

“Michigan should lower housing costs by increasing supply, not subsidizing demand.”

The state of housing in Michigan

Demand has increased but supply has not

By Jarrett Skorup | February 2026

Housing demand in Michigan has steadily increased for more than a decade and then spiked during the COVID-19 pandemic, but the number of builds barely increased. In the meantime, inflation rose and interest rates on loans skyrocketed. That’s a summary of a recent report from economists at the University of Michigan.

In sum, the state is seeing increased costs and demand for houses but not enough supply. That’s why the cost of housing has increased tremendously almost everywhere and doubled in some Michigan cities. It’s a particular problem in Detroit, where low incomes and high crime increase insurance costs for homeowners and landlords while strict zoning rules limit growth and competition.

Michigan is a low-growth state. A key way to grow is to make it easier to build, buy and rent. Yet we’ve approved fewer permits than we did in the 1990s. And that isn’t forecast to change — unless the state makes some changes.

So what needs to change? Here are some ideas:

- Speed up permitting at every level of government. Michigan needs to dramatically reduce the time it takes to process permits at both the state and local level. Delays that stretch months or even years add significant costs and uncertainty to projects, discouraging builders from breaking ground.
- Eliminate unnecessary licensing requirements. Lawmakers should remove burdensome licensing rules for builders and skilled trades rather than layering on new mandates. Expanding the pool of qualified workers will increase competition, reduce labor shortages and lower construction costs.
- Adopt statewide zoning reform. Restrictive zoning laws have driven up builders’ costs and, in many cases, prevented new housing from being built at all. The state should prohibit local zoning rules unrelated to public safety — including minimum

home sizes, mandatory parking requirements, setback mandates and purely aesthetic standards.

- Allow more multifamily housing. Local governments should allow apartments, townhomes and other multifamily options in more neighborhoods to increase supply and provide attainable options for families and workers.
- Create pre-approved building plans. Municipalities should adopt standardized, pre-approved plan sets — as other states have done — to reduce regulatory costs, inspections and approval timelines.
- Flip the default toward approval. Housing projects should be presumed approved unless denied for clear, legitimate reasons within a reasonable timeframe. Predictability and speed are essential to increasing supply.

Michigan should lower housing costs by increasing supply, not subsidizing demand. The state must speed

up permitting and approvals, reduce unnecessary licensing and regulatory requirements, and pursue statewide zoning reform. Restrictive local rules — such as minimum home sizes, parking mandates, setback limits, and aesthetic requirements — raise costs without improving safety. Local governments should allow more multifamily housing and adopt pre-approved building plans. Housing projects should be presumed approved unless denied for clear public-safety reasons within a reasonable timeframe.

Lawmakers need an abundance mindset in order to increase affordability. Housing is a great place to start.

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Jarrett Skorup is the vice president for marketing and communications at the Mackinac Center for Public Policy.

