FLOURISHING FAMILIES:
HOUSING AFFORDABILITY

Making Home More Attainable

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INTRODUCTION

Housing costs exert an outsized influence on the economy and household budgets. Rising housing costs explain over one-third of the inflation rate and are regularly the main driver of rising prices across the economy.[1] In 2024, half of renters (23 million) and a quarter of homeowners (21 million) spent above the recommended 30% of their income on housing.[2] Housing costs also partly explain why unaffordability is not uniform across the country. The cost of living and taxes are consistently higher in left-leaning states,[3] driving residents toward more affordable states,[4] especially for raising a family.

BACKGROUND: *How We Got Here*

Generally, the cost of living has outpaced the growth of Americans' incomes since the pandemic due to excessive government spending and rising interest rates to combat inflation. Inflation has recently begun to recede; however, housing unaffordability is decades in the making. A fundamental matter of demand and supply, inadequate production of new homes, and limited inventory of existing homes for sale have failed to meet growing demand, pushing prices sharply higher.

Onerous government regulations on home-building, zoning and land-use restrictions, and an arduous permitting process have led to chronic underbuilding of millions of homes in recent decades.[5] Government regulations at every level add roughly $132,000 to the price of a new home.[6] Biden-era energy mandates for consumer appliances also added over $31,000 to home prices.[7] In addition, millions of existing homes are off the market due to high interest rates and potential tax bills from the inflationary gains in home values.

SOLUTIONS: *Paths Forward*

Policymakers must reduce onerous regulations to improve and expand the U.S. housing stock of existing and new homes. The passage of the recent 21st Century ROAD to Housing Act is just the beginning.[8] The federal government, states, and local governments must reform or eliminate regulations that make the home-building process protracted, complex, corrupt, and costly. Federal policymakers should end costly energy mandates on household appliances and condition federal housing grants on zoning and permitting reforms. Reforming land use regulations to allow for multi-generational living, such as accessory dwelling units, will help seniors, especially women, age in place.[9] Removing tax penalties on home value appreciation will also encourage the sales of existing homes.

LIST OF SPECIFIC BILLS

- **More Homes on the Market Act (H.R.1340):** Doubles the current exclusion levels from capital gains taxes and indexes them for inflation.[10]
- **Homeowner Energy Freedom Act (H.R.4758):** Would repeal costly energy efficiency mandates on household appliances.[11]
- **Don't Mess With My Home Appliances Act (H.R.4626):** Would repeal requirements to tighten appliance standards every six years.[12]

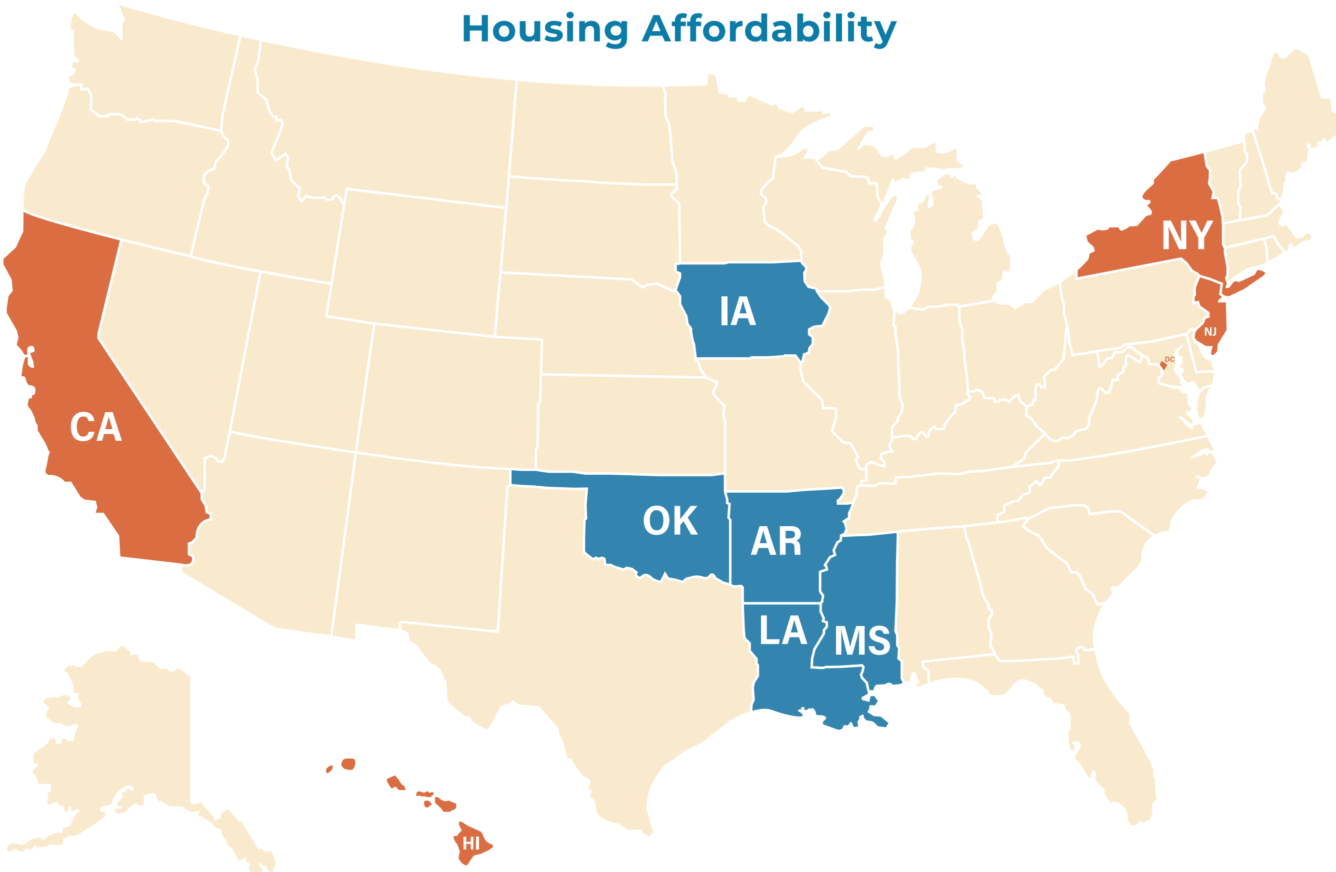
Cost of Regulations on a New Single-family Home

Cost of Applying for Zoning Approval	1.6%
Fees and Costs of Compliance	6.1%
Complying with Labor Requirements	1.6%
Standards That Go Beyond Ordinary	5%
Cost of Delay	0.6%
Change in Building Codes Over Time	6.1%
Other Regulations	2.8%
Total Cost of Regulation	**23.8%**

Regulations add up $94,000 to the cost of a new home.

Source: Paul Emrath. "Government Regulation in the Price of a New Home: 2021." *National Association of Home Builders,* May 5, 2021. https://www.nahb.org/-/media/NAHB/news-and-economics/docs/housing-economics-plus/special-studies/2021/special-study-government-regulation-in-the-price-of-a-new-home-may-2021.pdf.

Housing Affordability



5 Most UNAFFORDABLE States

*The percentage by which the cost of living **exceeds** the national average:*

California	10.7%
Hawaii	10%
District of Columbia (DC)	9.9%
New Jersey	8.8%
New York	7.9%

5 Most AFFORDABLE States

*The percentage by which the cost of living **lags** behind the national average:*

Arkansas	13.1%
Mississippi	13%
Iowa	12.2%
Oklahoma	12.2%
Louisiana	11.8%

Source: Ivana Pino. "This map shows how cost of living varies by state." *Yahoo Finance*, Apr. 15, 2026. https://finance.yahoo.com/personal-finance/banking/article/cost-of-living-by-state-map-164246259.html?guccounter=1&guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvbS8&guce_referrer_sig=AQAAAIVikUKIeBU-bYnvh1sxkgKR_NfBAusMo-Du4KjJX3p3NXgjPv_NmmN0_LCHQv1SscqL15DSm0UsX3cwFHyYlCc9HLvER-4L1qocfLPU7Xz-OtrDlZZni0fY6FIlSjlcdzHZ9DX2bzGy5unUvVo1aopmKMOgugL4gaRxHHC4isVb63.

MISPERCEPTIONS VS. FACTS

MISPERCEPTION: Rent control is a good solution to housing unaffordability.
FACT: Rent control is a failed idea that leads to counterproductive outcomes, including shrinking the supply of rental housing, reducing the quality of rent-controlled units, and worsening income inequities by empowering wealthier residents to exploit the system.[13]

MISPERCEPTION: Increasing regulations on industries is necessary to deliver safe, quality products and services.
FACT: Onerous regulations on industries from food to housing increase the costs of goods and services, often with no impact on safety. For example, state and local land-use regulations and zoning restrictions make new construction difficult, but cities that deregulated their housing industry lowered rental costs and expanded housing supply.[14]

MISPERCEPTION: Older Americans already benefit; they should not also be rewarded for selling their homes with a lower tax bill.
FACT: Increased housing values due to inflation are leading to high tax bills for longtime homeowners. In 2025, roughly one in three homeowners (around 29 million) will experience increased taxable gains when they sell their primary home.[15] That tax burden creates a "lock-in effect" for homeowners and reduces the existing housing stock for sale.

BOTTOM LINE

Families flourish when they can find affordable housing that meets their needs at every stage of life. Policymakers should reduce onerous regulations to increase the number of available existing and new homes on the market.

ENDNOTES

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