

ECONOMY

Why housing is getting more expensive – and how states can fix it

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INTRODUCTION

Our region is known for off-roading adventures, and any off-road enthusiast will probably tell you a tale of their stuck vehicle. Often, the problem is best solved on your own. A simple strategy of rocking back and forth or adding traction under the tires can help. The same principles can be applied to solving the housing crisis.

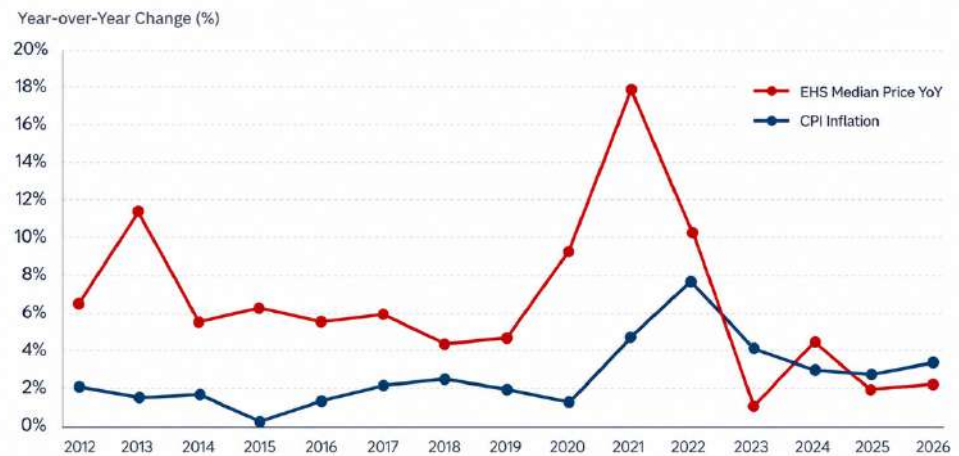
The housing affordability challenge cannot be solved with just one strategy, nor should we rely on expensive government solutions to tow us out of our problem. Like rocking a tire back and forth, state policy needs to strategically address both economic factors that are hindering housing affordability – housing supply and worker economic opportunity. These factors can bridge the prominent housing affordability gap that has become so apparent in the last five years.

Housing Supply Limitations

In 2026, active listings are expected to grow by 8.9 percent, achieving a third consecutive year of gains. Improved inventory has slowed the rapid price increases triggered during the pandemic. Yet even this moderate increase in active listings will not reverse the gains in home prices, which are expected to go up by 2.2 percent.¹

Consumers could note that at least the increase in home prices will be unrecognizable, but the benefit is negligible and disheartening. Why? Because the rise in home prices will be outpaced by 3 percent inflation, so inflation-adjusted home prices will decline slightly. This is a negligible win for any home buyer.

Home Prices Rise, but Inflation Outpaces



Source: EHS, U.S. Bureau of Labor Statistics

Improved inventory has slowed the rapid price increases triggered during the pandemic. Yet even this moderate increase in active listings will not reverse the gains in home prices, which are expected to go up by 2.2 percent.

Not even the trend of increasing starts of single-family homes is enough to overcome the rapid housing price increases in 2020, 2021 and 2022. Realtor.com estimates that 2026 will see a 3.1 percent increase in housing starts (about 1 million homes) which is a continuation of 2025's trend of 1.02 million starts.

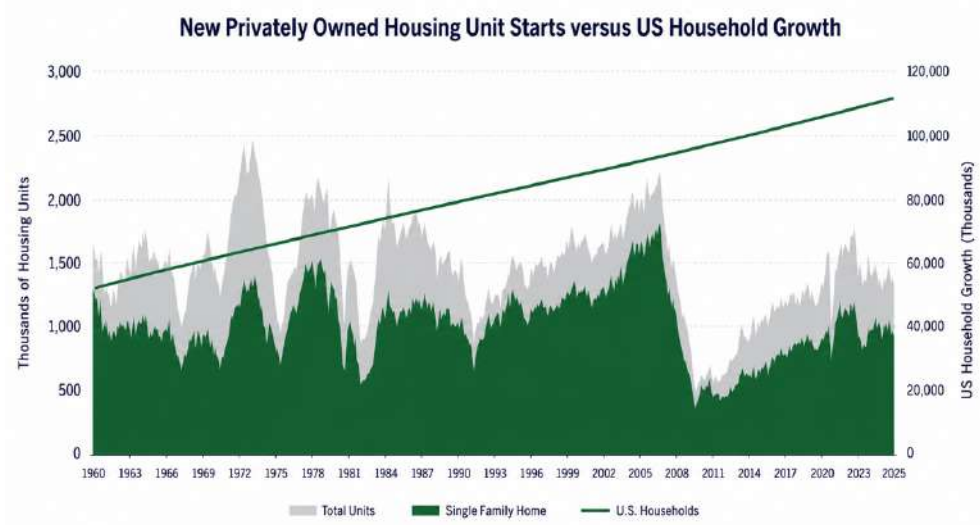
How could a mediocre increase in one million homes in 2026 overcome an affordability challenge that has been brewing for decades? The answer is – it can't.

The annual estimated number of New Privately Owned Housing Unit Starts (Both Total and Single Family Units) are often placed against the growth of U.S. households.^{2,3} When U.S. households have held to a linear growth curve without wavering for over six decades, the fluctuations in housing starts will naturally see an increase in costs, because demand is outpacing supply. Factor in the 2008 Great Recession and still unrecovered housing supply, the pandemic's rapid price increase is inevitable.

¹ Hale, Danielle, et al., Realtor.com 2026 Housing Forecast, Realtor.Com, 2 December 2025, <https://www.realtor.com/research/2026-national-housing-forecast/>

² New Privately-Owned Housing Units Started: Total Units, FRED, <https://fred.stlouisfed.org/series/HOUST>

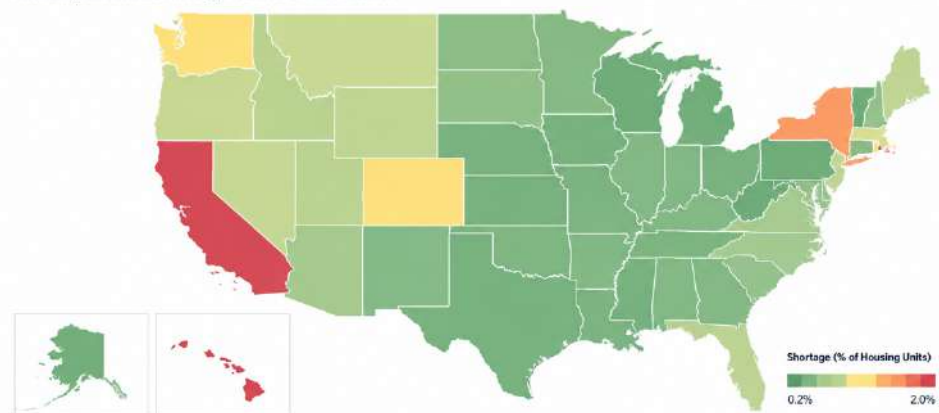
³ Household Estimates, FRED, <https://fred.stlouisfed.org/series/TTLHMM156N>



In Idaho, a 2022 economic model based on regional statistics found that if everything held constant, a one percent decline in existing housing inventory in a particular city would lead to a housing price increase the following year of 0.059 percent locally. The spillover effect on other cities is greater. Neighboring cities are likely to see a 0.45 percent increase in prices for every one percent decline in inventory, leading to higher-priced housing inventories in surrounding cities. The entire state averages a price increase of 0.52 percent for every one percent drop in inventory.⁴

U.S. Housing Shortage by State

Assuming a nationwide shortage of about 6 million homes*



Supply problems plague the housing industry due to regulatory red tape, land constraints, labor shortages, and misaligned demand signals.

Supply problems plague the housing industry due to regulatory red tape, land constraints, labor shortages, and misaligned demand signals. But if the housing crisis were to be resolved today, 3 to 4 million units would need to appear on the

⁴ Seola, Bonang, "Why Are Home Prices Across Idaho Cities Rising Faster Than the National Average?" Idaho Housing Study, Idaho Department of Labor, Summer 2022, https://www.labor.idaho.gov/wp-content/uploads/publications/Housing_Market_Analysis.pdf#:~:text=Recent%20discussions%20around%20Idaho's%20housing%20market%20suggest,due%20to%20migration%20inflows%20from%20other%20states

The ratio of income to home prices peaked in 2022 at 5.83. The ratio breached 5x in 2004 and has rarely dipped below since 2008.¹ In the last five years, all our region, except Wyoming, joined the 17 states in the nation where home prices are unaffordable.

market nationally, or about 2-2.6 percent of the current housing stock.⁵ This is three times the number of units started in 2025. In our region, the shortage totals 335,161 homes (Idaho 44,525 homes, Montana 32,703, Washington 247,642, and Wyoming 10,291), based on a mid-range shortage estimate of 6 million homes nationwide.⁶

To even make these units possible would require another 14.1 million people to become construction workers (ignoring all efficiency or market disruptions) to enhance the existing 4.7 million construction workers.⁷ That would mean more than 12 percent of the U.S. workforce is engaged in residential construction, up from its current 2.9 percent value.

Even the states of Idaho, Utah, and Montana would find it impossible, where the highest percentage of the labor force builds homes at 5.9 percent, 5.4 percent, and 4.8 percent, respectively. The state would need a labor force three times the size of its unemployment estimates to fill the gap.

And when all 3 million homes are built, do we just hope these extra 14.1 million workers successfully transition to another career? America needs free market answers to solve the growing housing affordability crisis.

Housing Demand Limitations

Home ownership is America's cultural path to accruing wealth. With the growing housing prices and income disparity, the path is becoming unattainable. Housing affordability is the ability of households to spend no more than 30 percent of their monthly income on housing costs.

Nationwide, the ratio of income to home prices peaked in 2022 at 5.83. The ratio breached 5x in 2004 and has rarely dipped below since 2008.⁸ In the last five years, all our region, except Wyoming, joined the 17 states in the nation where home prices are unaffordable.⁹

This is occurring even with income rising over 15 percent in the last 10 years, with 2.64 percent of that growth occurring since 2020. In real terms, the growth is lukewarm, with banking analysts citing low vitality in the labor market.¹⁰ Workers, especially the young, relying on job changes to increase wages are vulnerable to this weakening and the slowdown is evident.

⁵ "The Outlook for US Housing Supply and Affordability," Goldman Sachs, 21 October 2025, <https://www.goldmansachs.com/insights/articles/the-outlook-for-us-housing-supply-and-affordability>

⁶ U.S. Housing Shortage by State, County, and City, American Enterprise Institute, https://heat.aeihousingcenter.org/toolkit/housing_shortage

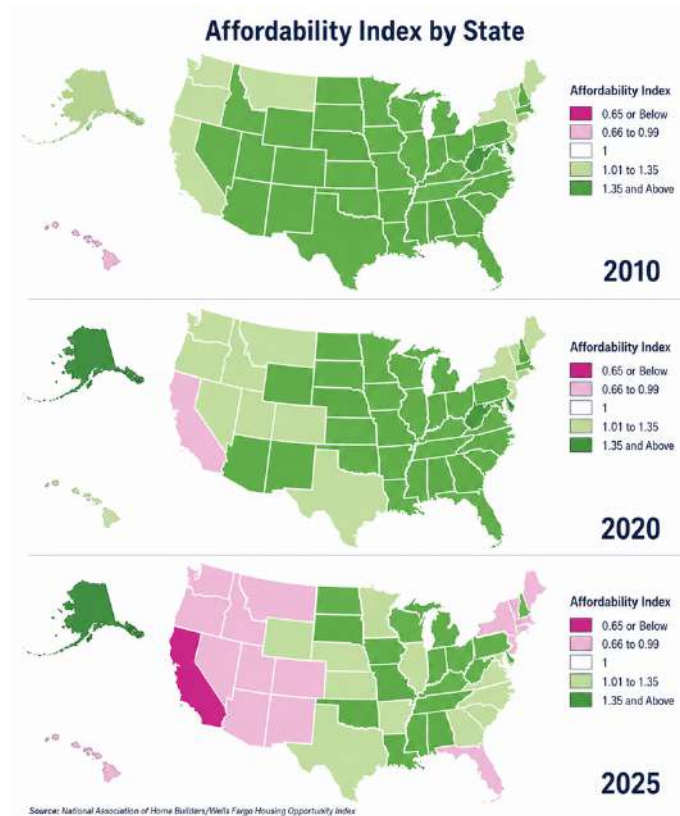
⁷ "How Many People Work in Residential Construction in Your State?" National Association of Home Builders, 31 May 2024, <https://www.nahb.org/blog/2024/05/residential-construction-workers-by-state>

⁸ Rao, Pallavi, "Charted: The Decline of U.S. Housing Affordability (1967-2023)", Visual Capitalist, 18 July 2025, <https://www.visualcapitalist.com/decline-u-s-housing-affordability-1967-2023/>

⁹ Ng, Elaine, "Housing Affordability Across the Country," Office of Policy Development and Research (PD&R), U.S. Department of Housing and Urban Development, 24 July 2025, <https://www.huduser.gov/portal/pdredge/pdr-edge-frm-asst-sec-072425.html>

¹⁰ "Real income growth shifts down, especially for the young," JP Morgan Chase, 29 October 2025, <https://www.jpmorganchase.com/institute/all-topics/financial-health-wealth-creation/real-income-growth-shifts-down-especially-for-the-young>

For demographics who purchased a home prior to the recent runup in home prices, the average mortgage payment is \$1,500 nationally and \$1,811 in the West. For recent transplants who moved in 2023 or 2024, mortgage payments were \$2,020 nationally and \$3,220 in the west.



Feeble income growth means potential homebuyers fail to become homebuyers. A two percent growth in income will never compete with more than 50 percent home cost increases. Homebuyers have become the child grasping at the string of a runaway balloon, unable to catch hold before it rises out of reach.

In positive news, federal data indicates that most adults are “Doing okay or living comfortably financially (by year)” at 73 percent.¹¹ But hopefully a mortgage payment was locked in five years ago. For demographics who purchased a home prior to the recent runup in home prices, the average mortgage payment is \$1,500 nationally and \$1,811 in the West. For recent transplants who moved in 2023 or 2024, mortgage payments were \$2,020 nationally and \$3,220 in the west.

Wishing for home prices to return to pre-pandemic levels means wishing for a disaster. A replay of the 2008 housing crash will not improve economic opportunity for our region. Instead, it's time for states to champion policies that close the gap between housing supply and homebuyer potential.

Supply Side Policies

Housing affordability advocates often point to broad-handed government intervention as a solution to the housing crisis. But time after time, these

¹¹ “Economic Well-Being of U.S Households in 2024,” The Federal Reserve Board of Governors Research & Analysis, May 2025, <https://www.federalreserve.gov/publications/files/2024-report-economic-well-being-us-households-202505.pdf>

One study found that typical permitting delays cost Florida homebuyers an extra \$6,900.

government interventions fail to deliver on the intended promises. Rent control creates empty units, government-owned housing projects foster social disparity, zoning ordinances limit construction, etc. The list can continue.

Instead of myth-busting these and many other government interventions, this paper will focus on the government minimizing its involvement in housing. Too often, the best intentions of housing affordability create market failures to solve perceived market failures.

The following core housing policies are supported by Mountain States Policy Center:

1. *Streamline Regulatory Processes to Increase the “Swarm” of Construction Workers and Developers* – The government’s role in ensuring safety of residential and commercial units is a non-negotiable item in our country. All units are legally required to comply with the International Building Code. However, the government should avoid additional requirements. For example, Washington’s state building codes, specifically the state energy code, have added \$39,876 to the cost of building a new home.¹²

In the National Association of Home Builders' most recent analysis, regulations imposed by all levels of government account for 23.8 percent (\$164,386) of the new home sale price. Government would struggle to influence the cost of the home building inputs like lumber, wire, and drywall. But government has direct control over almost one-quarter of the purchase price of a new home. Removing these government barriers is a better use of political capital than attempting to blame developers and landlords for the cost increase.

Housing supply benefits from permitting deadlines for bureaucracy. Delays in permitting and inspections add costs to developers and, in turn, costs to the homebuyer. From 2015 to 2023, the average time frame for permit approval for a single-family home increased by three months.¹³ One study found that typical permitting delays cost Florida homebuyers an extra \$6,900.¹⁴ Many states have adopted models of permitting reform to address this cost increase. Florida and Texas were some of the earliest adopters.

Florida kept their traditional government-run permitting process intact but created fiscal incentives for permitting offices to meet deadlines. Prior to the adoption of HB 1059 in 2021, over half of applicants in some Florida counties faced timeframes more than 30 days. The new rule saw almost immediate results. Today, 100 percent of permit applications are processed in a Santa Rosa, a county which used to only process half in that timeframe. The policy change initiated a 30 percent increase in housing permits in 2021 over 2020.¹⁵

¹² Smiley, Andrea M., “The Cost of Regulations 2025, BIAW Washington Center for Housing Studies, 22 March 2025, <https://housingstudies.biaw.com/reports/the-cost-of-regulations-2025>

¹³ “How Permitting Reform Can Accelerate Housing Construction,” Cloudpermit, 9 January 2025, <<https://cloudpermit.com/blog/how-permitting-reform-can-accelerate-housing-construction>>.

¹⁴ Killen, Lindsay, “Florida Politics: Congress Needs to Follow Florida’s Lead on Permitting Reform,” The James Madison Institute, 22 March 2023, <https://jamesmadison.org/florida-politics-congress-needs-to-follow-floridas-lead-on-permitting-reform/>

¹⁵ Dublois, Hayden, “Fast Track to Success: How Florida Has Streamlined Its Permitting Processes to Cut Red Tape and Expand Housing,” Foundation for Government Accountability (FGA), 15 June 2022, <https://thefga.org/research/florida-streamlined-processes-to-expand-housing/>

The housing crash of 2008 caused construction employment to drop by 30 percent from its peak in 2005, and it was only up to 88 percent of its pre-recession levels by 2019.

Texas adopted a different version of permit reform, which created a “shot-clock” of 15 days in 2023.¹⁶ This method reduces permit wait times by automatically approving permits that are not approved in time and allowing for third-party inspection once the clock has run out.¹⁷ Initial adoption generated confusion regarding who was considered a third-party inspector.¹⁸ But House Bill 14 (2023) successfully lowered wait times, with a November 2024 memorandum from the City of Dallas stating, “the October 2024 median issuance time for new construction commercial permits dropped to 112 days, the lowest median time of 2024 and one of the lowest since 2021.”¹⁹

A byproduct of removing bureaucratic bottlenecks and reducing regulatory barriers is the stimulation of the construction and development swarm.²⁰ The housing crash of 2008 caused construction employment to drop by 30 percent from its peak in 2005, and it was only up to 88 percent of its pre-recession levels by 2019. A recent economic analysis found that housing permits dropped by 74 percent during the crash and only recovered by 57 percent.²¹ It was established that every 10 percent decrease in housing prices between 2007 and 2009 caused a 17-20 percent decrease in construction and a later impact of three to seven percent in 2019.²²

The paper concluded that a lack of skilled construction labor is a main contributor to the slow recovery of housing supply and associated price increases. Summed up - if there is nobody knowing how to build, returning to the construction industry, there is no way to increase the supply of homes. For housing supply to be improved, we need people to develop property, but regulatory obstacles deter many from ever embarking. Simplifying the regulatory framework increases competition, which increases housing supply and lowers home prices.

2. *Remove barriers to land availability* – Housing supply needs land to build, but not necessarily urban sprawl consuming viable farmland. Healthy housing growth should look inward before spreading outward and look towards non-productive land first. Policies that favor residential development as infill in the form of light touch density, mixed-use zoning to allow for flexible use as in the case of commercial conversion, accessory dwelling units, starter home subdivisions, and conscientious public land use are vital to solving the housing shortage.

¹⁶ Britschgi, “Texas Considers Bill to Privatize the business of Issuing Building Permits,” Reason, 7 April 2023, <https://reason.com/2023/04/07/texas-considers-bill-to-privatize-the-business-of-issuing-building-permits/>

¹⁷ “Comparing Different Types of Permit Approval Limit Bills,” Americans For Prosperity, <https://americansforprosperity.org/wp-content/uploads/2025/11/Permit-Approval-Time-Limit-One-Pager.pdf>

¹⁸ Brown, Lori, “New Texas law meant to help building permit backlog set up for failure, Dallas councilman says,” Fox4 KDFW, 4 September 2023, <https://www.fox4news.com/news/house-bill-14-concerns-building-permits>

¹⁹ Shepard, Judge, Bill analysis: SB 1450, Texas Public Policy Foundation, <https://www.texaspolicy.com/wp-content/uploads/2025/03/2025-03-Bill-Analysis-SB-1450-JudgeShepard.pdf>

²⁰ Herriges, Daniel, “Unleash the Swarm,” Strong Towns, 13 February 2021, <https://archive.strongtowns.org/journal/2021/2/3/unleash-the-swarm>

²¹ Frew, Holly, “Why is Housing So Expensive?” Georgia State University Extension, <https://news.gsu.edu/2025/03/26/why-is-housing-so-expensive/>

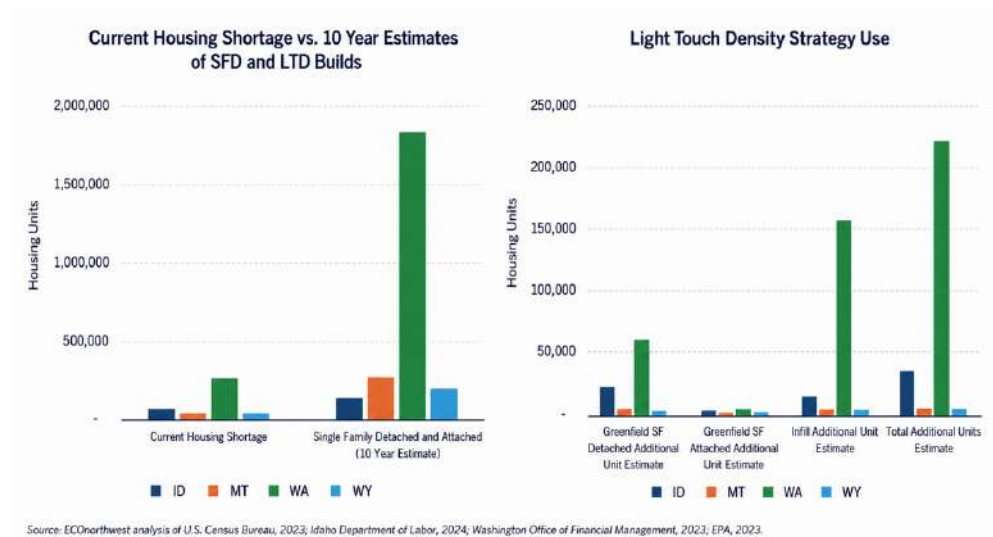
²² Le, Thao, “The scarring of the Great Recession on construction labor and housing supply,” Real Estate Economics, Volume 53 Issue 3, 17 February 2025, <https://onlinelibrary.wiley.com/doi/10.1111/1540-6229.12526>

An important aspect all housing policy should consider is the role homeowners associations (HOA) and covenants play in creating more choice in the marketplace. Though zoning is not an inherent property right, housing policy should respect the choices homeowners can make collaboratively for their neighborhood.

One of the contributing factors for our housing shortage is that past incentives limited the housing choices on the market and catered to the extremities of the demands, not the missing middle. However, as we draft new housing policies, we need to respect that HOAs are a market choice, and we need to leave that choice available to the consumers to prevent any further housing supply gaps.

3. *Light Touch Density*: The downside with building a duplex or quadplex in a sea of single-family zoned residences is often overblown. The “Not In My Backyard (NIMBY)” movement would have you believe light touch density is a disaster, but concerns are misaligned with the actual application of LTD. Property values of LTD zones increase at a rate similar to single-family zoned residential areas and required infrastructure upgrades are actually more affordable because there are more units to absorb the costs that were needed anyway in these older neighborhoods.

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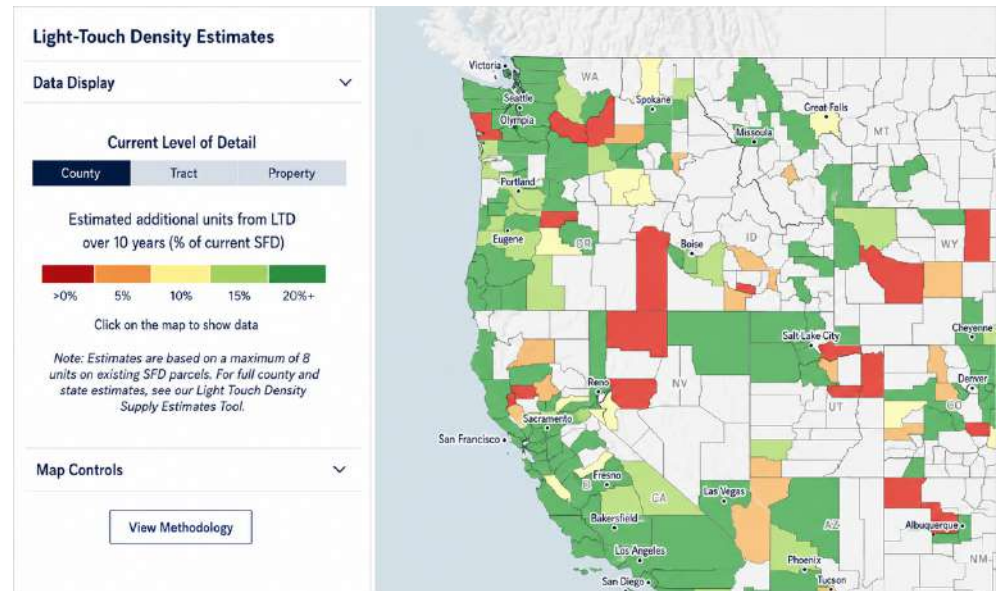


Modifying single units to moderately sized multi-unit buildings make neighborhoods accessible, naturally creating affordable housing. Case studies show that LTD is more effective at increasing available units and lowering home ownership entry costs in both LTD zones and neighboring older buildings. If light touch density is applied at the historically practiced rate of two percent across the country, it would be possible to build 400,000 to 1 million units annually nationwide.²³ This would increase the housing stock by 11.4 percent in Idaho,

²³ Peter, Tobias, “Housing Abundance with Light-touch Density,” AEI Housing Center, YIMBYtown 2024: Communicating with Policymakers and Media – For the Win! February 2024, <https://www.aei.org/wp-content/uploads/2024/03/Yimbytown-Light-touch-Density-final.pdf?x97961>

8.2 percent in Montana, 12 percent in Washington, and 4.2 percent in Wyoming over a 10-year period.²⁴

Inclusionary zoning practices like requiring rent restrictions can reduce market rate housing supply and cause prices to rise



This bottom-up tool has been a success where top-down government solutions addressing affordable housing fail. Even Boise, Idaho adopted a moderate version of LTD in 2023. Boise allows fourplexes on any lot but requires rent-restricted rates in tandem with the up-zone for two of the units.²⁵ The rent restriction will dampen the effectiveness of the adopted LTD, because it hinders the profitability of property development. It has been seen that inclusionary zoning practices like requiring rent restrictions can reduce market rate housing supply and cause prices to rise.²⁶ If LTD were adopted in full without rent restrictions, one estimate calculates that 7,900 homes could be added annually to the Boise, Idaho Metropolitan Statistical Area (MSA).²⁷

4. *Mixed-Use Zoning*: Much like LTD, mixed-use zoning encourages government to remove excessive barriers to residential development by allowing homes where they are demanded. If homebuyers desire to live in commercial areas and the cost of construction is attainable, local jurisdictions should lean heavily towards approving these applications. “Preserving character” arguments as in the case of Eagle, Idaho pushing to downzone and preserve single-family only neighborhoods will only lead to further exclusionary pricing practices that price more families out of the community.²⁸

²⁴ Pinto, Edward J. “State and Local Light-Touch Density Tools,” American Enterprise Institute, 19 January 2023, <https://www.aei.org/research-products/one-pager/state-light-touch-density-tools/>

²⁵ Stevenson, Ian Max, “‘Pretty Damn good.’ Boise City Council backs changes that could reshape neighborhoods,” Idaho Statesman, 16 June 2023, <https://www.idahostatesman.com/news/local/community/boise/article276445891.html>

²⁶ Julian Nicholaos, “How Zoning Regulations Affect Affordable Housing,” National Association of Home Builders, 11 November 2024, <https://www.nahb.org/blog/2024/11/zoning-regulation-and-affordable-housing>

²⁷ “Strong Foundations: A Playbook for Housing and Economic Growth Boise City, Idaho MSA,” U.S. Chamber of Commerce and American Enterprise Institute, https://aeihousingcenter.org/public/data/playbook/boise_city_idaho_msa_playbook.pdf?v=981360

²⁸ Rosenberger, Nick, “As Boise builds up, Eagle tees up density restrictions with little public input,” Idaho Statesman, 11 June 2025, <https://www.idahostatesman.com/news/business/article308074655.html>

This policy suggestion would also include a by-right zoning change that would permit two units per any lot that is already attached to sewer and water. Idaho's Local Land Use Planning Act would need to be modified to adopt this change. By upzoning these lots, Idaho would be able to rapidly expand the housing supply.

5. *Accessory Dwelling Units*: ADUs offer both attainable housing and financial resilience. Nearby states facing housing attainability challenges for decades like California, Washington, and Oregon have been much quicker at adopting ADU reform. Starting in 1982, California saw that ADUs were an opportunity to increase the number of available units on this market – however, it took until 2019 (37 years) – for California to adopt the right policy that got the government out of the way. The initial ban on localities outlawing ADU development was easily skirted by localities enacting tough approval procedures. A fix in 2002 was still practically discouraged by localities.

The final fix in 2019 came when the state recognized that the cities needed to remove this local regulation and approve ADUs without discretion within 60 days. The effort increased permits by 61% within one year, with the number growing by 88% between 2019 and 2022.²⁹ Granted, very little is approved for 'other' types of housing development in California, so this is one of the few legal outlets for residential opportunities.

A survey by AARP in 2021 found that while only 4 percent of adults currently own ADUs more than 60 percent would consider building or living in an ADU for help with everyday activities, to live near someone, or to lower housing costs.³⁰ Idaho's policy needs to reduce zoning regulations on development opportunities by allowing property owners more opportunity within their property rights.

ADU legislation is not a standalone solution. ADUs add to the margins of the housing supply by creating space for elderly family members, single-person households, small growing families, house guests, or short-term rentals. This policy needs to go hand in hand with policies like upzoning to duplexes and encouraging starter home subdivisions because not everyone in need of housing can fit in a tiny home.

6. *Starter Home Subdivisions*: Idaho's current average home price more than \$500,000 is not attainable for much of the population. But when the laws and homeowner association covenants favor larger lot-sizes and large houses to match it makes no economic sense for a builder to build smaller. Policies need to incentivize developers to build what the market needs – attainable, starter homes, not wishful, unaffordable McMansions.

A survey by AARP in 2021 found that while only 4 percent of adults currently own ADUs more than 60 percent would consider building or living in an ADU for help with everyday activities, to live near someone, or to lower housing costs.

²⁹ Calder, Vanessa Brown and Jorday Gygi, "The Promising Results of Accessory Dwelling Unit Reform," DATO Institute, 28 June 2023, <<https://www.cato.org/blog/results-accessory-dwelling-unit-reform-so-far>>.

³⁰ "2021 Home and Community Preferences Survey: A National Survey of Adults Age 18+ Chartbook," AARP, September 2022, https://www.aarp.org/content/dam/aarp/research/surveys_statistics/liv-com/2021/2021-home-community-preferences-chartbook.doi.10.26419-2Fres.00479.001.pdf

Research shows when density regulations double the minimum lot size, home sale prices increase by 14 percent and rents by 9 percent.

The American Planning Association (APA) has documented that since the mid-20th century; it was not uncommon for communities to have lot requirements of over 20,000 square feet. The Mercatus Center has found that these minimum lot size laws expanded during the baby boom, in part, to exclude smaller homes that could not generate enough property tax revenue relative to the number of children who would live in them.³¹

A recent paper from the University of Colorado at Boulder found that when density regulations double the minimum lot size, this will increase home sale prices by 14 percent and rents by 9 percent.³² This occurs through two mechanisms – first the direct effect mandates the developer to build a larger home on a larger lot (about 78 percent of the 14 percent increase). The rest of the price increase is due to secondary impacts from zoning regulations influencing neighborhood characteristics. Idaho home buyers and renters do not need a 14 percent increase in price due to a government-created regulatory hurdle in the form of zoning.

Since the 1980s, smaller/starter home construction has declined dramatically, but when the household size has been declining simultaneously, why are we seeing a rise in larger 4-bedroom houses? For first-time homebuyers or homebuyers with average incomes, it is not practical or attainable to only offer homes with 1-2 extra bedrooms. When the market can't afford a home, we don't need policies offering homes with unneeded space.

Supply: Small Home Construction

Decline of Smaller/Starter Home Construction, 1973–2021

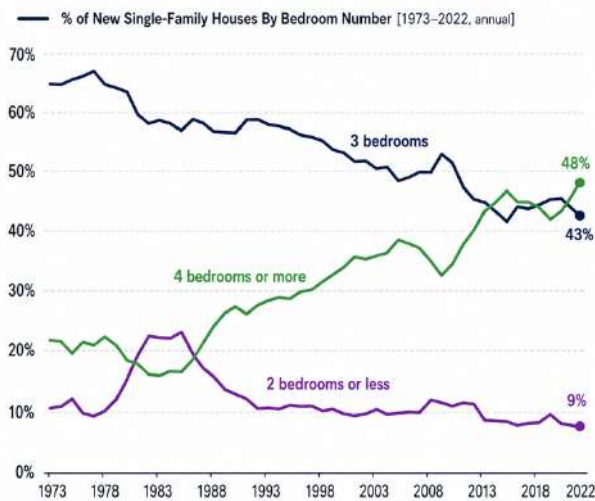


³¹ Terziev, Eliza, “Mandating inefficiency: Minimum lot size regulation and housing,” Reason Foundation, 8 December 2025, <https://reason.org/commentary/mandating-inefficiency-minimum-lot-size-regulation-and-housing/>

³² Song, Jaehee, “The Effects of Residential Zoning in U.S. Housing Markets,” 15 January 2-25, https://static1.squarespace.com/static/6160e89a75cba2217fc14866/t/678931635a7da96d79aa5389/1737044325515/Jaehee_Song_JMP_share.pdf

The US Census Bureau showed that between 2009 and 2024, the percentage of single-family homes built on 7,000 square foot lots or smaller rose from 25 to 39 percent.

The Rise Of The 4 Bedroom House



Source: US Census Bureau

Developers will provide these smaller lot homes when allowed and encouraged by market mechanisms to do so. The US Census Bureau showed that between 2009 and 2024, the percentage of single-family homes built on 7,000 square foot lots or smaller rose from 25 to 39 percent. The more policies favor these lot sizes the more likely we will be to build the missing middle of housing. A study from the American Enterprise Institute found that this missing middle is only a moderate decrease in housing lots from 8,000 to 5,400 square feet would have added 4.8 million units since 2000. Low-density zoning has created artificially expensive housing by discouraging developers from building what most home buyers need in favor of what the local governments demand. Idaho needs policies that encourage the development of starter home neighborhoods to make housing attainable.

Public Lands are Available for Development: Moving beyond the “public lands in public hands” argument is necessary to solve the public’s housing crisis. The Bureau of Land Management is authorized to auction off land at market value to meet important public objectives like expanding communities and economic development.

A proposal by the American Enterprise Institute, *Homesteading 2.0*, asks to auction off less than 0.3 percent of BLM land (~ 850 square miles), strategically placed near growing communities. This proposal would create 1.5 million new homes over 10 to 20 years in existing cities and another 1.5 million are proposed in new “Freedom Cities” near existing metropolitan areas and built out over 40 to 50 years.³³ Because the federal government owns almost 50 percent of all land in the western united states, and the western states serving as home to over

³³ Pinto, Edward J., “Homesteading 2.0: Making Housing Affordable Again, especially with the Construction of Starter Homes,” American Enterprise Institute, 28 March 2025, <https://www.aei.org/articles/homesteading-2-0-making-housing-affordable-again-especially-with-the-construction-of-starter-homes/>

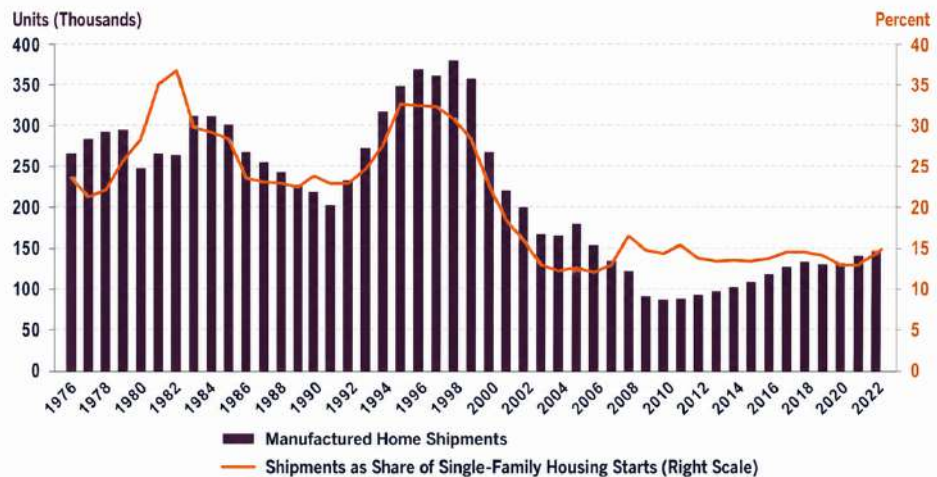
90 percent of BLM land, this solution can be a huge part of easing housing affordability.

7. Don't create winners and losers in the housing market: If consumers want to live in a manufactured home or a 3-D printed home or a traditional stick built home, the government should not pick winners or losers. The government must ensure the permitting process is fair and equitable across different building methods. This will allow consumers the opportunity to choose what building method best fits their needs.

In the current housing shortage, manufactured homes are an important part of the solution. As homebuyers look for more affordable alternatives, manufactured homes fill this niche with faster build times and similar quality as traditional stick built homes. Manufactured homes have struggled to maintain historic production due to negative perceptions of manufactured homes, restrictive zoning, poor market conditions, small supply chain, and difficulty obtaining financing.³⁴

If the government fairly applies permitting requirements to manufactured homes, builders will be able to help solve the housing shortage with this option.

Manufactured Home Shipments and Share of Single-Family Starts



When manufactured homes cost two-thirds less than the standard bill, it's clear the cost advantages caused the recent hike in production. If the government fairly applies permitting requirements to manufactured homes, builders will be able to help solve the housing shortage with this option. Inspections, zoning and permitting/installation requirements, and title laws are some of the biggest regulatory obstacles to manufactured homes.

Policymakers must ensure that inspections for manufactured homes are cognizant of the speed of building timelines and adapt inspection guidelines. Home citing and permitting also need to be adaptive to this housing option and allow the opportunity

³⁴ Herbert, Chris, "Five Barriers to Greater Use of Manufactured Housing for Entry-Level Homeownership," Harvard University Joint Center for Housing Studies, 23 January 2024, <https://www.jchs.harvard.edu/blog/five-barriers-greater-use-manufactured-housing-entry-level-homeownership>

States should allow for manufactured homes to be treated as real property (like a home) versus personal property (like a vehicle) through different installation and paperwork requirements.

for rapid growth to take place. Finally, states should ensure that title loans allow manufactured homes to be treated as a typical mortgage instead of the much riskier property loans that 1 in 5 manufactured home borrowers resort to.³⁵ States should allow for manufactured homes to be treated as real property (like a home) versus personal property (like a vehicle) through different installation and paperwork requirements.

Demand Side Policies

1. **Stimulate growth by attracting business:** Providing all the needed housing supply will accomplish little if most of the region is unable to afford the houses. States need to focus on policies that attract businesses with many well-paying jobs. With large population gains in our region its clear the economies are performing well.

Policies that favor growth include tax reductions, encouraging free trade, and reducing regulations. Most of our region is already creating favorable business climates, but it is important that states proactively maintain this position to continue attracting new business.

2. **Innovation and Entrepreneurship:** The solution to well-paying jobs isn't place-based economic stimulus packages that tend to be slow to respond and misplaced. Instead, states should limit their involvement in the economy and lower taxes. Wyoming, Montana, and Idaho are all within the top 10 most entrepreneurial states in the nation. Idaho ranks third nationally for starting businesses from opportunity instead of desperation (behind Utah and North Dakota).³⁶

As Washington adopts income taxes and corporate gains taxes, it will become increasingly difficult to attract and retain businesses. Note the recent relocation of the Starbucks founder, Howard Schultz, 48 hours after Washington's adoption of a state income tax.

Conclusion

Housing reform is trending nationwide. In 2025, 412 bills were introduced across the country to address the housing crisis, compared to 263 the previous year. From July 2024 to June 2025, more than 120 bills passed. Our region also saw these types of bills.

But where do states go in 2026?

The verbal answer is simple, but the actual implementation will be intense. States need to close the housing attainability gap. Supply-side reforms are only one crucial

³⁵ Kaufmann, Carol, "Can Manufactured Homes Help Solve the Nation's Housing Shortage, The Pew Charitable Trusts, 23 June 2025, <https://www.pew.org/en/trust/archive/summer-2025/can-manufactured-homes-help-solve-the-nations-housing-shortage>

³⁶ El-Hage, Georges, "The Most Entrepreneurial States in America 2025," WAVE, 25 August 2025, <https://wavecnet.com/blogs/news/most-entrepreneurial-states-in-america?srsId=AfmBOorOLl9XfNYfrUF1qHI6wHEKMcwT5PSSWMMkhnPb64k1wMdyxzUlq>

side of the equation and must also include policies favoring economic development with limited government intervention. Like a stuck off-road vehicle, states need to move back and forth between policies that improve both supply and demand.

Policymakers should adopt supply-side reforms including streamlining bureaucracy, removing barriers to land availability, and not picking winners and losers through red tape. Demand side reforms also need to be continued and/or adopted simultaneously, including policies which are economically favorable to retaining and attracting businesses and leading to innovation and entrepreneurship.

State legislatures need to stay out of the driver's seat when it comes to addressing housing reform and leave that position for developers. Instead, state policymakers are in the optimal position when they can give guidance and add traction to both sides of the reform equation. With policymakers positioned to aid and advise and the developers left to function as unhindered operators, our region will be able to free the citizens from the housing crisis.

Nothing in this publication shall be construed as an attempt to aid or hinder the passage of any legislation.

SUMMARY & KEY FACTS

The study argues that housing affordability is being driven by a long-term shortage of housing supply and incomes that have not kept pace with rising home prices. It recommends market-based reforms such as streamlining permitting, reducing regulatory barriers, expanding housing options like ADUs and duplexes, and encouraging starter-home development. The paper concludes that states can improve affordability by removing obstacles to housing construction while also fostering economic growth and higher-paying jobs.

Key Facts:

- ❑ The U.S. housing market is estimated to be short **3–4 million homes**, with a shortage of roughly **335,000 homes across Idaho, Montana, Washington, and Wyoming**
- ❑ The national ratio of home prices to income peaked at **5.83 in 2022**, highlighting how homeownership has become increasingly unattainable for many families
- ❑ Government regulations account for approximately **23.8% of the price of a new home**, and Washington's state energy code alone adds nearly **\$40,000** to the cost of construction
- ❑ Research cited in the study found that **doubling minimum lot-size requirements increases home prices by 14% and rents by 9%**, making housing less affordable
- ❑ If light-touch density policies (such as allowing duplexes and fourplexes) were broadly adopted, they could add **400,000 to 1 million housing units annually nationwide** and significantly increase housing stock in Western states

ABOUT THE AUTHOR

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Madi's work has been published in The Capital Press, Tri-City Herald, and the Spokesman-Review and she has spoken to agricultural groups across the Pacific Northwest. A small farmer, and a mom to four boys, Madi is the daughter of a large-animal veterinarian.



She grew up on many different farms. Each farm faced its own challenges, which required unique solutions. She learned early on that a one-size-fits-all approach will never work - not for farmers and not for families. Madi and her husband, Kyler, returned to their home state of Oregon four years ago. They live, farm, and raise their boys only a few miles from the Idaho border.

