

How to Make Housing Affordable Again: Build More Homes

Housing is by far the largest single expense for most households and Americans are reeling from the worst affordability crisis in decades. A 2024 report by Harvard's Joint Center for Housing Studies found that a record-high 22.4 million households are paying more than 30% of their income on rent and that among those renters, more than 12 million are paying more than half their income on housing, also an all-time high.

And the latest housing affordability index released by the National Association of Home Builders (NAHB) shows that in the third quarter of 2024, 38% of a typical family's income was needed to make a mortgage payment on a median priced new single-family home in the United States. Keep in mind that if an owner or renter is paying more than 30% of their gross income on housing, they are cost burdened, and if they are paying more than 50%, they are severely cost burdened.

A mix of regulatory barriers, inefficient zoning rules, permitting roadblocks, ill-conceived public policy, and higher development fees are among several factors that have sent home prices soaring and put upward pressure on rents.

Over the past year, shelter inflation, which includes rent and homeownership costs, has been rising near a 5% rate – well above the overall inflation rate. With a nationwide shortage of roughly 1.5 million housing units, the only way to effectively tame shelter inflation and rein in housing costs is to build more attainable, affordable housing.

NAHB looks forward to working with President-elect Trump and the new administration to enact policies that will enable builders to increase the supply of single-family and multifamily for-sale and for-rent housing, bring down rising housing costs, and meet the needs of the American people.

With the lack of housing surpassing an inflection point, the policy recommendations in this document outline practical solutions to key issues affecting the housing industry that are acting as headwinds to increasing the nation's housing supply, including the need to:

- Extend and improve the Tax Cuts and Jobs Act;
- Fix material supply chains;
- Address the labor shortage; and
- Reform the rulemaking process and eliminate excessive regulations.