Housing Solutions: Local Innovation Leading the Way

Christa Daniels, Ph.D., AICP; Antioch University &
Senior Advisor, Telosa Community Foundation

The U.S. housing system is under immense pressure. Home prices have soared beyond six times the median income, locking millions out of stable housing. Meanwhile, renters are also struggling, with nearly half spending over 30% of their income on rent. These trends are not just about affordability; they erode opportunity, community connections, and local resilience.

But there's good news. A new wave of housing trends is shaping as cities and towns experiment with zoning reform, innovative land use, and investment strategies. Minneapolis and Portland have eliminated single-family zoning. Vermont and California have legalized backyard cottages (ADUs). These trends are helping neighborhoods offer more diverse, accessible, and resilient housing options.

Local governments are leading the way with tools that promote incremental development, like legalizing starter homes and removing outdated parking mandates. And new financial strategies are catching attention, such as Land Value Return (LVR), which captures the rising land value generated by public investments to fund infrastructure and housing.

We're also rethinking the purpose of housing itself. Instead of treating homes as speculative assets, more communities are adopting models, such as Community Land Trusts (CLTs), that ensure long-term affordability and equity. These nonprofit partnerships hold land in trust, creating affordability, preventing displacement, and helping families access homes in communities that were previously unattainable.

If we want healthy, thriving communities, we must embrace these trends: welcome ADUs and duplexes, rethink land value, and see housing as a public good. The future of housing lies in flexibility, fairness, and resilience, and it will take collective action to make it real.

New Housing Trends Signal a Shift

The U.S. housing system is at a breaking point. Across the country, the average cost of a home is now more than six times the median income—a staggering reality that excludes millions from stable housing opportunities. At the same time, sprawling development patterns have strained infrastructure, worsened carbon emissions, and eroded our neighborhoods' social and economic vitality, making it harder for people to put down roots, start families, or feel a connection to the place they live.

The numbers are stark: in 2023, the median sale price of a home in the U.S. was over $425,000, while the national median household income was around $80,610, putting

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homeownership well beyond reach for most Americans without significant wealth or dual incomes (U.S. Census Bureau, 2023). Meanwhile, nearly half of renters, more than 22 million households, are considered “cost-burdened,” spending over 30% of their income on rent (Harvard Joint Center for Housing Studies, 2023). The impacts go beyond housing instability, including fewer opportunities for upward mobility and weakening community ties.

We find ourselves caught in a trap: the more home values rise, the more existing homeowners’ benefit, but the harder it becomes for anyone else to enter the market. This dynamic is deepening inequality, community vulnerability, and civic fragmentation.

Our current housing landscape stems from decades of policy choices, especially in zoning and land use. It results from decades of policy decisions rooted in mid-20th-century zoning and planning ideologies. Beginning in the postwar era, cities across the United States adopted exclusionary zoning codes that favored single-family homes, required large lot sizes, and restricted denser forms of development. These policies were often designed to maintain racial and economic segregation and to preserve property values, not to expand housing access or community cohesion (Rothstein, 2017).

At the same time, car-centric suburban sprawl became the dominant development model, subsidized by federal highway funding and low-interest mortgages. The result was a housing system that discouraged walkability, fragmented communities, and locked out lower-income families from neighborhoods with access to good schools, transportation, and opportunity.

Innovative Zoning Trends

Fortunately, these trends are beginning to shift. A wave of zoning reforms is gaining traction nationwide as cities tackle the consequences of outdated land-use rules and recognize the urgent need for more affordable, sustainable housing.

Cities like Minneapolis and Portland have eliminated single-family zoning, allowing duplexes, triplexes, and fourplexes by right. In California, Oregon, and Vermont, legislation has legalized accessory dwelling units (ADUs) in most residential areas. Boise, ID, has implemented zoning code reforms that promote infill housing and reduce parking mandates. These trends reflect a growing understanding that neighborhoods must be allowed to evolve and that flexibility in housing options is key to community resilience.

As Strong Towns emphasizes in their Housing-Ready Checklist, local governments don’t have to wait for federal solutions. They can act now to implement six practical zoning and land use changes that make room for incremental housing development:

- Allow single-family home conversion to duplex or triplex, by right

- Legalize starter homes in all residential zones
- Repeal parking mandates for housing
- Permit backyard cottages (ADUs) in all residential zones
- Eliminate minimum lot size requirements
- Streamline the approval process for infill and adaptive reuse
  (Source: Strong Towns Housing-Ready Checklist)

These reforms help neighborhoods grow and change naturally, like they used to, making them more welcoming and affordable for everyone. They enable diverse housing types, support aging in place, reduce carbon footprints, and promote economic resilience without paving over open space or overburdening public infrastructure.

In addition to zoning reform, land value taxation and the Land Value Return (LVR) model are gaining attention as complementary tools. By taxing the land itself rather than buildings or improvements, this model discourages speculation and incentivizes the development of underutilized lots. This model relies on the principle that land value return helps ensure that the financial gains created by taxpayer-funded investments are shared with the broader community. (Germán & Bernstein, 2020). In short, it encourages communities to build homes, not barriers.

Rethinking Value and Investment

Even the most progressive zoning reforms can only go so far if we don't also address a deeper issue: how we value housing in our society. As Charles Marohn explains in *Escaping the Housing Trap*, the U.S. housing system has prioritized homes as financial assets, tools for wealth-building, rather than for shelter. This mindset encourages policies restricting supply, inflating property values, and leaving millions priced out of safe, stable housing.

Another innovative investment trend that breaks the cycle of speculation and displacement is the Community Land Trust (CLT) model (Davis & Jacobus, 2008). CLTs are nonprofit organizations that hold land in trust for community benefit and lease it to residents who own the homes on the land. This structure ensures that homes remain permanently affordable, as resale prices are restricted by a formula tied to income levels rather than market rates. Cities like Burlington, VT; Albuquerque, NM; and Chapel Hill, NC have supported CLTs with land donations, startup funding, and regulatory support, recognizing their ability to preserve public investment, stabilize neighborhoods, and expand access to homeownership over generations. For example, the Champlain Housing Trust in Burlington received city-owned properties and a $200,000 startup grant, growing into one of the country's largest and most effective CLTs.

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We need a cultural and economic shift to create truly inclusive and resilient communities. Housing must be treated like public infrastructure, as critical as roads, water, or energy systems. That means it should be abundant, dependable, and accessible to everyone.

Some cities are beginning to put this new mindset into action. For example:

- Vienna, Austria, is often cited for its housing-as-infrastructure approach, with nearly 60% of residents living in municipally owned or subsidized housing that is high quality, mixed income, and designed to remain affordable long-term.

- Montgomery County, Maryland, operates a Housing Production Fund that invests public money into building moderately priced housing, treating it as an essential public good.

- Burlington, Vermont, has long supported community land trusts, which remove land from the speculative market to ensure long-term affordability and community stewardship. The Champlain Housing Trust, for example, enables residents to purchase homes while keeping the land in nonprofit ownership, ensuring affordability for future buyers.

- Seattle, WA, has taken steps beyond zoning reform by tying affordable housing creation to local infrastructure planning and supporting homeownership models that limit resale value to ensure continued affordability.

- Singapore treats housing as an integral part of national infrastructure, with many of its residents living in government-built public housing and nearly 90% of the land owned by the state (Phang 2023). This example showcases how large-scale public investment can create stable, inclusive neighborhoods.

In each of these examples, the goal isn't just to build more housing, it's to build housing that people can actually afford, in places they want to live, with long-term stability in mind. This new mindset also depends on recognizing that neighborhoods must evolve. They are not fixed, unchanging entities. Neighborhoods should be developed and designed to adapt to meet the needs of new generations, including older adults who wish to age in place, people just getting started, and households displaced by economic shifts or natural hazards.

By expanding the view of housing as public infrastructure, we open the door to more innovative financing, planning, and policy approaches that meet human needs and strengthen communities, rather than deepening economic divides.

We can solve the housing crisis by strategically identifying and overcoming our past mistakes. A resilient and affordable housing future requires communities to embrace change, reform exclusionary zoning, streamline housing permits, and prioritize incremental growth over sprawl. It means welcoming ADUs and duplexes on our blocks,

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celebrating mixed-use neighborhoods, and reducing the bureaucratic hurdles that stall development. We should want home prices to rise because our communities are thriving, not because we've manufactured scarcity. Making this housing trend a reality will take collective leadership and local innovation.

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