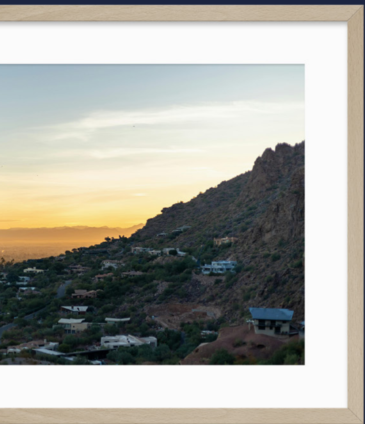


RUBEN GALLEGO
UNITED STATES SENATOR *for* ARIZONA

THE PATH HOME

Rebuilding the American Dream and Restoring Housing Affordability

Phoenix, Arizona

EXECUTIVE SUMMARY

America is in the midst of a ***housing affordability crisis*** that touches every corner of the country.

Whether you rent or own, live in a city or a rural community, the shortage of affordable, accessible housing is pushing families to the brink — threatening economic mobility, job growth, and the stability of entire communities.

I understand this crisis not just as a policymaker, but as someone who lived it. Growing up, my mother worked tirelessly just to afford a small two-bedroom apartment for me and my three sisters. Years later, I helped her buy her first home. Not a big one, but a place of her own. That was only possible thanks to a federal program that helps working-class families get a mortgage with a low down payment and more flexible credit requirements. It gave my family safety and stability while I was away at college and a chance to build a better future. And after serving as a Marine, I was able to use my VA home loan benefit to achieve that same dream for myself.

But today, far too many Americans aren't getting that chance. Home prices and rents are climbing far faster than wages. People are working harder than ever, yet struggling to keep up with rising rents, unaffordable down payments, and mortgage and insurance costs that are out of reach and continuing to rise.

The numbers tell you all you need to know:

40 The median age of first-time homebuyers in 2025 — the highest on record and up from 31 in 2014.[1]

$412,500 The median price of a single-family home — five times the median household income.[2]

$2,570 Average monthly mortgage payments on a median-priced home — a 40 percent increase from 1990, even after adjusting for inflation.[3]

4.06 mm Existing home sales in 2024, which fell to a 30-year low.[4]

99% The percentage of Americans who live in counties where housing costs rose faster than incomes from 2000 to 2020. [5]

97 number of hours you would need to work per week earning the minimum wage to afford an average one-bedroom apartment.[6]

This crisis didn't appear overnight. It's the result of decades of underbuilding, restrictive zoning, consolidation in the market, rising and erratic construction costs often caused by project delays, and growing investor control of the housing market. The result: a national shortage of homes people can actually afford.

The system is broken but not beyond repair. To reverse this trend, we need bold, all-of-the-above, pro-housing solutions: modernized federal housing programs, commonsense permitting and regulatory reform, pro-competition policy, and smart investments that expand supply across all income levels. Recent legislative efforts have begun to address the problem[7] , but the scale and complexity of the shortage require a much more ambitious and comprehensive response. Truly solving the housing shortage will require action across multiple policy fronts. It's time to treat housing as the foundation for economic growth, health, and opportunity that it is — and to commit to sustained, meaningful policy change, even when it's difficult.

This framework is built around four policy pillars that address the crisis from every angle.

- First, we must build more homes of all types, in all communities, by boosting supply, modernizing federal housing programs, and investing in growing and retaining a residential construction workforce. A housing construction boom can also create millions of good-paying jobs for construction workers that do not require a college degree.

- Second, we need to clear the path to smarter, faster homebuilding by reforming outdated zoning and permitting systems that slow development and drive up costs. This requires state and local buy-in which the federal government can help incentivize. We need partners in the fight to solve the crisis.

- Third, we must take direct action to lower housing costs and keep Americans housed, through expanded assistance, robust fair lending enforcement, and meaningful tenant protections.

- Finally, we must future-proof our homes and communities — making them more resilient to extreme weather, rising insurance costs, and aging infrastructure.

If fully implemented, this comprehensive framework would deliver at least 8.5 million, and likely many more, new and preserved housing units over the next decade, which is a substantial increase in production that would meaningfully help address the shortage.[8] This estimate depends on multiple variables including the pace of state and local regulatory reform, public and private sector response to federal incentives, and economic conditions.

> If fully implemented, this framework would deliver at least
> **8.5 MILLION**
> new and preserved housing units over the next decade.

Together, these pillars form a comprehensive roadmap to address America's chronic housing underproduction. This isn't just about addressing today's affordability challenges, it's about fundamentally transforming how we build, finance, and produce housing in this country. By enacting this plan, we can ensure that that every American can afford a safe, stable place to call home — now and for generations to come.

Let's get to work.

FRAMEWORK

1. *Build more homes for all Americans.*
2. *Clear the path to smarter, faster homebuilding.*
3. *Lower housing costs and keep Americans housed.*
4. *Future-proof our homes and communities.*

PILLAR 1

BUILD MORE HOMES

Build more homes for ***all*** Americans

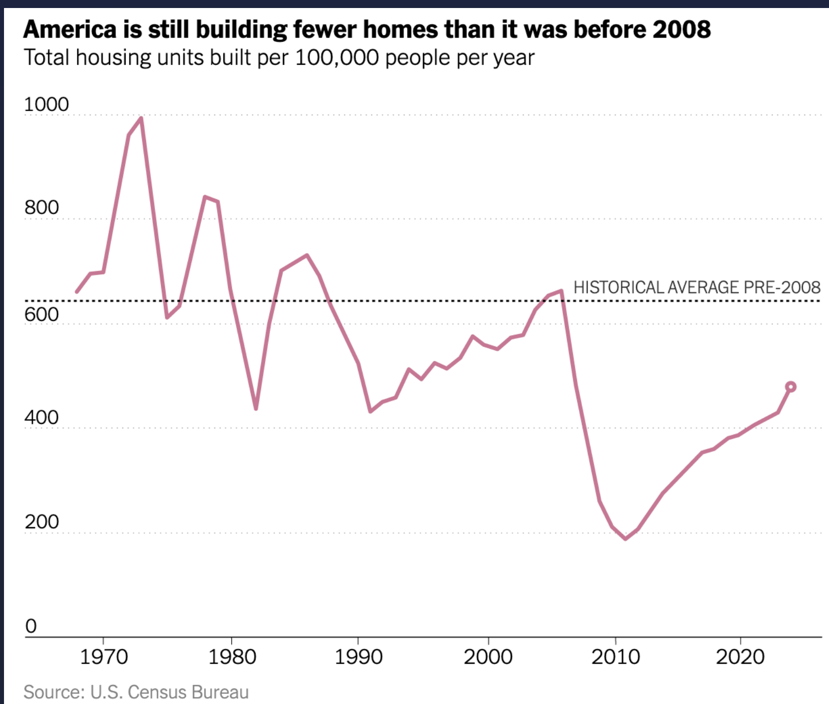


Figure 1: *"America's Housing Crisis, In One Chart", The New York Times*[10]

The U.S. is facing a critical shortage of affordable housing. Across the country, we are millions of homes short of what our communities need. New construction and available inventory have failed to keep up with growing demand, and the consequences are being felt everywhere. If the U.S. housing stock had expanded at the same rate from 2000-2020 as it did from 1980-2000, there would be 15 million more housing units.[9]

This shortfall is driving up prices for renters and homebuyers, displacing families, putting homeownership out of reach, and pushing more people into homelessness. A housing shortage of this magnitude delays life milestones, limits where people can live and work, and makes it harder for employers to attract workers. It's holding back both Americans and the economy from reaching their full potential.

The housing shortage is more than a challenge for homebuyers and renters — it's a serious threat to the entire economy. It slows growth, stifles upward mobility, and constrains job creation. When housing costs rise faster than wages and supply lags behind demand, it creates a ripple effect: young workers struggle to enter the labor market, workers are pushed farther from jobs or get locked into low-paying jobs, and commutes get longer. Over time, this erodes productivity, drives regional disparities, contributes to labor-market concentration, and weakens national competitiveness.

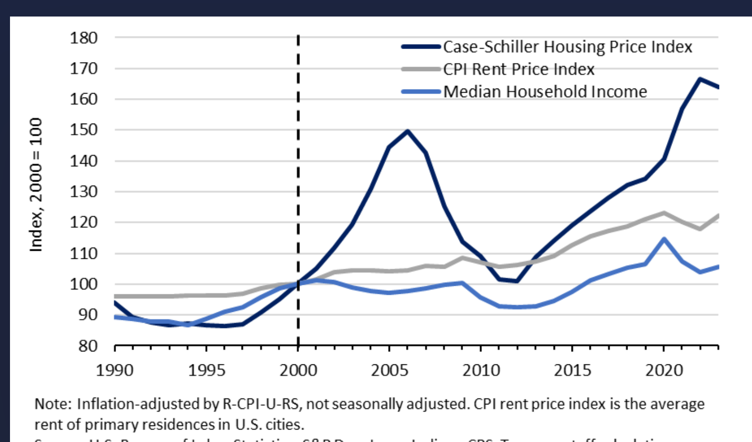


Figure 2: *"Real Housing Price, Rent, Wage Indexes," Treasury Department, Rent, House Prices, and Demographics*[11]

The impact is already visible in how younger Americans are living their lives. Soaring housing costs are causing more young adults to live with their parents or extended family. There are an additional 1 million young adults aged 22-28 that are living at home with their parents, compared to pre-pandemic trends. The choice to stay at home is estimated to result in a $12 billion drag on consumption.[12] These young adults are spending less compared to their counterparts who have moved out, by a magnitude of more than $12,000 annually.

The cost extends well beyond just reduced Gen-Z consumption. The housing shortage drains nearly $2 trillion a year in lost productivity, wages, and economic potential.[14] This is not just a crisis of housing — it's a drag on everything we're trying to build: a more dynamic economy, broader access to opportunity, and a country where more people can get ahead.

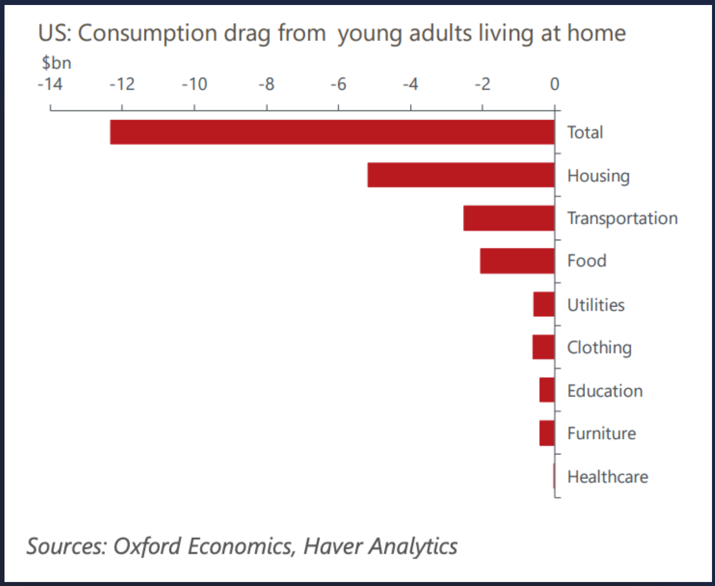


Figure 3: *"Young adults not moving out has a drag on spending", Oxford Economics*[13]

Fixing this crisis is one of the smartest investments we can make. Housing is the foundation of everything — from reducing poverty and boosting family stability, to strengthening the workforce and unlocking long-term growth. The solution is straightforward: we need to build more homes of multiple sizes and price points, from single family to multifamily homes. We do this by improving existing programs and deploying new powerful tools. And we need to start now.

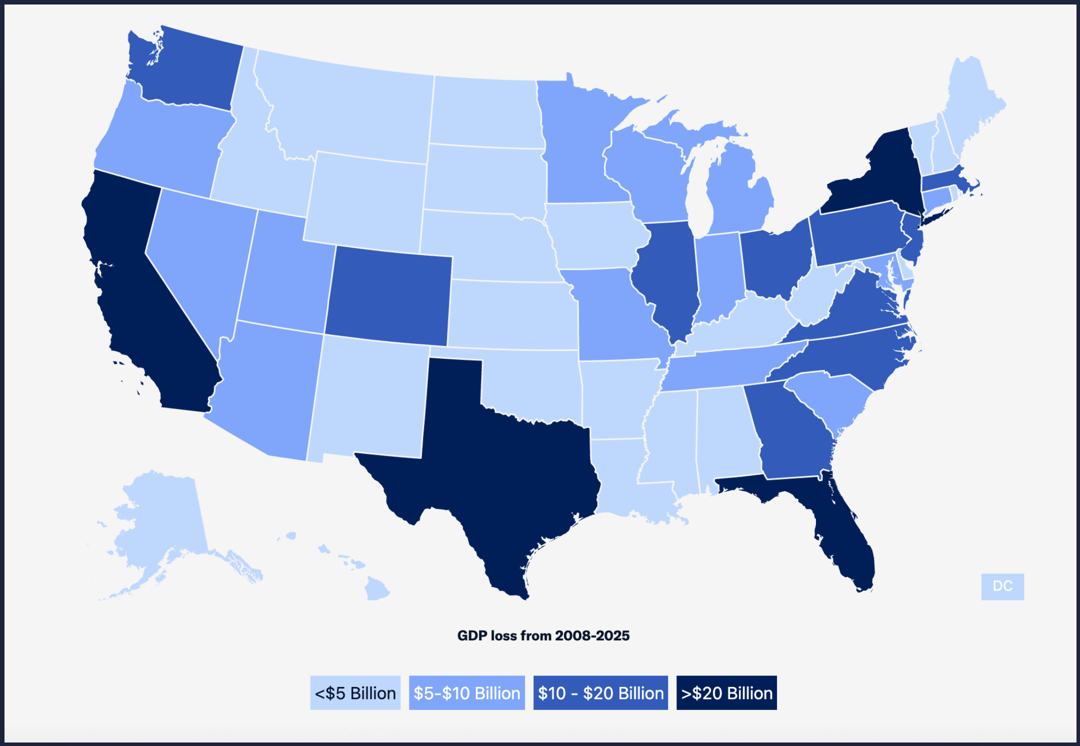


Figure 4: *"The Economic Impact of the Housing Shortage", U.S. Chamber of Commerce, The State of Housing in America*[15]

RECOMMENDATIONS

1. **Strengthen and expand private investment in the development and preservation of affordable housing.** Expand the Low-Income Housing Tax Credit (LIHTC), our nation's most successful tool for encouraging private investment in the development and preservation of affordable housing and make it easier to use. Reforms should protect and build upon the 12 percent LIHTC allocation increase and reduction in the private activity bond-financing threshold. Additional reforms should increase new construction allocations, establish an Extremely Low-Income Basis Boost to incentivize development in underserved areas, and create an optional 50-year extended affordability period.

2. **Incentivize underutilized office and commercial buildings to residential conversion.** Create a federal tax credit to help finance the conversion of older, obsolete office building into residential or mixed-used properties with a dedication of units to affordable housing.

3. **Modernize the tax code to unleash housing stock.** Explore capital gains reforms to encourage homeowners to downsize, freeing up homes for younger buyers.

4. **Leverage government-backed mortgage companies to boost affordable housing in underserved markets.** Regularly reevaluate and as necessary, increase the annual LIHTC investment limits for Fannie Mae and Freddie Mac to unlock more funding.

5. **Align federal housing finance tools with 21st-century market realities.** Review and revise loan limits across Federal Housing Administration (FHA) programs to ensure alignment with current construction costs, market conditions, and housing needs. This modernization effort would help ensure that federal housing financing remains a relevant and effective tool in addressing today's housing challenges.

6. **Expand access to financing for accessory dwelling units (ADUs).** Often called casitas, granny flats, or in-law suites, ADUs are playing an increasingly vital role in addressing the housing shortage. To support their development, offer government-backed, flexible financing options that enable homeowners to overcome financial barriers and move forward with construction.

7. **Leverage investor visa program for housing.** Reform the EB-5 investor visa program by lowering the investment threshold for housing projects and expediting processing for developments tied to project-based federal assistance. These targeted reforms would give builders, nonprofits, and local partners the tools to bring projects online faster and at lower cost, accelerating the delivery of affordable housing.

8. **Modernize federal definition of manufactured housing.** Remove the Department of Housing and Urban Development (HUD) requirement that manufactured homes be built on a permanent chassis, a rule that adds unnecessary cost and limits design and location options even though most manufactured homes

never move. Eliminating this requirement would reduce complexity and support lower-cost and faster off-site housing production.

9. **Advance construction innovation.** Provide funding for research, demonstration projects, and financing tools that help emerging building methods like prefab, modular, factory-built components, and advanced materials. Ensure quality labor standards and a wage floor for workers in new industries.

10. **Unlock underutilized federal land to address housing shortages.** Evaluate and responsibly develop suitable federal lands for residential use, particularly in land-constrained regions of the West. Prioritize sites with access to essential services including transportation, schools, and healthcare, while ensuring safeguards for community input, environmental stewardship, and affordable housing set-asides.

11. **Explore opportunities to repurpose federal properties.** Adaptively reuse non-core federal assets, including over 80 million square feet of space and more than 30,000 post offices, by converting or building new residential units on or above these sites.

12. **Unlock compatible airport-adjacent land for housing development.** Establish a pilot program to provide federal grants and technical assistance to participating communities to plan, zone, and develop housing on underutilized land near airports, particularly job-rich, transit-accessible urban parcels. The program will test approaches that enable new housing opportunities while maintaining aviation safety and protecting residents from noise impacts and will generate replicable models for broader use.

13. **Boost good-paying residential construction jobs.** Support funding for building and construction trades education by creating a competitive grant program at the Department of Labor to support expansion of labor-management apprenticeship training programs in the building and construction trades. Labor-management apprenticeship programs allow students to earn while they learn and prepare them for high-paying jobs when they graduate from the program.

14. **Attach prevailing wage protections to federal housing assistance.** Ensure that all federal support for housing development – including grants, loans, loan guarantees, bonds, and tax credits – are covered by Davis-Bacon requirements. Ensure that the Department of Labor is utilizing the three-step method for determining prevailing wage rates to ensure that prevailing wage rates reflect actual wages paid to workers in their communities instead of artificial averages paid to no one.[16] Strengthen Davis-Bacon enforcement by establishing a private right of action for workers who are not paid the prevailing wage and by restoring adequate funding for enforcement agencies, including the Department of Labor's Wage and Hour Division and HUD's Office of Davis-Bacon and Labor Standards. Quality wages will prevent attrition in the workforce that lead to project delays.

15. **Encourage the use of project labor agreements.** Ensure large-scale residential construction projects receiving any form of federal assistance have a stable worker supply to ensure projects are completed on time and on budget.

16. **Ensure construction contractors that treat their workers well can compete and innovate.** Fly-by-night contractors, subcontractors and labor brokers often underpay construction workers by misclassifying them as independent contractors while cutting corners with regard to worker health and safety. As a result, it is harder for contractors playing by the rules to compete, innovate, and grow. This situation means that high-road construction contractors find it hard to invest in long-term productivity gains that benefit homebuyers. Reforms should include addressing worker misclassification and ensuring the IRS and DOL have the proper authorities and funding to support workers.

17. **Spur more competition in the homebuilding market through the tax code.** Create tax credits and increase the start-up deduction for small homebuilders seeking to enter the market to better afford equipment, marketing materials, and other start-up expenses. Reducing concentration in the homebuilding market will spur housing construction and reduce prices.

PILLAR 2

CLEAR THE PATH

Clear the path to ***smarter, faster*** homebuilding

The federal strategies outlined in Pillar I will meaningfully increase housing production across America, but their success hinges on state and local governments modernizing regulations and processes on the ground. Building more housing is like running a relay race. Federal, state, and local governments each carry the baton at different stages, working together toward the shared goal of overcoming decades of underbuilding. The housing relay stalls when barriers appear at both ends of the track—federal processes that delay projects and state and local rules that prevent them from breaking ground.

Pillar 2 outlines significant ways that the federal government can streamline its own processes, reduce regulatory delays, and provide incentives—but states and localities must meet us halfway by updating zoning, permitting, and land-use policies and meeting tangible housing-production goals. Every runner in a relay is only as strong as the one before and after them; likewise, federal incentives and local action must align to accelerate housing production.

The State and Local Challenge

Zoning and land-use regulations shape housing availability and affordability. What began as efforts to promote public safety, environmental objectives, and aesthetic goals has evolved into a web of rules that now constrains construction and reduces housing supply. Local regulations have become increasingly restrictive, creating cumulative barriers that have escalated into a national crisis.

Zoning ordinances that restrict density, mandate excessive parking requirements, prohibit mixed-use development, or impose prohibitive setback and lot size minimums directly choke off housing supply and inflate construction costs. Single-family exclusive zoning—which prohibits missing middle housing like duplexes, townhomes, and apartments in large residential areas—has become particularly problematic, limiting development of more affordable housing types and perpetuating segregation by income and race. Approximately 75 percent of land in U.S. cities is zoned exclusively for single-family homes.[17] Nearly a third of U.S. neighborhoods qualify as "rental deserts," where rental units make up less than 20 percent of the local housing stock.[18]

Beyond explicit restrictions, discretionary review processes and subjective design standards give communities broad authority to delay or deny

Illustration courtesy of Opticos Design projects, even when they technically comply with zoning codes. This uncertainty inflates financing costs, keeps capital on the sidelines, and keeps shovels from hitting the ground.

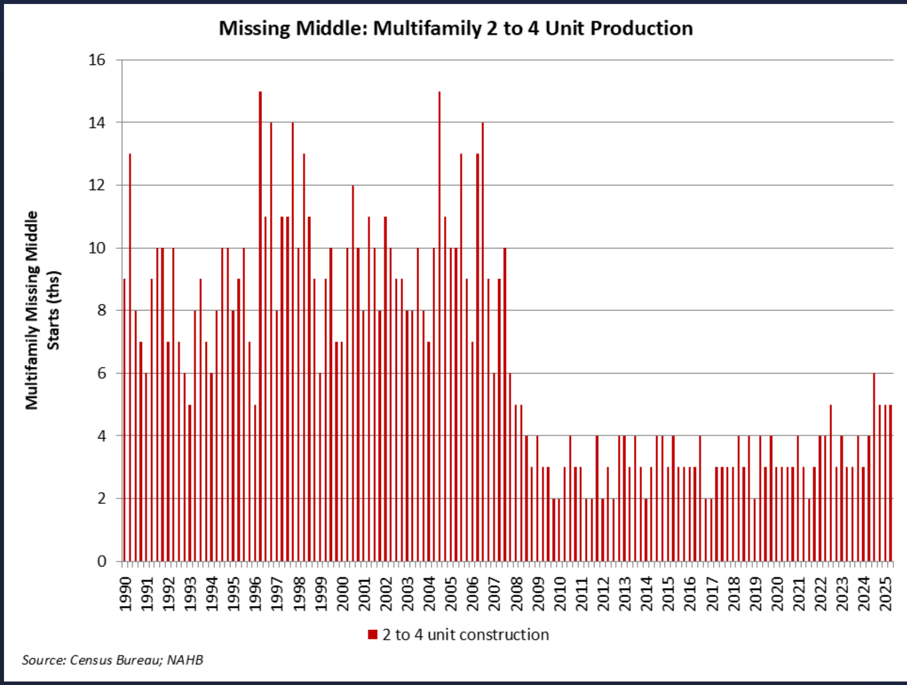


Figure 5: *"Multifamily Missing Middle Trends," National Association of Home Builders*[19]

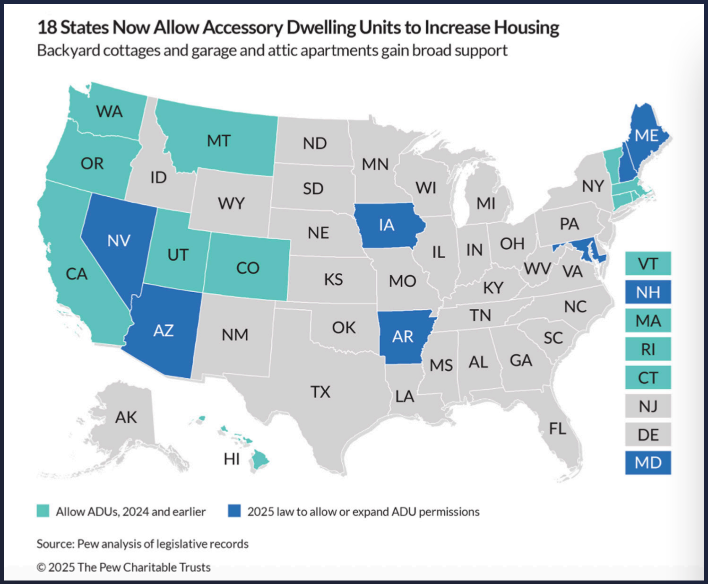
The permitting process compounds the problem. Many jurisdictions lack capacity to process applications efficiently, resulting in backlogs stretching months or years. Fragmented review processes require developers to navigate multiple agencies with overlapping jurisdictions and sometimes contradictory requirements. Impact fees and exactions have grown substantially, adding tens of thousands of dollars per unit to development costs. The lack of clear timelines and predictable outcomes makes financing difficult to secure and increases carrying costs during approval periods. For smaller developers and community-based organizations, these barriers can be insurmountable, concentrating housing production among a shrinking number of large developers who can navigate complex regulatory environments and absorb extended timelines.

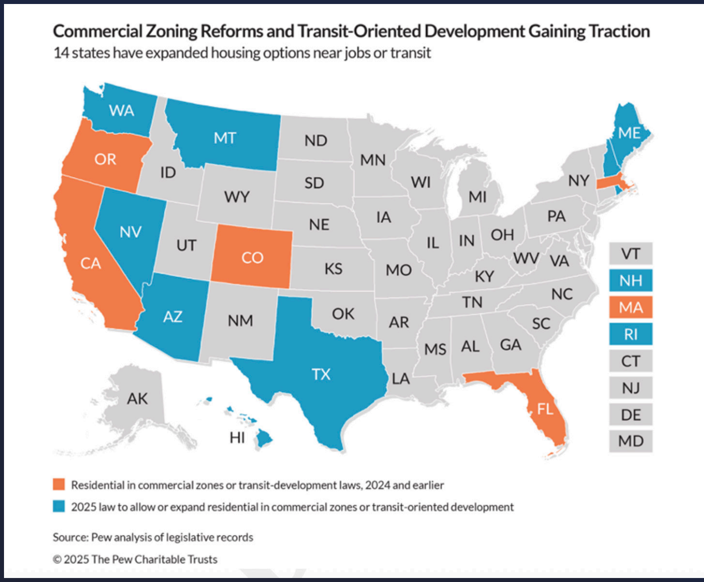
Encouraging State Reforms

The good news is, there are bipartisan state partners who are stepping up to the challenge and their practical reforms offer a roadmap for others. They are confronting Not-In-My-Back-Yard (NIMBY) opposition to development in creative and courageous ways. Several localities have legalized accessory dwelling units—small secondary homes on single-family lots—allowing homeowners to add rental units without changing neighborhood character.[20] Others have adopted builder's remedy provisions that streamline approval for projects including significant affordable housing components, allowing developers to bypass lengthy local review processes when they commit to affordability requirements.[21]

Several states have established housing production targets with accountability mechanisms, requiring municipalities to plan for their fair share of regional housing needs and report progress regularly.[22] When localities fail to meet these obligations, some states allow developers to seek expedited approvals or challenge exclusionary regulations. Transit-oriented development policies in multiple states now allow or require higher-density zoning near major transit stops, recognizing that proximity to transportation infrastructure makes density both feasible and beneficial.[23]

Administrative reforms are also gaining traction. Some states have created shot clocks that limit permitting timelines, requiring localities to approve or deny applications within specified timeframes or face automatic approval. Others have reduced parking mandates, recognizing that excessive parking requirements increase costs and consume land that could house people.[24]





Figures 6 and 7: *"State Legislatures Make Bipartisan Breakthroughs on Policies That Promote Housing," Pew Charitable Trusts*[61]

The Federal Role: Incentives, Resources, and Leadership by Example in Clearing Barriers

The federal government cannot directly rewrite local zoning codes or streamline municipal permitting processes, but it can create powerful incentives for reform, provide resources to support modernization efforts, and most importantly, fix its own broken processes first.

Fix Federal Processes

If we're asking states and localities to reform, the federal government must lead by example and address its own regulatory barriers. Outdated federal regulations and cumbersome approval processes add months or years to completing housing developments. Environmental reviews, historic preservation requirements, and other mandates, while serving important purposes, often lack the flexibility needed to respond to urgent housing needs.

The costs are staggering. The median time to complete environmental impact statements under the National Environmental Policy Act (NEPA) is 3.5 years, adding years of carrying costs and uncertainty to housing projects.[25] When most people look at the price of a new home, they think of obvious costs like land, materials, and labor. But regulatory costs at all levels of government account for nearly a quarter of the final price—23.8

percent or $93,870 on an average single-family home. In multifamily developments, that figure rises to 40 percent.[26]

To be clear, this isn't a free-for-all to forgo the health and safety of residents, workers, the environment, or the integrity of buildings or communities. Nor is this a directive to undermine critical Buy America laws that ensure the production of quality made-in-America materials and support good manufacturing jobs. Far from it: as stated in Pillar 1, the federal government must dramatically improve labor and onshoring protections, union engagement, and health and safety enforcement for workers. Safety, middle class construction and manufacturing jobs, and affordability should not conflict. In fact, reducing the real barriers that cause construction delays will unleash a housing construction boom that creates jobs, boosts construction sector innovation, and raises wages for skilled residential construction workers. Partnerships with unions, such as Project Labor Agreements, have been proven to reduce labor shortages, cost overruns, project delays, and total project costs.[27] Unions and government agencies should work hand-in-hand to streamline regulations to create a pro-worker housing boom.

Federal agencies must modernize their review processes, establish clearer timelines, and create streamlined pathways for projects that meet core standards while expediting approval in high-need areas. By demonstrating that efficient regulation and important protections can coexist, the federal government earns the credibility to encourage similar reforms at the state and local level.

Create Powerful Incentives for State and Local Reform

By tying certain federal funding streams to meaningful regulatory reform, the federal government can encourage states and localities to remove unnecessary barriers while respecting local control. Financial incentives should reward measurable outcomes, not just process changes. Jurisdictions that demonstrably increase housing production—particularly affordable housing in high-opportunity areas—should receive preferential access to federal infrastructure funding, community development grants, and other discretionary programs. Communities that persistently obstruct housing development despite clear regional needs may face accountability measures, such as reduced federal support or requirements to develop concrete plans for increasing supply.

Provide Resources and Technical Support

Many smaller communities lack the expertise or resources to overhaul their development regulations, even when local leaders recognize the need for change. Federal agencies can provide model codes, planning tools, and direct support to help jurisdictions modernize their approaches. By sharing best practices from communities that have successfully increased housing production, the federal government can accelerate reform and help localities avoid common pitfalls.

This coordinated approach acknowledges that while local variation and experimentation are valuable, the status quo of exclusionary zoning and indefinite delays is unsustainable. The housing crisis requires action across all levels of government, with each playing its essential role in the relay toward building more homes for all Americans. The federal government must earn credibility by fixing its own processes, then serve as a strong partner to communities ready to build. While these updates are challenging, they are achievable.

RECOMMENDATIONS

1. **Reward residents in pro-housing communities.** Create a temporary federal program that certifies jurisdictions as "pro-housing" when they meet ambitious housing-production targets, unlocking a federal rebate for all households—both renters and homeowners. This ensures residents directly benefit from local housing progress and builds support for further reform.

2. **Reward progress and respond to obstruction in local housing production.** Create a temporary federal program that certifies jurisdictions as "pro-housing" when they meet objective housing-production targets and make them eligible for a competitive grant flexible fund. Grants reward communities that show verified increases in housing supply and support scaling effective pro-housing reforms. Communities that persistently obstruct housing development despite clear regional needs may face accountability measures, such as reduced federal support or requirements to develop concrete plans for increasing supply.

3. **Reward local jurisdictions that align housing and transportation growth.** Direct the Department of Transportation to give a scoring boost in competitive transit-grant applications to jurisdictions that have adopted pro-housing policies along the project route. Prevents wasted federal transit funds on projects in areas with restrictive growth controls, prioritizing investments where affordable housing and transit ridership can grow together.

4. **Promote best practices for zoning reform.** Direct HUD to publish guidelines and best practices for zoning, permitting, and land-use policies to serve as a practical starting point for state and local jurisdictions seeking to revise outdated laws, ordinances, and regulations that restrict housing development.

5. **Streamline environmental reviews for certain housing-related activities.** Create targeted exemptions from NEPA including small-scale construction and rehabilitation projects to reduce delays and lower administrative burdens.

6. **Targeted infill exemptions that encourage more housing and density in urban areas.** Create a targeted exemption from NEPA for urban infill housing projects that meet strict environmental and site criteria.

7. **Enhance HUD's environmental review delegation to support housing development.** Expand HUD's authority to delegate environmental review responsibilities to states, local governments, and tribal entities, enabling more localized and efficient processing. Additionally, authorize HUD to classify certain housing assistance programs as "special projects" to simplify NEPA compliance and accelerate project delivery.

8. **Simplify the rural housing regulation process.** Direct HUD and the Department of Agriculture (USDA) to conduct joint environmental reviews for housing projects receiving funding from both agencies, reducing duplicative requirements that increase costs and delay development.

9. **Increase transparency and encourage more thoughtful and inclusive development practices.** Require communities that receive Community Development Block Grant (CDBG) program funds to submit to HUD information regarding their implementation of certain land-use policies, such as policies for expanding high-density single-family and multifamily zoning.

10. **Make the CDBG and HOME programs easier to use.** Streamline and modernize the regulations for the HOME and CDBG programs, the nation's largest annual block grants supporting affordable housing supply, without weakening labor safeguards. These block grants haven't been substantively updated by Congress since the 1990s. Reduce administrative burdens for grantees, provide greater flexibility for community development organizations building new homes, and cut red tape to increase the number of affordable units produced per federal dollar invested.

PILLAR 3
LOWER HOUSING COSTS

Lower housing costs and *keep Americans housed*

Increasing supply and breaking down barriers goes a long way. But it takes time and Americans need immediate relief from decades of underbuilding. Our response to the housing affordability crisis must include additional assistance to help families afford homes and rents, keep roofs over their heads, and prevent eviction and homelessness.

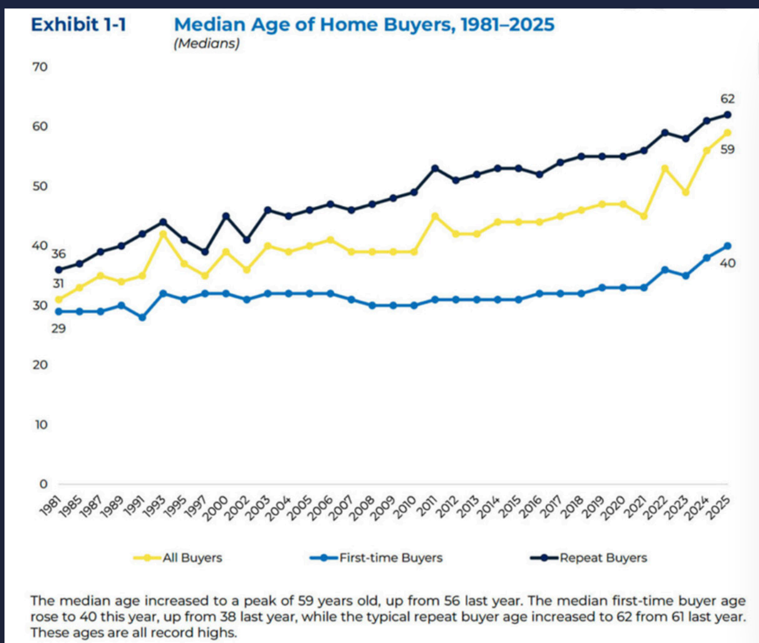


Figure 6: *"2025 Profile of Home Buyers and Sellers," National Association of Realtors*[34]

Homebuying Costs Continue to Rise

	2021	2023	2024
Interest Rate (Percent)	2.96	6.81	6.72
Median Home Price (Dollars)	357,100	394,100	412,500
Downpayment & Closing Costs	23,210	25,620	26,810
Total Monthly Costs	2,050	3,150	3,270
Mortgage Payment	1,445	2,480	2,570
Other Costs	600	670	700
Required Annual Income	79,330	121,860	126,670

Notes: Closing costs assume a 3.5% downpayment and 3% additional fees. Mortgage payments are based on a 30-year fixed-rate loan. Other costs include 1.15% property taxes, 0.35% property insurance, and 0.55% mortgage insurance fees. Required annual income assumes a 31% debt-to-income ratio. Source: JCHS tabulations of Freddie Mac, Primary Mortgage Market Surveys; NAR, Existing Home Sales.

Figure 7: *"The State of the Nation's Housing 2025," Harvard University Joint Center for Housing Studies*[35]

Homeownership Slipping Out of Reach

The share of first-time buyers in the market has contracted by 50 percent since 2007.[28] First-time homebuyers now make up just 21 percent of all home purchases, a historic low, and the typical first-time buyer is now 40 years old.[29] Today's would-be first-time buyers are locked out of building housing wealth and will likely have fewer opportunities for economic mobility as a result.

Why? First-time homebuyers increasingly cite the inability to afford a down payment as the primary barrier to purchasing a home.[30] A buyer needs $26,800 for a 3.5 percent down payment on a median priced home—an amount only 12 percent of renters possess.[31] For a 20 percent down payment, they would need $95,000, which only 4 percent of renters have saved.[32] Millions of millennials—now 40 or younger—have the credit characteristics to qualify for a mortgage but lack the savings for a down payment, suggesting this really is one of the major barriers standing between them and homeownership.[33]

Rents are Crushing American Families

For those unable to buy, the rental market offers little refuge. The number of cost-burdened renter households – meaning they pay more than a third of their income on housing costs – hit a record high of 22.6 million, including a record 12.1 million severely burdened households spending more than half their incomes on housing costs.[36] While households with lower incomes constitute the bulk of burdened renters, the strain is creeping up the income ladder: burden rates were over 70 percent for renters earning $30,000 to $44,999 and rates doubled to more than 45 percent for renters earning $45,000 to $74,999.[37]

Nationwide, there are only 35 affordable and available rental homes for every 100 extremely low-income renter households.[38] The shortage is acute: while new construction has added units, much has been at the luxury end of the market. The number of higher-rent units has increased dramatically while the number of lower-rent units has fallen substantially, leaving working families competing for an ever-shrinking pool of affordable options.

Americans are choosing between paying rent and eating, between keeping a roof overhead and getting medical care. To put it succinctly: the rent is too damn high.

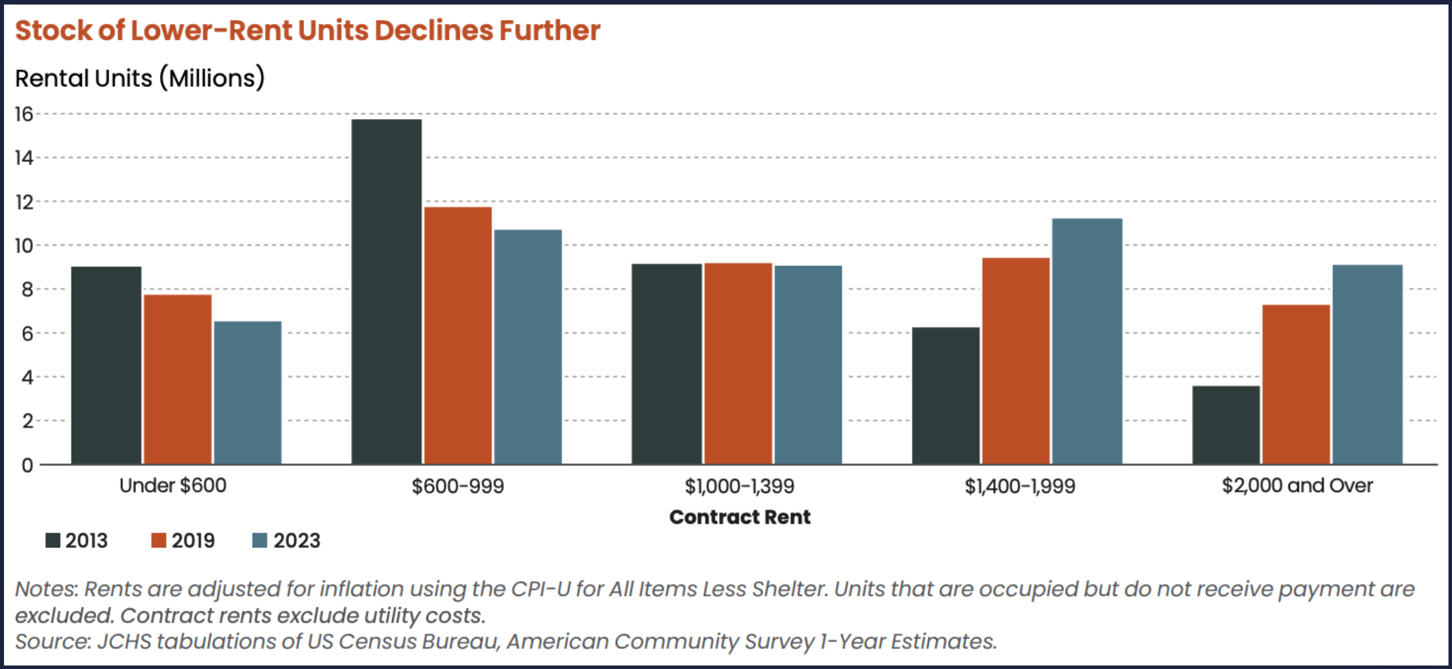


Figure 8: *"The State of the Nation's Housing 2025," Harvard University Joint Center for Housing Studies*[39]

Homelessness is Surgin

The connection between housing costs and homelessness is direct and undeniable. When families can't afford to buy and can't afford to rent, the result is predictable and tragic: more Americans are ending up on the streets. Homelessness increased 18 percent in 2024, from 653,104 people to 771,480 people—the highest number ever recorded.[40] Nearly 150,000 children experienced homelessness on any given night in 2024, a 33 percent increase from the previous year.[41] These aren't statistics. They're kids missing school, sleeping in cars, moving from shelter to shelter, experiencing trauma that will follow them for years.

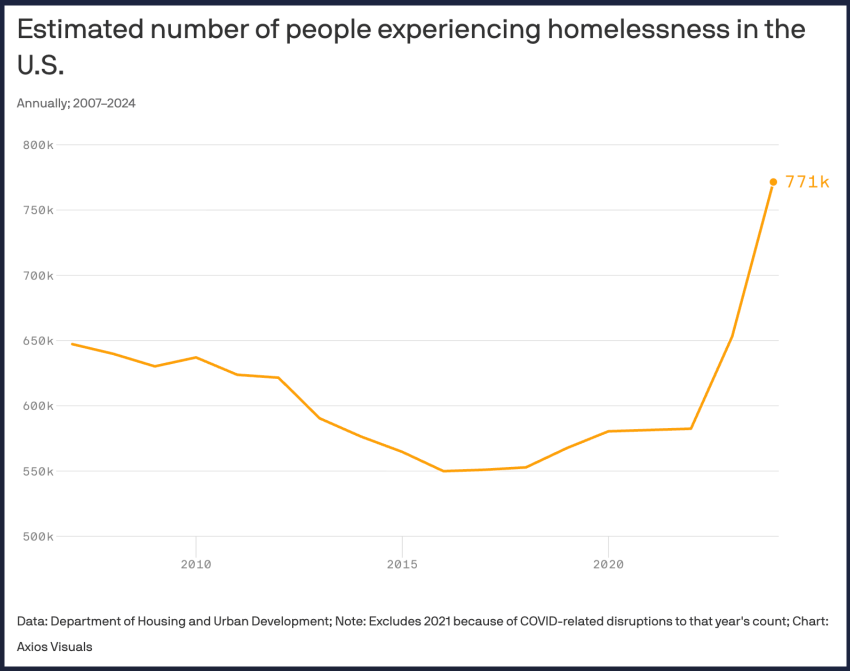


Figure 9: *"Estimated Number of People Experiencing Homelessness in the U.S.," Axios*[42]

Rather than addressing sky-high rents, the primary driver of homelessness, the Trump administration has enacted policies that will be devastating for the nation's most vulnerable populations. The administration has unlawfully attempted to gut funding for evidence-based Housing First programs that successfully kept people off the streets for decades. The administration's efforts to slash over half of existing funds for permanent housing programs and establish arbitrary funding caps force communities to abandon proven solutions and shift resources toward temporary shelters and transitional programs that have repeatedly failed to end homelessness. The consequences are immediate: 170,000 people face losing their housing, including chronically homeless seniors and disabled individuals who have been stably housed for years.[43]

The following recommendations address each piece of the affordability puzzle by expanding pathways to homeownership, reducing rental cost burdens, and restoring effective homelessness prevention programs.

RECOMMENDATIONS

1. **Establish reduced down payment pilot program.** Test lowering FHA down payment requirements from the current 3.5 percent to zero or one percent for credit-worthy, first-time homebuyers who struggle to save but demonstrate reliable rent payment history. Include volume limits to protect FHA's financial stability, with a mortgage insurance surcharge ensuring the program is self-funding.

2. **Establish a home loan program for teachers and first responders.** Create a new Federal Housing Administration (FHA) loan program to make homeownership more accessible for law enforcement officers, firefighters, EMTs, paramedics, and pre-K through 12 teachers who are first-time homebuyers. The program would eliminate down payment requirements and monthly mortgage insurance premiums, while requiring an upfront mortgage insurance premium to ensure the program's solvency.

3. **Restore robust oversight of the $13 trillion consumer mortgage market.** Undo the Trump administration's illegal efforts to defang, deplete, and defund the Consumer Financial Protection Bureau (CFPB) which is the primary regulator of the consumer mortgage market. CFPB serves as the cop on the beat, preventing predatory lending by enforcing ability-to-repay and qualified mortgage standards that protect borrowers from unaffordable loans, excessive fees, deceptive terms, and risky loan features.

4. **Address bulk acquisitions of homes by institutional investors.** Establish tax penalties and limit tax breaks for large institutional investors and hedge funds acquiring single-family homes. Discourage Wall Street from converting starter homes into permanent rental stock, preserving homeownership opportunities for families.

5. **Crack down on price-fixing and rental market collusion.** Ban algorithmic rent-setting schemes that enable landlord collusion. Direct the FTC and DOJ to investigate and prosecute companies that provide algorithmic tools designed to suppress competition.

6. **Establish a first-time homebuyer tax credit.** Establish a refundable tax credit worth up to 10 percent of a home's purchase price – up to a maximum of $15,000 – for first-time homebuyers.

7. **Modernize federal savings incentives for first-time homebuyers.** Adjust federal home-buying incentives to catch up to the reality of housing prices by increasing the outdated Individual Retirement Account (IRA) tax exception withdrawal limit from $10,000 to $50,000 for first-time homebuyers.

8. **Fight bias in home appraisals and address nationwide shortage of licensed home appraisers.** Enhance appraisal transparency, fairness, and workforce development, including the Reconsideration of Value process and measures to strengthen the appraisal profession.

9. **Inform veterans and surviving spouses of VA home loan eligibility.** Require mortgage applications to inform veterans and surviving spouses that they may be eligible for a VA home loan, aiming to boost awareness and use of this underutilized benefit.

10. **Expand rental assistance to meet growing demand and areas of greatest need.** The current Housing Choice Voucher program allocation system relies on outdated population calculations from the 20th century. Update the voucher allocation formula to reflect current data. Authorize new funding to significantly expand voucher availability nationwide, prioritizing communities—both urban and rural—with the greatest housing affordability challenges.

11. **Increase housing choices and landlord participation for voucher holders.** Remedy the decline in landlord participation in the Housing Choice Voucher program that leaves 40 percent of voucher holders unable to find an eligible unit with a willing landlord. Provide funding to enable public housing authorities to offer signing bonuses to landlords with units in low-poverty areas, provide security deposit assistance to tenants, and retain dedicated landlord liaisons on staff. Remove duplicative inspection requirements and encourage reforms to promote the number of neighborhoods where vouchers are used.

12. **Restore strong tenant protections and reverse Trump-era rollbacks of fair housing enforcement and grants.** Ensure full enforcement of the Fair Housing Act, the landmark civil rights law that has prohibited housing discrimination for nearly six decades. Restore adequate funding and support for the Office of Fair Housing and Equal Opportunity (FHEO) to investigate and prosecute the estimated 34,000 annual complaints against landlords, real estate agents, and lenders, who discriminate based on race, religion, gender, family status, or disability. Reinstate Fair Housing Initiatives Program (FHIP) grants dismantled by the Trump administration—the only federal grant program dedicated to supporting private partnerships in preventing housing discrimination.

13. **Restore permanent housing as the solution to homelessness.** Ensure predictable, multiyear support for HUD's Continuum of Care program, which serves more than 750,000 veterans, unaccompanied youth, people with disabilities, victims of domestic violence, and other struggling Americans across the country. Safeguard permanent housing funding from the Trump administration's harmful attempts to shift resources toward transitional housing programs that have proven ineffective.

14. **Restore federal support for proven disability benefits assistance.** Reverse the Trump administration's abrupt elimination of funding for the SOAR (SSI/SSDI Outreach, Access, and Recovery) program, which helps disabled and homeless individuals access the benefits they're entitled to. SOAR-trained caseworkers assist veterans, people with severe mental illness, and other disabled individuals in navigating the complex disability application process—resulting in a 65 percent approval rate, more than double the national average.

15. **Get homeless disabled veterans into housing.** Permanently exclude veterans' disability payments from annual income for housing assistance eligibility purposes under the HUD-VASH program.

16. **Expand housing support for National Guard and Reserve Members.** Extend HUD-VASH housing voucher eligibility to National Guard and Reserve members who serve their communities through state activations but lack sufficient federal active duty time to qualify for traditional VA benefits. Ensure wraparound case management services tailored to Guard/Reserve-specific challenges like employment instability.

17. **Address the housing needs of Native communities.** Reauthorize the Native American Housing Assistance and Self-Determination Act and streamline Indian Community Development Block Grant program requirements without weakening labor standards to increase flexibility for tribes to set their own program standards and priorities. Require HUD to respond more promptly to tribal requests for approvals and waivers, ensuring communities can address urgent housing needs without bureaucratic delays.

PILLAR 4

FUTURE-PROOF HOMES

Future-proof our homes and communities

Extreme weather events are accelerating the nation's housing crisis and exposing the fragile state of the aging housing stock, infrastructure, and insurance markets. Communities across the U.S. are experiencing rising temperatures, expanding flood zones, escalating wildfire risk, and increasing damaging hurricanes. In 2024 alone, the U.S. experienced twenty-seven distinct billion-dollar disasters, totaling over $182 billion.[44] Homes that were once safe and affordable are now more vulnerable to extreme weather, more costly to maintain, and more difficult to insure. Pillar 4 outlines recommendations to ensure families are financially stable and communities are resilient in the long-term.

Rehabilitation of Aging Homes and Infrastructure

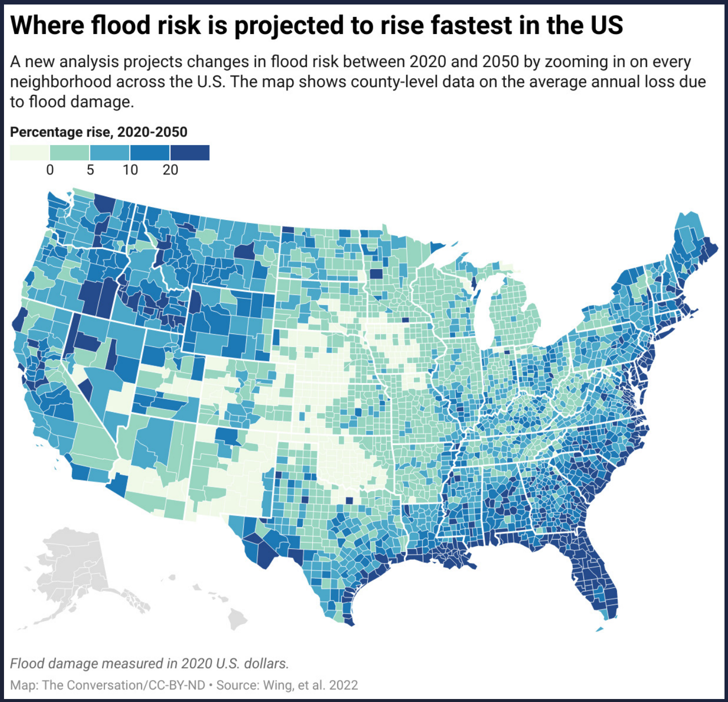


Figure 10: *Projected Annual Loss from Flood Damage from 2020-2050*[48]

The existing housing stock must be rehabilitated and weatherized to sustain extreme weather conditions. Currently, about half of homes in the U.S. were built before 1980.[45] These older homes often have inadequate insulation and cooling systems, increasing utility costs and putting vulnerable populations at risk as extreme heat intensifies.[46] In addition, America's outdated and underinvested water infrastructure is under stress, putting 450,000 affordable housing units located in flood prone areas at risk.[47]

The federal government offers support to repair and upgrade homes for weather resilience and lower energy costs. The Department of Energy's Weatherization Assistance Program (WAP) provides up to $3,200 per year for home energy efficiency upgrades and weatherization. These improvements include window replacement, heating and cooling system repairs, insulation installments, air sealing measures, solar screen installation, ventilation improvements, and door and window replacements, among other measures.[49] These upgrades have helped more than 7.2 million families since 1976 and saved households an average of $372 in energy bills annually.[50]

Disaster Mitigation

As the frequency and severity of disasters continue to rise, homeowners are spending more to rebuild. Homeowners spent an average of $23 billion annually from 2021 to 2023 repairing damages from disasters, compared to $9 billion in 2003.[51]

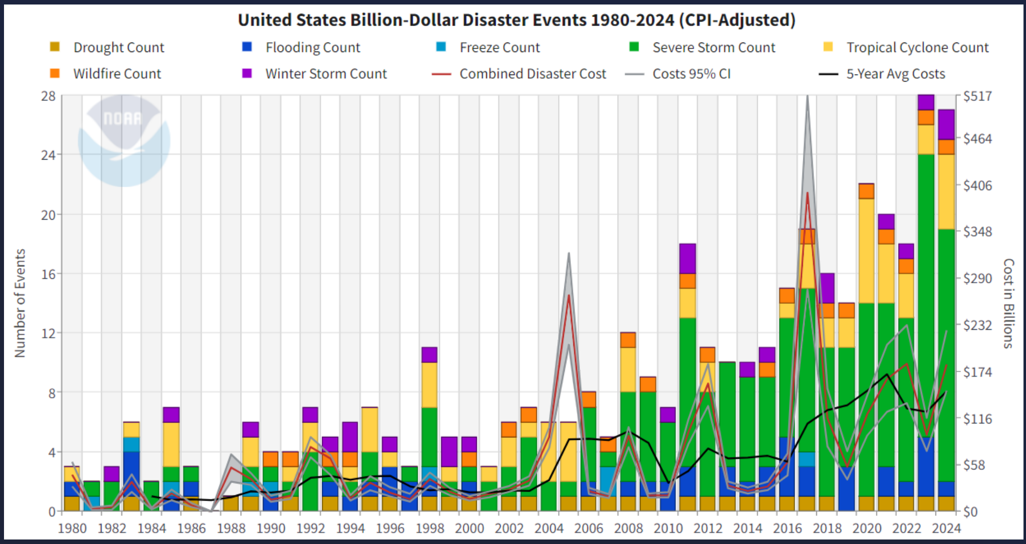


Figure 11: *NOAA Cost of Weather Disasters*[52]

Current U.S. infrastructure and building design standards do not take into account weather disaster trends.[53] Building and repairing homes with disaster mitigation measures is crucial to protecting communities. These efforts can include strengthening roofs against high winds, elevating mechanical equipment or entire homes above flood levels, and replacing exterior materials with noncombustible alternatives.[54] Disaster mitigation efforts can save up to $13 for every $1 invested. Of course, like every federally connected infrastructure preparedness and rehabilitation projects, ensuring the use of Davis-Bacon prevailing wages across Pillar 4 will help provide an abundance of skilled workers and reduce cost overruns. To ensure new housing is not built in at-risk areas and understand future trends, the federal government must invest in up-to-date data, including fully funding the National Oceanic and Atmospheric Administration (NOAA) and National Weather Service (NWS) research.

Out of Reach Home Insurance

To account for losses from disasters and high construction costs, insurance companies are raising home insurance premiums, reducing coverage, or pulling out of high-risk markets. Between 2021 and 2024, one-third of zip codes in the U.S. saw an increase in home insurance premiums by more than 30 percent.[55]

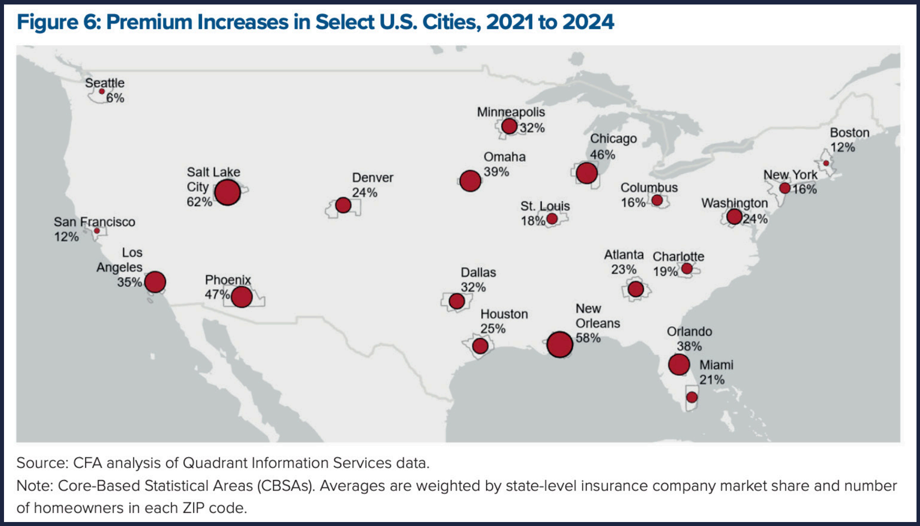


Figure 12: *Home Insurance Premium Increases in U.S. Cities, 2021 to 2024*[56]

These steep costs put pressure on families. The Federal Reserve Bank of Dallas found that for every $500 in increased home insurance, a borrower is 20 percent more likely to become delinquent on their mortgage.[57] Families left without home insurance options are forced to rely on state-sponsored insurers of last resort, which are more expensive and offer less coverage.[58] Since obtaining insurance is necessary to secure a mortgage, the affordability and accessibility of home insurance can dramatically reduce home value, impacting the financial mobility of families who are forced to sell their homes.[59]

For many Americans, home ownership offers a pathway for wealth creation. The following recommendations ensure that a family's greatest asset, their home, can withstand disasters of tomorrow.

RECOMMENDATIONS

1. **Invest in pre-disaster mitigation funding.** Reinstate and fund the Building Resilient Infrastructure and Communities (BRIC) grant program within the Federal Emergency Management Agency (FEMA). The BRIC program, canceled by the Trump administration, provided federal funding for disaster mitigation projects such as flood control systems, wildfire prevention, and stormwater management upgrades.

2. **Invest in home weatherization and energy efficient upgrades.** Reauthorize the Weatherization Assistance Program (WAP), which expired in 2025, and increase funding to help families improve their homes' energy efficiency and save energy costs by adding insulation, sealing windows, and wrapping water pipes.

3. **Support families in preserving their homes.** Launch a national home repair program that provides grants and loans to low- and moderate-income homeowners and small landlords for critical repairs and upgrades. By investing in repairs now, we preserve existing housing units, prevent costly displacement, and extend the life of homes.

4. **Invest in updated water solutions for communities.** Provide grant funding for community water systems to purchase and implement new water technologies, including those that can identify water loss, examine pipe integrity, detect leaks, and prepare for severe weather.

5. **Encourage hazard mitigation.** Provide grants for individual mitigation efforts to help offset rising home insurance premiums.

6. **Reduce the cost of home insurance premiums.** Deduct home insurance from federal taxes and incentivize states to require home insurance discounts for mitigation efforts proven to decrease losses.

7. **Fund quality climate data.** Reject the Trump Administration's proposed budget cuts to National Oceanic and Atmospheric Administration (NOAA) and fully fund the agency's climate data and research to understand developing climate risks. This data is crucial for the safety of communities and for insurers to accurately assess loss risk.

8. **Study wildfire impacts on home insurance.** Direct a federal study to assess the extent of growing wildfire risks in the U.S., existing homeowners' insurance coverage for wildfire damages, and responses from private insurers and state agencies. Establish a national wildfire risk map.

9. **Establish stable funding for low-income communities recovering from disaster.** Permanently authorize and reform HUD's Community Development Block Grant Disaster Recovery (CDBG-DR) program and establish a Disaster Recovery Fund to expedite recovery to ensure faster, more reliable disaster recovery funding.

10. **Preserve federal standards to prevent damage from floods.** Uphold the Federal Flood Risk Management Standard (FFRMS), which requires federally funded projects to be located out of flood risk areas or constructed to reduce the effects of current and future flood hazards.[60] In March 2025, the Trump Administration revoked implementation of FFRMS requirements.

CONCLUSION

America's housing crisis did not emerge overnight, and it will not be solved by any single policy or level of government acting alone. But make no mistake: this crisis is solvable. We have the tools, the resources, and the knowledge to build our way out of this shortage and restore the promise of affordable, stable housing for every American. What we need now is the political will to act with the urgency and scale this moment demands.

The framework outlined in this report represents a comprehensive, all-of-the-above approach to addressing every dimension of the housing affordability crisis. By building more homes across all income levels, clearing regulatory barriers that slow development, providing immediate relief to struggling families, and future-proofing our communities against rising costs and disaster risks, we can fundamentally reshape the housing landscape in America. These four pillars work in concert: increased supply brings down costs over time, while direct assistance keeps families housed today. Smarter regulation accelerates construction, while resilient building standards protect long-term value. Each recommendation reinforces the others, creating a virtuous cycle of expanded housing opportunity and strengthened communities.

The stakes could not be higher. Housing affordability affects every aspect of American life from economic mobility and job creation to family stability and child development. When working families spend half their income on rent, when young people delay starting families because they cannot afford homes, when teachers, firefighters, and construction workers cannot afford to live in the communities they serve, we are not just failing to meet a basic need. We are undermining the foundation of the American Dream itself. But if we implement policy choices outlined in this plan we can ensure that every American, regardless of income or background, has access to safe, affordable housing.

Whatever part of this plan caught your interest is something that I want to work with you on. We can unlock economic growth, create millions of good-paying jobs, and build communities where families can thrive for generations to come. The path home is clear. Now we must have the resolve to walk it together.

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[8] This figure reflects only those proposals with publicly available impact estimates. Many proposals contained within this plan do not yet have calculated estimates on their housing production potential and are therefore not included in this count, meaning the true potential is substantially higher than the conservative baseline of 8.5 million units.

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