

The Case for Innovation in Housing

How Local Governments
Can Drive Solutions

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| Foreword

Cities, towns and villages across the nation are facing a shortage of nearly four million housing units. From Clearfield, UT to Port St. Lucie, FL to Cincinnati, OH, the impact of this shortage is felt keenly by every community. Housing is *the* topic in every room of local leaders I walk into. So much so, that I am often asked the following questions:

“What housing policies should my city consider implementing?”

“Why are *these* housing policies successful?”

“Which local governments are doing this well?”

In 2023, the National League of Cities conducted a nationwide survey to learn more about what local officials needed. The findings confirmed that expanding or diversifying local housing supply is a high priority for local leaders.¹

Indicative of these findings, in the National League of Cities’ 2024 annual State of the Cities report,² housing rose from its historical position as fifth or sixth priority for local officials to third for the first time in the 11-year history of the report. 60% of mayors describe the state of housing in their cities as less than satisfactory. Local leaders across diverse geographies encounter similar hurdles. These include a shortage of developers or laborers for construction, limitations in financing new construction and renovations, difficulty accessing grants, regulatory obstacles, community opposition and state policy and costly infrastructure needs associated with increased housing. This is all compounded by the fact that local governments often do not start from the same place. The resources, tools, funding, and partnerships readily available for each city are as diverse as the cities themselves.

While every city has a role to play in lessening the impact of the housing shortage on residents, the fact remains that each sector of the housing landscape—construction and development, finance, land use and regulation, workforce, and infrastructure—has vast intractable challenges, which can make it difficult for even the most equipped cities to successfully tackle their housing crises. For true change to occur, interconnected challenges must be addressed collectively.

Local governments cannot solve the housing crisis alone. A systems approach is needed to navigate housing supply challenges.³ This comprehensive approach requires multilayered solutions that effectively address the symptoms and causes of this housing crisis with an emphasis on shared responsibility and coordination among the sectors in the housing ecosystem.

The Case for Housing Innovation: How Local Governments Can Drive Solutions considers this approach and offers transformative and innovative solutions that local governments are looking for with actionable insights to guide local governments and policymakers in their pursuit of addressing the housing crisis.

Lauren Lowery
National League of Cities, Director of Housing & Community Development

Innovations at a glance

This report includes case studies highlighting the following innovators, recognized by three leading housing innovation prizes in the United States as having contributed promising solutions to a diverse set of issues within the housing ecosystem.

Wealth justice and access to homeownership



Mixed Income Neighborhood Trust (Trust Neighborhoods) – Trust Neighborhoods helps existing neighborhood groups set up a Mixed Income Neighborhood Trust so that communities at risk of displacement can attract investment while keeping rent affordable for existing residents.



Frolic – Frolic partners with owners of single-family homes to codevelop multifamily cooperative housing on their properties, creating new infill housing units with affordable down payments.



Success Starts with Me (Tlingit Haida Regional Housing Authority) – Success Starts with Me provides tribal citizens with the opportunity to become homeowners. The solution fills the gap between traditional mortgage loans and the aspirations of tribal families across Southeast Alaska. Through innovative lending and participant education, the program meets people where they are on their financial journey, supporting tribal communities through accessible, affordable homeownership.

Bolstering housing supply through industrialized construction



Last Mile Network (Module) – The Last Mile Network brings the power of prefabricated housing to an urban context. The hub-and-spoke manufacturing model scales a pilot facility in Pittsburgh through locally owned manufacturing sites and workforce development that create on-ramps to the construction industry. The Network leverages a track record in sustainable infill development and partnerships with BIPOC developers.



DreamBuild (cdc b and bcWORKSHOP) – DreamBuild is an environmentally sustainable, disaster-resilient modular homeownership innovation designed for rural communities. The model features a custom mortgage product and a web app that gives homebuyers a stake in the design of their home and shows how their choices affect cost in real time.



Connect Shelter (Connect Homes) – Connect Homes builds high-quality, efficient, rapid deployment transitional and permanent housing solutions using industrialized construction methods.

Overcoming systemic barriers to preventing and ending homelessness



The Homecoming Project (Impact Justice) – The Homecoming Project is a housing model for people returning home after being sentenced to over 10 years in prison. It pairs people leaving prison with welcoming hosts who have a spare room in their homes and a desire to help someone make a fresh start. Community navigators provide reentry coaching and connect participants to local organizations offering wraparound services.



Housing Connector – Housing Connector increases access to housing for individuals most in need by solving financial and resident challenges for property owners and by streamlining the housing search experience for case managers.



SAFE Housing Network (A New Way of Life Reentry Project) – A New Way of Life Reentry Project's SAFE Housing Network provides housing, case management, pro bono legal services, advocacy, and leadership development for people rebuilding their lives after incarceration.

| About us

Housing Affordability Breakthrough Challenge

The [Housing Affordability Breakthrough Challenge](#) is a \$40 million initiative designed to inspire, propel, and scale innovative housing solutions. It offers grants of \$2 million to \$3 million, along with technical guidance and the support of an engaged cohort, empowering housing leaders across the nation to expand the reach and impact of their housing innovations. Launched in 2019 by the national nonprofit [Enterprise Community Partners](#), with deep support and strong collaboration from the [Wells Fargo Foundation](#), the Breakthrough Challenge seeks to transform how affordable housing is accessed, built, and financed. Five years and two cycles into the program, the Housing Affordability Breakthrough Challenge has advanced and amplified 12 winning innovations, all working to build a more just, equitable, and sustainable housing system.



Enterprise Community Partners

Enterprise is a national nonprofit that exists to make a good home possible for the millions of families without one. We support community development organizations on the ground, aggregate and invest capital for impact, advance housing policy at every level of government, and build and manage communities ourselves. Since 1982, we have invested \$72 billion and created 1 million homes across all 50 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands - all to make home and community places of pride, power and belonging. Join us at enterprisecommunity.org



Wells Fargo Foundation

In the communities we serve, Wells Fargo focuses its social impact on building a sustainable, inclusive future for all by supporting housing affordability, small business growth, financial health, and a low carbon economy. As part of the Wells Fargo Foundation, the Housing Access & Affordability philanthropy team strives to foster interventions and innovative solutions that increase access to affordable, sustainable, and wealth-generating housing for vulnerable populations and communities. We provide grants to nonprofit organizations working to strengthen the resiliency of our communities with a focus on supporting nonprofits that strategically align with our funding priorities, including deep support for innovations scaled through the Housing Affordability Breakthrough Challenge and Housing Venture Lab.

| About us



[Ivory Innovations](#) is dedicated to catalyzing innovative solutions in housing affordability. Through its network and resources, Ivory Innovations promotes the most compelling ideas to improve the housing ecosystem. Launched in 2018, the [Ivory Prize for Housing Affordability](#) is an annual award recognizing ambitious, feasible, and scalable solutions to housing affordability in the categories of construction & design, finance, and policy & regulatory reform. Since 2018, Ivory Innovations has recognized 147 finalists with the most innovative and impactful solutions in housing, and awarded \$1.5 million in grants and funding to 22 Ivory Prize winners. Ivory Innovations is a hub for housing innovation resources, including a public [database of over 500 innovative housing solutions](#) and an [innovative policies and initiatives database](#) for up-and-coming policy ideas.



[Terнер Labs](#) scales critical housing innovation at the intersection of affordability, equity, and sustainability. Founded in 2020 as a sister organization to the [Terнер Center for Housing Innovation](#) at UC Berkeley, Terнер Labs transforms innovative research and policy expertise into actionable tools, programs, and partnerships. It runs three main programs: a Housing Venture Lab, which supports emerging nonprofit and for-profit entrepreneurs; a Data Solutions Lab, which builds data tools for policy decision-makers; and a Builders Lab, which supports firms advancing the most cost-effective and sustainable construction methods to produce new housing. To date, Housing Venture Lab graduates have raised \$490 million in follow-on funding and created improved housing or wealth-building outcomes for 163,000 people across the United States, and the Data Solutions Lab tools serve city governments with a combined population of 15 million.

| Why housing innovation matters

Innovation is transforming how we build, access, and finance housing every day, unlocking new opportunities for both homebuyers and renters. For instance, the DreamBuild "grow home" allows families to address their immediate housing needs while providing the flexibility to expand into a larger, energy-efficient home as their finances improve or their needs change. The Homecoming Project connects individuals leaving prison after more than a decade with welcoming hosts who have a spare room, along with organizations offering comprehensive support services. Mixed Income Neighborhood Trusts (MINTs) develop, own, and operate mixed-income rental properties through a community-owned governance structure, enabling existing residents to stay while welcoming new neighbors. These innovative housing models not only tackle pressing issues but also showcase the potential for future solutions nationwide.

A housing crisis as urgent, expansive, and complex as the one America currently faces requires comprehensive and collaborative solutions — ideas that reimagine key elements of the sector, including construction, policy, finance, resident services and more. Creating meaningful solutions demands coordination, partnership, and change across a complex and interrelated system. It also requires our housing systems to be receptive to and supportive of innovative ideas that expand and depart from conventions to provide high-quality, affordable housing to all who need it.

The solutions included in this paper are innovative for many reasons, not least that they are generally lower-cost solutions that augment existing production efforts. Relative to cost, these solutions can have outsized results. Our organizations, Enterprise Community Partners, Wells Fargo Foundation, Turner Labs, and Ivory Innovations have seen early success in scaling innovation to improve affordability, but growth in the housing sector has been stymied by multiple and intersecting institutional challenges.

As one of the most impactful stakeholders in the housing industry, local governments have a unique ability to enable or hinder innovative programs, practices, processes, and frameworks. Local governments have created processes that seek to serve the public with integrity and protect the health, safety, and well-being of residents. Those same processes and procedures, such as special use permitting for smaller or multi-family housing types, steep slopes ordinances and outdated codes, can lengthen production timelines, complicate the process of creating affordable housing, and make it difficult to attract and adopt new transformative solutions.

While the federal government has a critical role in funding, enabling, and scaling housing solutions, the governance system in the United States has also uniquely empowered local governments to lead on housing through their authority over zoning and land use policy, as well as spurring innovation through local funding and programmatic support. This paper is focused on supporting local governments that have significant power to create the on-the-ground conditions where new, innovative solutions can be evaluated, implemented, and scaled.

| What is housing innovation?

In an effort to elevate and scale new solutions that have the potential to transform our housing systems, Enterprise Community Partners and Wells Fargo Foundation, Ivory Innovations, and Turner Labs have all created unique programs aimed at inspiring and propelling innovation in housing. This report shares learnings from our collective programs to understand ways that local governments can create and contribute to the enabling ecosystem necessary to make our housing systems more accessible, inclusive, and equitable.

To our organizations, housing innovation means novel, scalable approaches that make housing more affordable and attainable for residents across the United States. This includes new ways of financing and building homes, as well as expanding access and supporting the most vulnerable residents in our communities.

Ultimately, innovative housing solutions make it possible for more people to live well in a home they can afford and actively contribute to the growth and prosperity of their community.

| What is the role of local government?

The United States continues to grapple with a severe shortage of affordable housing (defined as housing where the occupant is paying no more than 30% of their gross income for rent and utilities) — and local governments play a key role in unlocking market-based supply. Local governments are instrumental across the affordable housing development process in ways that affect policies, funding, land use and planning, partnerships, community engagement, compliance, advocacy and more. Within this range of roles and possible impact in housing systems, local governments can be innovators themselves; they can incentivize the creation of innovative programs, and they can adopt, implement, and scale existing innovative solutions.

While the lack of affordable housing affects localities throughout the country, no two communities share the exact same challenges, needs, and resources. We have collectively worked with dozens of innovators across the housing ecosystem, and have supported them as they navigate significant obstacles implementing and scaling their innovations. Drawing on the expertise and experience of these program teams, this paper features case studies that highlight the different ways local governments can create an enabling environment for housing innovation and advocate for the specific strategies and frameworks that best fit the needs and aspirations of their communities.

Each case study relates to one of the three themes below, and exemplifies how local governments and policymakers can support innovation in that focus area:

- Wealth justice and access to homeownership
- Housing supply creation through industrialized construction
- Overcoming systemic barriers to preventing and ending homelessness

Wealth justice and access to homeownership

Extractive land practices by European colonizers in North America dictated who could own property and build wealth. This extraction and separation has continued in all the ways housing markets are structured. Scholars such as Ta-Nehisi Coates, Keeanga-Yamahtta Taylor, Richard Rothstein, and many more have written extensively on the ways that systemic racism has influenced everything from property ownership, to access to credit, to segregation, and have highlighted how housing discrimination and exclusion have shaped racial and economic inequity.

Housing affordability innovators grapple with both historic discrimination in the housing market and ongoing systemic racism that affects who can own property and who benefits from homeownership. While it is impossible to cover all the ways that past and current discrimination play out, the organizations profiled in this section are tackling key dimensions of injustice and inequity, including the effects of redlining, community disinvestment, rising property taxes forcing resident displacement, and the loss of indigenous land.

Both the public and private sectors share responsibility for initiating and perpetuating discrimination. After World War II, when the federal government was actively seeking to expand access to homeownership to stimulate economic growth, it excluded Black and other non-white people through redlining and restrictive covenants. Redlining designated which neighborhoods were able to access mortgages and systemically withheld them from communities of color. It intensified racial boundaries between Black and white communities and led to significant disinvestment in Black and Brown neighborhoods. The Federal Housing Administration also enforced restrictive covenants that determined who could buy newly developed single-family homes in the suburbs. These homes were priced affordably — less than \$10,000, or about \$130,000 in today's dollars, an amount that would have been attainable for most Black families of the working class had they been allowed to purchase. This laid the foundation for a new generation of white homeowners and disproportionate wealth accumulation. Today, median Black income is about 66% of white income, but median Black wealth is only 15% of white wealth, in large part due to inequitable access to homeownership.⁴

While discrimination on the basis of race is now illegal, other factors continue to contribute to the extraction of wealth from Black communities. During the subprime boom in the second half of the 2000s, lenders targeted Black and Brown communities with risky products and high interest rates, and with products and scams intentionally designed to strip wealth, leading to disparate foreclosures in Black and Brown communities across the U.S.⁵ Segregation and unequal patterns of investment and disinvestment also contribute to contemporary processes of gentrification and displacement as capital and higher-income households move in. Ensuring that once redlined communities receive increased investment while at the same time preserving those places for long-time residents requires intentional efforts to not only unlock new forms of housing and capital, but also to ensure local participation in planning decisions.

To circle back to the origin, even the displacement of tribes that happened 250 years ago has modern implications. Tribes in the United States have lost 99% of the land they stewarded and have been relegated to some of the least valuable areas, often in remote regions far from economic opportunities and at increased risk for the negative impacts of climate change.⁶ A capitalist financial system was imposed on lands where tribes had lived and maintained for centuries, and then Tribal Nations were systematically excluded from parts of the new U.S. economy that would have allowed them to accrue wealth in that system.

Addressing historical and contemporary injustices requires a broad set of actions at the federal, state, and local level, and across systems, including labor markets and education. No one approach can solve for every injustice; however, innovations must be designed to address those injustices as they work towards greater access to homeownership.

The organizations featured in the following case studies are innovating and collaborating with cities and local governments. In doing so, they are working to justly and practically implement solutions to these questions:

- How can cities spur investment in low-income neighborhoods while preventing displacement and ensuring that these investments support and retain long-term residents?
- What models or opportunities might increase infill development projects and also create new housing units with affordable homeownership options?
- How can tribal and rural communities create pathways to affordable homeownership and simultaneously create a skilled workforce?



Mixed-Income Neighborhood Trusts (Trust Neighborhoods)

Year founded – 2020

Headquartered – Kansas City, Missouri

Currently operating in – Boston, Massachusetts; Denver-Aurora, Colorado; Fresno, California; Kansas City, Missouri; Tulsa, Oklahoma

Focusing resources on urban neighborhoods with rising real estate values – where residents may be at risk of displacement – presents a significant opportunity for meaningful impact. However, existing residents are often cautious about new investments or developments, given the historical scars of redlining and decades of underinvestment. These communities have been excluded for generations from equitable wealth-building opportunities, and may fear displacement as their neighborhoods change. By aligning efforts with established local institutions, knowledge, and resident-led efforts, we can have a transformative impact, enabling existing residents to remain while allowing for new investment and new residents that create and maintain diverse, mixed-income neighborhoods.

Trust Neighborhoods helps nonprofit organizations in cities across the U.S. set up Mixed-Income Neighborhood Trusts (MINTs) that develop, own, and operate mixed-income rental properties under a creative, community-owned governance structure. Their mission is to give residents the ability to stay in quality, affordable housing in neighborhoods that are at risk of pricing pressure and resident displacement. Importantly, MINT models are best deployed before prices have risen too high for local organizations to purchase real estate and establish a sustainable community model.

MINT portfolios contain both unrestricted (market rate or unsubsidized affordable housing) and affordable, income-restricted units. Market-rate unit rents are used to offset income-restricted unit rents and ensure that MINTs can pay investors. Over time, the profits of the portfolio are split between the MINT's investors and the community. The MINT's Trust Stewardship Committee, made up of elected community members and residents, is able to direct the reinvestment of those community profits as it sees fit and to guide decisions that matter most to residents, such as policies on rent increases.

While distinct from Community Land Trusts (CLTs), the MINT model supercharges the goals of a traditional CLT approach. CLTs typically use philanthropic dollars to create or preserve 100% permanently affordable housing, and residents purchase homes (while leasing the land) from the CLT. At sale, residents agree to sell homes for below-market prices, thus ensuring permanent affordability. MINTs are instead primarily focused on renters, although they can be adapted to include homeownership options, and include a share of designated market-rate units. Rents from the market-rate units help subsidize the affordable units, offering modest returns and making the investment more appealing to a broader range of capital sources, unlike the traditional approach of using grant dollars to fund a CLT.



Apartment buildings part of the Northeast Neighborhood Trust in Kansas City, Missouri

Public funding has played a crucial role in the total capital raised. City governments have invested in MINTs because of their significant impact on neighborhoods that are often overlooked, and the ability of MINTs to leverage public dollars by matching them with philanthropic contributions and private capital. For example, the city of Boston's Acquisition Opportunity Program stood out for its flexible and rapid deployment of funds aimed at preventing displacement. These funds helped bridge a crucial gap for the East Boston Neighborhood Trust MINT, demonstrating how cities can strategically allocate resources to strengthen public-private partnerships with shared goals.

Ultimately, the goal of a MINT is to ensure neighborhoods have access to affordable housing. This singular goal has the ripple effect of preventing displacement and building community power, allowing residents to shape their communities and make their neighborhoods even better places to live.

As of 2024, Trust Neighborhoods and partner communities have established a MINT in Boston, Massachusetts; Denver-Aurora, Colorado; Fresno, California; Kansas City, Missouri, and Tulsa, Oklahoma. Trust Neighborhoods is working with additional neighborhood-based organizations to establish more MINTs in areas where they can make the greatest impact.

“MINTs work best in cities with partners who have a proactive eye and strategy for the neighborhoods with likely, upcoming displacement. A MINT is part of a strategy of getting ahead of planned development or proactively addressing harm in areas where this kind of place-based displacement is likely to happen.”

-David Kemper, CEO, Trust Neighborhoods



Boston Mayor Michelle Wu speaks at a celebration of the creation of the East Boston Neighborhood Trust.

What went well?

- MINTs have provided a structure for community organizations and capital partners to quickly acquire properties in key neighborhoods, saving them from the speculative market.
- Key stakeholders have established clear and shared governing roles. In some cases, MINTs have helped to formalize existing, informal, place-based relationships. In other cases, MINTs have created new, unconventional alliances, such as bringing community organizers and Community Development Corporations together, or private investors and renters.

- Public funds are not necessary to make a MINT work, but public partners have found MINTs to be effective vehicles for advancing policy goals around housing and community development.
- Concessionary or philanthropic capital (e.g., grants) has played an important part in the funding base used to establish each new MINT. Most communities have a set of leading funders or organizations that have the resources to conduct due diligence and fund an innovative but highly technical financial model like a MINT. For example, in Fresno, the Chan Zuckerberg Initiative conducted extensive due diligence and shared their findings with other interested funders. MINTs have attracted a diverse range of capital, including investments from family offices, foundations making concessionary equity contributions, and public funding sources.



The Kendall Whittier Neighborhood Trust, a MINT in Tulsa, Oklahoma, renovates a duplex.

What are the challenges?

- Convincing partners to invest ahead of gentrification can be difficult. The Trust Neighborhoods team has noted that funders often focus on dollars where prices have already appreciated and a neighborhood is clearly gentrifying. However, this means playing catch up in a high-price environment. In these situations, it may be hard for public and civic stakeholders to focus funding efforts on neighborhoods at risk of, but not immediately facing, displacement. But these neighborhoods — identified through conversations with community and neighborhood leaders — are exactly where the MINT model shines if proactive efforts and funding align.
- To stay ahead of gentrification pressures, it's crucial to deploy funding for a MINT quickly. However, coordinating multiple funding sources — especially with the slower timelines of public and philanthropic funding — can be challenging. While the MINT model excels at consolidating various funding sources into a single financial vehicle, the timing of fund deployments often poses difficulties. Some MINTs have managed to operate at market speed by securing upfront capital for acquisitions, but bridging the gap between funding commitments and available funds remains a learning process. In one city, for example, a MINT has been waiting two years for its promised funds. The best MINT partners are those with clear, flexible funding that can be rapidly deployed or provide bridging capital to secure acquisitions while awaiting public funding.

Guidance for government and policy leaders

- **Focus on neighborhoods in your city that are rising or are likely to rise in value disproportionately to the overall city or region.** Identify lead partners who are prepared to set up a MINT.
- **Determine whether your city and key partners are proactively focused on supporting residents in neighborhoods with a high likelihood of future displacement.** While public officials may decry the effects of resident displacement, not all are equipped to proactively address the issue. But cities and officials able to act proactively and decisively are excellent fits for the MINT model.
- **Build bridges with many, and potentially unfamiliar, partners to best serve residents in your communities.** Establishing a MINT will require deep, long-term, and potentially uncomfortable collaboration. It requires input and stakeholder participation from community and tenant groups, public entities, and public, philanthropic, and private funders. Building the capacity of mission-oriented community organizations may be a necessary part of this process. The cities and neighborhoods best prepared to establish MINTs will have funding, acquisitions experience, and existing relationships among participating stakeholders.
- **Look across public funding sources.** Multiple public funding tools can help set up and accelerate a successful MINT. Concessionary loans, grants, tax abatements, and introductions from the mayor's office to relevant neighborhood partners have all proven effective in helping MINTs stem displacement and create high-quality community-governed housing.



Residents help landscape a new apartment in the Central Fresno Neighborhood Trust

frolic

Frolic

Year founded – 2019

Headquartered – Seattle, Washington

Currently operating in – Seattle, Washington

Frolic is dedicated to fighting displacement in neighborhoods with rapidly appreciating real estate prices where homeowners are at risk of being priced out due to unmanageable increases in property taxes. Their solution emerged after two years of research at the Center for Real Estate at the Massachusetts Institute of Technology (MIT), with input from over 180 innovators and experts in housing, finance, and community-driven development. It received further support from Turner Labs and the Turner Center for Housing Innovation, MIT, The Chan Zuckerberg Initiative, and the Brookings Institution.

Frolic works with homeowners to redevelop their single-family homes into new, multifamily housing cooperatives where several families own individual units on a shared plot of land. The purpose of these developments is twofold: to lower costs for the homeowners by downsizing their owned living space, and to create homeownership opportunities for people with low and middle incomes who may not have significant savings.



Corvidae Co-op, Frolic's first cohousing community in Seattle's Beacon Hill neighborhood. The 10-unit project features a shared-equity co-op structure, designed to reduce purchase price and living expenses, and offers shared amenities and proximity to mass transit.

The program works by having a homeowner leverage the existing equity in their home to secure a matching loan from impact investors committed to positive social change. This cash-on-hand can then leverage a conventional construction loan to cover the remaining cost of construction for the new co-op units. The new building is designed to support communal living, including smaller, individual living spaces and larger communal spaces. The original owner of the single-family home now owns one co-op unit in the new building, and the other co-op units are sold to new buyers.

This model helps promote affordability on two fronts: (1) reduces monthly housing costs for the owner to ensure they can afford to stay on their property, and (2) creates new units with down payments of \$10,000 - \$30,000, making it possible for those who have historically lacked generational wealth to secure permanent homes and benefit from future property appreciation in neighborhoods where rising prices would otherwise make homeownership unattainable.

Frolic's most robust work and deepest partnership has been in Seattle, Washington. They are also working to expand their efforts and model to California.

“We are glad to have the opportunity to support a diversity of development models and housing types and sizes so that households and individuals can live in Seattle more affordably. If a creative and feasible model like Frolic seems like it's 'outside the box', we just have to make a bigger box.”

-Erika Malone, Homeownership Division Manager City of Seattle, Office of Housing

What went well?

- The Frolic team chose to begin their work in Seattle both because the city had recently rezoned many of its single-family neighborhoods for increased density (increasing property taxes and making Frolic's model useful to homeowners), and because they saw a supportive ecosystem for housing. Understanding that adding housing to single-family neighborhoods is difficult everywhere, Frolic sought to work in a city with zoning that allowed their developments to be built without a variance – an exception to the type of land use permitted by zoning or other housing policies. Seattle is a rule-based city where developments that are “built by right,” meaning conforming to all zoning requirements, are often successful in getting built.
- The Seattle Office of Housing has staff specifically focused on homeownership, and that department proved open to learning about Frolic and its innovation. The Office supported Frolic in two key ways: by allowing public redevelopment subsidies to be used for a co-op structure,⁷ and by rewriting the standard loan documents used by the Office to accommodate the co-op loans required for Frolic's model.
- Other city offices were curious and open to working with Frolic and collaborating across typical silos. For example, the city attorney's office was involved in rewriting some of the loan documents. While many developers often struggle to work across departmental silos within a city, the Seattle city attorney's office collaborated closely with the permitting to ensure that Frolic was able to pull permits to keep redevelopment on schedule.



The interior of a home in the Corvidae Co-op

What are the challenges?

- Co-op developments are more complicated to design and finance than most typical development projects for single-family or multifamily buildings. Not only are city staff likely unfamiliar with co-op models, but existing zoning codes and typical financing structures are also unlikely to translate well when redeveloping a single-family home into a co-op. This may necessitate additional staff time to become familiar with the model and variances, or new policies to make the model work.
- A specific challenge that Frolic faced in financing was the lack of comparable properties in the greater Seattle area for Frolic's new proposed co-op development. As a result, it was very difficult to get an accurate appraisal for the value of the proposed co-op, which slowed the financing process for the entire project.

Guidance for government and policy leaders

- **Empower city staff to be a thought partner and invite collaboration.** At times, developers bringing increased density to a neighborhood can be viewed with skepticism. Seattle was able to recognize where the interest of the city and the mission-driven developers aligned and created pathways for city officials to support mission-aligned projects. As a result, the city has created a culture where relevant departments seek ways to partner with and learn from such projects.
- **Utilize old programs and policies in new ways.** Most cities don't have specific programs to support co-ops or other shared-ownership models, and the path to creating these programs can be arduous and long. Frolic found levers within existing programs that could be used for their co-op projects. In this instance, a supportive ecosystem within city planning and permitting departments and planning commissions allowed Frolic to use these existing programs for a new type of development.
- **Work closely with mission-driven developers to shape new policies and regulations.** Seattle is actively looking to build new support systems and programs for innovative forms of affordable housing. The city has the difficult work of creating opportunities for mission-driven developers without opening the door for others to exploit loopholes for stronger margins. Flexible policymaking that works closely with mission-driven developers to create regulatory change is likely to have a better chance of threading the needle between supporting innovation and protecting against bad actors.



Frolic's projects feature amenities like shared courtyards, common kitchens and guest suites.



Regional Housing Authority

Success Starts with Me (Tlingit Haida Regional Housing Authority)

Program founded – 2021

Headquartered – Juneau, Alaska

Currently operating in – Southeast Alaska

The nation's legacy of forced migration and land dispossession continues to affect tribes today, and further emphasizes the importance of expanding homeownership on tribal land. Homeownership allows tribal citizens to invest in the well-being of their neighbors and the economic growth of their communities. But developing housing on rural tribal land in Alaska is uniquely difficult. The Tlingit Haida Regional Housing Authority leads a program, Success Starts with Me, which works to overcome barriers to housing construction in remote, rural areas of Southeast Alaska and create tailored pathways to homeownership for tribal citizens.

Success Starts with Me provides tribal citizens with the opportunity to become homeowners of sustainable, energy-efficient homes, and helps retain strong tribal communities on tribal land in Southeast Alaska (SEAK). The Regional Housing Authority serves 12 tribes across small village communities in Alaska, and partners with Haa Yakaawu Financial Corporation to lead this program by constructing new homes and providing tribal citizens with personalized pathways to homeownership. Importantly, the program meets people where they are on their financial journey by utilizing two key components: innovative lending and participant education.

Constructing new homes across SEAK presents its own unique set of challenges. Tribal villages are not connected by roadways; they are only accessible by boat or plane. The short construction season, cost of materials, and access to skilled laborers who are willing to spend weeks away from home at a time are all addressed by Success Starts with Me.

Instead of relying on large construction companies, Tlingit Haida Regional Housing Authority prioritizes a more community-oriented strategy. The program utilizes local labor, and invests in apprenticeship programs to develop skilled workers. The approach not only builds a skilled workforce, but also encourages community involvement and ownership. Future homeowners can contribute "sweat equity" to reduce the overall cost of their homes. This means that those with the necessary skills can actively participate in tasks like flooring, painting, or construction cleanup without incurring additional charges.



A local construction crew builds a new home through Success Starts with Me in Angoon, Alaska.

As a result, the program aims to make housing more affordable by enabling community members to invest their own efforts into the construction process. This “sweat equity” option reduces the overall purchase price of their homes and is coupled with additional custom lending options provided by Haa Yakaawu Financial Corporation, including forgivable down payment assistance and individualized mortgage products.

Through participant education and training, the program helps prepare homebuyers every step of the way. In addition to supporting individual homeowners, the program protects tribal ownership of land and builds a sustainable workforce. While many tribal citizens across Alaska own land, the land has remained largely undeveloped. The Success Starts with Me program allows landowners in Southeast Alaska to build on their land, and also includes a foreclosure mitigation plan to enable families to maintain homeownership.



The Ramirez Family stands outside their new home, built and purchased through Success Starts with Me in Wrangell, Alaska. Delila and Bularmo Ramirez were the program's first participants in Wrangell.

“We're not trying to just create a housing development and build an affordable home, we're actually trying to change a whole community and generations of how we thought about what housing looks like in our communities, and what the future will be for the next generations to come. That's a pretty heavy lift and we can't fail.”

-Jackie Pata, President & CEO of Tlingit Haida Regional Housing Authority

What went well?

- Government donation and subsidization of land purchases have been central to the success of this program. Multiple municipalities have sold the Tlingit Haida Regional Housing Authority land at below market rate, and in some cases municipalities and tribes have donated land. Free or reduced land costs have allowed Success Starts with Me to provide additional support to residents through homebuyer education and custom lending products, which significantly influence a family's ability to purchase a home.

- Both cities and tribal governments have supported the program by playing a pivotal role in funding and providing additional financial support to homeowners. For example, the city of Juneau has an Affordable Housing Fund that has provided critical resources to create affordable and workforce housing. And multiple tribes have provided direct down payment assistance to support homeowners in the Success Starts with Me program.

What are the challenges?

- Municipal zoning, permitting requirements, and lengthy review processes are major determinants influencing how efficiently the Tlingit Haida Regional Housing Authority can develop affordable homes in Juneau and across remote villages in SEAK. It is easier to administer the program in areas where zoning allows for subdivision and multiple units per lot. In municipalities where it is more difficult to subdivide or permitting processes are lengthy, the development process becomes more costly, sometimes prohibitively so.
- It is important to understand the severe implications of timeline delays for remote, rural areas. Alaska's limited construction season (due to weather), coupled with the coordination required to ship construction materials and hire crews to travel to remote villages, makes timely reviews and streamlined permitting processes extremely critical to providing tribal housing. Rural and remote areas in the Lower 48 may face similar challenges.
- Municipal governments do not always know how to include and interact with tribal governments, despite how important government partnerships are to Success Starts with Me. The Tlingit Haida Regional Housing Authority has been able to address this challenge by playing an essential role in coordinating between tribal governments and local municipalities. Their ability to convene all stakeholders and create space for collaborative work has been key to making homeownership a reality for tribal citizens through this program.
- Initially, it was difficult to convince municipalities of the program's viability and tribal citizens' ability to afford homes. Strong leadership, advocacy, and ongoing communication are very important in gaining government support and establishing partnerships for this program.



Trina and Kwan Bales outside their new home, built and purchased through Success Starts with Me in Angoon, Alaska. By investing many hours of sweat equity, the Bales family reduced their home's price by nearly \$100,000.

Guidance for government and policy leaders

- **Subsidize or donate land for affordable housing developments.** Donating land or subsidizing land costs are key ways that municipalities can support programs like Success Starts with Me and contribute to the community-wide benefits that come with such an investment. While it may be challenging for small communities in need of revenue to subsidize land costs, land donation and subsidization can support long-term economic development and community sustainability, especially for smaller communities. Local governments should understand the benefits of subsidizing or donating land for affordable housing and use that as a way to invest in your communities as a whole.
- **Streamline permitting and regulatory processes for affordable projects.** Lengthy permitting and regulatory processes can make the development process longer and higher cost, which can be particularly detrimental in rural and tribal communities. Governments can better enable the administration of programs like Success Starts with Me by streamlining processes and adjusting regulations for affordable projects, especially when working in rural, remote areas with limited access to materials and labor.

Bolstering housing supply through industrialized construction

The United States has a housing shortage of 4.5 million units.⁸ Given this, housing affordability issues directly relate to challenges in housing supply, particularly when it comes to the cost of building new homes. This is problematic for many reasons, including the fact that fewer new homes means a reliance on existing, aging housing stock as well as a lack of affordable entry-level homes and rental units.

Traditional housing delivery methods face longstanding and growing challenges with information and decision-making silos, skilled labor shortages, supply chain and other project delays, and design and construction errors. These inefficiencies directly contribute to rising construction costs and limit the availability of new affordable housing units.

Industrialized construction methods offer a promising alternative for building new housing. In the 1960s and 1970s, the United States was a leader in this approach through the U.S. Department of Housing and Urban Development's Operation Breakthrough Program. However, the program failed to maintain momentum, and stick-built, on-site construction methods have continued as the dominant practice for new housing development.

Yet industrialized building methods have long flourished in other advanced economic regions such as Europe and Asia, where high-quality, efficient housing production has expanded. As increasing construction costs, timelines, and labor shortages have stymied housing production in the U.S., the interest in industrialized construction methods has grown. As of 2023, modular construction accounts for 6% of all new construction starts in the United States⁹ (separate from the 11% of new single-family homes built under the manufactured housing code each year¹⁰). In other mature housing sectors such as Japan or Sweden, industrialized building accounts for 15-40% of all new housing starts.¹¹

Nationwide, policymakers are seeking innovative solutions to address housing supply challenges in their communities. Industrialized construction methods not only address the challenges of homeownership, homelessness, and workforce development, they also pave the way for a more sustainable and efficient future in construction.

The housing innovations that follow demonstrate new and inspiring ways of adopting transformational construction methods and seek to answer the following questions:

- How do we build affordable housing more quickly and sustainably?
- How do we address the skilled construction labor shortage challenges across the country?
- Can we relearn and deploy some of our country's past industrial manufacturing excellence?

What is industrialized construction?

Industrialized construction, which encompasses terms such as *off-site construction* or *prefabricated construction*, refers to the application of manufacturing principles, technologies, and processes in the design and building process. While this can apply to on-site construction, in many cases, this means that some proportion of the construction process occurs off-site in a controlled factory environment. Those prefabricated components are then transported to the construction site for easier assembly. This method contrasts with traditional on-site construction, where raw materials are shipped directly to the location where the building will stand to be cut and assembled on the building site.

Once the components are fabricated off-site, they are transported to the construction site and assembled into the final structure using cranes, trucks, or other equipment. This assembly process is typically faster and more efficient than traditional construction methods, as the prefabrication decreases the need for on-site labor and reduces the potential for weather-related delays. In addition, the components can be prefabricated off-site at the same time as building sitework, such as pouring foundations or laying infrastructure, further decreasing total project timelines.

Industrialized construction methods can produce housing components with precision and quality. These include panelized wall, floor, or ceiling components that “snap” together to form a room, to specialized kitchen or bath modules that come pre-assembled for installation on-site, to full volumetric modular units that resemble shipping containers and contain 100% completed rooms, kitchens, and bathrooms. Industrialized construction methods can be used to construct accessory dwelling units, single-family homes, townhomes, and multifamily apartment buildings. If it is possible to build something using traditional construction methods, it is also possible to build the same structure (potentially more efficiently) using industrialized construction methods.

Because of the efficient production and quality control practices of many off-site builders, many states offer streamlined permitting and inspection procedures for modular units through state-level, in-factory inspection. For example, as of 2024, Utah, Virginia, and Montana have adopted the ICC 1200/1205 codes related to off-site construction. These model codes directly reduce the plan review and inspection scope eligible for local review (although local inspectors are still responsible for many of the on-site final inspections), and instead vest those responsibilities with an applicable state authority. This can increase permitting and inspection efficiency and efficacy, but local officials may be wary of off-site methods even in states with these streamlined permitting and inspection pathways.

MODULE

Last Mile Network (Module)

Year founded – 2016

Headquartered – Pittsburgh, Pennsylvania

Currently operating in – Pennsylvania; New York; Maryland; Virginia; North Carolina

Off-site construction facilities are typically located hundreds of miles from the communities they serve and require significant upfront capital to construct. This system outsources construction jobs, limits access to innovative building methods, and adds challenges and costs for transporting oversized loads.

Most existing modular facilities have limited product variability and focus on single-story housing. Developers seeking off-site construction solutions face serious limitations in delivering the housing needed for their communities' unique context and climate zones, such as multi-story housing, visitable or accessible design, and energy-efficient systems.

Module, based in Pittsburgh, is a prefabricated housing company developing “missing middle” homes in off-site factories using modular construction. Module’s all-electric homes are built to Zero Energy Ready Home standards set by the U.S. Department of Energy, consuming up to 80% less energy and built 40% faster than traditional new construction.



Module's Black Street Development in Pittsburgh includes market-rate for-sale housing, affordable for-sale housing, and a duplex unit.

What is missing middle housing?

“Missing middle” housing is a type of low-density multi-family housing. It is termed ‘missing’ because it has been illegal to build since the mid-1940s in many jurisdictions across the country, and ‘middle’ because it sits in the middle of the form and scale spectrum between detached single-family homes and mid-rise to high-rise apartment buildings. Examples of missing middle housing include cottage courts, duplexes, and fourplexes.¹²

The Last Mile Network is a hub-and-spoke model featuring a centralized production hub in Pennsylvania that builds different home parts and a circuit of micro-facilities, “spokes”, in disinvested communities. Parts ship on standard trucks to smaller factories within a 30-minute drive of the communities where the homes will be built. They are then assembled to produce the final product: an aesthetically beautiful, all-electric home. By using this model, Module is providing local employment opportunities and a pathway to well-paying, skilled construction jobs for community residents.

As a part of their effort to establish a network of spoke facilities, Module's Mission-Driven Developer Program focuses on developers of color and nonprofit developers working in disinvested communities by educating design and construction partners and building awareness about modular housing – all with the goal of creating a diverse community of service providers. The Mission-Driven Developer Program awards predevelopment loans, technical assistance, and discounted services for developers.

Additionally, Module partners with local workforce development partners, such as the Trade Institute of Pittsburgh, to provide paid training opportunities for exterior and interior finishing of units. Module's goal is to hire graduates to work in the Last Mile Facility, where they earn an equity stake in the business. This ecosystem approach works to expand access to well-designed affordable housing, cultivate a community of mission-aligned developers, and provide on-ramps to skilled construction jobs.



A Module home under construction at the Last Mile Facility in Carnegie, Pennsylvania

Module operates a 22,000-square-foot Last Mile Facility in Carnegie, Pennsylvania, where homes are built and delivered locally. Module is working with Mission-Driven Developer Program awardees to deliver units across the East Coast, including Pennsylvania, New York, Maryland, Virginia, and North Carolina.

“The effect of [the Mission-Driven Developer Program] is that the modular industry is going to get better, and it's going to get more diverse too. I think a lot of the modular industry is run in a very old, established way, at least in our part of the country. This will bring Modular to a lot more people and a lot of communities who may not have seen or participated in a Module project before.”

-Brian Gaudio, CEO, Module

What went well?

- Third-party review streamlines the approval process and shortens the time it takes to deliver new affordable homes. The state of Pennsylvania has adopted building codes which permit third-party inspections and approval of units.
- Providing educational opportunities about modular housing builds awareness and increases demand for new units and local facilities. Through the Mission-Driven Developer Program, Module is building partnerships with local and regional service providers (e.g., developers, architects, general contractors), and expanding their innovation's reach to Maryland, Virginia, North Carolina and beyond.



Module partners with the Trade Institute of Pittsburgh to provide paid training opportunities for exterior and interior finishing of modular homes.

What are the challenges?

- Economic development incentives and financial resources are difficult to access for small scale or “micro” modular facilities. State-level incentive programs often require businesses to create a minimum number of jobs and/or building ownership for an organization to be eligible. For example, Module leases their 22,000-square-foot Last Mile Facility in Carnegie, Pennsylvania, hindering them from taking advantage of state-level economic development incentives that prioritize building owners.
- Existing infrastructure in urban Rust Belt cities, like Pittsburgh, was not designed for off-site manufacturing and transporting wide loads. Additionally, smaller facilities have less storage capacity for materials and completed units. While these can be challenging constraints, Module continues to creatively adapt off-site construction methods for an urban context. For example, they design houses that are 36-feet long, allowing for turns on narrow urban roads.
- Becoming a modular facility owner and operator requires a significant increase in fixed costs (e.g., facility cost, worker salaries). A consistent pipeline of demand is needed to make a production hub or micro-facility financially sustainable. There are examples of localities, such as Boulder, Colorado, that have partnered with a local modular facility to place a large first order that not only provides affordable units for the community it serves, but it also kickstarts a pipeline of modular homes in the first years of a facility's production.

Guidance for government and policy leaders

- **Educate city planners, building inspectors, elected officials, and the public on industrialized construction.** Localities can help to break down permitting and approval barriers by understanding off-site construction and how modular homes are built. Because of the efficient production and quality-control practices of many off-site builders, lots of states offer streamlined permitting and inspection procedures for modular units through state-level, in-factory inspection.¹³ For example, both Utah and Virginia have adopted the ICC's new 1200/1205 codes related to off-site construction. This directly reduces the plan and inspection scope eligible for local review, but local officials may be unprepared to accelerate the process if you are not familiar with off-site methods, even in states with this streamlined pathway. Simultaneously, educating the public on the means and methods of off-site housing can mitigate misconceptions and stigma related to quality and durability.



Module hosts a Mission Driven Developer Program event at the Last Mile Facility in Carnegie, Pennsylvania.

- **Encourage developers to consider industrialized construction methods when responding to RFPs for city-funded projects.** Localities can incentivize off-site construction by identifying opportunities for partnership on city-owned land or housing developments. Homes can be delivered faster than traditional construction, helping to meet housing needs. Additionally, governments that play a role in increasing the number of projects using modular can help the production facilities or factories maintain a sufficient pipeline, further reducing costs and continuing to serve your region for the long term.
- **Right-size funding for smaller scale off-site facilities and developers.** Economic development funding tied to high levels of job creation may not be accessible to small-scale modular facilities like Module's Last Mile Facility. By creating regional funding opportunities aligned with this scale of modular production, you can help support an ecosystem of mission-aligned developers and local workforce development partners that expand access to highly skilled construction jobs.



DreamBuild (cdc b and bcWORKSHOP)

Year founded - 2009 (began with RAPIDO Recovery Housing Program)

Headquartered - Brownsville, Texas

Currently operating in - Rio Grande Valley, Texas; Chattanooga, Tennessee; Morehead, Kentucky; Pine Bluff, Arkansas

While industrialized construction offers a promising solution to address nationwide housing supply issues, families need a pathway to purchase a home and flexible products that meet their needs as they change over time. DreamBuild, created by cdc b and bcWORKSHOP, offers dignity and agency to families seeking homes by providing lending products that work for them and designing affordable homes that can grow with them as their financial and family situations change.

DreamBuild (formerly known as MiCASiTA, which was an evolution of the RAPIDO Recovery Housing Program) is an environmentally sustainable, disaster resilient, modular homeownership innovation designed for rural and tribal communities. DreamBuild uses a “grow home” volumetric housing model, allowing families to meet their immediate housing needs and grow into a larger, energy-efficient home as their finances improve or their family grows.



DreamBuild homes under construction at The Farm, an off-site manufacturing facility, in Los Fresnos, Texas.

Using modular construction, DreamBuild creates homes that are built in sections or “boxes” at an off-site manufacturing facility known as “The Farm.” Buyers can customize their home by choosing its initial size and the amenities included, based on their budget and priorities. And, over time, owners can add extra “boxes” as their family expands, financial capacity grows, and priorities change.

In addition to high-quality and thoughtfully designed modular homes, the off-the-shelf model features an online application that gives homebuyers a stake in the design of the home and shows how their design choices affect their cost and a custom mortgage product. For example, the “L Core” is a starter home configured for long, narrow subdivision lots and contains the following: kitchen/dining space, living room, bedroom, bathroom, washer/dryer, mini-split HVAC, and water heater. Using our online DreamBuild Home Designer tool, a prospective homebuyer can add a flex module, a kids module (with two bedrooms and built-in closets), or an additional bedroom suite (with a built-in closet and en suite bathroom).

This modular “grow home” construction enables DreamBuild to build homes faster, more efficiently and locally, meaning that homes are accessible at lower price points and can be constructed by a local workforce in less time and with minimal waste. By using pre-approved designs, DreamBuild can skip the time-consuming and expensive process of permitting, designing, and purchasing materials that often slow down traditional home construction.

Based in the Rio Grande Valley, Texas, DreamBuild is expanding its footprint to Pine Bluff, Arkansas; Chattanooga, Tennessee; and Morehead, Kentucky, in collaboration with local expansion-site partners.

“The need for affordable homes is massive, and it’s not just here along the border. It’s in the Mississippi Delta, on tribal lands, in California’s Central Valley – in all the persistent poverty locations across the country. And so, we’ve got to do this better – with more beauty, affordability, and productivity.”

-Nick Mitchell-Bennett, Executive Director, cdcb¹⁴



cdcb and [bc] staff discuss DreamBuild home designs.

What went well?

- DreamBuild evolved out of cdcB and [bc]’s earlier disaster-recovery work, funded by the state of Texas through the Rapid-Rehousing Demonstration Program. The funding, through the lens of disaster recovery, supported the development of a grow-home model using a panelized system. This support helped to create the foundation for the iterative development of DreamBuild, which now addresses widespread affordable housing needs in rural and tribal communities.
- The strong, ongoing partnership between cdcB and buildingcommunityWORKSHOP has been vital to the success and growth of DreamBuild. This partnership has allowed the team to leverage the financing, architectural design, and construction management expertise of both entities to develop DreamBuild’s technology, overcome challenges, and bring this innovation to scale.
- Close coordination across the city of Brownsville, Willacy County, and Cameron County in the building permit process has been essential to enabling DreamBuild to deliver initial units across the Rio Grande Valley. Cameron County building inspectors traveled to The Farm to inspect units on-site where they are built, and the receiving counties, where homes are permanently installed, accept these approvals and visit for the final permit process after construction. This collaboration and pivot from conventional permit processes has supported a scalable, streamlined and cost-effective housing delivery system through a regional manufacturing center.

What are the challenges?

- Navigating state licensing requirements for its unique “grow home” volumetric housing model is a significant hurdle in scaling and delivering DreamBuild homes across the country. Expanding to different states means that the DreamBuild team, in collaboration with local partners, has to redesign ways of working to navigate the new geography’s regulations, such as adapting to different environmental codes, local building codes, state certification processes for modular, and engineering regulations for wind and snow loads. This difficult work requires adaptation and creative problem solving, but allows impact at a greater scale.



DreamBuild boxes, components of its "grow home" volumetric housing model, under construction in the Rio Grande Valley, Texas.

- Much like the industrialized construction industry at large, as DreamBuild expands to new geographies, the team has to address existing narratives and skepticism about manufactured housing and modular housing products. cdcB and [bc] work with local partners to demonstrate the quality of DreamBuild homes through pilot projects with expansion site partners.
- Jurisdictions with minimum home sizes (square footage) can prohibit the smallest size of a DreamBuild home (576 square feet, known as “the Core”) from being built. In these scenarios, the flexibility of a ‘grow home’ easily accommodates these regulations by adding an additional “box” component.
- Making the transition from a site-built/stick-built model to a manufacturing model was difficult for some of the local laborers. For the most part, builders have produced homes the same way for 400 years in the United States. DreamBuild asks local tradespeople to change how they work, and the way they order and manage materials. This was more difficult than they anticipated.

Guidance for government and policy leaders

- **Learn about barriers that local developers face when pursuing industrialized construction methods, and adapt traditional business and regulatory practices to mitigate those barriers.** DreamBuild has identified a critical need to partner with local and state governments to collaborate on new review processes. The goal is to create a system that is mutually beneficial for both the program and local building inspection departments, which often face high workloads. For example, streamlined review of modular buildings through third-party, in-factory inspections can alleviate pressure on local government staff. Start by talking with local developers to learn more about any local regulatory barriers that could be removed or adjusted to enable new construction methods without compromising on the intent of the codes.
- **Build strong relationships with state permitting/licensing agencies through clear, consistent communication and education.** An innovation as comprehensive as DreamBuild requires participation, willingness and determination from all partners — including state and local government — in creating new systems and ways of working together. As stated above, the grow home concept is a new way of working that requires new review and permitting processes at the state and local levels. Alongside developers, state and local manufacturing license departments and other government agencies can help to facilitate ongoing communication and education about the product. This is especially important in states with a statewide modular program to streamline inspection and approvals.

CONNECT HOMES

Connect Shelter (Connect Homes)

Year founded – 2013

Headquartered – Los Angeles, California

Currently operating in – Arizona; California

Connect Homes manufactures a range of housing types, from multimillion dollar mansions to homeless shelters. In particular, Connect Homes' homeless shelter product is produced on the same factory line as its high-end homes – with the same basic factory materials and technology. The Connect Homes model is one of many volumetric modular providers working in the homelessness space and demonstrates the versatility of industrialized construction methods by showing that it is possible to build housing affordably and efficiently, regardless of price or design.



New housing module lifted into place by crane on a Connect Homes market-rate house

Connect Homes launched their shelter product in response to the COVID-19 pandemic, selling shelters to nonprofit groups or city partners working with unhoused populations. They were particularly successful in meeting the requirements of the state of California's Project Homekey funding program, which provided funding to new construction projects for temporary supportive housing, provided that the project would be completed within 365 days of funds being released. Unsurprisingly, many industrialized construction firms were the only builders who could meet such an accelerated timeline to completion and thus access these funds.

The Connect Homes shelter line went through numerous designs based on feedback from residents. For example, the sleeping units originally began as a 60-square-foot bedroom with storage space (four units per module). After speaking with residents at several projects, the Connect Homes team now offers a shelter solution with an attached bathroom, as residents described the indignity and lack of safety they felt when required to shower in common areas or in using the restroom late at night.

Shelter units from Connect Homes and other manufacturers are designed to be quickly deployable and scalable, allowing communities to respond swiftly to changing needs and crises. Each shelter is thoughtfully planned to offer not just temporary housing but also a supportive environment that promotes stability and transition to more permanent housing solutions. With a focus on efficiency and cost-effectiveness, these shelters leverage modular construction to streamline the building process while maintaining a high standard of living for those in need.

As of 2024, Connect Homes has delivered hundreds of modules of housing in Western states such as California, including over 300 sleeping rooms in their Connect Shelter projects.

“The more people understand how difficult it is to build housing, the more people are excited about what we offer.”

-Gordon Stott, Co-Founder, Connect Homes

What went well?

- California’s Project Homekey was a pandemic-era state funding source that unlocked development dollars for shovel-ready projects, and required that residents be able to move in within 365 days of funds being released. Given that site work could take place in tandem with manufacturing the housing units, they were able to provide swift shelter options.
- Industrialized construction methods are best deployed when schedule or pricing transparency is the project driver. In other words, industrialized construction offers an advantage to developers or cities seeking new housing units that can be built quickly, since onsite work can take place at the same time as the units are being constructed. At the same time, industrialized construction methods can offer greater pricing transparency for developers because there is greater vertical integration in their manufacturing model than in typical jobsite construction projects. For example, a factory will order materials and pay its workers to assemble them, whereas a typical developer may hire several different subcontractors to order materials and complete certain on-site tasks on varying schedules, creating opaque and unpredictable pricing and inefficiencies.



Connect Shelter unit lifted by crane

What are the challenges?

- Connect Homes, like most modular companies, faces resistance as a startup and is also navigating complex housing industry issues - financing, product-market fit, and complex regulations. Factories are under pressure to manage order volume and cash flow given the high capital costs of operations. While there are dozens of factories capable of producing modular housing in the U.S., several firms have faced public struggles after overextending their spending relative to incoming revenue. Connect Homes is subject to these risks.

- To deploy industrialized construction methods or modular homeless shelters requires signoff from many stakeholders, not all of whom will be familiar with this method of construction. Cities often hire architects to work on city-led projects, and architects will start the site design process based on construction methods they are most familiar with (e.g., wood frame construction, steel frame, concrete block). However, modular building methods often work best when they are accounted for from the start of a project, which can make it difficult for cities to retrofit existing project designs for new construction methods, even though they can save significant cost and time.
- Depending on the state, Connect Homes' shelter units may fall under different codes: Accessory Dwelling Units (ADUs), efficiency dwelling units, or Single Room Occupancy (SRO) housing. In Connect Homes' experience with California, statewide ADU laws had evolved more quickly than the existing codebase that governed other housing types, like efficiency dwelling units. This caused delays in understanding what might be expedited under state law and the true design requirements for the units themselves.

Guidance for government and policy leaders

- **Do your research on the best type of shelter and best providers.** If your neighborhood wants to deploy rapid shelter units, you must understand the best type of shelter design and construction method for your project. Designs vary greatly by provider, from units that sleep multiple people to a room, to individual units, to units including bathrooms. Many providers also work with or from specific factories, and the distance of your project site from the manufacturer may be a major cost driver.
- **Understand whether your city is able and ready to use an industrialized construction method.** City staff may face pushback from various stakeholders opposed to industrialized construction methods, such as construction unions (given that the factory building housing components may be nonunion) and local building inspectors. To successfully build a new homeless shelter using modular or industrialized construction methods, cities need the language to illustrate how housing built with nonunion wages can significantly decrease costs for the shelter. Cities should also have a familiarity with how financing works for industrialized construction developments and familiarity with the code and inspections process, especially if there is a state-level modular building code and review process.
- **Engage building inspectors early in the process to avoid project delays.** In states or jurisdictions that lack familiarity with off-site building methods, this new way of building can be least welcome among local building inspectors, leading to unnecessary and costly project delays. This is because inspections are one of the greatest differences between site-built projects and those constructed partially off-site, like Connect Homes' shelter units. In many states, while local building inspectors still have authority over all aspects of the site work (e.g., foundations, permanent connections between the modular unit and the foundation), all construction completed at the factory inside of the unit itself (e.g., framing, electrical, plumbing, finishing work) is inspected and approved at the factory and outside of a local inspector's review.



Interior of a Connect Shelter unit

Overcoming systemic barriers to preventing and ending homelessness

Many Americans experience homelessness or come close to it over the course of their lives. Experiences of homelessness can come quickly after a family conflict, losing a job, getting sick, or receiving an unexpected bill, particularly for people already living paycheck to paycheck. Access to safe, stable, and high-quality housing is not equitably available to all racial and ethnic groups due to systemic discrimination, both historic and ongoing, which is exacerbated by a lack of affordable housing – the U.S. has a shortage of 7.3 million rental homes affordable and available to renters with extremely low incomes.¹⁵

Approximately 653,100 people were experiencing homelessness on a single night in 2023, reflecting a 12% increase (or about 70,650 more people) from 2022.¹⁶ These numbers are also known to be underestimates; many more people experience homelessness over the course of a year than on a given night.¹⁷

Systemic racism produces enduring racial and ethnic disparities in regard to who experiences homelessness and why, with people who identify as Black and Native American experiencing homelessness at the highest rates. Black people make up 13% of the total U.S. population, but comprise 37% of all people experiencing homelessness and 50% of people experiencing homelessness as families with children. In addition to being overrepresented among people experiencing homelessness, American Indians, Alaska Natives, and Indigenous people experienced a roughly 19% increase in homelessness on a given night between 2022 and 2023.¹⁸

Among the many manifestations of systemic racism, Black people in the United States also face a unique set of challenges within the justice system. People with justice system involvement are almost 13 times more likely to be homeless than the general public.¹⁹ This underscores the compounding effects of race, income, and involvement with the justice system on experiences of homelessness.²⁰ One key factor to successful reentry is a safe and reliable place to live, which is increasingly hard to find in the nation's housing market overall, and in particular for people exiting carceral institutions.²¹ In the private market, housing is difficult for people with a criminal record to obtain because basic prerequisites are often out of reach (i.e., reference letters from previous landlords and deposits), and because landlords can and do explicitly bar potential tenants due to criminal records (Clark, 2016; Travis et al., 2001). Public housing is also difficult for people with criminal records to obtain due to long waitlists, challenging bureaucracy, and criminal history exclusions.

Because reentry often means homelessness, our efforts must include designing new systems and ways of working that support returning citizens in finding stable housing. The following innovators are finding unique ways to move people into safe, supportive, and permanent housing.

These innovations seek to answer the following key questions:

- How can we build systems that ensure homelessness is rare, brief, and nonrecurring for the nation's most at-risk populations?
- How can we foster coordinated, cross-sector partnerships in addressing homelessness?
- How can we remove barriers to housing access, especially for formerly incarcerated individuals, and create housing opportunities that promote personal healing and growth?



Housing Connector

Year founded – 2019

Headquartered – Seattle, Washington

Currently operating in – Dallas, Texas; Denver, Colorado; Portland, Oregon; Seattle, Washington

Housing Connector (HC) is a scalable, tech-powered platform that facilitates renting to individuals who might otherwise be deemed too risky by property owners and managers. Our platform particularly benefits people exiting homelessness, who often lack strong credit scores or security deposits. By helping fill vacant units with these overlooked or typically unqualified applicants, HC assists property managers and owners in meeting their baseline profit margins while expanding housing access. Additionally, HC's guarantees mitigate resident risks related to income, criminal history, and housing history, and HC's partnership with Zillow enables their team to quickly identify unit vacancies and efficiently target landlord partners that service providers might not otherwise be aware of.

Applicants can see relevant criteria when searching on the Housing Connector platform.

In any new market, HC first establishes relationships with local government partners, nonprofits, and community organizations to centralize and streamline the housing search experience. They then reach out to owners, operators, and managers of multifamily housing units to find vacant units and pre-negotiate screening criteria for renters coming through the HC pipeline. These negotiated screening criteria can be related to credit history, past debt, evictions, and income to rent ratio, and expand accessibility to many households that landlords might not rent to otherwise. In exchange, HC provides insurance against lost rent and damages to help landlords protect their bottom line. To connect the supply and demand, they developed a marketplace, embedded within Zillow.com, that helps streamline the housing search and bring transparency into the screening process. The results are win-win outcomes for properties and the community.

As of 2024, HC has launched its model in four cities: Seattle, Washington; Denver, Colorado; Dallas, Texas, and Portland, Oregon, and supported thousands of participants.

“Beware of shiny objects; people think that technology can solve these problems. But technology can’t solve poverty. What technology can do is add efficiency to processes and make connections that weren’t previously there.”

-Shkelqim Kelmendi, CEO, Housing Connector

What went well?

- HC has brought together landlords and service providers in an uncommon way to provide housing for some of the most vulnerable residents in their cities. Providing financial guarantees to private-market landlords has opened up new units for case managers, who then benefit from an expedited process to find vacant units using HC’s software.
- HC has found that the best partner cities for its model are those that have a strong leader – a mayor, head of the housing authority, or other public figure – with a steadfast vision and roadmap for tackling housing issues. Without a strong leader and shared purpose across many stakeholder groups, it can be difficult to coordinate between the many stakeholders who support (and benefit from) HC’s model. These groups include service providers who coordinate housing placements, Continuum of Care organizations, housing authorities, and private landlords.
- The best HC partner cities have established channels for dialogue between private landlords or property owners and civic organizations focused on issues of housing and homelessness. For example, U.S. Representative Pramila Jayapal in King County, Washington, partnered with HC to convene a task force between property owners and public sector stakeholders to lower resource waste and identify housing solutions. HC’s model thrives in environments where public and private sector leaders are working collectively to address housing issues.



A Housing Connector partner property in Renton, Washington.

What are the challenges?

- HC supports Continuum of Care organizations in achieving their goal of placing people in housing, yet HC's solution is sometimes viewed suspiciously at first by organizations worried that supporting a new entrant will affect their existing city contracts for services they manage. However, the opposite is true. HC makes existing operators more effective by expanding the units available to their Continuum of Care partners and providing a software platform to make placements and tracking more efficient.
- A lack of coordination or leadership between key partner organizations — Continuum of Care organizations, public officials, and groups representing property owners — can stop HC from launching or operating successfully. While the platform brings these groups together to work more efficiently, it also relies on each of them collaborating to establish a successful partnership model.

Guidance for government and policy leaders

- **Establish and strengthen relationships between public sector organizations and private market landlords.** Relationships between public and private partners are key to creating new housing opportunities for residents who would otherwise be overlooked. It takes clear coordination between cities, counties, continuum of care providers, and private landlords to support the Housing Connector model.
- **Understand the key factors needed to successfully work with a trusted partner like Housing Connector.** The most important metrics for introducing HC to a community are: (1) high numbers of multifamily buildings or buildings owned by a consolidated set of landlords, (2) vacancy rates in market-rate housing units above 4%, and (3) high rates of homelessness or severely rent burdened households. If any of those factors isn't true, it may be difficult to implement a model that helps to streamline housing placements like HC in your community.



Housing Connector founder & CEO Shkëlqim Kelmendi with staff at the organization's office in Seattle, Washington.

IMPACT/JUSTICE

A National Innovation and Research Center

The Homecoming Project (Impact Justice)

Year founded – 2018

Headquartered – Oakland, California

Currently operating in – Bay Area, California; Los Angeles, California

For people exiting the carceral system, a home is foundational to rebuilding other aspects of life, such as finding a job, strengthening personal health, or developing new skills. But many returning community members do not have a home to return to, and the housing system presents significant barriers for people with criminal records to find a home. The sharing economy presents a promising framework to help returnees find housing and become reintegrated in communities with dignity.

Impact Justice's Homecoming Project is a housing model for people returning home after being sentenced to over 10 years in prison. It pairs people leaving prison with welcoming hosts who have a spare room in their home and a desire to help someone make a fresh start. Community navigators provide reentry coaching and connect participants to local organizations offering wraparound services.



Joe and Tamiko, Homecoming Project hosts in their home in the Bay Area, California.

The Homecoming Project recruits hosts and participants for the program and provides a strong screening and matching process, including case management, communication training, and problem solving. Both hosts and participants must agree before moving forward with a match, and before placing someone in a home. Hosts and participants set clear agreements and expectations to ensure that the experience is comfortable and rewarding for everyone. Once a participant is placed in a home, the program provides the host with a monthly stipend and training opportunities for them to properly support their new housemate.

In the short term, the Homecoming Project provides program participants with secure housing, access to social networks, employment, and vital community services to facilitate their reintegration. In the long term, the aim is to foster resilient communities, combat displacement, and enhance reintegration outcomes, ultimately reducing recidivism and promoting racial equity. By leveraging the expertise of staff, who have lived experience and an understanding of the unique challenges faced by BIPOC individuals, the program empowers participants to reclaim their place in society.



Homecoming Project hosts and participants gather to share a meal together.

Since the program began in 2018, the Homecoming Project has sustained a 0% recidivism rate. Following its notable success in the Bay Area, the program is expanding to Los Angeles, backed by a \$15 million earmark from the California legislature in 2022.²² Additionally, in June 2024, Impact Justice launched a National Housing Incubator that will serve as a powerful hub through which Impact Justice, housing experts, and other strategic partners will provide robust financial and technical assistance to organizations seeking to refine or scale their own reentry housing programs across the country.

“A person’s ability to provide for themselves and to contribute to their community often depends on one person who says, ‘yes, I will hire you.’ The same is true with housing. People leaving prison need that one person who will say ‘yes, you can live here, or yes, you can live with me.’”

-Bernadette Butler, Director, Impact Justice’s Housing Lab

What went well?

- Reimagining a pre-existing model, like homestays (e.g., Airbnb, VRBO) provided certainty that the program could operate in the local regulatory environment, saving time and resources.
- Existing government resources have been effective tools to amplify the positive effects of the Homecoming Project. For example, Alameda County has a rental assistance program that can be used to assist residents with moving costs, such as first and last month’s rent, security deposit, and furniture access. The Homecoming Project graduates can apply for and utilize these funds to help foster long-term housing stability. Impact Justice staff and partners have also collaborated to understand and leverage additional funding opportunities like the rental assistance program.

- Government agencies have been helpful partners in facilitating a clear pipeline for participants of the Homecoming Project. For example, Impact Justice coordinates directly with the local public defender's office to identify program participants and takes part in regular meetings with parole officers. This close working relationship creates an efficient, coordinated, and supportive environment for reentry.

What are the challenges?

- While government partnerships are an important part of the Homecoming Project, the Impact Justice team still faces significant skepticism. Narrative change requires a significant investment of time and energy to demonstrate the program's benefits and proven track record.
- Impact Justice faces challenges recruiting hosts and partners, sometimes due to biases against people coming out of the criminal legal system. Government and elected officials have an important role to play in shifting the narrative and preventing the vilification of unhoused people, especially people coming out of the criminal legal system. Houses of worship can also be helpful partners in identifying potential hosts. Narrative change creates more openness and interest in partnering with Impact Justice or participating as a host for the Homecoming Project. It also helps alleviate many of the barriers to employment and housing that returning citizens encounter.

Guidance for government and policy leaders

- **Think broadly and creatively about potential government partners and establish cross-sector partnerships.** Government agencies across multiple areas — education, safety, and community development — play an important role in creating just and equitable housing solutions. For example, some of the Homecoming Project's most instrumental government partners have been the public defender's office and parole officers. Elected officials are well-positioned to help shift harmful narratives about people with justice system involvement and/or experiencing homelessness, and to build goodwill amongst their constituents around solutions. Having dedicated staff tasked with interagency collaboration can help alleviate the staffing burden on innovators and streamline the process.
- **Integrate incentives for collaboration in local government.** Local agencies at all levels can play a helpful role in incentivizing collaboration with programs like the Homecoming Project. For example, Contra Costa County's convening board allocated dollars to a community advisory board focused on reentry and homelessness, which creates an opportunity to work directly with organizations like Impact Justice.



Homecoming Project hosts, participants, and graduates in the Bay Area, California.



SAFE Housing Network (A New Way of Life Reentry Project)

Year founded – 1998

Headquartered – Los Angeles, California

Currently operating in – Alabama; Arizona; California; Georgia; Illinois; Indiana; Maryland; Michigan; Minnesota; Mississippi; Nebraska; Nevada; New York; North Carolina; Oklahoma; Pennsylvania; Tennessee; Texas; Washington; Wisconsin and Kenya; Nigeria; Uganda

Women – particularly Black women – exiting prison are at significant risk of becoming homeless, with rates nearly 12 times higher than the general public. The lion's share of reentry resources are dedicated to men. A woeful lack of women's reentry resources means that women are largely on their own after release even though studies show women have an even greater need for services after incarceration.²³

A New Way of Life Reentry Project (ANWOL) was founded by formerly incarcerated women for formerly incarcerated women. After 20 years of building its direct services in Los Angeles, ANWOL established an international network that provides community programs with training, technical assistance, and mentorship to establish safe homes, and a stable, successful reentry process for women exiting incarceration. ANWOL's housing initiative is called the Sisterhood Alliance for Freedom and Equality (SAFE) Housing Network; women typically contact SAFE homes in their area while they are still incarcerated.

ANWOL SAFE homes are centered on creating an optimal environment to support women's healing, allowing them to find their own homes and stable living outside of the carceral system. SAFE homes are fully furnished and often structured like a college dormitory with shared common spaces. Though the policies may vary slightly across SAFE homes, ANWOL's standard is for women to pay 30% of their income, up to \$500 per month, and housing vouchers are accepted. Women with no income pay \$66 per month. There is no limit to how long a woman can stay in a SAFE home; ANWOL sees this as incredibly important to women's healing and rehabilitation. While in a SAFE home, ANWOL offers a supportive process for helping women find permanent housing when they are ready. This includes working closely with permanent housing organizations and providing financial assistance for moving costs, if needed.



ANWOL staff at a new partner training in Chicago, Illinois

The SAFE Housing Network has 41 SAFE homes across 20 U.S. states and three sites in Africa. ANWOL both owns a dozen SAFE homes and supports the other SAFE homes through a franchise model that includes regular guidance and support.

“I knew hundreds and hundreds of women like me, who had traveled in and out of prison in a revolving door. They needed support and help just like I had received. And it could make a difference, just like it had made a difference in my life. I wanted to see them come back to the community and have a chance at a different life, too. The person who has been convicted has served their time. Why would we continue to punish and exclude them from housing and jobs? Those are the primary areas that allow people to get their lives back on track.”

-Susan Burton, Founder, A New Way of Life Reentry Project

What went well?

- ANWOL has found that any government partner has potential for great impact. Their strong relationship with Illinois' first lady, M.K. Pritzker, has helped the Network expand across the state while a relationship with a Pennsylvania senator supported their access to unused public housing.
- Their training model allows local, community-based organizations and formerly incarcerated women to run their own SAFE houses in ways that are adaptive to the local community. ANWOL is able to train local organizations, some of whom have their own facilities, to create SAFE homes by integrating the standards and practices of their proven model with the local expertise of their organization. Regardless of ownership, most SAFE homes are run by formerly incarcerated women. This enables those with lived experience in successful reentry to help other women as they come home.



ANWOL's Los Angeles County complex houses formerly incarcerated women and their children.

What are the challenges?

- Many states and jurisdictions have limits on the number of unrelated people who can live in a single-family home. Several SAFE homes have the capacity to house more women than they are currently serving because of these restrictions.
- In general, there are many restrictions placed on people returning to communities after incarceration often due to stigma and discrimination. Background checks and screenings make it even more difficult to find stability. Legislation removing these requirements in housing screening and beyond would be life-changing and has been shown to increase the tax base and reduce recidivism.²⁴

Guidance for government and policy leaders

- **Change single-family zoning requirements that are outdated and discriminatory.** The overwhelming majority of zoned districts and residential square footage is reserved for single-family housing, often with specific clauses that restrict residence to 2-5 unrelated people. These zoning laws have limited density and made housing that could be accessible to renters with low incomes inaccessible.
- **Integrate the knowledge of local organizations with proven standards.** New initiatives can fail due to lack of local knowledge and subject matter expertise. In the SAFE Housing Network, homes are often managed by local experts based in the city where the SAFE house is located. These local experts then work with ANWOL to ensure the women receive the proper support and standard of care. The mutual respect for one another's expertise can serve to both benefit the client and enhance the speed and effectiveness of growing the program.
- **Start with a champion and end with a system.** ANWOL has gained support from influential local leaders with a vested interest in housing who were open to innovation, making connections, and opening doors. Their partnership with local officials has helped ANWOL acquire land and houses. ANWOL now recognizes the need to solidify those pathways by seeking policy solutions that ensure government lands and housing are used for public good in perpetuity.



ANWOL community at a national convening

How you can put innovation into action

Millions of Americans in need of a safe and dignified home can't afford one. Meeting the housing needs of the nation's communities is urgent and demands building more homes and preserving the affordable housing stock that currently exists. Although we have existing tools that promote the development and preservation of housing, it is clear that we're in need of new, innovative solutions that creatively address the barriers and challenges communities face in meeting their housing needs.

The case studies in this paper demonstrate that innovation in housing is difficult, but there are promising actions that are already effectuating change in the housing industry. Across diverse industries, community types (e.g., rural, urban, tribal), and geographies, the common challenges innovation teams are facing include:

- **Zoning and land use:** Restrictive zoning policies, such as minimum lot sizes, single-family zoning, restrictive parking requirements, height restrictions, and extensive special use permit/variance processes, are barriers to affordable housing development overall. Rigidity within these systems further stymies new models for designing and constructing homes. As innovators work to expand their reach and scale to new locations, navigating local regulations and permitting systems are often a significant hurdle.
- **Lack of knowledge and skepticism:** Widespread misperceptions about affordable housing persist among the general public, including the damaging beliefs that it is synonymous with low-quality construction, lowers neighborhood property values, functions as a mere temporary solution, or is exclusively an urban challenge. These false assumptions can lead to neighborhood protests against affordable housing developments, stifle collective efforts to work towards a solution, and hinder progress in the entire sector. These challenges are compounded when innovators work to introduce new methods, housing types, or technologies. For example, Module, DreamBuild, and Connect Homes are actively working to educate a diverse array of stakeholders—municipalities, investors, developers, community partners, and neighbors—about complex topics, such as off-site and modular housing construction, in addition to building an understanding of affordable housing.
- **Risk-averse culture:** While certainty is typically prioritized in affordable housing development and investment, innovation is inherently about trying something new or creating new processes that challenge the status quo. Supporting innovation requires a shift from a fear-based mindset to a courageous one that understands and embraces failure in building a culture of innovation. Trial and error is a necessary path to discovery; it leads to deeper learning and is a natural part of iterative processes. Close collaboration and funding for small-scale pilot projects can be a meaningful way to determine if something works and to prepare innovations for scale. Philanthropic partners may also be willing to stand in as a partial guarantor in multi-investor funds to help address financial risk aversion.
- **Resource constraints and siloed governance:** Local governments face many community priorities alongside affordable housing. It can be especially challenging to align a locality's political, organizational, and financial priorities to support affordable housing in general, let alone new affordable housing models. Innovation requires coordination, dedication, and open communication between community partners, developers, architects, lenders, and investors, and multiple levels of governance (e.g., local, state, tribal) to understand the change in business practices needed.

To better support and innovate within the housing ecosystem:

- Educate yourself, fellow local government staff, and policymakers about these key focus areas and emerging housing trends.
- Establish deep, long-term, and collaborative relationships.
- Think broadly and creatively about which agencies and offices can be partners in housing, and specifically who is best positioned to be your “champions” when implementing new housing access and affordability solutions.
- Adapt existing policies and programs to allow for flexibility and the evolution of new ideas.
- Leverage existing resources to create new opportunities for housing innovation.

As one of the most impactful stakeholders in the housing industry, local government has a central role to play in the development, preservation, and regulation of affordable housing. The case studies outlined in this paper point to the following pathways by which local government can better support and innovate within the housing ecosystem:

- **Educate yourself, fellow local government staff and policymakers about these key focus areas and emerging housing trends.** Increasing awareness helps reduce skepticism, inspire narrative change in the field, and ideally lead to flexible, more streamlined policies and regulations that foster innovation. For example, many of our housing systems are designed to exclude people with justice system involvement. In order to meaningfully support innovations that increase housing access and address homelessness, governments and key partners must understand local needs and opportunities, be a part of the narrative change, and join innovators in leading efforts to shift existing policies that exclude community members.
- **Establish deep, long-term, and collaborative relationships.** The legacies of racial discrimination, segregation, and forced migration continue to permeate our communities and housing systems. Localities should proactively identify and focus on those communities facing the highest risk, or that have a long-standing history of ongoing displacement. This requires decision-makers to initiate new conversations, build new relationships with the people most in need of housing, and follow the direction of local leaders, including neighborhood organizations and tribal governments.

Innovation inevitably brings both anticipated and unforeseen challenges, which is simply the nature of breaking new ground. In order to holistically address roadblocks and overcome barriers, it is critical that diverse stakeholders work collectively. With strong vision and leadership, local governments are well-positioned to act as conveners, consensus builders, and creators of a strong roadmap for addressing housing needs across stakeholders, community partners, service providers, developers and more.

- **Think broadly and creatively about which agencies and offices can be partners in housing, and specifically who is best positioned to be your “champions” when implementing new housing access and affordability solutions.** For example, a city attorney (Frolic), parole office (the Homecoming Project), or tribal government (Success Starts with Me) may seem like unlikely partners in housing; however, each has been instrumental in creating innovative models that directly support access to safe and affordable homes. Think beyond community and economic development, planning and housing departments to build systems for longevity. Working with allies and advocates across diverse areas of government will help to sustain and scale housing innovations.
- **Adapt existing policies and programs to allow for flexibility and the evolution of new ideas.** The same regulatory barriers (e.g., land use, zoning, permit processes) that challenge traditional affordable housing developments are even more daunting for those striving to create more equitable and inclusive systems.

It is important to examine how current systems, programs, and regulations can be adapted to support innovative housing types, and modified to integrate updated processes. Additionally, there are likely opportunities to expand allowable uses, streamline these systems, and bolster a growing community of housing developers, funders, and service providers.

It's important to acknowledge that innovation can require fundamentally different review and approval processes, as demonstrated in the examples of DreamBuild and the Last Mile Network. Government partners must be willing to both shift their traditional practices and gain knowledge of new construction methods to do so. This responsibility falls on both the developer and government partner to learn, educate, and adapt to infuse flexibility into "business-as-usual" approaches.

- **Leverage existing resources to create new opportunities for housing innovation.** While resource constraints are often one of the top barriers to pursuing or scaling innovation, governments can take advantage of existing programs and assets while creating new ones.

For example, local governments can help facilitate a pipeline of clients, homeowners, housing units and more by identifying housing needs data and nascent opportunities for partnership on underutilized government-owned land.

As highlighted in the above case studies, social service providers, such as Continuum of Care (CoC) organizations, housing authorities, and parole offices, typically maintain data and contact lists for potential clients served by new housing models and solutions (e.g., the Homecoming Project, Housing Connector).

Additionally, land is an essential aspect of the housing development process – donating or subsidizing land costs can be pivotal in making a development financially feasible for individuals and families with low and moderate incomes (Success Starts with Me). Public land can be sustainably repurposed to reflect local priorities, including affordable housing, as demonstrated by several federal agencies such as the Bureau of Land Management, U.S. Forest Service, and the U.S. Postal Service.²⁵ The Center for Geospatial Solutions at the Lincoln Institute of Land Policy estimates the development potential of underutilized state and local government land located near transit at approximately 1.9 million units nationwide.²⁶

Government will continue to play a pivotal role in supporting housing needs across the country through policy incentives, partnerships, affordable housing funds, data, and community support. Every community in the U.S. is facing housing affordability issues, housing shortages, and housing instability. We can't afford to push innovation into the "wishful thinking" bucket anymore. It is time to be intentional about including government at every level of our innovation planning and implementation. This is the only way we, as the affordable housing sector, can change the status quo and direct resources and initiatives toward new ideas.

When the government supports innovation, or works to create an environment where innovation can be implemented, the impact on the community can be leveraged across neighborhoods, cities, and states nationwide. Don't be discouraged by a "no" or an unexpected roadblock, find your champions, build new partnerships, and share your stories so that others can be inspired to follow in your footsteps.

More than anything, we hope you join us on this journey.

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