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How to create more housing

Muskegon's supply-side reforms designed to ease home price inflation

By Jarrett Skorup | October 2024

Michigan leaders complain about the high cost of housing, but city planners in Muskegon are doing something about it.

Regulations on housing providers lead to higher costs and worse outcomes. Permitting prolongs the time it takes to build more housing, leaving towns stuck with older properties for longer periods of time. Building codes and environmental rules are too strict while also failing, on net, to provide safety and environmental benefits. Parking mandates, along with minimum home and lot sizes, drive up costs for no reason. These and other zoning rules make it illegal or impossible to build units affordably in many parts of Michigan.

Costs and services are not the only reasons people leave the state of Michigan or decline to move into communities within Michigan, but they are among the areas lawmakers can influence. People want lower costs and quality services. Delivering these means governments should focus on spending money efficiently and not going beyond its limits.

Lower taxes and fewer regulations reduce costs. Regulation adds costs. If regulations actually lead to better outcomes, they may be worth it. But lawmakers rarely seem interested in measuring the actual outcomes of their regulations.

Instead, state lawmakers push only one solution – subsidizing demand. Michigan taxpayers are currently paying out \$150,000 to \$300,000 per apartment unit in subsidies to select nonprofits and developers to build or rehab apartment buildings.

These organizations build only a tiny fraction of what the market wants.

Michigan leaders would have better luck increasing supply if they focused on chopping down the enormous number of unnecessary regulations. The Muskegon Planning Commission hopes to do just that. Specifically, the commission recommends that the city:

- Reduce the number of zoning categories from three to one.
- Allow duplexes, triplexes and accessory dwellings on what are now single-home lots.

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- Relax design requirements to make it easier for owners to convert single-family homes into multi-unit properties.
- Require only one parking space per residential unit.

City officials and planners across Michigan say they want more housing to attract more workers, especially younger workers who can only afford smaller homes and units. They need to put their words into action by

freeing up builders to build and individuals to buy the types of housing they want.

Available online at: www.mackinac.org/v2024-31



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