are smaller than large apartment buildings. The term *missing* applies because their construction significantly decreased after they were outlawed in numerous cities around the 1930s and *middle* because they serve as an intermediate option between single-family residences and towering apartment or condominium buildings.

## New York City: City of Yes

The "City of Yes" initiative in New York City represents a significant effort to streamline and expedite the approval processes for development projects across the city. The initiative aims to simplify and accelerate the permitting and approvals process for construction projects, including residential, commercial, and infrastructure developments. It focuses on reducing bureaucratic red tape and eliminating unnecessary delays that can hinder project timelines.

The City of Yes initiative establishes a single point of contact within city agencies to coordinate project approvals more efficiently for project applicants. The goal is to foster a more responsive and supportive environment for businesses and developers seeking to invest in and build within the city.



In New York City, Bronx Point is a mixed-use project that took shape on an underused waterfront site in the South Bronx and includes 542 units of permanently affordable housing. (Bronx Point)

# California: Statewide Housing Policy Innovations

As the epicenter of the affordable housing crisis in the United States, California has also been a leader among states in implementing statewide zoning reform and many other housing policies to increase housing supply. With a legacy that dates back to the state's 1979 Density Bonus Law, more recent policy innovations have sought to expand state-level leadership to strive for a coordinated response to the housing crisis. California's widespread efforts to enact statewide housing policies include mandates for regional housing targets, upzoning single-family lots to allow more homes, easing regulations for ADUs, and increasing upzoning near transit and employment hubs.



The mixed-use Santa Ana Arts Collective project repurposed a 1965 International-style office building into 58 live/work lofts and townhomes. Amenities include art studios, a dance studio, an art gallery, and two music studios. (Paul Turang)

A sample of California's policy innovations to support adding to housing supply include the following measures:

- Regional Housing Needs Allocation (RHNA): California's
   RHNA process requires local governments to plan for their
   fair share of the state's housing needs. Senate Bill (SB) 828
   was adopted in 2018 to overhaul the RHNA process and make
   it more data-driven and less political. The changes under SB
   828 have led to higher housing allocation targets for many
   regions by pushing municipalities to rezone to accommodate
   more residential development.
- **Senate Bill 9:** Enacted in 2021, <u>SB 9 allows homeowners to split their single-family lots into two parcels</u> and build up to four housing units where only one was previously allowed.
- Senate Bill 10: Also passed in 2021, SB 10 enables local governments to upzone parcels near transit and job-rich areas, permitting the construction of up to 10 housing units per parcel without undergoing the lengthy California Environmental Quality Act (CEQA) review process.
- Accessory Dwelling Units: Assembly Bill (AB) 68 and SB 13
  have relaxed regulations, reduced fees, and streamlined the
  approval process for ADUs, making it easier for homeowners
  to add these secondary units to their properties.
- Housing Accountability Act (HAA): The HAA limits the ability of local governments to deny or reduce the density of housing projects that comply with existing zoning and general plan requirements. This law provides developers with more certainty and reduces the risk of arbitrary rejections of housing proposals. Originally passed in 1982, the act was strengthened by amendment in 2017.
- Builder's Remedy: If a city does not have a state-compliant housing plan, the builder's remedy allows developers to bypass certain local zoning regulations to build housing projects, provided they include a specified percentage of affordable housing units.

## BUILDING CODE REFORM: STATE AND LOCAL EFFORTS TO ESCALATE SINGLE-STAIR OPTIONS

State and local governments are increasingly recognizing that building code reform must accompany progress in zoning code reform. Relegalizing single-stair multifamily buildings is increasingly getting more attention in building code reform.

Modern building codes throughout the United States often require multiple cases for egress in multistory buildings to ensure safe evacuation during emergencies. Advocates for expanding housing supply maintain that that single-stair designs can be both safe and efficient when properly designed. Many European countries, such as the United Kingdom, Germany, and France, allow single-stair egress in residential buildings. These countries have successfully implemented safety measures, such as fire-rated doors and enhanced smoke control systems, to ensure the safety of single-stair designs. In the United States, New York and Seattle are the only two American cities that continued to allow single-stair buildings throughout the 20th century.

Building code reform efforts to expand the options for single-stair buildings are spreading throughout the country. Single-stair designs can significantly reduce construction costs, making housing more affordable and efficient. Single-stair designs make multifamily development on small infill lots economically feasible by maximizing usable floor space that would otherwise be consumed by multiple stairwells and corridors. While large lots may still favor traditional designs due to the cost of fireproofing and elevators, using single-stair designs on these lots could offer the additional benefit of parklike shared courtyards, enhancing the quality of living space.



Many European countries have successfully implemented safety measures to ensure the safety of single-stair designs. (Photo by micheile henderson on Unsplash)

Continued on next page

## REGULATORY CHANGES FOR SINGLE-STAIR REFORM BY STATES AND LOCAL GOVERNMENTS

In the states of California, Colorado, Connecticut, Minnesota, New York, Oregon, Pennsylvania, Virginia, and Washington, as well as the city of Nashville, Tennessee, bills have recently been introduced to study and/or reform building codes regulating means of egress around stairs.

**New York City** has initiated a pilot program to explore the feasibility of single-stair egress in certain types of residential buildings. This includes high-rise apartments where space and cost savings are critical.

In **Washington State**, some local jurisdictions have begun to amend their building codes to permit single-stair designs, particularly in areas facing severe housing shortages.

**Boston** has been actively reviewing its building codes to accommodate single-stair egress, aiming to reduce construction costs and promote the development of more affordable housing units.

#### Florida: Live Local Act

Florida's <u>2023 Live Local Act</u> is a significant departure from traditional zoning practices in Florida and streamlines approval processes for developers. The act mandates that local governments allow multifamily and mixed-use residential developments in commercial, industrial, and mixed-use zones without requiring zoning changes, special exceptions, or comprehensive plan amendments.

The act also includes a variety of incentives to promote affordable housing development and make it easier for such projects to be approved and built. The state law, as amended in 2024, preempts local zoning laws so developers can build up to 150 percent of the maximum permitted density in a particular municipality.



Pendana at West Lakes is the rehabilitation of hundreds of vacant and dilapidated apartments into a mixed-use, mixed-income community with 320 apartments near downtown Orlando, Florida. (Rion Rizxo/Creative Sources)

## Montana: Bipartisan Housing Task Force

Montana's median home costs have increased by more than 60 percent since February 2020 but the state's median incomes have not kept pace. Montana's governor, Greg Gianforte, convened a bipartisan Housing Task Force in 2022, leading to six key bills created to remove regulatory barriers, promote diverse housing types, and streamline development processes. Those bills, which passed in the 2023 legislative session with broad bipartisan support, included the following:

- **SB 245** legalizes multifamily and mixed-use buildings in commercially zoned districts in cities with more than 5,000 residents, with the added provision that zoning cannot require more than one parking space per household.
- SB 528 allows ADUs on lots where single-family homes are allowed, without the need for off-street parking, owner occupancy requirements, or impact fees. This is one of the most permissive ADU laws in the United States.
- SB 323 allows duplex housing in city zoning.
- SB 382, also known as the Montana Land Use Planning Act, changes local housing approval processes and mandates that cities adopt a variety of land use reforms to encourage housing development.
- **SB 406** limits local building codes from being more stringent than what the state requires.
- SB 407 streamlines permitting for commercial and residential development by eliminating local design review by volunteer boards, which helps reduce costs associated with permitting delays.

# Make Infill Easy: Add Accessory Dwelling Units

Promoting ADUs through updated local policies is a practical strategy to grow housing supply, especially in high-resource neighborhoods close to jobs and schools and access to transit. Strategies such as more generous lot sizes, reduced parking requirements, expedited permitting, financial incentives, and preapproved plans are all valuable elements to encourage the construction of ADUs. In addition, updating housing regulations to allow the "condo-ization" of ADUs—so that the primary residence and the ADU can each be separately sold and financed—is attracting increasing interest.

# Arlington, Virginia: Adding Flexibility to Build ADUs

Arlington County, Virginia, has undertaken several initiatives to facilitate the construction of <u>ADUs</u> as part of local efforts to increase its housing supply and reduce costs. Arlington is located directly across the Potomac River from Washington, D.C., with approximately 240,000 residents and 123,000 housing units in a 26-square-mile (67 sq km) area. Currently, the median sale price for a single-family detached home in Arlington is more than \$1.2 million. Two-bedroom apartment rents average \$2,900 a month.

While ADUs had been permitted since 2009, in 2017 and 2019, Arlington County updated local accessory dwelling regulations in its zoning ordinance in an effort to increase the construction of ADUs in residential areas. These changes reduced restrictions on lot sizes, setbacks, and parking requirements, and sought to make it easier for homeowners to add ADUs to their properties.



Promoting accessory dwelling units through updated local policies is a practical strategy to grow housing supply. (Sightline Institute Middle Homes Photo Library)

Arlington has introduced more flexible design standards to accommodate a variety of ADU styles and sizes. This allows homeowners to design ADUs that fit their specific needs and property constraints while still adhering to safety and aesthetic standards.

### California: Casita Coalition

The <u>Casita Coalition</u> is a California-based organization dedicated to promoting the development of ADUs and other forms of small housing to address the state's housing crisis. The coalition comprises a diverse group of stakeholders, including housing advocates, builders, architects, urban planners, policymakers, and community organizations.

Casita Coalition is the only statewide, multisector organization that brings together key players to reduce regulatory barriers for the construction of more neighborhood-scale homes. The organization also fosters collaboration with local governments to support ADU development, supports public education and outreach, and provides technical assistance to share solutions with practicing professionals across disciplines and geographic regions throughout the state.

# Colorado: Accessory Dwelling Units (HB 24-1152)

In 2024, Colorado enacted <u>House Bill (HB) 24-1152</u> to promote the development of ADUs. The law establishes uniform standards for the construction and use of ADUs across Colorado with guidelines on size, design, and safety requirements. The law also simplifies the permitting process for ADUs to make it easier for homeowners to add ADUs to their properties.

Local governments will have access to funding and technical assistance to help them adapt their zoning codes and regulations to accommodate the new ADU standards. Financial support such as grants, low-interest loans, and tax incentives will be available to homeowners who construct ADUs, particularly those who make the units available for long-term rental to low and middle-income tenants.

### **ADU CONDO-IZATION**

A new frontier for many state and local governments is to allow the <u>"condo-ization" of ADUs</u>. Generally, condo-ization allows two or more parties to legally own discrete parts of the same property without having to subdivide the land. With an ADU, condo-ization means that one party owns the primary residence and another party owns the ADU, and each can be separately sold and financed.

The two parties have co-ownership of the land and common areas, managed by a very small condominium association formed by the two homeowners. Implementing condo-ization typically requires updating zoning laws and housing regulations. Seattle, Washington, and Austin, Texas, are among the nation's leading cities for the condo-ization of ADUs.

# Washington State: Accessory Dwelling Units in Urban Growth Areas (HB 1337)

In October 2023, Washington state eased barriers to constructing ADUs by enacting <u>HB 1337</u>. To promote higher density and more diverse housing options within urban areas, the law mandates that local governments planning under the state's Growth Management Act must allow at least two ADUs on each urban residential lot. HB 1337 streamlines the approval process for ADUs, making it easier for homeowners to add these units to their properties. The law also limits the off-street parking requirements that local governments can impose on ADUs.

The Washington State Department of Commerce is tasked with providing technical assistance and resources to local governments for implementing the new ADU regulations, including model ordinances and guidance documents.

# **Small Regulatory Changes, Big Impacts**

Local governments should not underestimate how seemingly modest regulatory changes can nonetheless deliver powerful impacts on housing supply. Major zoning reforms often face robust resistance, attracting large and vocal crowds at public meetings. Yet, more modest regulatory changes can not only be less controversial—but may also be more effective at increasing the supply of available housing.

# Arlington, Virginia: Bonus Density and Height Provisions for Special Exception Site Plans

Arlington, Virginia, has implemented changes to its <u>bonus density</u> and height provisions for special exception site plans to encourage the production of affordable housing. Developers can apply for special exception site plans that provide flexibility in zoning requirements in exchange for commitments to public benefits, including affordable housing. Under this policy, developers can build more units or taller buildings than typically permitted by the zoning code if they incorporate a certain percentage of affordable housing units in their projects. The policy provides greater flexibility for developers to meet affordable housing goals, making it more feasible to include affordable units in new developments.

Arlington shares information regarding the county's affordable housing efforts with its <u>Affordable Housing Dashboard</u>. The dashboard serves as an annual report on progress toward realizing the goals, objectives, and policies of the county's <u>Affordable Housing Master Plan</u>.



Lucille and Bruce Terwilliger Place is a 160-unit affordable housing project in Arlington, Virginia, built on the site of the aging American Legion Post 139. (John Fleming Photography)

## Minneapolis: Rezoning Commercial Corridors

Minneapolis, Minnesota, <u>rezoned commercial corridors as priority</u> <u>locations for higher residential density</u>, starting with the city's 2008 comprehensive plan and more recently in the Minneapolis 2040 plan. While the city's missing middle zoning reform efforts have garnered national attention, the commercial corridor rezonings had a much bigger impact at scale, leading to the redevelopment of commercial areas into housing, particularly 40- to 50-unit buildings.

# Portland, Oregon: Housing Regulatory Relief Project

Portland, Oregon's <u>Housing Regulatory Relief Project</u>, which took effect March 1, 2024, aims to increase housing production by providing regulatory relief for developers and builders of apartments and mixeduse development. The Housing Regulatory Relief Project includes a set of zoning code amendments that temporarily waive or reduce some zoning code standards, along with more permanent amendments that clarify the zoning regulations. The temporary waivers and reductions apply to development that includes residential units (unless otherwise stated) and are scheduled to last five years.

A housing production survey conducted by the Portland Bureau of Development Services in early 2023 sought input on policies to reconsider that increase housing production. The Housing Regulatory Relief Project seeks to address many of the zoning code issues identified in the survey, as well as additional amendments to address issues raised by city staff.



Las Adelitas in Portland, Oregon, with its 142 rental apartments, is the largest redevelopment project in the Northeast Cully neighborhood to date and the largest public investment in the community. (Lara Swimmer/Esto)

## Texas: Shot Clock Bill (HB 14)

Since 2010, Texas has produced 2.5 million new single-family homes representing 22.5 percent of the state's total occupied housing inventory. Yet, the state still grapples with affordability challenges.

A coalition of housing champions, led by Texans for Reasonable Solutions, has emerged to advocate for statewide housing reforms. Results of these advocacy efforts include HB 14, adopted in 2023 and commonly known as the "Shot Clock" bill. Designed to expedite local review processes, the law requires local development authorities to provide decisions on permit applications and inspections within two weeks of their review deadlines. If they fail to do so, developers can take their applications to a third-party reviewer. The expedited review process seeks to facilitate the construction of new housing units with faster permit approvals.

## Washington State: Condominium Reform

For years, developers around the United States <u>have been reluctant to build condominiums</u> due to high liability risks and financial barriers. To help increase supply and affordability of condos and townhouses, Washington State passed two condominium reform bills in 2023—<u>SB</u> 5258 and SB 5058.

Condominiums often serve as an entry point to homeownership for first-time buyers. By making it easier to build condominiums, which are typically more affordable than single-family homes, the state aims to increase the overall housing supply and provide more affordable housing options for residents.

SB 5258 reduces the liability exposure for developers of condominiums by improving the "right to cure" process for construction defects. This provision aims to balance the protection of buyers with the reduction of potential legal risks for developers. This change is intended to reduce the costs associated with litigation, which developers often factor into their pricing, ultimately making condominium projects more financially viable.

SB 5058 encourages the development of smaller condo projects (12 homes or fewer, no more than two stories), by exempting them from the statutory condo warranties and subjecting them to the residential building code and residential energy code, not the commercial codes. The law introduces measures to streamline the approval process for condominium projects. This includes simplifying the permitting process and reducing the regulatory hurdles that developers face.







**Ensure Local Compliance with State Housing Laws** 

# Connect

## **Connect Housing and Transit**

States are increasingly adopting policies to advance higher-density housing near transit hubs. Developing housing near transit leverages existing public investments in transportation infrastructure by increasing the ridership potential. Adding affordable housing options near transit also helps ensure that low- and moderate-income residents have access to transportation, employment opportunities, and essential services. The benefits of connecting residential development and transit include not only meeting housing demand but also fostering vibrant, connected, and economically robust communities.

## Austin: Equitable Transit-Oriented Development Study

In Austin, Texas, Capital Metro (CapMetro), the local transit agency, was awarded \$3.15 million (across four grants and two administrations) from the Federal Transit Administration's TOD Pilot Grant program to produce an equitable transit-oriented development (ETOD) study. CapMetro, in collaboration with the city of Austin and the Austin Transit Partnership, is leading the ETOD study to align future transportation investments with tools and policies aimed at supporting existing communities and improving their access to economic opportunities. The ETOD initiative seeks to focus on equity, prioritize underrepresented voices, and align transit and housing strategies across multiple agencies.

The 2021 ETOD study recommends community-centered policies and strategies for stations planned under Project Connect, a transit expansion plan that includes a new rail system and an expanded bus system for the Central Texas region. The study produced the ETOD Policy Plan in 2023, a citywide guide to ensure that future



Aldrich 51 is a mixed-income workforce housing development in Austin, Texas, located in Mueller, a 700-acre mixed-use redevelopment community. (Jake Holt/Patrick Wong)

development around the Project Connect transit system supports residents of all incomes and backgrounds.

To implement ETOD, CapMetro is currently working on <u>station area</u> <u>planning</u> around the North Lamar and South Congress Transit Centers in partnership with the city of Austin's Planning Department. Station area planning is a community-driven approach to create a high-level vision for the area around a station.

#### Seattle: ETOD Initiative

Seattle, Washington's <u>ETOD</u> initiative arose from the need to address potential displacement caused by development around new light rail stations. ETOD builds on the city's Equitable Development Initiative, founded in 2015, focused on preventing displacement through community-driven strategies.

Transit-oriented communities are vibrant, mixed-use neighborhoods centered around transit and designed to make it more convenient to take transit, walk, bike, or roll than to drive. Where traditional transit-oriented development has encouraged market-supported



Gardner House in Seattle, Washington, located one block from a light rail station, provides 95 apartments for low-income and formerly homeless families. (Christophe Servieres)

development along transit corridors, ETOD seeks to create new economic opportunities for residents of all income levels.

The goal of the city's ETOD initiative is to use development around transit hubs to not only create affordable housing but also incorporate other community needs, such as child-care facilities, green spaces, and grocery stores. The city of Seattle leveraged a \$1.75 million grant from the Federal Transportation Authority to support equitable transit-oriented development along the West Seattle Ballard Link Extension (WSBLE) corridor. A community advisory group was launched in April 2024 to focus on the development along WSBLE as a pilot program. This pilot program will inform the city's overall ETOD strategy.

# Colorado: Housing in Transit-Oriented Communities (HB 24-1313)

In Colorado, <u>HB 24-1313</u> seeks to allow greater residential density near transit lines in 30 cities and suburbs along the Front Range. Affected local governments will need to adopt a density goal for areas near stops on major transit lines, including zoning for an average 40 housing units per acre. The state has committed \$65 million in grants and tax credits to support subsidized housing and infrastructure near those transit spots.

In the same session, the legislature passed <u>HB 24-1304</u> that limits the ability of cities to require minimum parking in developments near bus and rail lines if the municipalities are located in metropolitan planning organizations (MPOs) and in applicable transit service areas.

### Massachusetts: MBTA Communities Act

The MBTA Communities Act (also known as Section 3A of the Zoning Act) is a Massachusetts state law enacted in 2021. It requires 177 municipalities served by the Massachusetts Bay Transportation Authority (MBTA) to create zoning districts within a half mile of public transportation to allow for multifamily housing development. The act aims to increase housing density and diversity near public transit.

Municipalities served by the MBTA are required to comply with the act by creating at least one zoning district of reasonable size in which multifamily housing is allowed by right. This means that housing can be built without needing special permits or variances, streamlining the development process. Failure to comply with the act can result in municipalities losing access to certain state funds, such as the Housing Choice Initiative and the Local Capital Projects Fund.



Morton Station Village in Boston is across the street from the Morton Station Fairmount Line station for the MBTA. (Courtesy of POUA, A Square Design)

The act is expected to result in the creation of thousands of new housing units. The implementation of the act involves collaboration between local governments, developers, community organizations, and residents to ensure that new developments meet community needs and priorities.

# **Ensure Local Compliance** with State Housing Laws

While several states have initiated statewide housing policy, implementation is still often dependent on local compliance. To facilitate local government compliance, states such as California, Massachusetts, and Oregon have pursued strategies ranging from technical assistance to enforcement.

## California: Housing Strike Force

Recognizing the critical role of legal enforcement and policy advocacy, in 2021 Attorney General Rob Bonta of California established a Housing Strike Force in the state Department of Justice, staffed by a Housing Justice Team composed of deputy attorneys general with a broad range of expertise in housing, consumer protection, tenants' rights, land use, environmental justice, and civil rights. The unit is designed to boost the state's efforts in addressing housing challenges and work with state and local agencies, housing advocates, and community organizations to create a unified approach to solving the housing crisis. By holding local governments and developers accountable for compliance with housing laws, the team encourages more jurisdictions to adhere to state mandates and facilitate housing development.

The Housing Strike Force aims to ensure compliance with state housing laws related to zoning, land use, and housing approvals to

promote the development of affordable housing. The Strike Force also is empowered to address discriminatory housing practices, tenant harassment, and fraudulent activities that exacerbate housing instability and unaffordability. Other services include providing legal support and advocacy to facilitate the construction and preservation of affordable housing units across the state and safeguarding tenants' rights by enforcing laws related to fair housing, rent control, and eviction protections. An online <a href="Housing Portal">Housing Portal</a> serves as a repository for the Housing Strike Force's priorities and work.

## Massachusetts: Attorney General Advisory

Attorney General Andrea Joy Campbell issued an <u>advisory in March 2023</u> to clarify requirements imposed on towns and cities by the 2021 MBTA Communities Zoning Law. The law implements zoning reforms that require towns and cities to allow reasonable levels of multifamily housing development near MBTA stations. The attorney general's advisory explained that covered communities must come into compliance with the MBTA Communities Zoning Law, and that covered communities cannot opt out of or avoid their obligations by choosing to forego state funding. The advisory noted that failure to comply may result in civil enforcement action or liability under federal and state fair housing laws.

A variety of resources are available for cities and towns working to achieve compliance with the MBTA Communities Zoning Law, the technical assistance from the state Department of Housing and Community Development and its partner agencies, Massachusetts Housing Partnership, and the Citizens' Housing and Planning Association.



A.O. Flats at Forest Hills in Jamaica Plain, Massachusetts, is a mixed-income community built on a once-vacant MBTA site with 78 apartments, 1,600 square feet of retail space, and 2,500 square feet of community space. (Bruce Martin)

## Oregon: Housing Accountability and Production Office

Oregon's state <u>Housing Accountability and Production Office</u> (HAPO) is a new initiative established in 2024 under Governor Tina Kotek's housing production package, also known as SB 1537. This legislation, passed during Oregon's 2024 legislative session, has designated the Department of Land Conservation and Development and the <u>Department of Consumer and Business Services</u> as agencies for implementation. HAPO will be prepared to receive and respond to official inquiries, requests, and complaints from local governments and housing developers after July 1, 2025.

HAPO is designed to streamline the housing development process by providing funding and technical assistance to local governments and developers. This office will investigate compliance issues and offer solutions to implement state housing laws effectively.

HAPO plans to create various reports, guidance documents, and materials to support housing production, including the following:

- Model codes outlining best practices for regulating local housing development;
- <u>Ready-build plans</u> designed for local adoption, to streamline the approval processes; and
- Studies to identify barriers and opportunities within current land use policies and state agency plans.



Nesika Illahee offers 59 apartments in Portland, Oregon, with a focus on the needs of the Native community through a partnership with the Native American Youth and Family Center, the Confederated Tribes of Siletz Indians, and the Native American Rehabilitation Association. (Josh Partee Architectural Photographer)









**Leverage Land** 

**Money Matters** 

Explore Potential for Office-to-Residential Conversions

# Leverage

## **Leverage Land**

Land assembly is a key component of housing production. State and local governments can implement a variety of strategies to make land more widely available for housing development, such as facilitating the availability of publicly owned land, offering low-interest loans for land acquisition, or streamlining the process for faith-based organizations and nonprofit institutions to develop affordable housing on their property.

## Atlanta: Affordable Housing Strike Force

Atlanta, Georgia's <u>Affordable Housing Strike Force</u>, launched by Mayor Andre Dickens in 2022, is designed to bring together traditionally siloed city agencies to collaborate on housing priorities, make available hundreds of underused or vacant acres for housing development, and increase affordable housing supply. Participating agencies include the city of Atlanta, MARTA, Atlanta Public Schools, Atlanta BeltLine, Atlanta Housing, Invest Atlanta, Metro Atlanta Land Bank, and Atlanta Land Trust.

The Strike Force reviewed publicly held land and identified opportunities on several publicly owned parcels around the city for housing redevelopment. In 2023, the city had issued requests for proposals for four sites on city-owned land, and the <u>Strike Force had 32 affordable housing projects on public land in the works</u>.

During his 2023 State of the City, Mayor Dickens reported that the Affordable Housing Strike Force had facilitated the completion of 1,900 housing units with another 5,400 currently under development.

AFFORDABLE HOUSING PROJECTS	AGENCY/LANDOWNER
13	ATLANTA HOUSING
3	BELTLINE
6	MARTA
3	METRO ATLANTA LAND BANK (CO-OWNER)
7	INVEST ATLANTA
32	TOTAL

## Chicago: Chi Block Builder Program

Launched by the Chicago Department of Planning and Development in 2022, the Chi Block Builder program is an initiative to encourage the purchase and redevelopment of vacant city-owned lots, particularly on the South and West sides. The Chi Block Builder program simplifies the process of purchasing city-owned lots with a user-friendly online portal and clear guidelines. The dedicated website includes a map of over 2,200 vacant lots the city has made ready for sale. Available sites aren't needed for another initiative or development and have passed a limited environmental database review. The program received over 1,600 applications by February 2023, including 958 applications for affordable and market-rate housing projects. By making it easier for local residents and organizations to acquire land, the program encourages community-driven development, ensuring that projects meet the specific needs and aspirations of the local population.

## California: Affordable Housing on Faith Lands Act

SB 4, the Affordable Housing on Faith Lands Act (also known as YIGBY, or "Yes in God's Backyard"), creates a streamlined process for faith-based organizations and nonprofit colleges to develop affordable housing on their property. SB 4 leverages existing resources of underused land owned by these organizations and empowers them to develop affordable housing.

SB 4 enables faith-based organizations and nonprofit colleges to build affordable housing on their properties regardless of local zoning laws, provided the housing meets certain affordability criteria. Streamlining the approval process for affordable housing projects on faith-based lands reduces the time and costs associated with permitting and development. At least 50 percent of the housing developed under SB 4 must include units affordable to lower-income households.

Any housing built under SB 4 must be deed-restricted affordable for a minimum of 55 years for rental properties, and 45 years for homes offered for ownership. Density and height restrictions must align with appropriate standards for affordable housing under existing housing element law.





Casa Arabella is an affordable 94-unit transit-oriented development adjacent to the Fruitvale BART Station in Oakland, California. (David Wakely Photography)

## **SACRED SPACES, NEW PLACES**

Faith-based organizations redeveloping underused buildings or excess land they own for housing <u>has promising potential</u>—as well as unique opportunities and challenges.

Redeveloping property can align with the faith-based organization's mission, such as providing affordable housing, which serves community needs and supports social justice initiatives. Many religious properties are underused, and redevelopment can make better use of these assets, providing financial stability for the congregation.

Redeveloping properties for housing or community services can have a significant positive impact, offering essential services and revitalizing neighborhoods. For example, affordable housing projects can address critical housing shortages and support vulnerable populations.

Partnerships with developers, nonprofits, and government agencies can bring in expertise and funding. Successful projects often involve collaboration with various stakeholders who can help navigate the complexities of redevelopment.

However, the decision-making structure within faith-based organizations can be complex and slow, often requiring consensus from multiple levels of leadership and the congregation. This can delay projects significantly. Congregants may have strong emotional ties to the historical and spiritual significance of their property, which can make them resistant to change or selling part of the property.

Funding for redevelopment often requires a mix of grants, loans, and subsidies, which can be challenging to secure. Many

Continued on next page

religious institutions have limited access to capital, especially for predevelopment costs.

Zoning laws, historic preservation regulations, and other municipal policies can create significant barriers to redevelopment. For instance, outdated parking requirements and other restrictive zoning laws may need to be addressed to facilitate redevelopment projects.

Redevelopment projects may face opposition from local residents and municipal governments. Concerns about increased traffic, loss of historical character, or changes in the community dynamic can lead to resistance.

To navigate these challenges and leverage opportunities, it is important for faith-based organizations to establish connections with local government officials, community leaders, and developers. These relationships can help in understanding and navigating local regulations and gaining community support.

Conducting detailed market analyses, understanding the local real estate landscape, and developing a comprehensive plan that includes financial, legal, and community considerations are important.

Engaging experienced developers, legal advisors, and financial experts can help in managing the complexities of redevelopment.

Partnerships with nonprofits and government agencies can also provide additional resources and support.

Finally, while converting underused houses of worship or land owned by faith-based organizations can address housing shortages, <u>it's not always the best solution</u>. Factors such as location, infrastructure, community needs, and potential legal challenges must be considered. Alternative uses for these properties include social services, arts venues, and community spaces. It is vital to evaluate each property individually to determine its most beneficial use.



The adaptive use of the former St. John's Seminary in San Antonio, Texas, created 228 apartment homes for a range of income levels. (Paige Shinn Photography)

# Oregon: Affordable Housing Land Acquisition Revolving Loan Program

The Affordable Housing Land Acquisition Revolving Loan Program (LAP) was created by the Oregon legislature in 2017 to address the growing need for affordable housing across the state. The program was designed to provide low-interest loans to eligible organizations for the acquisition of land to be developed into affordable housing. Nonprofit organizations, housing authorities, and local governments were eligible to apply for loans through the LAP.

The initial funding for the program came from state allocations and was intended to create a revolving fund where loan repayments would replenish the fund, allowing for ongoing support for land acquisition. The primary goal was to facilitate the timely purchase of land for affordable housing developments, ensuring that suitable sites could be secured before property values increased.

Since its inception, the LAP has successfully enabled numerous organizations to acquire land for affordable housing projects across Oregon. From 2019–2024, the LAP loaned more than \$26 million to support the development of 26 rental and homeownership housing projects around the state. The repayment of loans has allowed the program to continue supporting new projects, maintaining a revolving fund that benefits multiple organizations over time.

In response to ongoing housing challenges, the Oregon legislature has periodically reviewed and adjusted the program to better meet the needs of developers and communities. This includes potential increases in funding allocations and modifications to loan terms. The LAP remains a vital tool in Oregon's strategy to expand affordable housing. Continued legislative and financial support ensures its effectiveness in acquiring land for future developments.



The Orchards of 82nd in Portland, Oregon, is a 48-unit housing project and multicultural community space that seeks to address gentrification and displacement in Southeast Portland's Jade District. (Aaron Locke)

## **Money Matters**

States and local governments have several avenues to dedicate funding to encourage the expansion of housing supply, such as tax abatements, tax increment financing, and discretionary funds.

**Cities and states can use tax abatement** as an incentive to increase housing supply by offering temporary reductions or exemptions from property taxes to developers who build or rehabilitate residential properties. This approach helps to lower the overall cost of development, making projects more financially attractive and feasible.

**Tax increment financing** is a powerful tool for expanding housing supply, particularly in areas that need economic revitalization. By capturing the increased tax revenues generated by new development, municipalities can reinvest these funds into housing projects and necessary infrastructure.

**Other public sector financial incentives** to developers and property owners are designed to encourage the construction or rehabilitation of housing. Incentives may include tax credits, density bonuses, expedited permitting processes, or fee waivers.

## Cleveland: Residential Tax Abatement Program

In 2024, the city of Cleveland, Ohio, updated its <u>residential tax</u> <u>abatement program</u>. For several decades, new construction homes built in the city that met the city's permitting and green building standards were eligible for 15-year, 100 percent tax abatement on the improvements. Single-family homes, multifamily buildings, and condominiums were all eligible for the tax abatement.

In the revised policy, full tax abatement is still available to spur redevelopment in weaker market areas such as Fairfax or Clark-Fulton but has been reduced in strong market areas such as Ohio City or University Circle that have high housing demand.

## Michigan: Housing Tax Increment Financing Program

To support the production and preservation of more affordable housing in the state, the Michigan State Housing Development Authority (MSHDA) Board created the Housing TIF program, as well as a Pilot Housing TIF Gap Lending program, in September 2023.



Broadway Lofts created 48 affordable apartments and a mixed-use development on a former brownfield site in Mount Pleasant, Michigan. (Michigan Community Capital)

Through the Housing TIF program, local and state governments use future tax revenue generated from the site to subsidize the development of the housing. Builders can develop affordable housing anywhere in the state as long as it is on nonagricultural land and they are reimbursed for development expenses out of the additional tax money collected on properties they developed. The goal of the TIF is to reduce the cost of development to build housing that is affordable for low- and middle-income households earning at or below 120 percent of the area median income (AMI).

MSHDA created the Housing TIF program under an amendment to the 1996 Brownfield Redevelopment Financing Act, which was reserved for demolition, site preparation, and environmental remediation on brownfields. The Housing TIF program makes funds available for nearly any type of for-sale or rental residential development, both new construction and rehabilitation. Development proposals must be approved by local government first before going to MSHDA for review.

The Pilot Housing TIF Gap Lending program allows MSHDA to provide funding to developers via construction loans and permanent tax reimbursement loans. Projects under this program are subject to income restrictions not exceeding 120 percent AMI.

# New York State: Pro-Housing Communities Program

The \$650 million <u>Pro-Housing Communities Program</u> in New York State was established by Governor Kathy Hochul in 2023 to incentivize and support municipalities in their efforts to create more housing. The program provides financial incentives to municipalities that adopt pro-housing policies. Localities must achieve the Pro-Housing Communities certification to apply to key discretionary funding programs.

Incentives can include grants, increased funding allocations, and other resources to support local housing initiatives. The program promotes the adoption of comprehensive housing strategies that address various aspects of housing development, from zoning reforms to streamline the permitting process to creating affordable housing units.

## **Texas: Public Facility Corporations**

Public Facility Corporations (PFCs) in Texas have become a pivotal tool for supporting affordable multifamily rental housing production, propelled by the generous tax exemptions that PFCs can enable. PFCs were established under the Texas Public Facility Corporation Act of 1999. The act allows local government entities, such as cities, counties, and housing authorities, to create PFCs as nonprofit entities to support the development, acquisition, and renovation of public facilities, including affordable housing.

In 2023, the Texas legislature passed <u>HB 2071</u> to significantly reform PFCs with the addition of accountability and transparency measures, provision of new tenant protections, and removal of loopholes.

PFC tax exemptions help to make housing projects more financially viable. These exemptions reduce operating costs for developers, encouraging the development of more affordable housing units.

Various cities in Texas, including <u>San Antonio</u> and <u>Austin</u>, use PFCs to create housing projects that benefit from property tax exemptions. PFCs partner with private developers to build mixed-income housing, where a portion of units are reserved for low-income residents. These partnerships have facilitated the development of thousands of affordable housing units across Texas.

## **Explore Potential for Officeto-Residential Conversions**

The prospect of office-to-residential conversions has attracted growing attention to expand housing supply, while also requiring careful consideration of building suitability, market conditions, and financial incentives.

The shift to remote and hybrid work during the COVID-19 pandemic led to high vacancy rates in office buildings, while the demand for residential housing, particularly affordable housing, has remained strong. Converting underused or vacant office spaces to residential use offers an opportunity to address housing shortages and make better use of existing infrastructure.

Approximately <u>15 percent of office buildings in the largest U.S. cities</u> are physically suitable for conversion to residential use, according to authors Arpit Gupta, Candy Martinez, and Stijn Van Nieuwerburgh in "Converting Brown Offices to Green Apartments." When considering additional factors, such as tenancy and market conditions, about 11 percent of office properties are viable candidates for such conversions. This process can potentially contribute significantly to the housing supply, especially in urban areas facing severe housing shortages. However, these conversions are not without challenges. They often involve substantial modifications to meet residential standards, including changes to plumbing, HVAC systems, and compliance with safety regulations. The financial feasibility of these projects depends on the cost of conversion versus the potential rental or sale value of the new residential units. Cities throughout North America are exploring the potential for office to residential conversions.

## Chicago: LaSalle Street Reimagined

Chicago is actively encouraging office-to-residential conversions to address its housing needs and revitalize its downtown area. In February 2022, a ULI Chicago TAP recommended that the city of Chicago explore the potential to reinvent LaSalle Street with the conversion of office space to residential. In September 2022, the city of Chicago issued an invitation for proposals for the conversion of underused commercial spaces with mixed-income residential uses and related public amenities based on the TAP recommendations. In April 2024, the city launched the LaSalle Street Reimagined initiative to transform the Loop into a mixed-use neighborhood. The city has offered \$150 million in tax increment financing (TIF) from the LaSalle Central TIF district to convert four old office buildings into at least partial residences.



The Lofts on Arthington is a historic preservation adaptive use of one of the original Sears, Roebuck & Co. Headquarters buildings into 181 apartment homes in Chicago's North Lawndale neighborhood. (Mercy Housing Lakefront)

The four projects are estimated to cost over \$500 million and aim to create 1,000 housing units. Of those units, 319 would be set aside for affordable housing.

The projects include the following:

- 111 West Monroe Street: A \$202 million project to create 345 rentals, including 105 affordable units, supported by \$40 million in TIF.
- **30 North LaSalle Street**: A conversion to 349 units, with 105 affordable, backed by \$57 million in TIF.
- 208 South LaSalle Street: A \$122 million project yielding 226 apartments, 68 of which are affordable, with \$26 million in TIF.
- **79 West Monroe Street**: Converting to 117 units, including 41 affordable, supported by \$28 million in TIF.

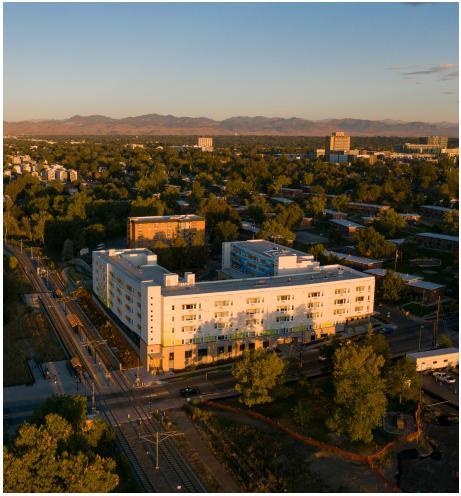
## Denver: Adaptive Reuse Study and Pilot Program

The city and county of Denver, Colorado, commissioned <u>an adaptive</u> <u>use study</u> in 2023 to examine the residential potential for underused downtown office buildings. The study, conducted by the architecture firm Gensler, determined that Denver has an ample supply of commercial properties that could be converted for residential uses.

The study, funded by the American Rescue Plan Act (ARPA), considered 69 downtown buildings and identified 22 buildings as good candidates for conversion. Criteria for conversion included walkability, transit access, number of elevators, natural light, building shape, and ease of window replacement.

Researchers conducted a final close analysis for the conversion options of 16 buildings. If all 16 buildings from Denver's analysis were converted to residential uses, this could add over 5,000 apartments to downtown.

The study area included six downtown Denver neighborhoods: Upper Downtown, Lower Downtown, Union Station, Civic Center, North Capitol Hill, and Capitol Hill. As a follow-up to the study, the city has also launched an <u>adaptive reuse pilot program</u> in Upper Downtown. The pilot program will support the residential conversion from office space with direct assistance to business owners, developers, and property owners to navigate the city's site development review and permitting process.



Arroyo Village in Denver, Colorado, is a transit-oriented project offering a continuum of care for people experiencing housing instability with a homeless shelter, permanent supportive housing, and affordable rental housing. (Matthew Staver)

## San Francisco: Reinventing Downtown

San Francisco's downtown could benefit from converting vacant office spaces into residential units. The shift to flexible work arrangements has significantly increased vacancies in older class B and class C office spaces. Converting underused office buildings to residential use could help create workforce housing and boost foot traffic to support downtown small businesses.

SPUR and ULI San Francisco, alongside Gensler and HR&A Advisors, analyzed the potential for converting underused office space in San Francisco into residential units in a report titled *From Workspace to Homebase*. The report identifies various types of office spaces suitable for conversion, including older office buildings with outdated infrastructure, vacant floors within buildings, and low-demand office districts. These spaces present opportunities for adaptive reuse into residential units, contributing to housing affordability and density goals.

Challenges include navigating zoning regulations and building code requirements, and potential opposition from existing commercial tenants or property owners. The report recommends zoning amendments to allow for mixed-use conversions, financial incentives for developers, and public/private partnerships to address regulatory and financial barriers.



Exploring the viability of office-to-residential conversion in San Francisco's changing real estate market



## **Conclusion**

In the face of a persistent housing crisis, innovative state and local policies are pivotal in shaping a future where housing supply meets the demand of a growing population. The economic impact of housing shortages cannot be understated: they stymie economic growth, exacerbate inequality, and diminish the quality of life. As we strive to build a resilient and inclusive housing market, it becomes clear that traditional approaches centered around local discretionary processes are often inadequate. Shifting decision-making to a broader, state-level framework can streamline approvals, reduce bureaucratic bottlenecks, and ensure that housing policies are implemented effectively and equitably.

However, this transition is not without its challenges. Rapid increases in insurance costs pose significant obstacles to both developers and homeowners, threatening the affordability and viability of housing projects. Policymakers must address these rising costs through innovative solutions and regulatory reforms to prevent them from derailing progress.

Resistance to increasing housing supply remains a formidable barrier. Local opposition, often driven by concerns over neighborhood character, environmental impacts, and infrastructure strain, can produce "death by delay"—slowing or even halting much-needed developments. Yet, it is crucial to weigh this vocal resistance against the tangible benefits of increased housing production. Evidence consistently shows that expanding housing supply yields substantial economic and social benefits, from reducing homelessness to attracting businesses and workforce talent.

As we look to the future, the lessons learned from innovative policies across various states and localities underscore the importance of bold, decisive action. Balancing stakeholder concerns with the imperative to boost housing supply requires a nuanced approach that prioritizes long-term gains over short-term appeasement. By embracing forward-thinking policies and fostering collaboration across all levels of government, we can build a future where housing is accessible, affordable, and abundant for all.

## **Appendix**

# About the ULI Charles H. Shaw Symposium on Urban Community Issues

In 2000, Charles "Charlie" H. Shaw (1933–2006) established the ULI Charles H. Shaw Symposium on Urban Community Issues. Chairman of the Shaw Company and developer of Chicago's Homan Square, Charlie Shaw served on the Board of the Urban Land Institute Foundation and was Chair of the ULI Board in 1994-1996. He was instrumental in advancing several key areas of ULI's program of work, including the revitalization of urban neighborhoods and global expansion efforts. The forum convenes a select number of industry experts and leading practitioners annually to address a specific and timely topic relating to the challenges and opportunities of urban neighborhoods.

Held annually since 2001, the forums have addressed such topics as the role of schools, recreational centers, and other public facilities in community building; capitalizing on the new markets tax credit; involving the community in neighborhood planning; making parks accessible to the community; partnering of community development corporations with for-profit developers; managing gentrification; and promoting green affordable housing.

## **2024 ULI Charles H. Shaw Symposium on Urban Community Issues**

State and Local Policy Innovations to Expand Housing Production May 9, 2024

#### CHAIR

#### **DOUG ABBEY**

Co-Founder IHP Capital Partners

#### **SPEAKERS**

#### **ANTHONY DE YURRE**

Partner Bilzin Sumberg

#### **MARK EGGE**

Member

Montana Governor's Housing Task Force

#### **BRYAN ESENBERG**

Director

NHS Redevelopment Corporation

#### **ANTHONY FUSARELLI**

Planning Director Arlington County, Virginia

#### **NICKI OLIVIER HELLENKAMP**

Mayor's Housing Advisor City of Boise, Idaho

#### **SARAH KARLINSKY**

Research Director

Terner Center, University of California-Berkeley

#### CHRYSTAL KORNEGAY

Chief Executive Officer MassHousing

#### **DARA KOVEL**

President

Beacon Communities Development LLC

#### LINDA MANDOLINI

President Eden Housing

## MATTHEW MURPHY

**Executive Director** 

Furman Center, New York University

#### **BREANNE ROTHSTEIN**

Founder and Chief Executive Officer Thrive Consulting

#### DR. JENNY SCHUETZ

Senior Fellow Brookings Metro

#### **MICHAEL WILT**

Senior Manager, External Relations Texas State Affordable Housing Corporation

#### **PARTICIPANTS**

#### **JAMES CARRAS**

Adjunct Lecturer in Public Policy Kennedy School of Government, Harvard University Principal, Carras Community Investment Inc.

#### **ADAM DUCKER**

Chief Executive Officer RCLCO

#### **DELANIE GARLICK**

Development Services Manager City of Boise Planning and Development Services Department

#### **ROSEMARIE HEPNER**

Vice President
ULI Terwilliger Center for Housing

#### **NINA JANOPAUL**

Founder Capital Strategies Consulting LLC

#### LYDIA LO

Research Associate Metropolitan Housing and Communities Policy Center, Urban Institute

#### **LEROY MOORE**

Senior Vice President and Chief Operating Officer Tampa Housing Authority

#### **DEBORAH L. MYERSON**

Senior Research and Policy Fellow ULI Terwilliger Center for Housing Founder and Principal, Myerson Consulting LLC

#### SIB SHEIKH

Vice President, Real Estate Development Helix 33

#### J. RONALD TERWILLIGER

Chairman

Terwilliger Pappas Multifamily Partners

#### **STEPHEN WHYTE**

President and Chief Executive Officer Vitus Group

#### **SHARON WILSON GÉNO**

President
National Multifamily Housing Council

#### **JESS WUNSCH**

Director of City Engagement, Housing Solutions Lab NYLI Furman Center

#### **FABIOLA YURCISIN**

Director
ULI Terwilliger Center for Housing