

How States are Addressing the Housing Supply Gap

National League of
Cities & American
Planning Association

Housing Supply Accelerator Playbook

[Link: Solutions,
Systems,
Partnerships](#)



Top Housing Supply Hurdles by Region

Percentage of respondents (%)



- Construction obstacles such as a lack of developers or laborers
- Financing challenges like conventional lending for construction or rehabilitation, access to grants and tax-credits, etc.
- Land use, zoning, and permitting obstacles
- Our housing needs just seem overwhelming and it's hard to know where to start
- Political or community opposition
- State preemption

How local areas can increase supply

- Update zoning & process barriers to development
- Incentivize the home construction you want:
 - Create build-ready land/lots
 - Financing and funding incentives
- Support and promote off-site construction
- Ensure state and federal officials are aware
- Grow the construction workforce



How Kentucky Invests in Affordable Housing

KY Affordable Housing Trust Fund

Creation: Established in 1992 by the KY General Assembly under KRS 198A.720.

Funding: \$6 flat fee per real estate transaction, collected by the county. Transactions generate an average of \$4-\$6 million annually.

Oversight: AHTF Advisory Committee. Members include legislators, bankers, advocates, and nonprofits.

KHC grants funds to non-profit housing organizations for:

- Development of Multifamily Apartments
- Development of Single-Family Homes for New Homebuyers
- Home Repairs for Existing Homeowners



KY Affordable Housing Trust Fund

AHTF Receipts

(expressed in '000s)



The report recommends updates to AHTF funding



“To more effectively leverage the AHTF, the General Assembly should consider several updates.

This should include conversations about targeted appropriations from the state’s Budget Reserve Trust Fund and modernizing the \$6 per real estate transaction fee to ensure the fund has the necessary revenues to carry out its mission.

Other changes should include increased flexibility for communities to build other types of housing, such as workforce and missing middle housing, and allow actors beyond nonprofits and local governments to compete for project funding.”

New: KY Rural Housing Trust Fund

2023 WKY Disaster Recovery	\$10M
2023 EKY Disaster Recovery	\$10M
2024 Any Rural Area	\$5M
2025 Any Rural Area	\$5M

- Rental or Homeownership Development
- Up to 120% AMI
- Oversight by RHTF Advisory Committee

Advantages of AHTF & RHTF

- Program Flexibility (no federal regulations)
- Rapid deployment
- Repairing existing housing and building new homes
- Leveraging with other Housing Programs

How States are Addressing the Housing Supply Gap

State Efforts Tend to Fall into a Few Categories

1. State Housing Tax Credits
2. Land Use/Zoning Incentives or Mandates
3. Financing for Housing Infrastructure and/or Housing Development
4. Assistances to homebuyers

State Housing Tax Credits

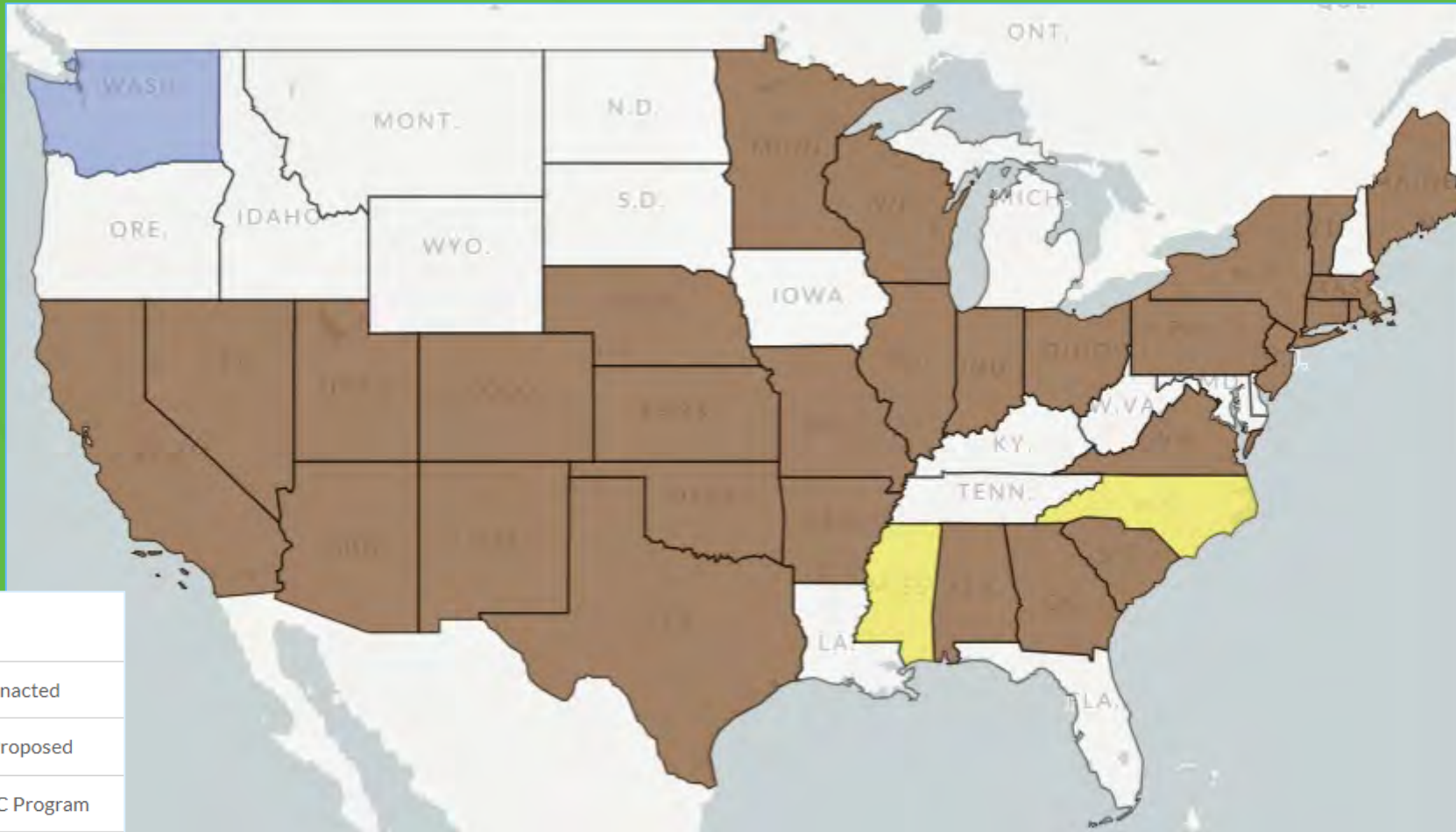
**State Housing
Tax Credits are
typically similar
to and allocated
alongside Federal
Low Income
Housing Tax
Credits**




State credits:

- Bring private investment/equity to a development.
- Lower a property's debt load.
- Make it feasible to charge lower rents.

State Housing Tax Credits to Support Affordable Rental Development

<https://www.novoco.com/resource-centers/affordable-housing-tax-credits/2024-state-tax-credit-information>



Legend	
	State LIHTC Program Enacted
	State LIHTC Program Proposed
	No Current State LIHTC Program

Ohio Single Family Housing Tax Credit

www.ohiohome.org/singlefamilytaxcredit.aspx

\$50M/year for 4 years in tax credits to incentivize construction of new single-family homes for Ohio's growing workforce.

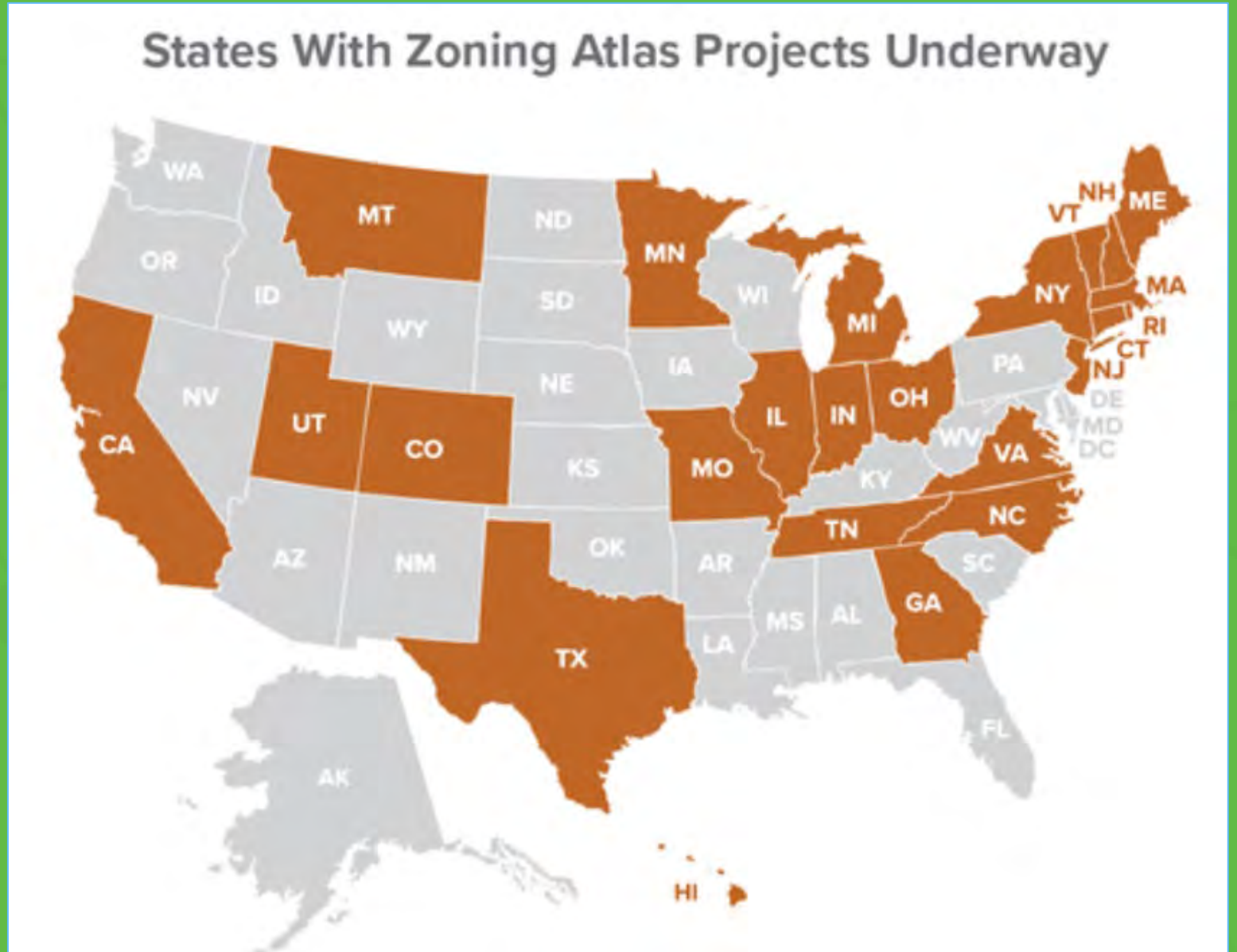
- Homeownership Units
- Minimum of 2 bedrooms and 1.5 baths
- Max credit per unit: \$50K
- Homes must remain affordable for 10 years
- 80%-120% AMI Homebuyers

Land Use/Zoning Incentives or Mandates

States using Cornell University's *National Zoning Atlas* to Examine Zoning Laws

<https://www.zoningatlas.org/>

<https://www.novoco.com/notes-from-novogradac/national-zoning-atlas-could-contribute-zoning-law-reform-policy-analysis>

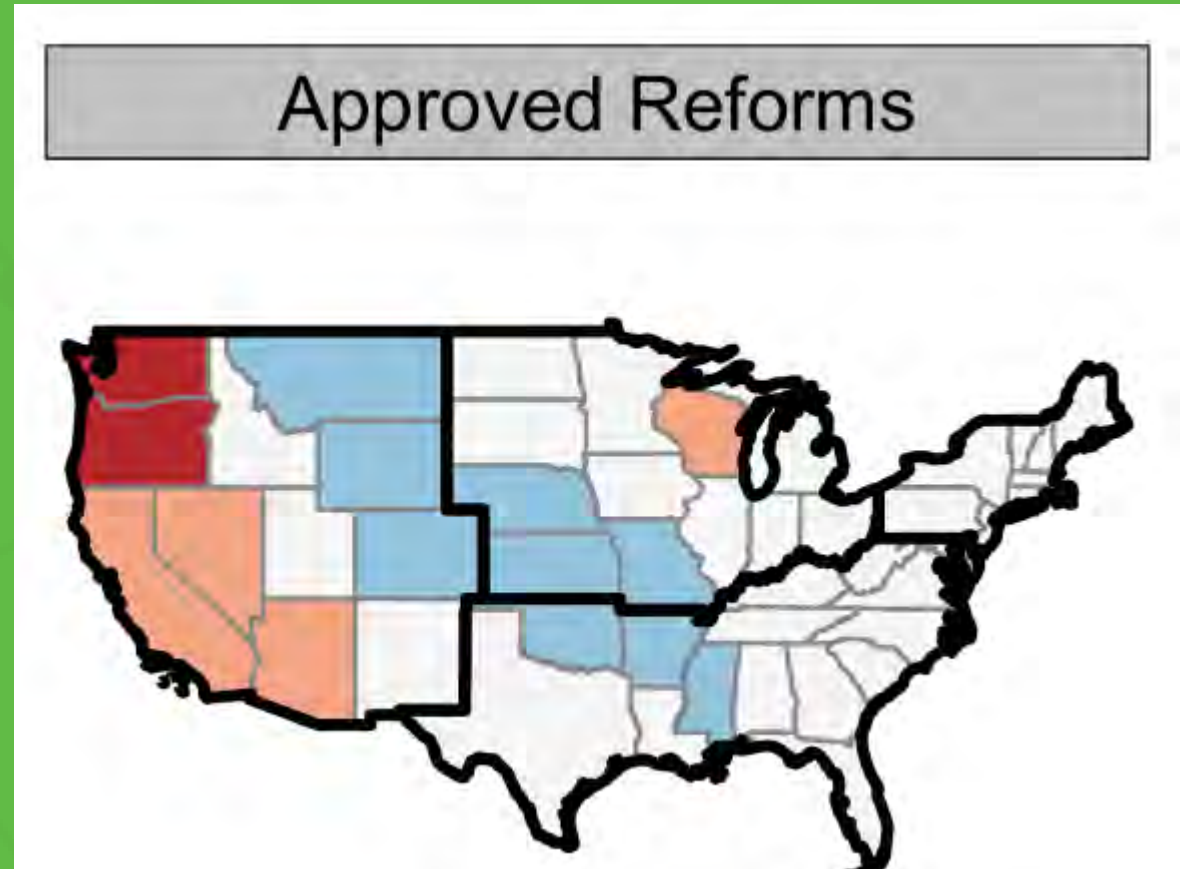


State Changes to Land Use/Zoning

- CA outlawed single-family zoning.
- MT establish by-right ability to add ADUs to single-family lots.
- CA, OR & WA — saying you can't challenge an environmental impact review on the basis of traffic congestion.
- FL, MT & IN tie priority for new funding to modernizing zoning codes.
- FL

States are Pursuing Zoning & Land Use Reforms

<https://belonging.berkeley.edu/destabilization-american-zoning>

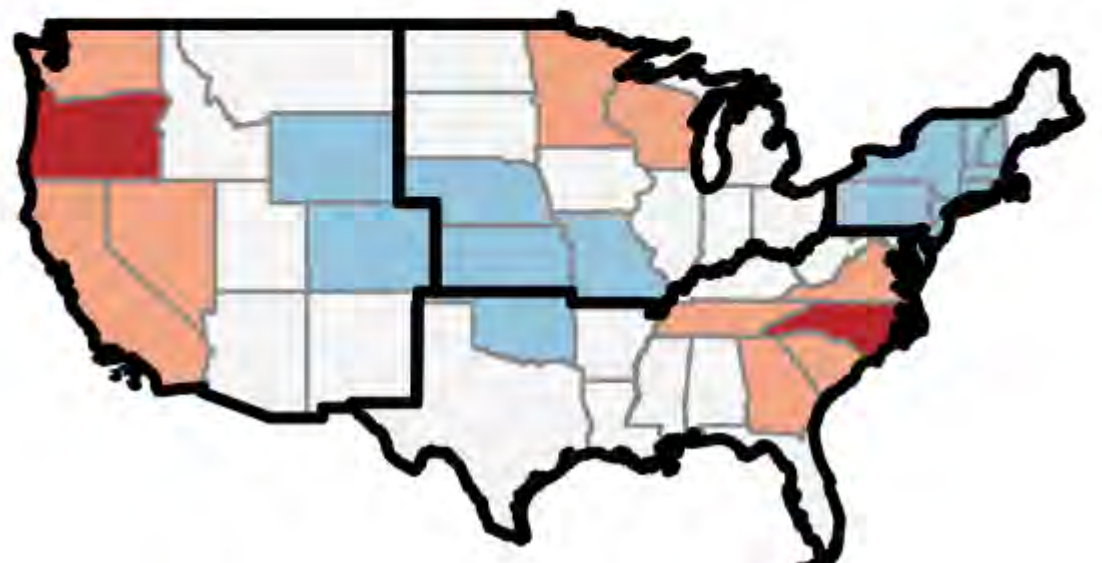


States Passing Zoning & Land Use Reforms

<https://belonging.berkeley.edu/destabilization-american-zoning>

ADU Reforms

Plex Reforms



Financing for Housing Infrastructure and/or Housing Development

(Most funded with ARPA dollars)

Oklahoma Housing Stability Program

<https://www.ohfa.org/housingstability/>

Oklahoma Increased Housing Program

- \$63.5M Revolving Loan Fund for Rental Housing Development
- Up to 85% loan to value financings
- 0% interest for 24 months, then prime + 3% interest
- Project size can range from 5 to 200 units.
- Rents capped at 125% of HUD Fair Market Rent

Oklahoma Homebuilder Program

- \$100M Homebuilder Subsidy for Homeownership Development
- Up to 90% loan to value financings
- 0% interest for 24 months, then prime + 1% interest
- Home size: 1,000 – 2,000 SF
- Price limits mirror HUD 234 requirements

Oklahoma Housing Stability Program

<https://www.ohfa.org/housingstability/>

Consumer Down Payment & Closing Cost Assistance

- \$40M for down payment and closing costs
- Available only to buyers purchasing homes produced by the Oklahoma Homebuilder Subsidy Program
- Grants of 5% of total loan amount
- Combined with OHFA's existing DPA program
- Buyer income <120% AMI
- Deed restriction for 3 years

Georgia Rural Workforce Housing Initiative

www.dca.ga.gov/community-economic-development/funding-programs/onegeorgia-authority/equity-fund-rural-workforce

Provides grants and/or loans to finance rural workforce housing on a competitive basis.

\$90M+ to provide financial investments to finance workforce housing.

- RWHI Infrastructure Grant
- RWHI Construction Loan

For-sale units: Home price must be \$125K - \$290K

Rental units: Unit development cost must be \$125K - \$290K

Colorado Concessionary Debt program

Provides loan options to for-profit, nonprofit, and governmental entities to support affordable housing investment, including:

- Multifamily Financing – Debt Financing for the development and preservation of low – and middle-income multifamily rental developments
- LIHTC Gap Financing – Gap financing in the form of subordinate debt for LIHTC projects
- LIHTC Predevelopment Finance: Gap Financing in the form of predevelopment loans for LIHTC projects.

Minnesota Housing Omnibus Bill

Largest single investment in housing in MN history:

- \$200M for Housing Infrastructure
- \$200M for Down Payment Assistance
- \$95M Economic Development Challenge - workforce housing
- \$40M Workforce Housing Great Minnesota
- \$45M Homeless Prevention
- \$50M– Housing funds initiative

\$525M during budget year 2023–2025 to create 4 loan pools to increase housing supply:

Main Street Housing	\$100M
Vacancy to Vitality Workforce & Senior Housing	\$100M
Infrastructure for Workforce Housing	\$275M
Home Repair	\$50M

Indiana Residential Housing Infrastructure Assistance Program

<https://www.in.gov/ifa/residential-housing-infrastructure-instance-program/>

\$75M for low interest, 20-year loans for infrastructure projects supporting rental or homeownership development in communities with demonstrated need for additional housing inventory based on job growth.

- Local governments apply.
- Funds installation, replacement, upgrade, or improvement of public infrastructure for the support of residential housing.

Michigan Missing Middle Housing Program

<https://www.michigan.gov/mshda/developers/missing-middle>

\$110M housing production program to increase the supply of housing to support the growth and economic mobility of employees targeted to middle income households.

- Homeownership & rental development (Units must be <2000 SF)
- Loans and grants to offset development gaps
- Funds reimbursed to developer after Certificate of Occupancy.
- 60%-120% AMI Households
- 5-10 year affordability compliance period

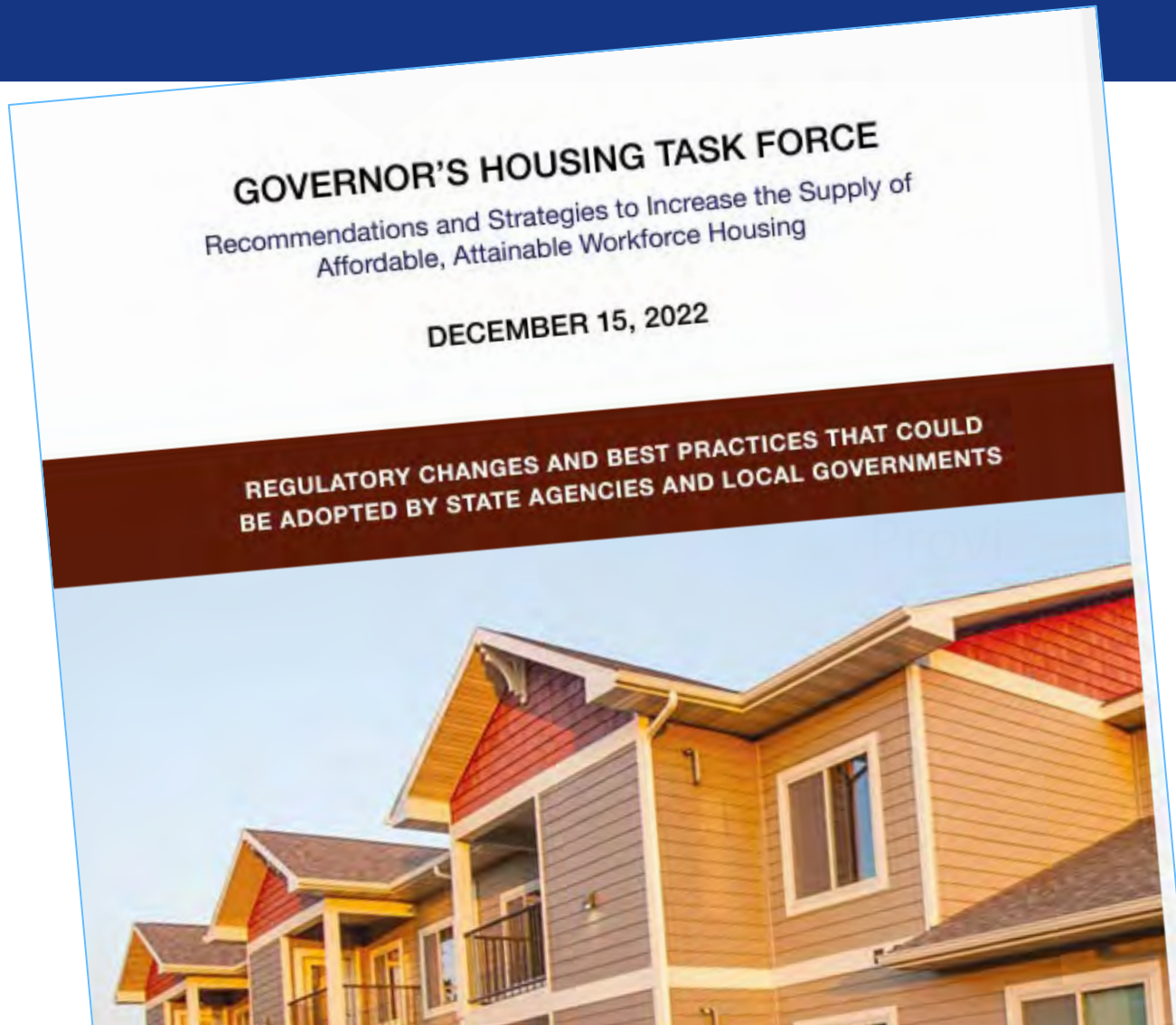
Ohio *Welcome Home* Ohio Program

\$150 million to improve access to housing across the state.

- \$100 Million - Grants for rehab and building of qualified residential properties.
 - \$30K max per unit.
 - Must be at least 1000 SF
 - 80% AMI
 - Home price limit \$180K
- \$50 Million – Nonrefundable tax credits for homeownership

Montana Governor's Housing Task Force

https://deq.mt.gov/files/About/Housing/HTF_Phase1_Final_10142022.pdf



“Montana Miracle”

**Mult-year,
ambitious task
force**

Montana Miracle

Montana Community Reinvestment Plan Act (\$225M)

- Reinvestment Plan Account
- Coal Trust Multifamily Homes Program
- Expand Workforce Housing for State Facilities
- Montana Housing Infrastructure Revolving Loan & Bond Program
- Planning Grant Program

Montana Miracle

- In 2021 the legislature added workforce housing to its definition of infrastructure.
- In 2023 language was added to define workforce housing as serving families that earn between 60% and 140% of AMI.
- Senate Bill 245 forces cities of 7,000 residents or more to allow apartment-style housing in most areas set aside as a commercial zone.
- Senate Bill 528, requires cities/towns to adopt rules allowing the construction of ADUs or smaller housing units that share a lot with a primary home.
- Senate Bill 323, makes duplex housing allowable on any home lot in cities with 5,000 residents or more.

Montana Miracle

Montana Land Use Planning Act, a wholesale rewrite of the land-use planning statutes that:

- Requires municipalities of 5,000 residents or more in the state's urban counties to plan for the housing they need to accommodate population growth.
- To discourage NIMBY-ism, it [makes an explicit effort](#) to shift public participation in land-use planning earlier in the process by inviting more public input as growth plans are written and limiting comment once specific projects are proposed.
- The land-use planning act bill also requires that local zoning codes treat manufactured homes like site-built houses instead of mobile homes, a provision that could allow for wider adoption of less expensive, factory-built homes.

These programs are all very new.

**The flexibility of state funds
over federal dollars cannot be
overemphasized!**

KY Legislative Housing Task Force

Recording of 6/24 meeting: www.youtube.com/watch?v=ntfS6HN2joo

KHC's June presentation: [Kentucky Housing Supply Gap website](#)

Task force webpage: [Housing Task Force website](#)



Special committee meets monthly in 2024.
Next meeting: Monday, August 26, 1pm.

Legislative Members

Robby Mills - (S) - Co-Chair
Susan Witten - (H) - Co-Chair
Julie Raque Adams - (S)
Jimmy Higdon - (S)
Stephen West - (S)
David Yates - (S)
Kevin D. Bratcher - (H)
Randy Bridges - (H)
Lindsey Burke - (H)
Mike Clines - (H)

THANK YOU

Wendy K. Smith
KHC Deputy Executive Director of Housing Programs
wsmith@kyhousing.org
502-605-1336

