

# The Housing Shortage & Successful Policies To Address It: Evidence from Cities and States

May 28, 2026

Presentation to Council of State Governments Midwest

Pew

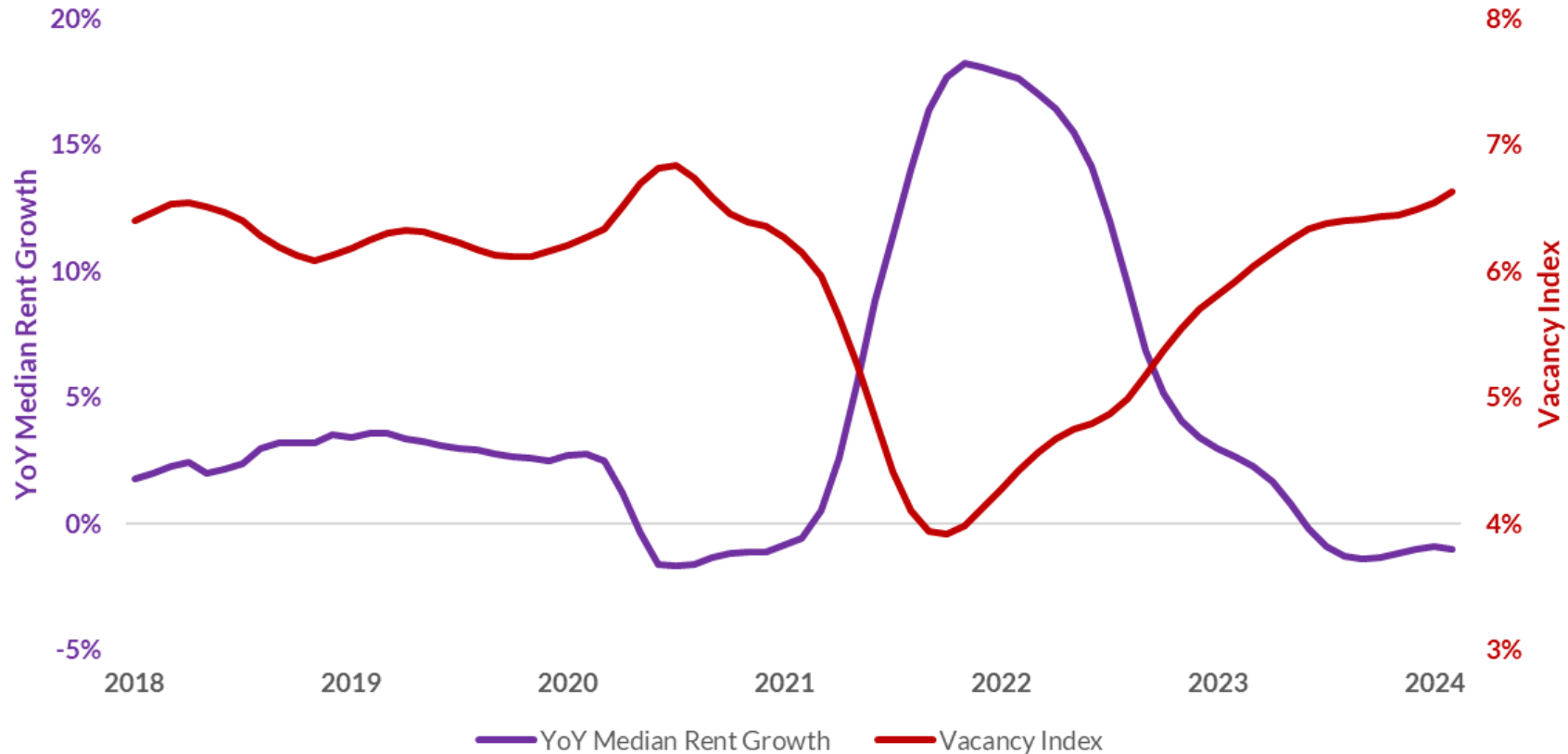
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## Housing Costs Have Reached an All-Time High in the Past Year

- Half of renters are spending more than 30% of their income on rent
- One-quarter of renters are spending more than 50% of their income on rent
- U.S. median rent: \$1,400; median home price: \$420,000 (both have reached all-time highs in past few years)
- U.S. housing shortage estimated at 4 to 7 million homes driving high costs

# Rents Rise Quickly When Shortages Occur

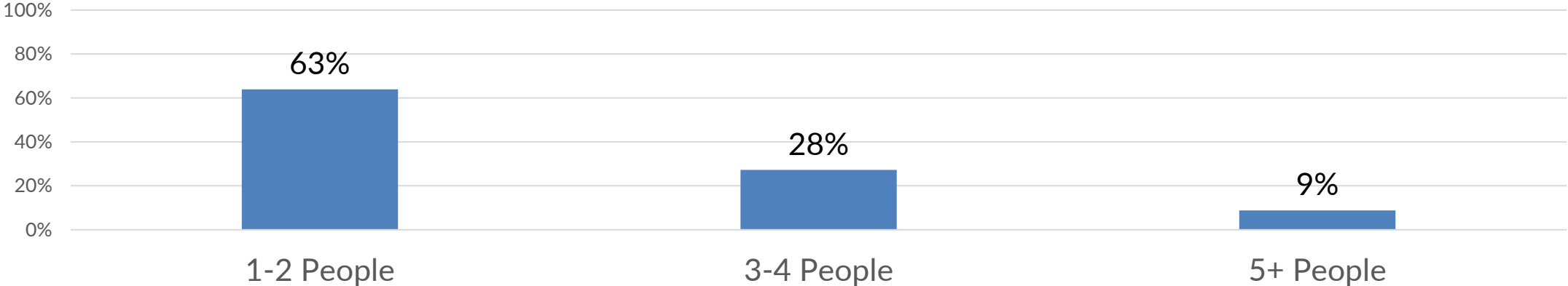
Rent Growth vs. Vacancy Rate in the United States



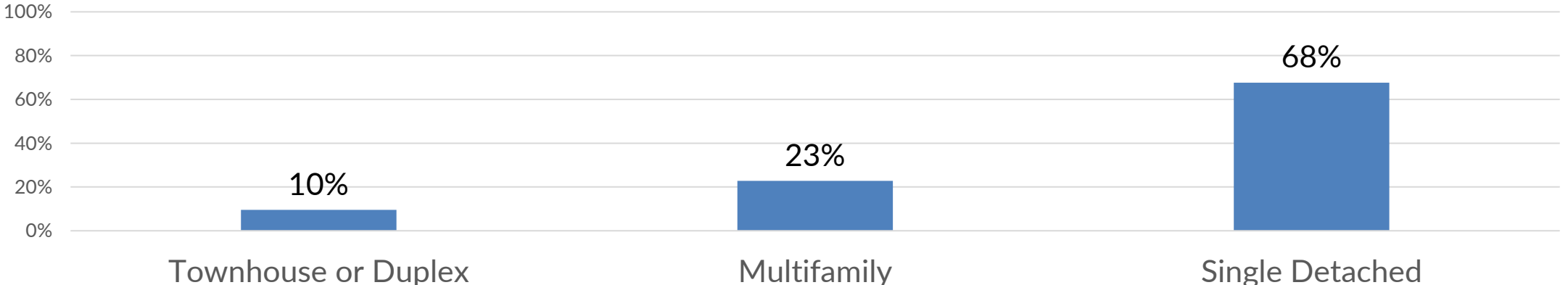
Source: Data from Apartment List

# 63% of Households Have 1-2 people; Just 23% of Housing is Multi-Family

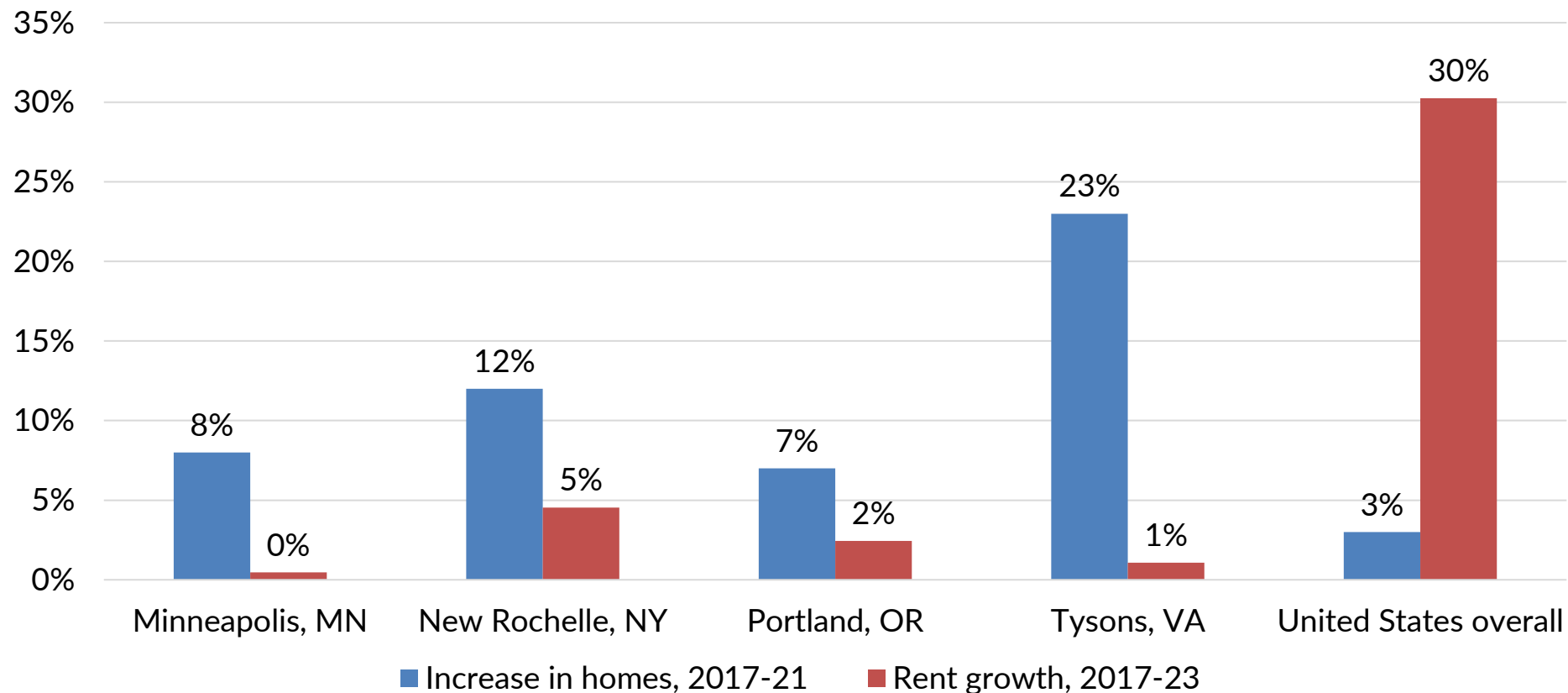
Share of US Households by Household Size



Share of US Homes



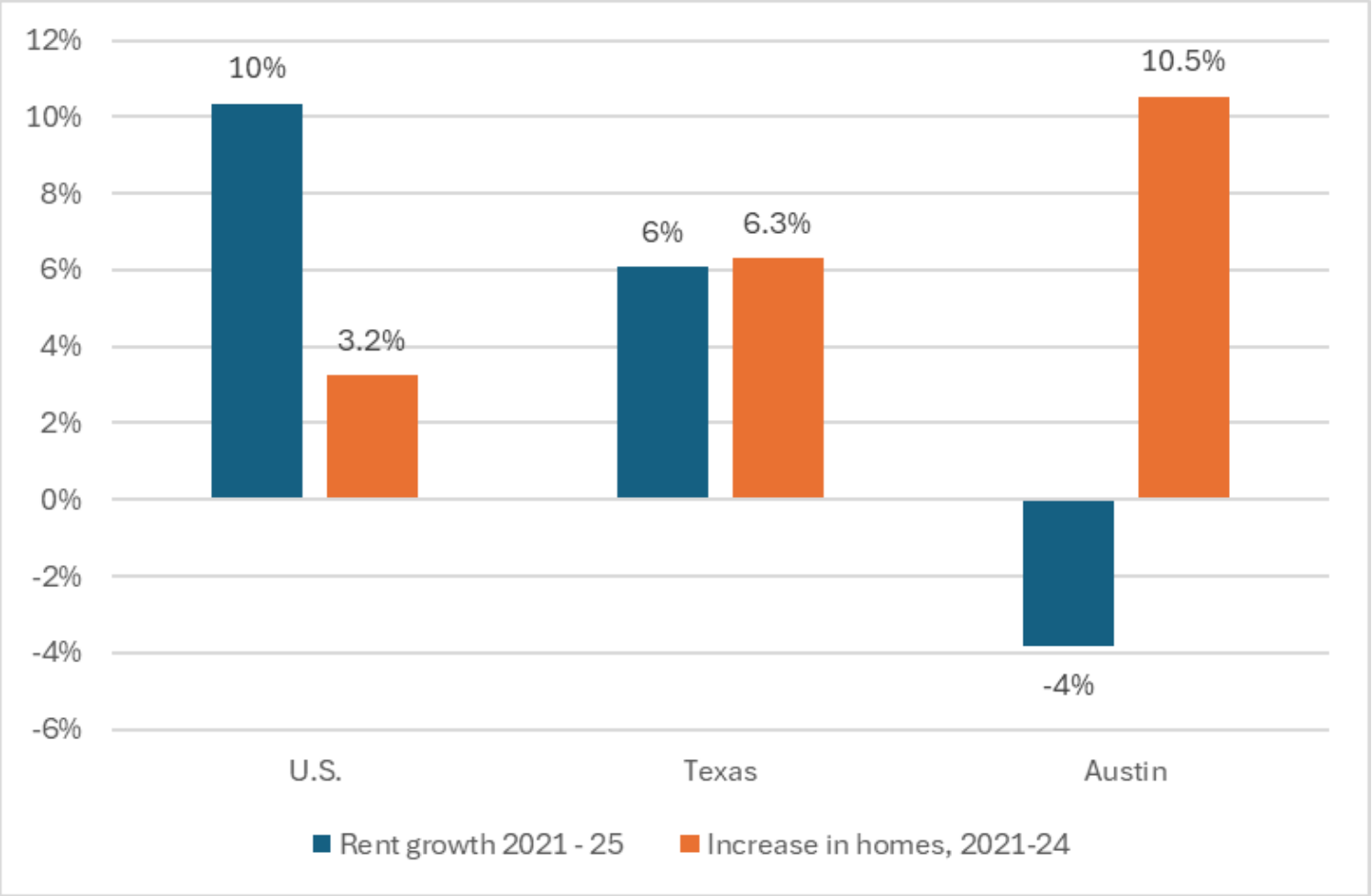
## Rent Growth Is Low Where Housing Has Been Added



The four local jurisdictions shown added proportionally more households than the U.S. overall from 2017-21—indicating low demand was not the cause of their slow rent growth.

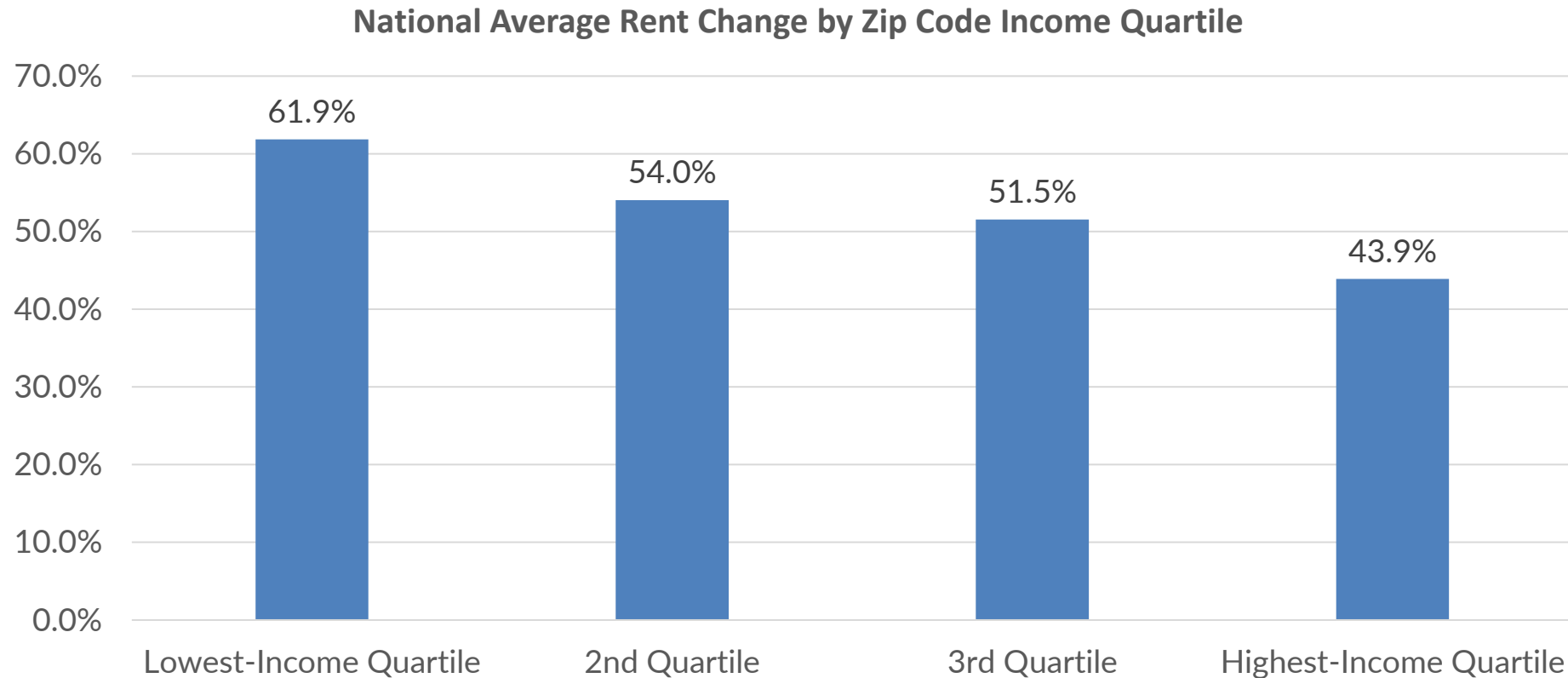
Source: Pew's analysis of Apartment List rent estimate data (Jan. 2017-Jan. 2023) and U.S. Census data on housing units (2017-2021)

# Austin Rents Have Fallen As City Has Removed Regulatory Barriers



Source: Pew’s analysis of Apartment List rent estimate data (2021-2024) and U.S. Census data on housing units (2021-2024)

# Housing Shortage Hurts Low and Moderate-Income Households Most



Source: Pew's analysis of Zillow rent estimate data (Sep. 2017-Sep. 2024) and IRS Income by ZIP Code data (2017)

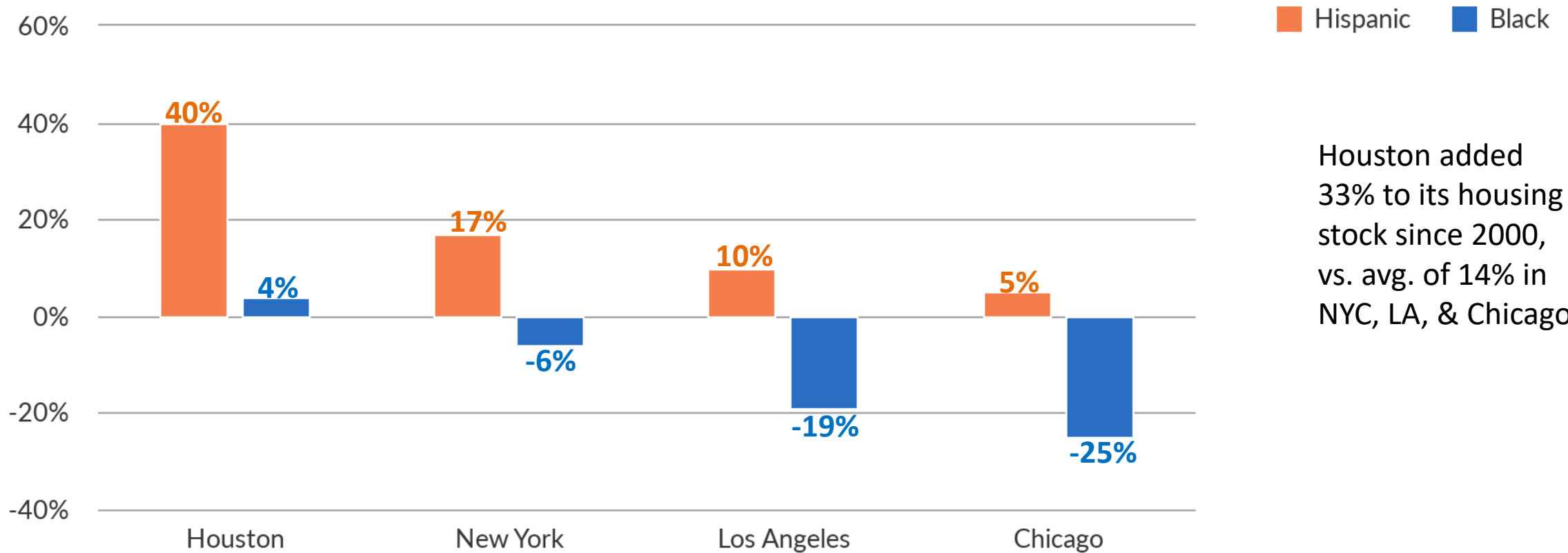
# In High-Supply Housing Markets, Low-Income Renters Have Benefitted Most

Market	Effective Rent Change in 2023			
	Market Average	Class A	Class B	Class C
Austin	-6.0%	-4.4%	-5.7%	-7.9%
Dallas	-1.4%	-0.4%	-1.9%	-1.5%
Orlando	-4.0%	-2.9%	-5.1%	-3.1%
Phoenix	-4.3%	-1.9%	-3.9%	-7.2%
Salt Lake City	-3.4%	-1.9%	-3.9%	-3.6%
San Antonio	-2.9%	-1.7%	-3.6%	-2.8%

Source: RealPage rent data

# Allowing More Housing Reduces Displacement

Percentage change in Black and Hispanic populations by city, 2000-21

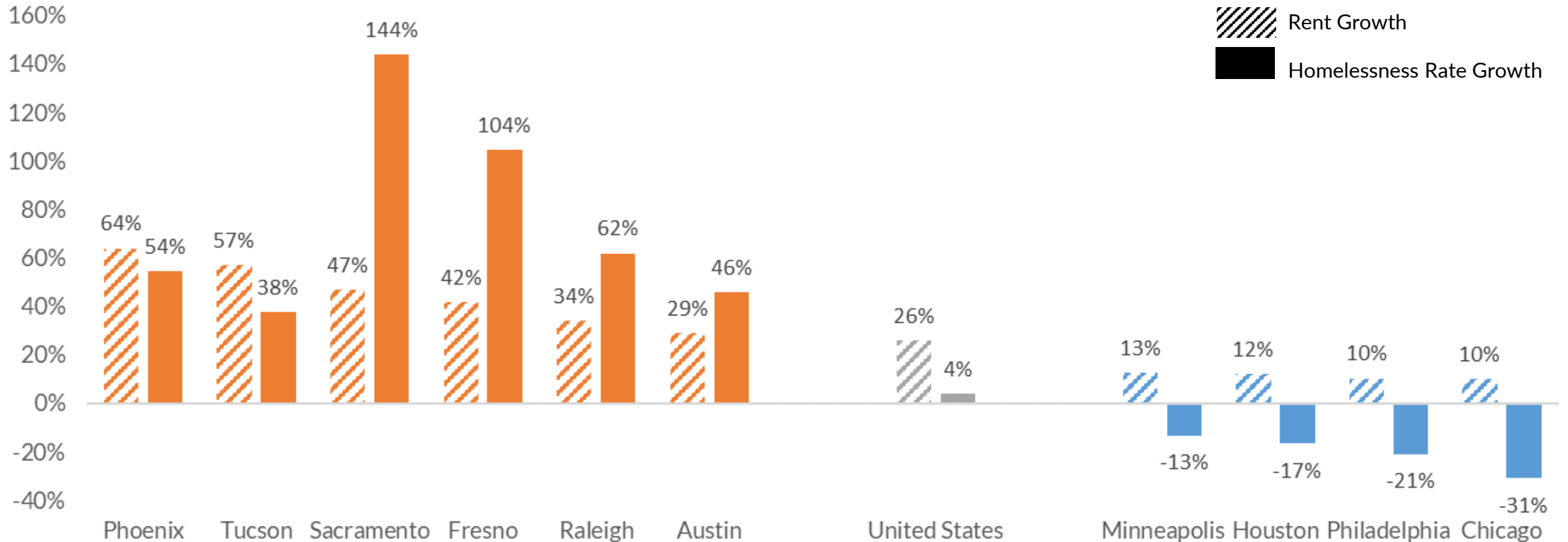


Houston added 33% to its housing stock since 2000, vs. avg. of 14% in NYC, LA, & Chicago.

Source: ACS Census Bureau data

# Homelessness Increased in Areas Where Rents Soared

Percent change in homelessness per 10,000 residents, 2017-2022



Sources: HUD, Census ACS, Apartment List; Homelessness data for CoC level (often county)

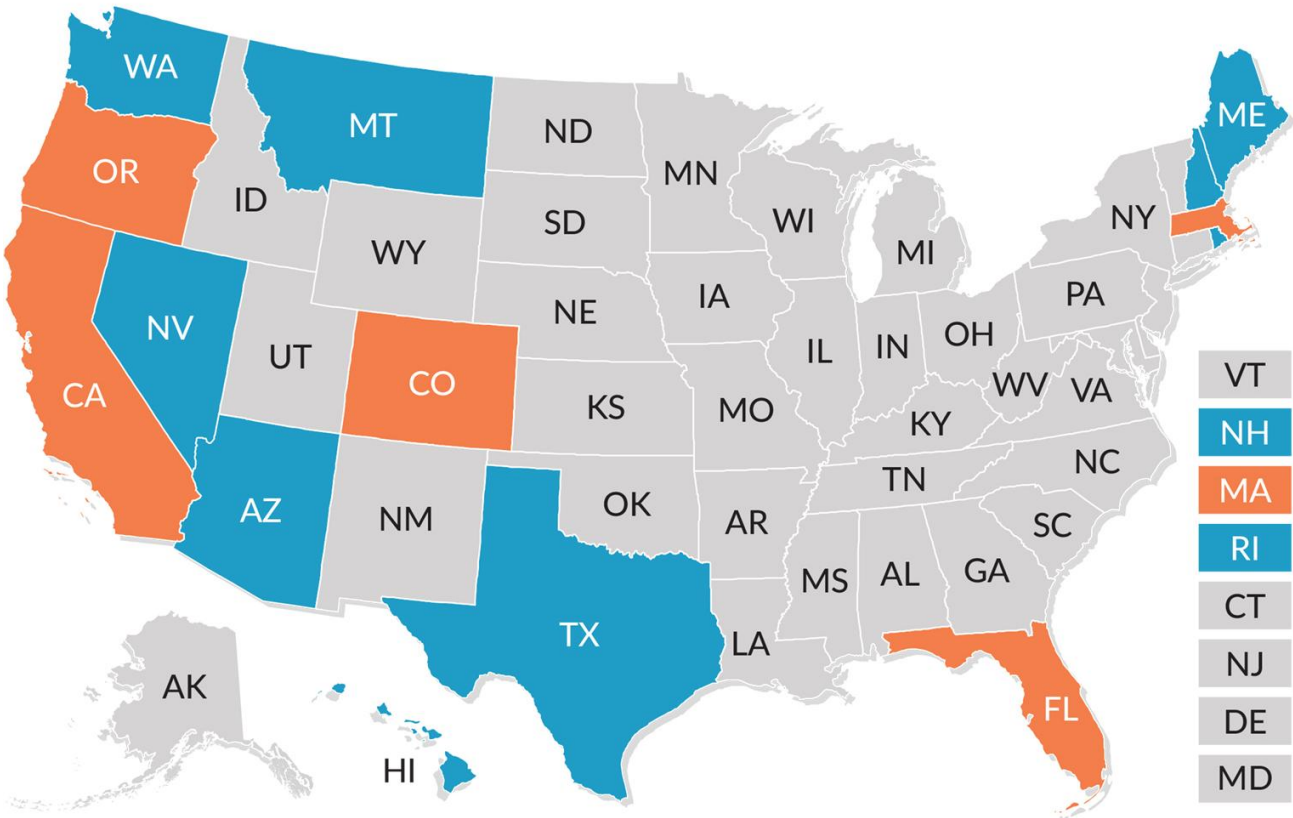
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## State Policymakers Are Removing Regulatory Barriers to Housing

*Avg. number of state laws passed annually to allow more homes, nationwide*

- 2011-2016: 1
- 2017-2022: 18
- 2023-2024: 48
- 2025: 100+

# States Allowing Apartments On Commercial Corridors or Near Transit *Replicates Most Effective Local Reform*



■ Residential in commercial zones or transit-development laws, 2024 and earlier  
■ 2025 law to allow or expand residential in commercial zones or transit-oriented development

## States Passing Bills to Allow ADUs

- 22 states, including...
- Iowa: SF592 (2025)
- Arkansas: Act 313 (2025)
- Colorado: HB24-1152 (2024)
- Maine: LD 2003 (2022) and LD 1829 (2025)



Photo credit: Villa Homes

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## State Laws Passing to Simplify Permitting

- Third-party reviews & inspections: FL, GA, TN, AZ
- Limiting environmental review/lawsuits: CA, MN, WA
- Simplifying process, shortening timelines: AZ, MT, RI, VT, VA
- Curbing lawsuits, unrepresentative opposition: NC, TX, WI

**Spot the Difference**

*State laws enacted in CO, IA, NH, OR*



# Pre-Approved Plans Speed Up Permitting, Reduce Costs, and Save Staff Time



Sixplex



Stacked Duplex



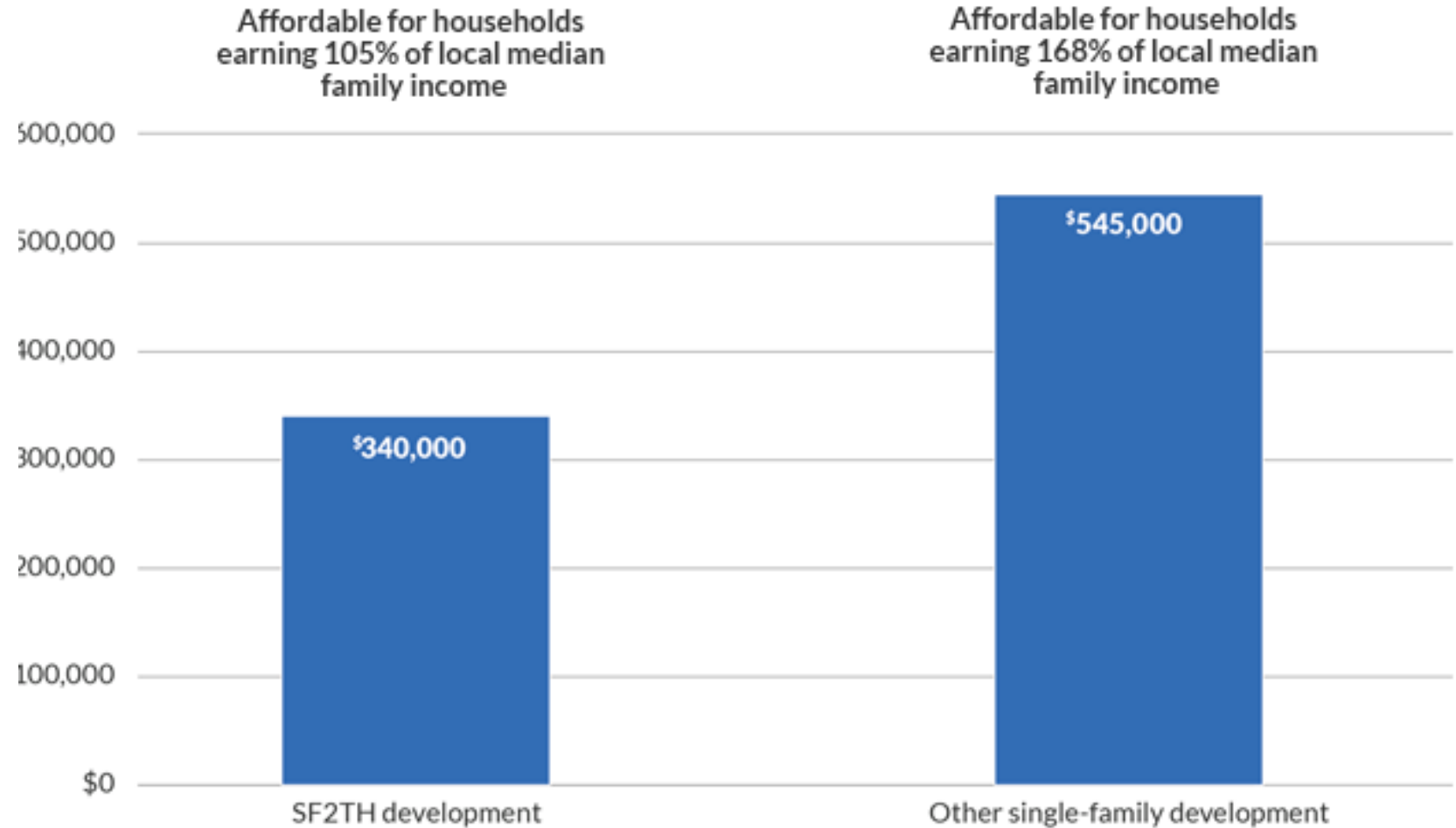
Side-by-side Duplex

Source: South Bend, Indiana's Preapproved Plan Catalog, <https://southbendin.gov/bsb/preapprovedplans/>

# Houston Minimum Lot Size Reform Led to Surge of Starter Homes

Reduced minimum lot size from 5,000 sq. ft. to 1,400 in 1998 in part of city, expanded to whole city in 2013.

80,000 starter homes resulted that were previously prohibited.



Sources: <https://www.furmancenter.org/publication/here-come-the-tall-skinny-houses-assessing-single-family-to-townhouse-redevelopment-in-houston-2007-2020/> and <https://www.mercatus.org/research/policy-briefs/learning-houstons-townhouse-reforms>

# Interest Rates & Materials Costs Affect Year-to-Year Production; But State & Local Policy Explain How Many Homes Are Built

	Housing Permits Per 10,000 Residents (2022: low interest rates)	Housing Permits Per 10,000 Residents (2023: high interest rates)
<b>San Francisco</b>	<b>25</b>	<b>14</b>
<b>Austin</b>	<b>189</b>	<b>140</b>

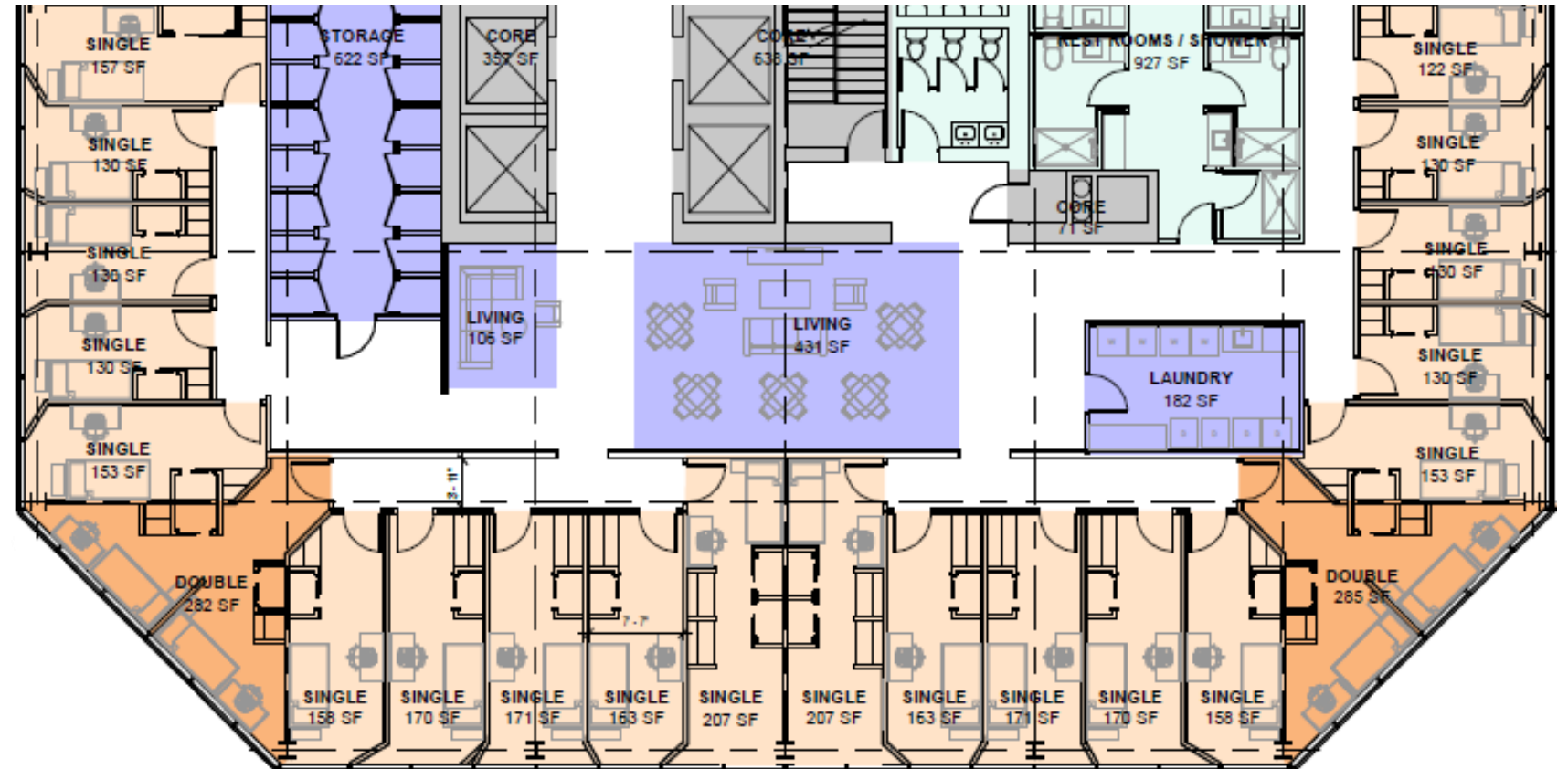
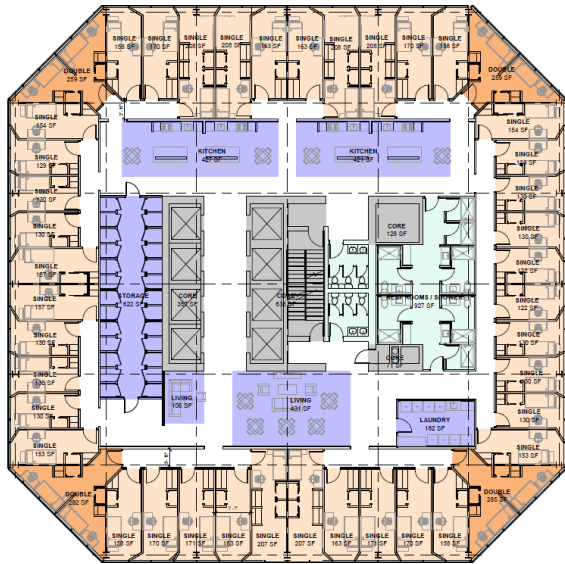
Austin rents declined 17% from Aug. 2022 to Feb. 2025.

Homelessness rose in US (and San Francisco) over past two years but dropped in Austin.

Sources: HUD State of the Cities Data Systems; population from Census' American Communities Survey; Apartment List: HUD Point-in-Time Count.

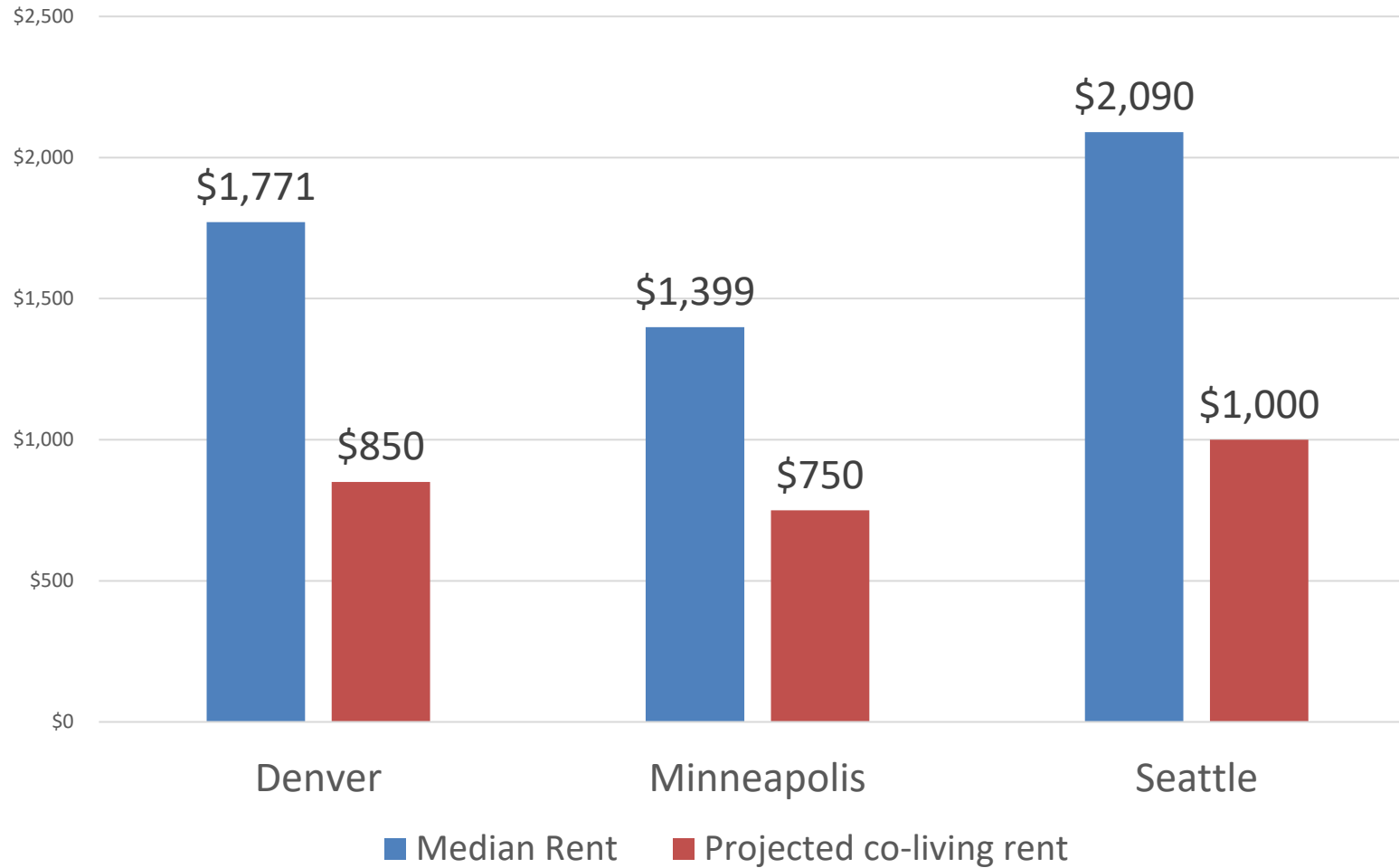
# **Office to Dorm-Style Housing Conversions**

# Denver Building Floor Plan



- 28 residential floors
- 48 beds per floor
- Total of 1,232 units (1,344 residents)

# Co-Living Conversions Can Achieve Low Rents

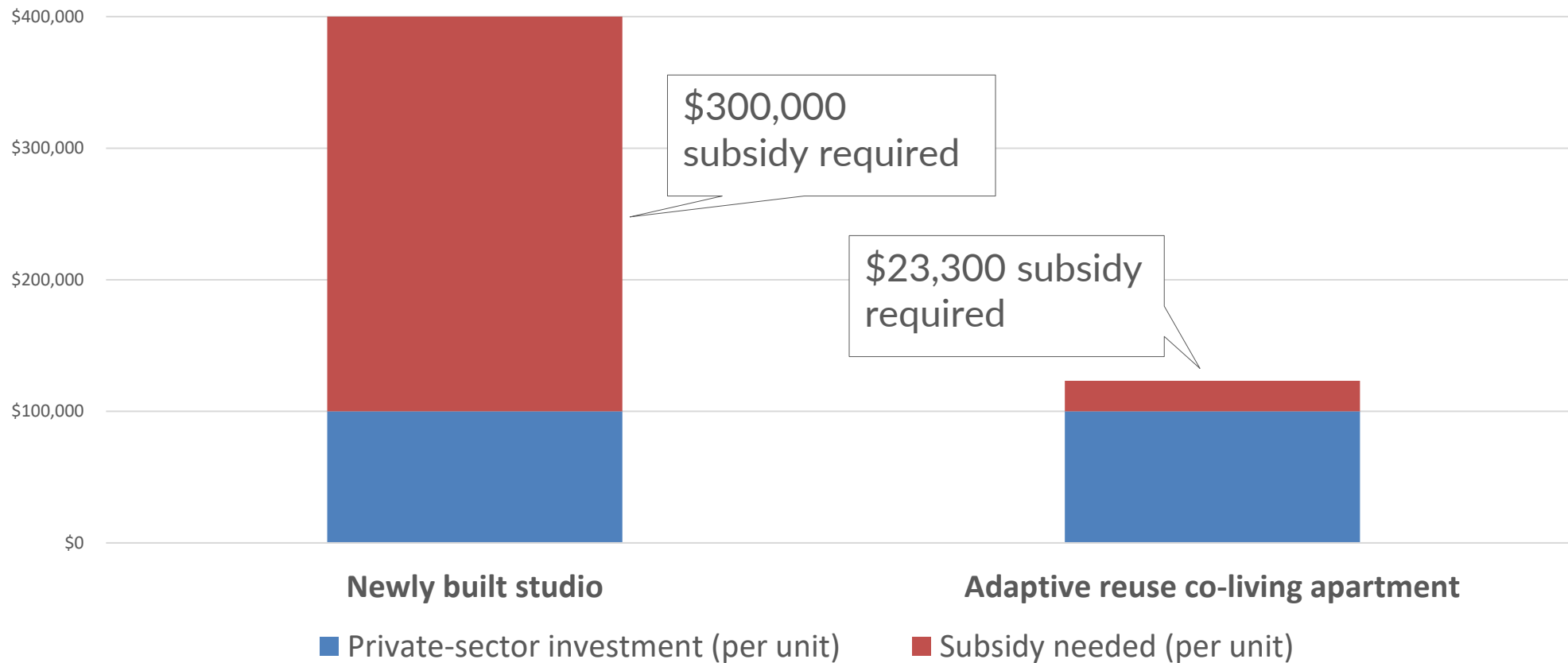


Source: median rents from Apt. List; projected rents estimated by Gensler and The Pew Charitable Trusts, 2024

# Co-Living Conversions Are Far More Cost Effective

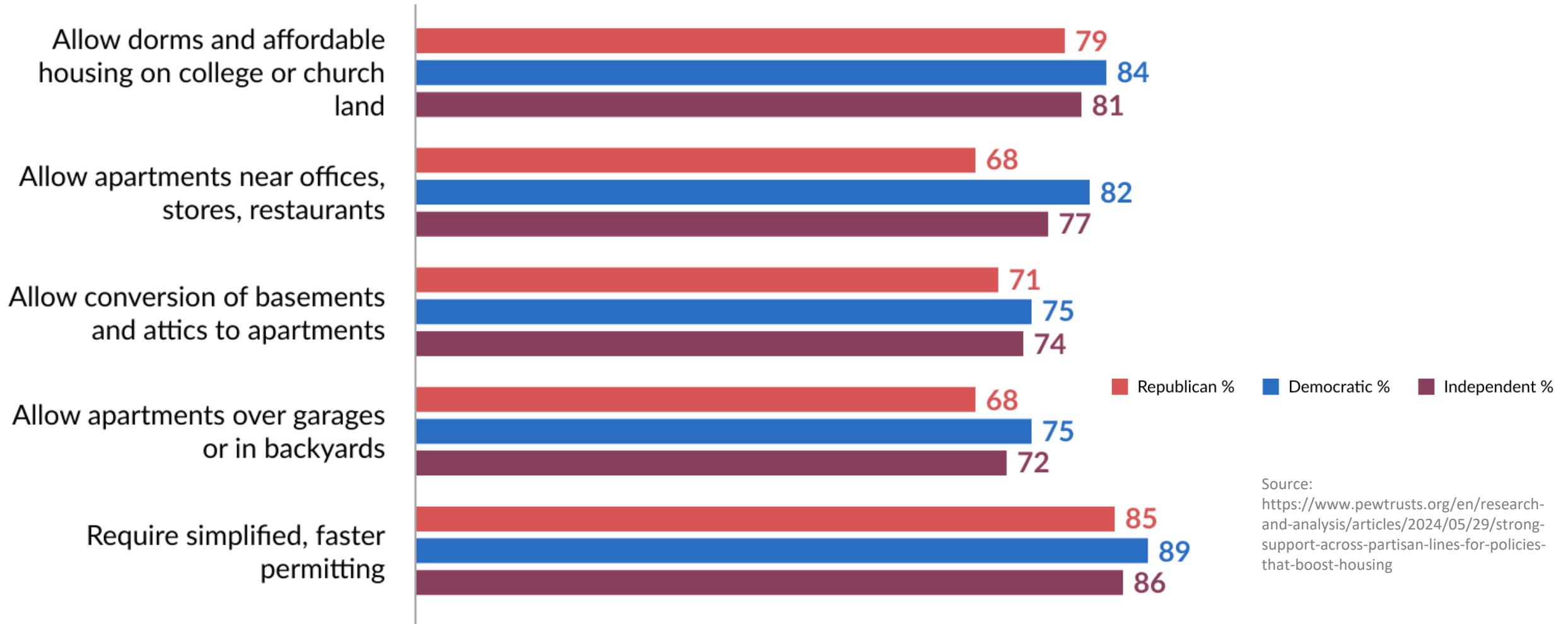
Denver subsidy and private costs by unit type, affordable at 35% of area median income

Co-living stretches scarce subsidy dollars



Source: estimates from Gensler and The Pew Charitable Trusts, 2024

# 2023 Pew Survey: Share of Americans Favoring Each Policy



Source:  
<https://www.pewtrusts.org/en/research-and-analysis/articles/2024/05/29/strong-support-across-partisan-lines-for-policies-that-boost-housing>

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**[Pew.org/housingpolicy](http://Pew.org/housingpolicy)**

**Pew**