



BUILDING SMARTER: STATE STRATEGIES TO SCALE OFFSITE CONSTRUCTION

A Let's Build! Policy Watch Report

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

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

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

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

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About the ULI Impact Lab

The ULI Impact Lab is the philanthropically funded, systems-change arm of ULI. It aligns and amplifies ULI's flagship Centers and Initiatives: the Randall Lewis Center for Sustainability in Real Estate; the Terwilliger Center for Housing; and ULI's Initiative on Real Estate Economics and Capital Markets. The Impact Lab also houses ULI's Advisory Services and Technical Assistance capability and UrbanPlan, which bring multidisciplinary market expertise, stakeholder engagement, experiential learning, and implementable recommendations into community-centered development. Together, these programs share a goal: transforming real estate markets toward decarbonization, resilience, health, and housing affordability at scale. Learn more at uli.org/impactlab.

About the ULI Terwilliger Center for Housing

The Terwilliger Center for Housing works to expand the supply of housing to meet the needs of people of all incomes, ages, and abilities. Established in 2007 with a gift from longtime member and former ULI chairman J. Ronald Terwilliger, the Center's activities include technical assistance engagements, forums and convenings, research and publications, and an awards program. The goal is to catalyze the production and preservation of a full spectrum of housing options. Learn more at uli.org/terwilliger.

About Let's Build!

Let's Build! is a new initiative of the ULI Impact Lab's Terwilliger Center for Housing. The initiative taps ULI member expertise to inform the development and implementation of local and state housing policies that accelerate housing production and improve affordability.

Let's Build! has four main activities:

- Tapping the expertise of knowledgeable ULI members in the United States and Canada to identify promising policies, implementation challenges, and gaps that remain, and then using this information to produce a range of practical tools that help local and state leaders adopt meaningful reforms and avoid common pitfalls
- Facilitating partnerships between ULI district councils and local and state pro-housing partners and other stakeholders to help communities identify the most pressing barriers to housing supply and affordability and implement effective solutions
- Providing technical assistance to local governments to help them address barriers to the production and preservation of housing; ULI will work with cohorts of cities interested in addressing a common challenge, such as expanding the supply of duplexes, triplexes, townhouses, and other forms of missing middle housing
- Providing technical assistance to state governments to help expand the use of offsite construction to produce lower-cost homes

About This Report

This Policy Watch report reflects ideas that emerged through discussion with ULI members and ULI's own research. The findings and recommendations presented here represent a starting point, not the final word. This guidance will be refined as the Let's Build! team works with states, localities, and development professionals to implement these and other ideas.

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Contents

Executive Summary.....	1
Introduction	4
Understanding the Offsite Construction Ecosystem	6
Policy in Action: Vessel Technologies/Avanath Capital Management in Connecticut.....	9
What States Can Do: The Policy Framework.....	11
Northeastern Region Working Group on Offsite Construction.....	13
Policy in Action: Colorado's Offsite Construction Policy Initiative	14
Policy in Action: The ICC/MBI Offsite Construction Standards	15
Financing Reform	16
Policy in Action: Move-In NY	17
The Education and Workforce Challenge	18
Policy in Action: Minneapolis Family Housing Expansion Project.....	20
The Federal Dimension.....	21
Recommendations: Moving from Pilot to Pipeline	22
Conclusion: From Promise to Production.....	23
Appendix: 2026 Let's Build! Housing Policy Forum	24

Quick Links

BARRIERS

[Introduction](#)

[Understanding the Offsite Construction Ecosystem](#)

STRATEGIES

[What States Can Do: The Policy Framework](#)

[Financing Reform](#)

[The Education and Workforce Challenge](#)

[The Federal Dimension](#)

POLICY IN ACTION

[Vessel Technologies/Avanath Capital Management in Connecticut](#)

[Colorado's Offsite Construction Policy Initiative](#)

[The ICC/MBI Offsite Construction Standards](#)

[Move-In NY](#)

[Minneapolis Family Housing Expansion Project](#)

Executive Summary

America's housing affordability crisis has spurred significant attention to land use reforms intended to expand the supply of housing. While many of these reforms have yielded progress, the cost of new construction remains prohibitively high, impeding efforts to produce lower-cost homes. Offsite construction holds significant potential to lower those costs. Thus far, that potential has only partially been realized. Drawing on a policy forum the Terwilliger Center held in March 2026 and our own research, this report outlines some initial ideas for why this has occurred, and what states can do about it.

The economic case for offsite construction rests on economies of scale: factories that produce standardized components at volume can optimize processes, bulk-purchase materials, reduce waste, and deliver homes at meaningfully lower per-unit costs than conventional site-built construction. [Analysis by the Harvard Joint Center for Housing Studies](#) found that single-wide manufactured homes cost roughly 35 percent as much to construct as comparable site-built homes. But the cost savings demonstrated by manufactured housing have not been fully replicated in other forms of offsite construction, such as volumetric modular and panelized construction. A key reason is that realizing those savings requires conditions, including regulatory consistency, reliable financing, and committed order pipelines, that often are not present.

Four barriers stand in the way of more fully realizing the potential of offsite construction to produce lower cost homes:

1. **Policy fragmentation:** Inconsistent building codes across jurisdictions, redundant inspection regimes, and regulatory processes designed for conventional construction all erode the economic advantages that offsite construction can deliver. A factory cannot achieve optimal economies of scale if every locality imposes different standards, or if finished units face duplicative inspections at the site after rigorous factory review.
2. **Financing structure:** Offsite construction inverts the cost and collateral sequence that public and private lenders expect. Manufacturers require substantial deposits before production begins;

standard construction lending requirements, designed around onsite collateral and reimbursement-based disbursements, are often structurally incompatible with the modular draw schedule.

3. **Education gaps:** Developers, lenders, building officials, subcontractors, and other practitioners frequently encounter offsite construction without adequate preparation—this can lead to costly mistakes, inflated pricing, and regulatory friction that generate higher costs than offsite construction is capable of producing.
4. **Pipeline risk:** Without a predictable, committed order volume, manufacturers are reluctant to invest in expanded capacity. Without added capacity, the economies of scale that allow offsite construction to produce lower costs cannot be fully achieved. To date, this circular problem has not resolved itself through market forces alone.

None of these barriers are insurmountable. With the right policies and practices, states can make significant progress in addressing them.

States hold substantial leverage to change the economics of offsite construction across four domains:

1. **Building codes:** Regional building codes and preapproved design programs can create the consistency manufacturers need to standardize production and redirect inventory across markets, generating a “pipeline flexibility dividend” that enables steady factory utilization and larger economies of scale.
2. **Inspection reform:** The recently adopted ICC/MBI Standards 1200, 1205, and 1210 for offsite construction (developed jointly by the International Code Council and the Modular Building Institute) establish a clear division of responsibility between state-level factory inspection and local site inspection, directly addressing the double-inspection problem. Inspector training and credential reciprocity are essential complements.

3. **Demand aggregation:** State housing agencies, acting as anchor customers or conveners, can provide the committed order pipelines that allow manufacturers to achieve greater economies of scale, which in turn allow states to realize cost savings. These committed pipelines can also help manufacturers to weather economic downturns and housing slowdowns. New York's Move-In NY program and the Minneapolis Public Housing Authority's modular scattered-site project provide examples of demand aggregation at work.
4. **Financing reform:** Loan guarantees, advance commitments, and financing products designed around the modular payment timeline—illustrated by the San Francisco Housing Accelerator Fund's Industrialized Construction Catalyst Fund—can close the gap between public capital tools and offsite project realities.

Education and workforce development cut across all of these domains. The ULI Terwilliger Center for Housing aims to address this gap directly, developing educational resources in collaboration with our partners for building officials, developers, lenders, and subcontractors to expand understanding of how to use offsite construction effectively to lower housing costs.

Immediate opportunities include clarifying inspection responsibility in statute, funding inspector training, incorporating offsite construction incentives into low-income housing tax credit (LIHTC) allocation plans, and piloting demand aggregation through bulk-purchase commitments. Medium-term opportunities include pursuing regional code frameworks, developing public financing tools designed for the modular draw schedule, and deploying systematic professional education across all stakeholder groups. In the longer term, interoperability standards now under development by the Center for Offsite Construction (CfOC) and the International



BRUCE DAMONTE

Built with modular construction, Tahanan Supportive Housing in San Francisco demonstrates how factory-built methods can accelerate delivery of 100 percent affordable, service-enriched homes.

Code Council (ICC), and housing system certification standards being developed by the National Institute of Building Sciences in partnership with ModX, hold the potential to reduce pipeline risk and enable supply-chain specialization across the industry.

At the federal level, the 21st Century ROAD to Housing Act, adopted in 2026, eliminates the 1974 permanent chassis requirement that had defined manufactured housing under the U.S. Department of Housing and Urban Development (HUD) Code. Allowing the chassis to be removed when desired opens the door to larger, multistory designs and stands to expand the industry's market reach.

States that act first will attract manufacturer investment, build industry capacity, and generate the track record that persuades the next wave of policymakers, lenders, and developers to follow. Speed and reduced neighborhood disruption are genuine advantages of offsite construction, but they are not sufficient. The core promise is more homes at lower cost. Demonstrating that in hard numbers is the necessary condition for offsite construction to move from a promising alternative to a durable fixture of American housing production.



COURTESY OF MHI

Home with covered porch at Lavender Meadows, a new 55+ manufactured home community in Sequim, Washington.

Introduction

America’s housing affordability crisis has generated enormous policy attention focused on land use reforms that make it easier to build new housing. Yet, even where land is available and zoning permits construction, the cost of building a home often remains prohibitively high.

Offsite construction—the production of housing components or complete homes in factory settings rather than on a building site—has significant potential to lower construction costs. However, the full potential of offsite construction to reduce construction costs has not yet been fully realized.

The Terwilliger Center for Housing—a division of the ULI Impact Lab—will be co-leading an initiative with the Center for Public Enterprise aimed at more effectively realizing this potential in the northeast. We will also be working in partnership with ULI members to support the more effective use of offsite construction in other contexts. This paper provides insight into both the current state of offsite construction and some of the Terwilliger Center’s initial ideas on how to use it to achieve greater cost savings. As we gain more experience working with states to implement these and other ideas, we will provide more refined recommendations in future reports.

Offsite construction encompasses a spectrum of different approaches. Panelized construction, volumetric modular construction, and manufactured housing represent three common approaches, while CrossMod homes are a variant on manufactured housing. Each approach for offsite construction has implications for how housing is regulated, financed, inspected, and ultimately delivered.

The main economic case for offsite construction rests on economies of scale. By enabling a larger volume of home production than small home producers can achieve on their own, offsite construction has the potential to achieve significant cost savings. These economics are enhanced by standardization: a factory that produces the same module (or a limited set of modules) hundreds of times a year can optimize its processes for that production, bulk-purchase materials, reduce waste, and deliver a quality product at a significantly lower per-unit cost than an individual builder building one custom home at a time.



PAUL VU

The Hilda L. Solis Care First Village Project in Los Angeles repurposed 66 retired shipping containers and prefabricated modular units to deliver 232 private interim housing spaces on an accelerated timeline driven by federal funding deadlines.

Consider an analogy to automobile manufacturing: factory conditions deliver factory efficiencies. Automobile manufacturing plants generate great efficiencies by producing high volumes of mostly standardized products. The cost advantage would vanish if the manufacturing

Panelized construction	Volumetric modular construction	Manufactured housing	CrossMod homes
Two-dimensional panels (such as wall and floor panels) are fabricated off site and assembled on site.	Three-dimensional modules are built in a factory and stacked or joined at the site.	Homes are produced entirely (or nearly entirely) in a factory under the federal HUD Code and installed at the site.	Manufactured homes that include site-built features such as pitched roofs and garages to blend into residential settings.

plant had to reconfigure its assembly line for every vehicle or operated under a different set of rules in every county where its cars would be sold. Yet, comparable inconsistencies are precisely the situation facing many offsite housing manufacturers today.

Realizing the potential for true economies of scale in offsite construction requires addressing a set of barriers that are real but largely solvable. Four deserve particular attention:

1. **Policy fragmentation:** Inconsistent building codes across jurisdictions, redundant inspection regimes, and regulatory processes designed for conventional construction (e.g., sequential permit reviews, jurisdiction-by-jurisdiction plan approvals, and site inspection requirements that duplicate factory-level certifications) all erode the economic advantages that offsite construction can deliver. A factory cannot achieve the cost advantages associated with producing the same exact module hundreds of times if every locality imposes different requirements, or if completed units must be inspected again at the site to a different local standard after a rigorous factory inspection.

Expanding the adoption of offsite construction requires widespread education as well as adapting rules designed for site-built construction.

2. **Financing structure:** Public and private financing tools were designed for conventional construction, where costs are incurred and collateral exists on site. Offsite construction inverts that sequence: manufacturers require substantial deposits before production begins, and lenders face collateral risk when the asset securing their loan exists on a factory floor in another location, and possibly another state. Standard underwriting is not designed for this reality.

3. **Education gaps:** Offsite construction is a fundamentally different process from site-built housing. Developers, lenders, subcontractors, and building officials who encounter it without adequate preparation sometimes make costly mistakes. In other cases, they absorb higher than necessary prices from subcontractors who do not know how to price the work correctly, creating the false perception that offsite is more expensive than it is. Expanding adoption requires not just changing rules but expanding knowledge.

4. **Pipeline risk:** Manufacturers face two related but distinct vulnerabilities. The first is ordinary pipeline uncertainty: factories incur fixed costs whether or not orders are coming in, which forces manufacturers to price in expected downtime and often leads them to operate below full capacity rather than risk being unable to sustain higher volume.

The second is cyclical risk: when housing demand collapses due to a recession or rising interest rates, factories are acutely exposed. They carry fixed payrolls and significant debt service on capital investments, with little ability to reduce costs quickly. Without a predictable, committed pipeline of orders, factories cannot invest in additional capacity; without added capacity, the economies of scale that offsite construction is capable of producing cannot be achieved. To date, neither form of risk has resolved itself through market forces alone.

Conceptually, these barriers should be surmountable. However, creativity and concerted effort will be needed to develop and implement solutions.

Understanding the Offsite Construction Ecosystem

Before getting to policy, it is important to understand the landscape, including distinctions relevant to developing well-tailored policies.

The Importance of Scale in Offsite Construction

The full promise of costs reductions in offsite construction—factory efficiency, bulk material purchasing, standardized process—only materializes at sufficient volume. There are two ways in which scale affect costs. The first is job-level scale: on larger jobs, soft costs such as design, engineering, and customer interface can be amortized over a larger number of units, reducing per-unit costs. An order for a single home through offsite construction is unlikely to yield savings, while a bulk purchase of 30 or 50 identical units can spread those costs significantly.

The second is factory-level scale: factories reliably producing larger numbers of units can achieve greater discounts on materials, add additional staff that reduce the reliance on part-time contractors that charge a premium to be available during surge periods, and make investments in automation that have high up-front costs but generate cost savings.

The smallest manufacturers do not realize significant economies of scale. Mid-scale manufacturers are in a fundamentally different economic position: they can structure dedicated production lines, negotiate better materials pricing, and begin to approximate genuine factory economics if they have a steady enough pipeline.

At the far end of the scale spectrum is the manufactured housing industry. [Clayton Homes](#), a Berkshire Hathaway subsidiary and the nation's largest manufactured housing producer, builds roughly 50,000 manufactured homes per year across approximately 40 production facilities—approaching half of the total national manufactured housing output. That scale is distributed across a large plant network, not achieved at a single facility, but still benefits from the economies of scale of a single owner purchasing a very large volume of raw material. Not surprisingly, large manufactured housing producers can

produce housing at a much lower cost than most builders of site-built homes. A [July 2023 analysis by the Joint Center for Housing Studies at Harvard](#) found that single-wide manufactured homes cost roughly 35 percent as much to construct as a comparable site-built single-family home, and double-wides about 60 percent as much.

A key factor facilitating the large economies of scale of manufactured housing producers is the HUD Code, a unified federal building code that preempts local building codes. Manufactured housing producers can build to the HUD Code knowing that the homes will then be in compliance with applicable building codes anywhere in the United States. Manufactured housing producers also rely on the economies of scale associated with a limited number of standardized home designs.

The Interoperability Gap

Unlike conventional construction, where standard framing dimensions, electrical boxes, and plumbing fittings from competing suppliers are universally compatible, offsite construction currently lacks common standards for how modules connect to each other and to building systems. Structural connections and utility interfaces are proprietary to each manufacturer, meaning a module from one factory cannot be substituted for one from another.

This lack of interoperability is not merely a technical hurdle—it is a primary driver of risk for developers. It forces developers into a high-stakes, single-source relationship: if a chosen factory faces delays or insolvency, the project effectively hits a dead end with no fallback supplier. It also hinders specialization, making it harder, for example, for one manufacturer to focus on producing a particular building component such as kitchens, which could otherwise allow factories to capture deeper efficiencies and economies of scale.

Efforts are underway to address this problem. The [Center for Offsite Construction](#), housed at the New York Institute of Technology's School of Architecture and Design, is leading an effort in partnership with the ICC and under the American National Standards Institute (ANSI) accreditation to develop an open-source standard,

designated CfOC/ICC 1220, governing the configurations and connections between modules and between modules and host buildings. The standard covers structural, plumbing, electrical, mechanical, fire protection, and data interfaces, as well as dimensional standardization of modular components. The [CfOC Consensus Committee](#) first convened in December 2025 and is actively drafting the standard.

An analogy the CfOC uses is instructive: The USB standard transformed computer peripherals by defining how any peripheral could plug into any host device. CfOC/ICC 1220 would do the same for modular construction—allowing components from competing manufacturers to be substituted, reducing pipeline risk and enabling supply-chain specialization.



PAUL VU

Watts Works in Los Angeles shows how container-based offsite construction can transform a single vacant residential lot into permanent supportive housing—a compact, replicable model for scaling supply in infill markets.

In a [report published by HUD in 2026](#), members of the consulting firm ModX propose additional procedures to create standardization in the offsite construction field, including standard award criteria for federal programs, a performance-based, federally sanctioned housing system certification program for offsite housing construction, and ultimately a performance-based building code. Earlier this year, the National Institute of Building Sciences, in partnership with ModX, announced the formation of a specialized work group to develop a [Housing System Certification Program Standard](#), with a goal to deliver a pilot-ready program specification by the end of 2026.

Current Industry Capacity: Promising but Fragile

The trend data on offsite construction volume makes the case for active policy support. Manufactured housing shipments peaked at 581,000 units nationally in 1973. The industry reached a low of approximately 50,000 units in 2009. Since then, shipments have remained [below 122,000 units annually](#)—roughly one-fifth of the 1973 peak—even as the housing affordability crisis has deepened. For manufactured housing volume to remain at a fraction of its historic high while the United States is grappling with a deepening housing affordability crisis is one of the more striking disconnects in the current policy landscape.

The volumetric modular and panelized sectors tell a similar story. Market share data compiled by the [Center for American Progress](#) from U.S. Census Bureau construction surveys shows that modular and panelized construction have continued to decline as a share of new single-family starts since 2000, even as overall construction has recovered from the Great Recession. In New England, there were once eight volumetric modular manufacturers of full-size residential homes; only three survived the 2008–2009 downturn.

The reasons are structural as much as cyclical. When residential demand slows, factory operators face a liquidity crisis that is distinct from those many traditional builders face. While traditional builders can simply lay off crews and pause activity during a drop in demand, factory owners who invest millions in plants and equipment carry fixed debt obligations. The Great Recession destroyed much of the capacity of the offsite construction industry. The manufacturers who survived it became, understandably, more risk-averse. More recently, sharply rising interest rates and gaps in market demand similarly caused significant disruption among offsite construction producers.

The barriers are varied and mutually reinforcing: developers who abandon modular approaches mid-project, financing tools that fail to accommodate the factory draw schedule, building code environments that make every jurisdiction a new negotiation, and a risk-

Even as the housing affordability crisis has worsened, manufactured housing production has stalled at roughly one-fifth of the 1973 peak.

averse industry still recovering from the losses of past downturns. No single constraint explains why offsite construction has underperformed its potential, but it is clear that the sector needs to grow significantly to more effectively address the nation's housing needs. Public policy cannot solve every problem, but it can address several of the most significant obstacles. States can take concrete steps to make progress.

POLICY IN ACTION:

Vessel Technologies/Avanath Capital Management in Connecticut

Avanath Capital Management and Vessel Technologies have formed a strategic partnership to develop and operate affordable and workforce housing without relying on federal tax credits or traditional affordable housing subsidies. The partnership targets renters earning up to 80 percent of area median income (AMI), with a goal of delivering more than 5,000 units by 2030 in high-rent markets including Connecticut; New Jersey; Washington, D.C.; Seattle; San Francisco; and Southern California.



KEITH HARRIS

Vessel Technologies' completed project at 174 Bank Street in New London, Connecticut, is an example of panelized offsite construction that can produce market-ready, subsidy-free workforce housing at urban infill sites.

How the system works: Vessel's approach is panelized, not volumetric modular. Walls, floors, and ceilings are manufactured at a plant in Pennsylvania, shipped flat, and assembled on site. Because components travel in standard shipping formats, the system avoids the geographic radius constraints that limit where homes produced through a volumetric modular plant can be delivered. Each building follows a near-identical architectural blueprint, reducing design and engineering costs across projects. Units include a proprietary building operating system that allows residents to monitor and manage their own energy and water consumption.

The economics: The partnership's construction process enables a target development cost of under \$250,000 per unit, compared to \$400,000 to \$800,000 per unit for conventional construction.

Managing financing barriers: A key financing constraint is familiar: Fannie Mae won't close with permanent financing on an empty building. But modular construction requires paying the factory well before the building exists or has any renters, creating a gap where no financing option fits. The solution: cover half the project cost with loans and half with investor equity. Avanath closed the gap with a master lease. That guarantee allowed Fannie Mae to issue the loan earlier and lock in the interest rate. The lender got the protection it needed against the risk of vacancies and the developer achieved the financing certainty to move forward. The payoff: a combination strong enough to make the math work with investors earning more than a 6 percent return.

Connecticut as proof of concept: The partnership's Phase One is the development of four Connecticut communities totaling 278 units. As of early 2026, Vessel's broader Connecticut portfolio has expanded significantly across multiple towns at various stages.

Location	Units	Status
Avon	64 units	Approved and in construction following a unanimous planning board vote
Cheshire	70 units	<u>Under construction</u> ; the primary Avanath Phase One acquisition
New London	30 units	Vessel's first completed Connecticut project, open as of mid-2025
Newtown	130 units	In permitting
Rocky Hill	96 units	Approved and in construction after early local resistance at a different site
Simsbury	48 units	Approved and in construction
West Hartford	120 units	<u>New application submitted November 2025</u> after an earlier withdrawal.

Continued on the next page

The biggest barrier is regulatory. At its root, this is also a knowledge gap. The delays Vessel has encountered have not come from the manufacturing side. Rather, setbacks have come from building departments and local zoning boards unfamiliar with the product, and from fire marshals uncertain how to inspect panelized construction. Each have encountered the system for the first time with no standard guidance to draw on. Some planning commissions have denied applications outright, despite Connecticut's Section 8-30g, a state law designed to override local resistance to affordable housing proposals.

The New London project, Vessel's first, broke ground in spring 2023 and was originally expected to open in fall 2024. However, regulatory and coordination delays pushed that timeline back by nearly a year. The Cheshire project broke ground in 2024 and has had multiple delays caused by building departments unfamiliar with the product.

Key takeaway: The Connecticut portfolio illustrates the gap between what offsite construction can deliver and what current regulatory environments allow. The technology is working and the economics require zero subsidy. The barrier is a patchwork of local review processes with inspectors, zoning boards, and fire marshals who each require onboarding before a development can move forward. Standardized training materials, model inspection checklists, and a way for officials who have already approved a panelized project to brief those unfamiliar with the product are educational measures that would help streamline the path from construction to occupancy.

What States Can Do: The Policy Framework

States have substantial leverage to change the economics of factory-built housing. The policy framework below identifies opportunities for state action to accelerate offsite construction at scale.

Building Codes

One of the greatest structural obstacles to factory economics is *code fragmentation*. When every state and many localities maintain their own building codes, it is difficult for manufacturers to standardize their production runs, redirect finished inventory when a deal falls through, and build the reliable forward pipeline that justifies investment in capacity. A factory needs to know, in advance, that the modules rolling off its line will be accepted in the markets it intends to serve.

One promising policy response to this problem is a *regional stretch code*: a higher-performance building code adopted across a multi-state region that allows builders to choose to build to that standard knowing it will be accepted everywhere in the region. Under this proposal, builders would have the option of building to the regional stretch code or to state and local codes. Builders who want the advantages of regional market access can opt into the stretch code. Compliance with the regional stretch code would substitute for local code review.

A manufacturer operating under a unified regional standard can redirect a completed module from one market to another if a deal falls through, significantly reducing risk. A consistent regional code creates a *pipeline flexibility dividend*. It allows manufacturers to build homes on spec rather than purely on demand.

If a factory knows its townhouses will be accepted anywhere from Pennsylvania to Maine, it can build the predictable pipeline that factory optimization requires. The multifamily equivalent would be standardized modules that could be assembled like building blocks into finished multifamily structures throughout the region. Currently, it is difficult to implement this model as a development with code approval in one jurisdiction may require a new approval process in the next.

Preapproved design programs are an important counterpart to regional code standardization. If applied statewide, preapproved design programs could eliminate the need for jurisdiction-by-jurisdiction plan review for code compliance. A reactive preapproval process would allow a manufacturer to submit a plan for review at the state level that would carry forward to future developments using the same design. A proactive preapproval process would involve the creation of preapproved designs at the state or local level that could be used by any manufacturer or builder. Both approaches hold significant promise for facilitating economies of scale in offsite construction.

Virginia and Utah offer early models for how states can begin to build this infrastructure: both have established a uniform building code for offsite construction that eliminates local variation in baseline requirements. Neither state has yet paired that code adoption with a full preapproved design program, but statewide code uniformity is the necessary foundation on which such a program can be built.

A design challenge remains within a regional code framework: how to accommodate variations in climate zones, snow loads, seismic requirements, and radon levels. The answer is not to dismiss those differences but to build them into the code structure, as both the International Building Code (IBC) and the [HUD Code for manufactured housing](#) already do. A regional code can establish different requirements for different zones within the region—distinguishing, for example, between high-snow-load mountain areas and lower-elevation coastal zones—while still representing a significant improvement over the current patchwork of local variation. Colorado’s approach illustrates this model in practice. Unable to achieve statewide preemption, it instead adopted a framework of roughly five zones of regulatory consistency calibrated to regional differences.

A manufacturer can choose to build to the most stringent applicable standard and deploy that product throughout the region, or to maintain separate product lines for different zones. Either approach is more economically viable than the current system, as many individual localities have adopted their own standards.

Inspection Reform

Building codes define the standards; inspections determine whether those standards are actually met in practice. Yet, in many markets, the current inspection system for offsite construction is flawed in ways that directly undermine the economic case for factory construction.

The core problem is double inspection: units that have already been inspected at the factory, often by a state-certified third-party inspector, arrive at the site and are fully inspected again by local officials who may be encountering a modular or panelized product for the first time. This redundancy adds cost and delay. A manufacturer cannot reliably know in advance what local officials will require, making it impossible to price projects accurately or schedule production efficiently.

However, a limiting factor is often knowledge and understanding of the process even where the statutory framework is sound. Building officials who have never seen a modular product, who don't know what the factory inspection has already certified, and who have no clear guidance about where their authority begins and ends may default to reviewing everything. These inspectors may import their site-built instincts into a context where those instincts may not apply.

Training is a necessary complement to legislation as local building officials need training to understand what is appropriately inspected at the local level versus what they are required to accept given state-level inspections.

For offsite construction, inspector credential reciprocity is important because factory inspections often occur in a state different from the project site.* Credential reciprocity for inspector certification refers to agreements among states recognizing each other's building inspector credentials, so that an individual certified in one state can conduct inspections in another without separate recertification.

* This is distinct from the question of whether a unit built and inspected to one state's code can be accepted in another state without modification, an issue tied to the regional stretch code concept discussed above.

If their credential is portable, an inspector with modular-specific training and experience could serve multiple states' projects. This portability would build regional inspection capacity faster than each state training its own inspectors from scratch. Some states already have reciprocity arrangements for general building inspector credentials, though coverage and consistency vary. Modular-specific certification adds an additional layer not always addressed by existing reciprocity agreements.

Demand Aggregation

Pipeline risk is another barrier to scaling offsite construction. Manufacturers without a committed pipeline of orders will be reluctant to invest in expanded capacity, hire additional workers, or optimize production lines for a particular product.

Demand aggregation is a policy lever that addresses this directly. It can be implemented in a variety of ways. One option is for states and housing agencies to commit to purchase or guarantee the purchase of a defined volume of offsite units over a specified time period, providing manufacturers with the certainty for investment.

An anchor customer, such as a state housing agency or another intermediary, could fundamentally change factory economics. A committed volume purchase allows a manufacturer to plan staffing and procure materials in bulk. At sufficient scale, it is possible to dedicate a production line to a standardized design, compounding the cost savings further. States can also play the role of convener and deal-structurer, aggregating demand across multiple developers who individually couldn't generate enough volume to move the needle.

Demand aggregation is also achievable through existing financing tools. States can incorporate offsite construction incentives into Qualified Allocation Plans (QAPs), awarding LIHTC points for projects that use offsite methods—converting the tax credit allocation process into a demand signal that manufacturers can factor into their investment decisions.

Northeastern Region Working Group on Offsite Construction

Organized and facilitated by the ULI Impact Lab's Terwilliger Center for Housing and the Center for Public Enterprise, the Northeastern Region Working Group on Offsite Construction is a multiyear initiative launching in Summer 2026 that will bring together housing officials from nine states—from Pennsylvania to Maine—to advance practical policy, financing, procurement, and educational strategies that expand the use of offsite construction to produce lower-cost homes.

The working group seeks to impact the supply and cost of housing through four mechanisms that are essential to achieving economies of scale in offsite construction:

1. Adoption of policies that encourage at-scale

investment: Working group members will consider how to strengthen their current policies to foster a regional ecosystem that is maximally supportive of offsite construction. While each state will decide for itself what policies they eventually adopt, the working group will explore such policies as a regional stretch building code, preapproved designs and panels, inspection regimes that focus as much inspection as possible at the state level, and changes to the application processes for state housing programs to support offsite construction.

2. Demand aggregation and bulk purchases: Working group members will explore the potential of programs that facilitate bulk purchases of standardized buildings across a range of building typologies, from single-family to missing middle to accessory dwelling units to multifamily. By aggregating demand among multiple developers, states can negotiate bulk pricing with manufacturers that leads to lower costs, while also helping factories maintain a consistent pipeline.

Housing officials in nine states, from Pennsylvania to Maine, are part of the Northeastern Region Working Group on Offsite Construction designed to advance policy, financing, procurement, and educational strategies in offsite construction.

3. Creation of tools for financing and managing the

risk of offsite construction: Informed by discussions with private capital providers, developers, and manufacturers and an analysis of financing challenges and opportunities, the working group will seek to address financing challenges that are inhibiting the use of offsite construction and bulk purchases, including the challenges of financing factory deposits and the inefficiencies of requiring individual construction loans for each individual home built as part of a scattered-site housing initiative.

4. Practitioner education: The working group will provide education to developers, builders, architects, lenders, and other practitioners on how to use offsite construction effectively. The working group will also provide education on offsite construction to public officials.

POLICY IN ACTION:

Colorado's Offsite Construction Policy Initiative

Colorado's state-level policy story demonstrates how regulatory reform can support the scaling of offsite construction. The starting point was the [Innovative Housing Incentive Program](#), a capital grant initiative that successfully attracted factory investment from both in-state and out-of-state manufacturers. The program worked as intended, but it surfaced a deeper problem. Grant recipients reported that inconsistent local building codes were preventing them from building the reliable, consistent pipeline that factory economics require.

The state set out to develop a statewide building code for offsite construction. What emerged was something appropriately tailored to Colorado's geography: a [statewide framework with five regional zones](#) of regulatory consistency, designed to accommodate the state's varied climate conditions—multiple climate zones, the front-range wind corridor, and variable snow load requirements that make a single uniform specification genuinely difficult to achieve. While not strictly uniform, the result is still better than locality-by-locality variation. It is, in effect, a statewide code with principled regional differentiation rather than a patchwork of local rules.

Consensus didn't happen by legislative fiat. It emerged from seven or eight multistakeholder meetings that brought together financiers, manufacturers, building officials, and policymakers. The result was broad agreement that clearer, more consistent frameworks benefit all parties—a dynamic worth replicating elsewhere.

The Colorado offsite construction framework offers one instructive model for resolving the double-inspection problem. The approach establishes a clear division of responsibility based on what each party can see and evaluate. Neither party reinspects what the other has already certified. Formal guidance is expected in 2026. Colorado also offers an offsite construction inspection training program for local officials administered through its Department of Local Affairs.

Other states have approached the same problem differently—Virginia and Utah have adopted the [ICC/MBI Standards 1200 and 1205](#) statewide, which include inspection protocols that similarly clarify the division of responsibility between factory and site.

State level inspection	Local inspection
Factory work: structure, systems, everything that gets completed before the modules ship	Utility connections Onsite assembly

Key takeaway: Colorado demonstrates that states do not need to choose between statewide uniformity and local variation. A regional framework that establishes zones of regulatory consistency can meaningfully reduce the code fragmentation that undermines factory economics, while still accommodating genuine differences in climate zones, snow loads, and other local conditions. States that cannot achieve a single building code standard for the whole state can still make significant progress by establishing zones of consistency, building training infrastructure through agencies such as a department of local affairs, and allowing the framework to expand as confidence and track records develop.

POLICY IN ACTION:

The ICC/MBI Offsite Construction Standards

For states looking to rationalize the inspection process without drafting a framework from scratch, [ICC/MBI Offsite Construction Standards](#) offer a proven off-the-shelf starting point. Developed jointly by the International Code Council (ICC) and the Modular Building Institute (MBI), the standards address some of the core challenges associated with regulating offsite construction.

Standard 1200
Covers planning, design, and fabrication, establishing clear roles for manufacturers, architects, and construction managers throughout the factory process.
Standard 1205
Addresses inspection and regulatory compliance. It establishes a clear division of responsibility between state-level factory inspection and local site inspection, directly targeting the double-inspection problem that drives up cost and uncertainty for manufacturers.
Standard 1210
Extends the framework to mechanical, electrical, and plumbing systems, energy efficiency, and water conservation.
Guideline G6*
Extends the framework to panelized systems, providing jurisdictions a compliance pathway for panelized construction that parallels 1200 and 1205.

The [ICC/MBI offsite construction standards](#) are primarily inspection standards, not substantive building code standards—the underlying requirements for what must be built remain governed by state and local codes. What the ICC/MBI standards provide is a consistent framework for *how* inspections are conducted: clarifying the division of responsibility between factory and site, establishing certification requirements for inspectors, and creating a foundation for credential reciprocity among adopting states. States that adopt these standards are, in effect,

* G6 is part of the ICC's offsite construction set of standards, but was not developed jointly with MBI.

undertaking inspection reform as much as code reform, bringing clarity and consistency to the inspection process itself, even where substantive building code requirements continue to vary by jurisdiction.

Virginia became the [first state to adopt Standards 1200 and 1205 statewide](#), with the adoption led by the Virginia Department of Housing and Community Development and effective January 18, 2024. Virginia was a natural first mover: state officials had been active participants in developing the standards, and Virginia had already built institutional infrastructure that aligned closely with what the standards formalize.

Utah followed in 2024 with [comprehensive statewide offsite construction legislation](#)—a broader framework that, like Virginia's, aims to create a predictable regulatory environment and a consistent manufacturer pipeline.

Regulatory certainty is relevant to siting decisions, and Utah's legislation generated an immediate increase in manufacturer inquiries and modest growth in the number of operating manufacturers. However, Utah was not prepared to offer a volume guarantee. Without a demand-side commitment, inspection reform has not yet translated into cost savings. A downtown Salt Lake City modular project completed under the new framework saved time and reduced neighborhood disruption, but did not save money. The current value proposition in Utah is speed-to-delivery, not cost reduction.

Key takeaway: The ICC/MBI standards give states a significant head start on inspection reform. Virginia and Utah together illustrate both the value of that reform and its limits. Regulatory certainty attracts manufacturer interest, but does not by itself generate the pipeline volume manufacturers need to invest in capacity and pass savings through to buyers. Inspection reform and demand aggregation are complements, not substitutes.

Note: ICC is targeting 2027 as the first opportunity to embed Standards 1200 and 1205 in the IBC directly. Until then, adoption requires a separate state or local action—making Virginia's model the relevant path for states that want to move before the IBC catches up.

Financing Reform

Financing is another important barrier impeding wider use of offsite construction. The payment structure for offsite construction is structurally at odds with many public financing tools that are designed for conventional construction. Closing that gap requires deliberate reform.

The core problem is timing. Modular construction requires a deposit to give the manufacturer the certainty to begin construction and produces much of the product off site, rather than on site, where the lender can easily use it as collateral. Deposits (and in some cases progress payments) flow to the factory while the site sits empty, inverting the draw schedule that public lenders expect. Most federal programs disburse on a reimbursement basis: expenses must be incurred and documented before funds are released. That structure is difficult to reconcile with a factory payment schedule, effectively locking out a large share of available public capital from offsite projects.

What reform looks like in practice: loan guarantees that backstop factory-stage payments, advance commitments that allow developers to make deposits before permanent financing closes, and construction finance products specifically designed around the modular payment timeline.

The [San Francisco Housing Accelerator Fund](#), an independent nonprofit community development financial institution (CDFI) that provides flexible bridge financing to affordable housing developers in the Bay Area,

has developed a direct response to this problem. Its [Industrialized Construction Catalyst Fund](#) is a \$10 million revolving loan pool built specifically around the offsite construction payment schedule, designed to cover the factory deposits and progress payments that standard construction financing tools cannot accommodate.

The Avanath/Vessel structure in Connecticut illustrates one path for multifamily construction financing: [Fannie Mae](#) provides long-term financing secured by a master lease that protects the lender during lease-up, bridging the gap between factory completion and stabilized occupancy. That structure requires institutional scale and relationships that most nonprofit developers cannot replicate without additional public support—but it points toward what a more accessible public financing product could look like.

The LIHTC system presents a parallel opportunity. State housing finance agencies can use their QAPs to actively invite and prioritize proposals that incorporate offsite construction methods. States that reserve a meaningful share of their LIHTC allocation for offsite projects will expose more development teams to the approach, build competence across the developer community, and generate the track record needed to demonstrate that offsite construction is a reliable delivery method for affordable housing, creating a virtuous cycle that supports both pipeline growth and further financing reform.



COURTESY OF THE MINNEAPOLIS PUBLIC HOUSING AUTHORITY

A completed module for the Minneapolis Public Housing Authority's Family Housing Expansion Project en route to its site.

POLICY IN ACTION:

Move-In NY

New York's [Move-In NY program](#) is an example of demand aggregation in action. Move-In NY acts as an intermediary, connecting CrossMod manufacturers with municipalities, land banks, nonprofit housing developers, or other local government partners who identify sites for installation. Selected participants receive zero-interest loans to bulk-purchase CrossMod homes—high-end manufactured homes with site-built features including pitched roofs, porches, and garages—from preapproved vendors.



NEW YORK STATE HOMES AND COMMUNITY RENEWAL

The Newcomb, New York, CrossMod home was built by Champion Homes in partnership with the Essex County Land Bank as part of the MOVE-IN NY pilot program.

The program is backed by \$50 million secured in the fiscal year 2025–2026 state budget and is currently targeting up to 200 homes over the next year across up to 15 communities statewide. A pilot in Syracuse, Schenectady, and Newcomb confirmed that CrossMod homes can be built and installed in under six months at roughly \$250,000, approximately half the cost of comparable site-built homes in New York. The homes generally will be sold

at levels affordable to households at 80 percent of AMI (assuming they appraise for at least this level). The state's loan can be forgiven if needed to cover the difference between that level and the home's cost. The [first round of awards](#), announced in April 2026, directed \$21 million toward 72 homes in Syracuse and Tonawanda.

The program's value lies in its aggregator and facilitator roles. With CrossMod homes, the cost advantages are largely built into the manufactured housing model itself. HUD-Code factories already operate at a scale that delivers significant savings relative to site-built construction, without requiring the state to aggregate volume in the way that volumetric modular manufacturing would demand.

What Move-In NY provides instead is the connective tissue that localities often lack: identifying the opportunity, building relationships with preapproved vendors, giving local partners the financing tools to act, and providing a subsidy safety net for cases where costs still exceed what low-income households can afford. For volumetric modular construction, where cost savings are far more dependent on pipeline volume and standardization, the aggregation function would need to play a more central role, making Move-In NY's facilitation model a useful but incomplete template for programs targeting that end of the offsite spectrum.

The Education and Workforce Challenge

Education is among the most consistently cited barriers to wider adoption of offsite construction. In partnership with ULI Learning and ULI district councils, the ULI Terwilliger Center for Housing aims to address this gap directly by developing educational opportunities for development professionals on offsite construction methods, economics, and project delivery.

Building officials are one relevant audience. Regulatory friction is an important barrier to scaling offsite construction. Building officials need to better understand the offsite production process, including structured exposure to how factory inspection works, what state-level certification covers, and where local jurisdiction appropriately begins.

Developers who wish to build with offsite construction also need education, as they face a structurally different project management challenge than conventional construction. The draw schedule front-loads payments

to the factory before a building physically exists on site; risk is concentrated differently and earlier; plans need to be optimized for offsite construction earlier; the scope of work done by subcontractors is quite different from conventional construction, requiring different pricing; and the coordination between factory production and site readiness requires sequencing disciplines that most development teams have never had to manage. Developers who encounter these realities without preparation may conclude that offsite construction is more trouble than it's worth, even when the underlying economics are sound.

Lenders and investors—including CDFIs and state housing finance agencies—need sufficient understanding of the offsite risk profile to structure appropriate products rather than defaulting to conventional construction financing tools that are structurally incompatible with the modular draw schedule. As the Avanath/Vessel master lease structure illustrates, sophisticated actors can



KEITH HARRIS

A crane sets factory-built panelized components into place at the Vessel Technologies/Avanath Capital Management development in Cheshire, Connecticut. Standardization and offsite manufacturing can compress construction timelines and unit costs when the regulatory environment allows.

engineer solutions in the absence of purpose-built tools, but purpose-built tools will expand financing opportunities more widely (see [Financing Reform](#)).

Legislators are another important audience. They set the policy frameworks that govern building codes, inspection regimes, preapproved design programs, and labor standards. Legislation drafted without a working understanding of how offsite construction actually operates can inadvertently create barriers as significant as the ones it aims to remove. The burden falls on the industry and policy community to reach legislators early, before bills advance, with clear and accurate explanations of how factory-based production differs from conventional construction and what those differences mean for regulatory design.

Building officials, builders, developers, lenders, legislators, homebuyers, and communities are each important audiences for education on the opportunities for offsite construction to increase housing supply more quickly and with lower costs.

Consumer and Community Acceptance

Consumer and community acceptance are key components to educational efforts. The “manufactured housing” label still carries a legacy stigma related largely to pre-HUD-Code mobile homes that were built to low standards and warehoused in segregated settings. In some settings, the “modular” label is also viewed with suspicion and in tension with American homebuyers’ preference for distinctive homes. Large manufactured housing producers demonstrate that design variety and standardized production are not mutually exclusive. The lesson from markets such as Germany and Sweden is that acceptance can be earned through design quality and demonstrated performance.

What changes minds is visible evidence. Well-designed projects integrated into familiar neighborhoods, state agencies that visibly deploy attractive offsite-built units, and community engagement built around site tours and renderings rather than technical presentations offer important opportunities for persuasion. Some building officials and neighborhood residents who encounter offsite construction for the first time without preparation may be more likely to resist it than those who have benefited from a thoughtful introduction.

Some of the skepticism about offsite construction traces back to poorly executed early projects: modules that got rained on before enclosure, factories that closed mid-project stranding developers, or building officials who imposed requirements retroactively after factory work was complete. An effective education platform should acknowledge and address these lessons learned directly.

The Prevailing Wage and Labor Question

In some states, opposition from labor unions poses a challenge to the expanded use of offsite construction. Interestingly, some labor union representatives testified in favor of recently proposed California legislation on offsite construction because the jobs it offers are safer and require less travel than conventional site work. In a rare instance of labor consensus that could ease one of the industry’s more persistent political obstacles, two California labor groups broke from their usual divide [to jointly back state lawmakers’ exploration of factory-built housing](#).

POLICY IN ACTION:

Minneapolis Family Housing Expansion Project

The [Minneapolis Public Housing Authority's modular scattered-site project](#)—84 affordable multifamily units across 16 sites—offers evidence of a public agency functioning as anchor customer and demand aggregator. A competitive procurement process directly compared modular against conventional construction. The winning modular bid proposed construction that was 33 percent faster, 13 to 22 percent less expensive, generated less waste, and caused less disruption to surrounding neighborhoods due to very fast onsite assembly times.

Three conditions appear to have made those results possible:

- A single buyer with sufficient volume to achieve some economies of scale;
- Standardized plan sets applied consistently across all sites; and
- A firm volume commitment used as the central negotiating asset in procurement.

Public agencies are uniquely positioned to replicate this model. Their mission gives them the flexibility to absorb the learning-curve costs of a first-generation modular program—an exposure that private developers, operating on tighter margins and answering to investors, may not be able to justify. That institutional risk tolerance is itself a policy asset.

Modular multifamily construction is advancing elsewhere as well. Developers and designers are increasingly structuring projects around standardized module configurations from the outset. The Massachusetts-based firm [Green Staxx](#), the California-based [Cloud Apartments](#), and [Vantem | Clío](#) in South Carolina are all working to standardize the production of manufactured multifamily housing and optimize cost savings during factory production.



COURTESY OF THE MINNEAPOLIS PUBLIC HOUSING AUTHORITY

The Minneapolis Public Housing Authority's Family Housing Expansion Project delivered 84 affordable modular units across 16 scattered sites in Minneapolis faster and at a lower cost than conventional methods.

The Federal Dimension

In mid-2026, Congress passed the 21st Century ROAD to Housing Act. This new federal law removes the requirement that manufactured housing have a permanent chassis. Once implemented by HUD, this will meaningfully expand the HUD Code's reach by making multistory construction possible under the federal standard—a significant development, since the chassis requirement has historically constrained manufactured housing to

low-rise, single-story forms. States would need to update their own statutory definitions of manufactured housing to remove references to the chassis, but that is not expected to be a major barrier. Together, these changes could rapidly unlock economies of scale across a broader range of housing types, bringing more of the market within reach of the cost advantages that HUD-Code production has demonstrated at scale.



KEITH HARRIS

The Vessel Technologies/Avanath Capital Management development at 146 Realty Drive in Cheshire, Connecticut, demonstrates how panelized offsite construction can deliver workforce housing without federal tax credits or traditional affordable housing subsidies.

Recommendations: Moving from Pilot to Pipeline

The recommendations below represent an initial set of ideas rather than a comprehensive policy agenda. The Let's Build! initiative is continuing to develop and refine a broader set of recommendations and [welcomes input](#) from practitioners, policymakers, and industry participants as that work proceeds.

Near Term (1–2 Years)

- **Clarify inspection responsibility.** Establish in statute or guidance the division of responsibility between state and local inspection. [The ICC/MBI Standards 1200, 1205, and 1210](#) offer one well-developed framework for doing so.
- **Provide building inspector training.** Deploy programs through departments of local affairs or equivalent agencies. This can be accomplished with resources and organizational will; new legislation is not necessarily required.
- **Encourage the use of offsite construction in LIHTC programs.** States have flexibility in how they do this. One approach would be to award QAP points for offsite construction, sending a direct demand signal to manufacturers and shifting tax credit project economics toward factory-built housing.
- **Pilot demand aggregation.** Develop bulk purchase guarantees and other mechanisms for providing manufacturers with greater pipeline certainty in exchange for lower prices. State housing agencies are well positioned to play this role, with the potential to achieve significant cost savings.

Medium Term (2–5 Years)

- **Pursue regional building code and preapproved design frameworks.** Begin with stretch code adoption and reciprocal preapproval programs with neighboring states, building toward greater regional consistency over time.

- **Develop public financing tools to support homes produced through offsite construction.** Explore loan guarantees, advance commitments, and modified CDFI underwriting standards that can accommodate the modular draw schedule, which is otherwise difficult to reconcile with reimbursement-based public financing tools.
- **Deploy a professional education platform.** Reach building officials, developers, lenders, and subcontractors jointly through states and industry. Systematic education across all stakeholder groups is likely to be as important to scaling offsite construction as legislative reform.
- **Engage labor on modular-specific prevailing wage determinations.** States where prevailing wage frameworks create barriers for factory-based production should pursue direct engagement with labor to explore how factory work might be treated as a distinct category. Washington State and New York offer examples of how this can be worked out through negotiation.

Longer Term

Efforts are now underway to support the development and adoption of interoperability standards. These standards will enable modular components from different manufacturers to be substituted for one another. The current interoperability gap, where a module from Factory A cannot replace one from Factory B, is a significant source of pipeline risk and an important barrier to a mature, competitive offsite market. As standards become available, states and public agencies can encourage their adoption through procurement requirements and financing conditions.

Conclusion: From Promise to Production

Reforms to state policy and practice could help address many of the barriers to scaling offsite construction. Inspection reform would reduce friction, regional code frameworks would create consistency, and demand aggregation would give manufacturers the committed pipeline needed to justify capacity expansion and demonstrate the potential for economies of scale to lower costs.

States that move first will attract manufacturer investment, build industry capacity, and generate the track record that persuades the next wave of policymakers, lenders, and developers to act.

In five years, the test is whether:

- Factory utilization rates are rising;
- Offsite projects are proliferating in states that have tackled policy reform;
- Professional education has reached building officials, developers, lenders, and subcontractors at scale;
- And critically, the use of offsite construction is demonstrating a cost advantage by producing homes at lower cost than onsite construction.

Speed and reduced neighborhood disruption are genuine advantages, but they are not sufficient. The core promise of factory-built housing is more homes at lower cost. Demonstrating that in hard numbers is the necessary condition for offsite construction to move from promising alternative to durable fixture of the American housing production system.



These CrossMod homes at Valley Vista Village in Jamestown, California, are in a Cavco-built community offering craftsman-style, attainable homeownership in Tuolumne County.

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Appendix: 2026 Let's Build! Housing Policy Forum

Baltimore, Maryland; March 16, 2026

This Policy Watch report draws on discussions from the 2026 Let's Build! Housing Policy Forum, hosted by the [ULI Terwilliger Center for Housing](#) at the Baltimore Marriott Waterfront. The forum convened a multidisciplinary group of ULI members, housing practitioners, and state and local policy officials to examine two policy areas with direct implications for housing production: expanding missing middle housing and advancing state and regional support for offsite construction.

The 2026 forum is the third in an annual series.

- The 2024 forum produced [*Building the Future: Innovations in State and Local Policies to Boost Housing Supply*](#), which organized effective practices around three themes—reform, connect, and leverage.
- The 2025 forum focused on federal housing policy and lessons from the National Housing Crisis Taskforce and produced [*Building the Future 2025: Transformative Trends in State, Local, and Federal Housing Policy*](#).
- The 2026 forum built on that foundation by turning to construction innovation and the regulatory and financing conditions necessary to scale it.

Many thanks to the participants in the 2026 Let's Build! Housing Policy Forum, whose deep expertise across real estate development, finance, design, and housing policy shaped the thinking behind this Policy Watch report. The active, candid discussion throughout the forum surfaced many of the on-the-ground realities and policy opportunities reflected in the analysis and recommendations in this report.

Speakers

Introduction and framing: Jeffrey Lubell, ULI Terwilliger Center for Housing

Moderator: Sharon Wilson Géno, National Multifamily Housing Council

Missing Middle Housing: *

- Dan Parolek, Opticos Design
- John Zeanah, City of Memphis
- Andre Jones, Jones Urban Development
- Amy Love Tomasso, Ivory Innovations

Offsite Construction:

- Keith Harris, Avanath Capital Management
- Jonathan Moore, State of Colorado
- Steve Waldrip, State of Utah

* See [Missing Middle Housing: From Policy to Practice](#) on Knowledge Finder.



A BoulderMOD duplex at the [Ponderosa Community Stabilization Project](#) in Boulder, Colorado, is one of the first factory-built homes delivered to the site. The new modular duplex is part of the City of Boulder's effort to replace aging manufactured housing with modern, net zero, permanently affordable owner-occupied homes.



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