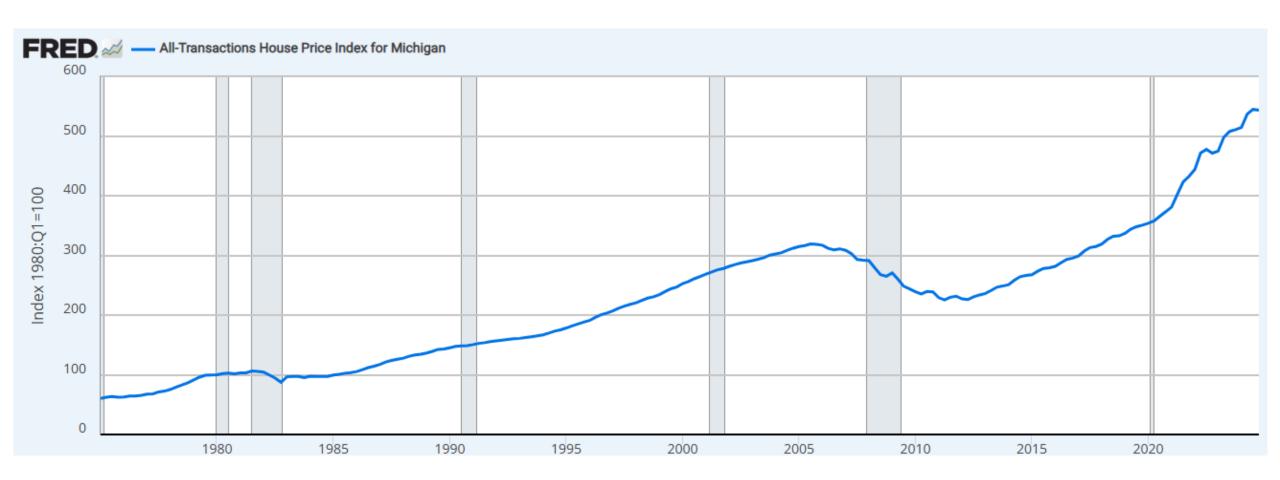


Jarrett Skorup
Vice President for Marketing and Communications
Mackinac Center for Public Policy
April 16, 2025

#### The Problem

- Housing has gotten expensive!
- For renting, almost all of that is overall inflation. But home prices have increased double the rate of inflation.
- Michigan's "housing advantage" is eroding. A decade ago, Michigan housing costs were 74% of the national average. Today, it's 80%.
- Our "solutions" are extremely expensive, time consuming and minimal.





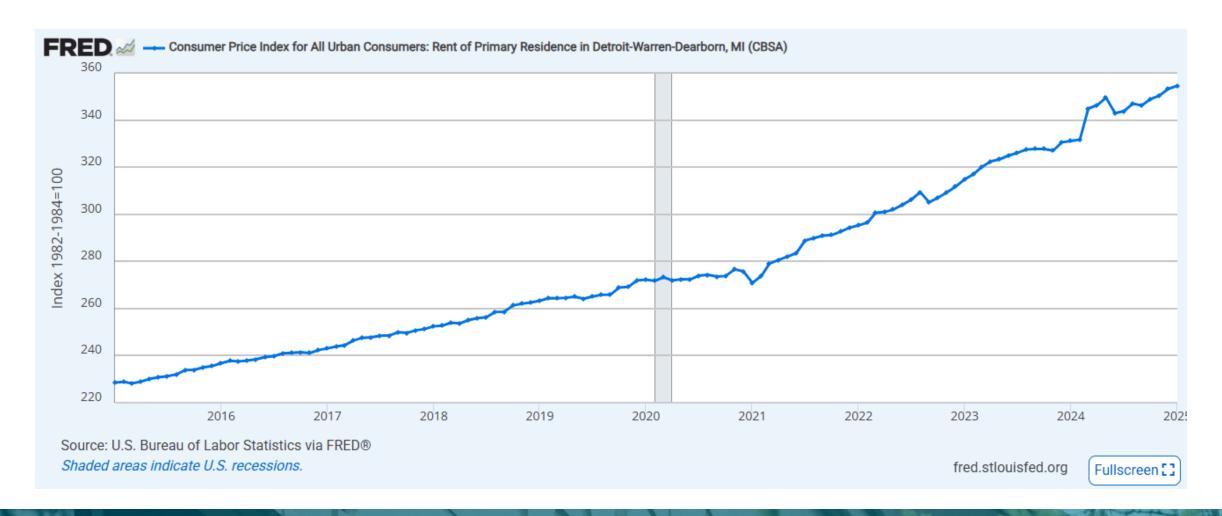


Source: U.S. Census Bureau via FRED® Shaded areas indicate U.S. recessions.

fred.stlouisfed.org

Fullscreen []

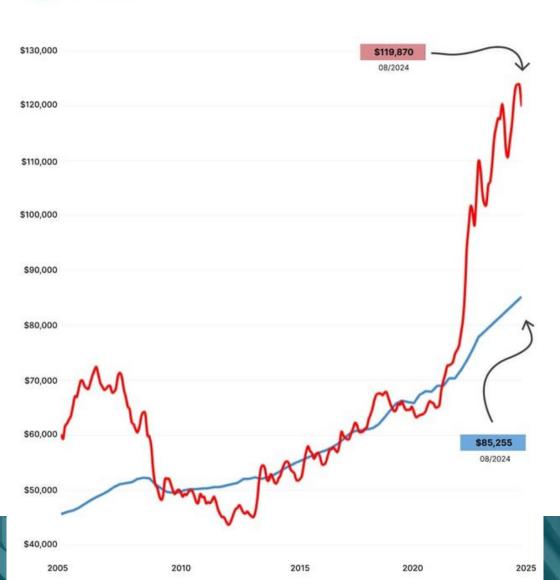
## Rent (Metro Detroit)



#### Median HHI vs. Qualified Income

The mortgage affordability gap between median household income and income needed widens to \$34,615 in the US

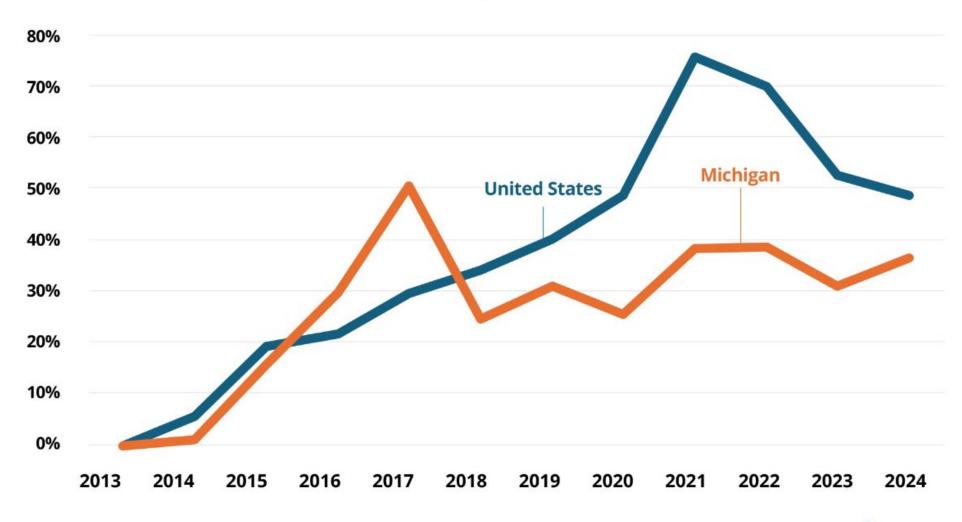




## Why Are Prices Increasing?

- Interest rates, labor and material costs.
- Supply and Demand more demand and supply is down, or at least hasn't kept up.
- People want larger homes. People are buying second homes (vacation homes).
   Rise of short-term rentals.
- Michigan's population is stagnant, but the number of "households" has grown by 200,000 in the past decade.
- Government regulation. Massive increase in licensing for every step of the build.
  Energy efficiency and environmental standards. Mandatory sprinklers alone, being
  proposed right now, is \$20,000-plus. Regulations are one-third of the average
  home price.

#### **Growth of Housing Units Permitted**

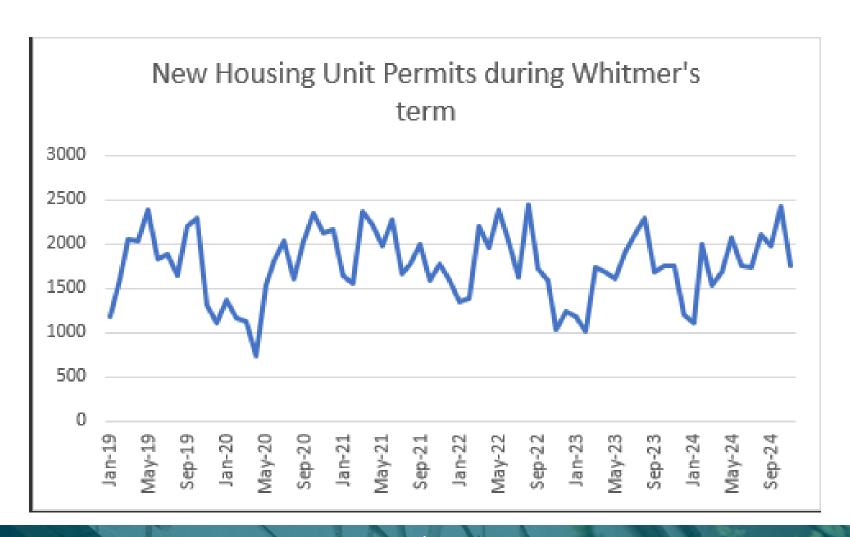


Source: Census Bureau

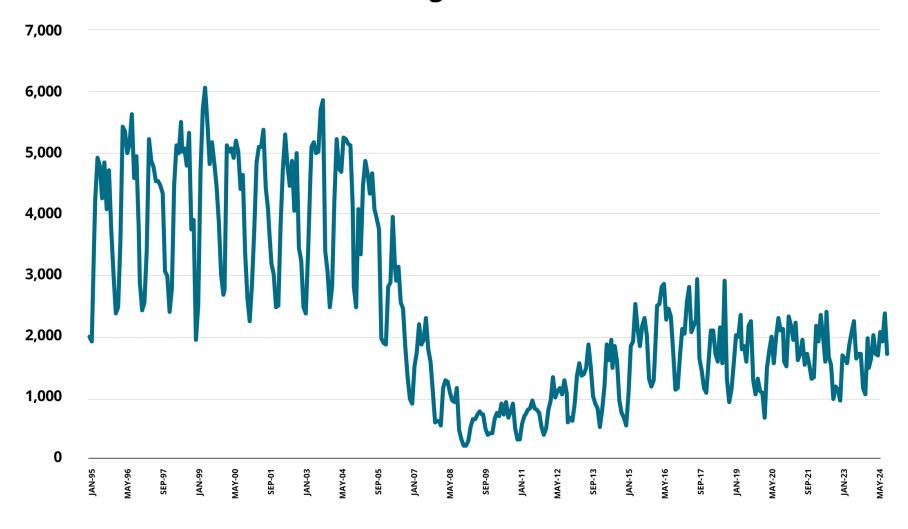




### The "Build, Baby, Build" Governor



#### **Housing Permits**



**Source:** Census Bureau







## Michigan's "Solutions"

- Very little on the supply side.
- Regulations, restrictions and subsidies.
- Gov. Whitmer proposed at her "State of the State" address, and in the budget, to spend \$2 billion to "buy, build or fix" 11,000 "units." (\$180,000 per)
- More building mandates. More landlord mandates. Price restrictions.

#### Search Results

Printer Friendly

Legislative Session(s): 2023-2024

Document Type(s): House Bill, Senate Bill

Key Words: housing

(326 results found)

Search within thes	se documents	a l
Document	Туре	Description
SB 0004 of 2023 (PA 6 of 2023)	Senate Bill	Civil rights: general discrimination; sexual orientation and gender identity or expression; include as categories protected under the Elliott-Larsen civil rights act. Amends title & secs. 102, 103, 202, 203, 204, 205, 206, 207, 209, 301, 302, 302a, 402, 501, 502, 504, 505 & 506 of 1976 PA 453 (MCL 37.2102 et seq.).  Last Action: ASSIGNED PA 0006'23
SB 0007 of 2023 (PA 1 of 2023)	Senate Bill	Appropriations: supplemental; appropriations for multiple departments and branches for fiscal years 2021-2022 and 2022-2023; provide for. Creates appropriation act.  Last Action: ASSIGNED PA 0001'23 WITH IMMEDIATE EFFECT
SB 0041 of 2023	Senate Bill	Construction: housing; ordinance prohibiting the use of energy-efficient appliances in new or existing residential buildings; prohibit local units of government from enacting. Amends sec. 13a of 1972 PA 230 (MCL 125.1513a).  Last Action: REFERRED TO COMMITTEE ON LOCAL GOVERNMENT
SB 0090 of 2023 (PA 45 of 2023)	Senate Bill	Civil rights: racial discrimination; discrimination based on traits historically associated with race such as hair texture; prohibit. Amends sec. 103 of 1976 PA 453 (MCL 37.2103).  Last Action: ASSIGNED PA 0045'23 WITH IMMEDIATE EFFECT
SB 0094 of 2023	Senate Bill	Property tax: tax tribunal; tax tribunal jurisdiction; exclude federal statutory or constitutional civil rights claims. Amends sec. 31 of 1973 PA 186 (MCL 205.731).  Last Action: REFERRED TO COMMITTEE ON FINANCE, INSURANCE, AND CONSUMER PROTECTION
SB 0095 of 2023	Senate Bill	Individual income tax: property tax credit; replacement of disabled veterans property tax exemption with a property tax credit for disabled veterans; provide for. Amends secs. 520, 522 & 524 of 1967 PA 281 (MCL 206.520 et seq.) & adds sec. 521. TIE BAR WITH: SB 0096'23 Last Action: REFERRED TO COMMITTEE ON FINANCE, INSURANCE, AND CONSUMER PROTECTION
SB 0096 of 2023	Senate Bill	Property tax: exemptions; disabled veteran exemption; replace with process to apply for an income tax credit. Amends sec. 7b of 1893 PA 206 (MCL 211.7b). TIE BAR WITH: SB 0095'23 Last Action: REFERRED TO COMMITTEE ON FINANCE, INSURANCE, AND CONSUMER PROTECTION
SB 0117 of 2023	Senate Bill	Appropriations: other; omnibus budget appropriations; provide for fiscal year 2022-2023. Creates appropriation act. Last Action: REFERRED TO COMMITTEE ON APPROPRIATIONS
SB 0118 of 2023	Senate Bill	Appropriations: school aid; fiscal year 2022-2023 omnibus appropriations for K-12 school aid, higher education, and community colleges; provide for



### **Proposed Policy Changes**

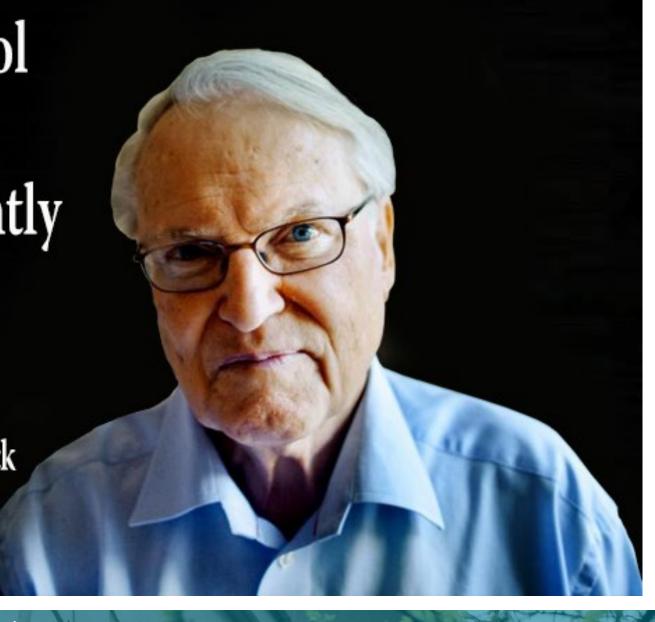
- Allow cities to put in place rent control (HB 4947), rent control mobile home
- Forbid the use of criminal background checks to the fullest extent of the law (HB 6242 and 4878)
- Stop the use of credit ratings for renters (HB 4818)
- Provide taxpayer-funded legal representation against property owners and expose landlords to more civil liability (several bills)
- Can't consider where income comes from (SB 205-207), taxpayer-funded legal representation and much tougher to evict or raise rents (several bills)
- Require landlords to accept renters on a "first come, first served" basis
- Encourage "tenant's unions"



"In many cases rent control appears to be the most efficient technique presently known to destroy a city except for bombing."

- Economist Assar Lindbeck

www.mackinac.org



### What Should We Actually Do?

- Gov. Whitmer: "The rent is too damn high, and we don't have enough damn housing. So, our response is simple: build, baby, build let's go!" This is the right idea with the wrong plan.
- STOP! (developer subsidies, overall spending, new regulations on labor/builders/renters/landlords)
- Increase supply.

### **Supply Side Reforms**

- House Bills 6095-6098 were a good start
- Speed up permitting: Eliminate steps in the review process. Hard limit on when reviews must be completed. Allow pre-approved building plan sets that can get through the inspection process quickly. (South Bend)
- Limit local zoning: Metro Detroit has among the strictest zoning laws in the country. Allow multifamily homes in most places, prevent minimum home sizes, no mandatory parking spots, no setback limits and generally restrict costly aesthetic requirements.
- Reform Michigan's building code: Require new mandates go through the Legislature. Perform cost-benefit analysis on the whole code and compare to the reality of what exists (almost every new build is better than the alternative). Look at staircase and energy efficiency mandates.



# Minneapolis has built more housing than other Midwestern cities...

Cumulative new dwelling approvals per 1,000 people



# ...and is reaping the rewards as rents fall relative to inflation

Real-terms change in median rent (Jan 2017 = 100)



<sup>\*</sup>Rents deflated by average incomes

Sources: FT analysis of data from State of the Cities Data Systems, Apartment List, BLS, Census Bureau

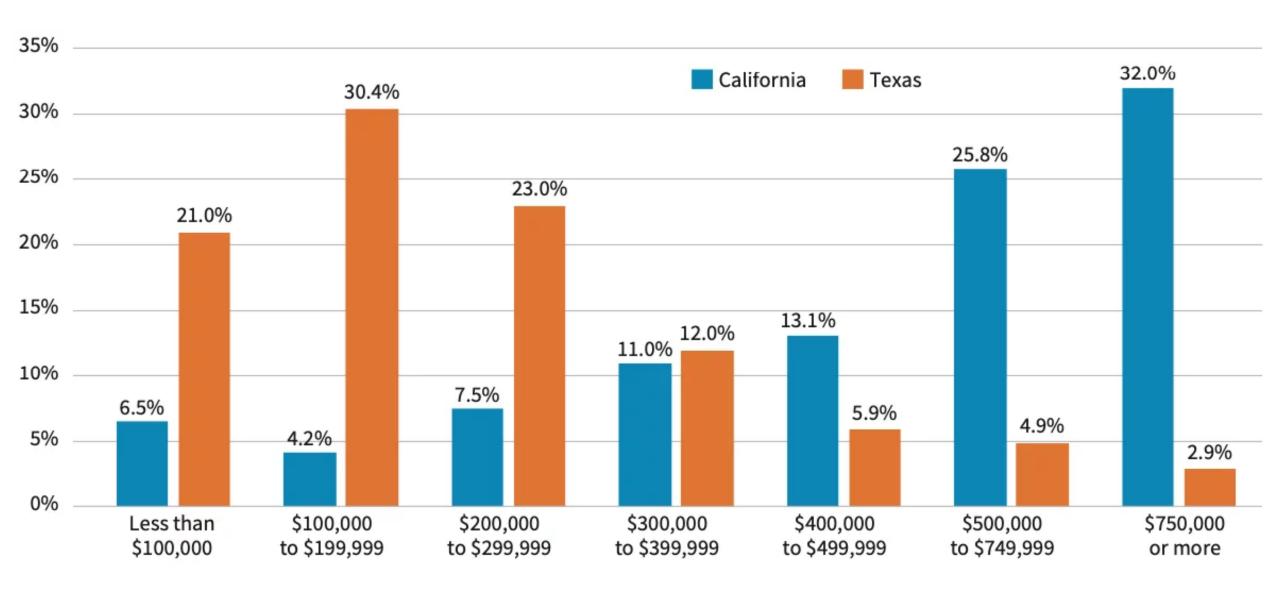
FT graphic: John Burn-Murdoch / @jburnmurdoch

© FT



#### **Table 4: Housing and Homelessness**

Location >	CA	TX	US
Homelessness rate (per 100k residents)	409	94	177
Building permits	105,925	224,356	1,451,579
Building permits (per 1k residents)	2.7	7.7	4.4



### Other States Are Doing It



State of Montana Newsroom

#### Governor Gianforte Announces Bold, Transformational Pro-Housing Zoning Reform

Governor's Office May 17 2023

HELENA, Mont. – Advancing his pro-housing agenda for Montana, Governor Greg Gianforte today signed four zoning reforms bills into law to encourage responsible, proactive housing development and protect rural areas and ag land from sprawl.

"Zoning regulations constrict housing supply and make affordable housing less accessible," Gov. Gianforte said. "We're removing these roadblocks so Montanans can better afford to live in the communities where they work while protecting our treasured wide-open spaces."



ALIFORNIA

California lawmakers vote to increase housing in cities falling short of construction goals



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HOUSING AND URBAN ISSUES

How Important Was the Single-Family Zoning Ban in Minneapolis?



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