

Building Affordability: A Policy Agenda for America's Housing Crisis



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Overview

Housing is central to the affordability crisis squeezing Americans nationwide. Housing costs have skyrocketed since 2000, with inflation-adjusted rents rising more than 20% and home prices up roughly 65%. Over 21 million households spend more than 30% of their income on housing. Young Americans are bearing the brunt of this crisis, with half of all voters under 30 reporting housing as their top financial concern - more than every other expense combined.

Broken markets *and* broken incomes are why housing is unaffordable for most Americans. **Broken markets** halt the development of new housing, while **broken incomes** have fallen short of rising costs, pushing existing housing out of reach for families. **A policy agenda that seeks to effectively solve this crisis must address both broken incomes and broken markets.**

We need to build more homes and we need to make sure Americans can afford the homes that exist. We can increase housing supply through incentives and innovation to fix broken markets, and strengthen tenant protections and expand cash assistance for renters to supplement broken incomes and help families make ends meet.

America's housing crisis didn't happen overnight, and it won't be fixed with a singular solution. We must address broken markets and broken incomes in tandem to achieve broader, swifter, and more effective pro-housing policy. Building more housing and protecting renters are not competing priorities. They are complementary. Supply-side reform makes tenant protections and rental assistance work better. Stronger income support means more people can actually access new housing when it is built. These pillars are foundational to creating pathways to affordable housing.

Housing challenges are location specific. Policymakers should adapt the following policies to fit the needs of their communities, taking what works, building on what exists, and prioritizing interventions that will have the greatest impact where they govern.

The solutions for housing affordability exist, as we outline on the following pages. The question is whether we have the political will to deploy them.

Fixing Broken Markets

1

Reform Land Use

End Exclusionary Zoning: The federal government should incentivize states and localities to reform restrictive zoning codes like single-family-only mandates, excessive parking requirements, and low height limits that artificially cap housing supply and drive up costs. Congress should go further than the 21st Century ROAD to Housing Act by tying incentives to measurable improvements in housing affordability.

The Blueprint in Action

Adding housing supply helps low-income renters. After Austin, TX enacted sustained zoning reform from 2015 to 2024, the city added 120,000 units (a 30% increase) and rents in older, non-luxury buildings fell roughly 11%, the steepest decline in any large U.S. metro region.

Update Building Codes: Outdated building codes raise construction costs without improving safety or accessibility. For example, American developers typically pay more than three times as much for elevator installations compared to peers in Europe who permit smaller, cheaper elevators, producing fewer small, accessible apartment buildings as a result. Reforming codes based on international best practices and evidence can lower costs and unlock more family-sized housing.

Expand Housing Public Options

Social Housing: A new federal Social Housing Finance Agency could be a public sector alternative to private equity by investing in and acquiring affordable housing developments in high-demand markets. Unlike traditional public housing authorities, it would operate through a revolving loan fund, issuing low-interest construction loans, acquiring land and completed properties, and partnering with property managers. Another non-mutually exclusive option is to allow existing public agencies to ground lease property they own for affordable development.

The Blueprint in Action

Montgomery County, Maryland's Housing Production Fund shows social housing works: it has more than 2,600 units in its pipeline as of early 2026. Cities like Atlanta and Chattanooga are now starting similar programs. Additionally, Northern California's Bay Area Rapid Transit system has facilitated 4,232 units of housing on land it owns near rail stations.

Fixing Broken Markets (cont.)

Repeal the Faircloth Amendment: A 1998 federal law effectively caps public housing at 1999 levels, halting new construction that uses Department of Housing and Urban Development funds. Congress should repeal it. There are currently only 35 affordable units available for every 100 extremely low-income families who rent. Investing in current public housing stock and building more public housing outside of concentrated high poverty areas are necessary to tackle the housing crisis.

3 Embrace Industrial Policy

Invest in Housing Innovation Productivity in the construction industry has stagnated for decades, keeping costs high and limiting how much can be built. Congress should authorize a new office within HUD to offer loans to companies working on novel and experimental multifamily housing construction techniques and technologies, like more efficient factory-built housing and mass timber construction.

Reform Federal Housing Finance High financing costs can stall projects already underway and limit future projects, but adapting existing government programs and institutions can ease financing constraints. The Federal Home Loan Bank System (FHLB) is estimated to hold a \$7 billion annual implicit federal guarantee, yet the system does little to incentivize housing production. Congress should require a share of FHLB lending flow directly to multifamily construction, particularly for so-called "missing middle" housing like townhouses, duplexes, and courtyard apartments that fall into a financing dead zone. Streamlining the Federal Housing Administration's 221(d)(4) construction program and expanding Fannie Mae and Freddie Mac's role in construction lending would unlock additional production at minimal fiscal cost.

The Blueprint in Action

Internationally, dedicated public housing finance institutions in France, Germany, Canada, and the United Kingdom have sustained high levels of housing production over long periods. Locally, MassHousing's Bringing Innovation to Lending and Development (BILD) program shows how public financing tools can reduce construction-period risk through rate locks and gap financing.

The Blueprint in Action

Fixing Broken Incomes

4 Enhance Cash and Cash-Like Support

Expand Direct Cash Assistance: Even if we fully close the housing supply gap, many Americans still cannot afford what exists. The federal government should modernize the housing choice voucher program by giving all eligible households the option to receive a universal cash grant, and mandating that the program be fully funded annually. Only about 25% of eligible households currently receive federal rental assistance. Creating a direct cash program with mandatory funding would reach families left out. Households that are homeless or severely rent-burdened should also receive a supplemental cash benefit.

The Blueprint in Action

A Philadelphia trial found that direct cash rental assistance significantly reduced homelessness and forced moves. Nationally, the federal government's COVID-era rental assistance program helped over 3 million renters stay housed.

Improve the Low Income Housing Tax Credit (LIHTC): The Low Income Housing Tax Credit has helped build or rehab nearly 4 million units since 1987. Congress should increase LIHTC funding, expand eligible development types to include mixed-income projects that can cross-subsidize affordable units, and streamline income verification requirements that stop tenants and property managers from reaping program benefits.

5 Strengthen and Enforce Tenant Protections

Stabilize Rents for Older Properties Rent stabilization should apply to all rental units more than 15 years old, capping annual increases while exempting new construction entirely. This protects existing tenants from displacement during price shocks without discouraging new housing production, because developers typically look at revenue modeling for an initial decade when considering investments.

The Blueprint in Action

California's Tenant Protection Act of 2019 capped rent hikes at either 5% plus inflation or 10% (whichever is lower), protecting renters from price shocks during the pandemic without suppressing new construction.

Prevent Evictions Without Just Cause: In many states, landlords can evict tenants without explanation. Just cause protections limit legal grounds for eviction to non-discriminatory and non-predatory causes, protecting tenants from unfair evictions with cascading economic consequences. Only 10 states currently have just cause protections. The government should develop model state legislation and incentivize adoption.