

EXECUTIVE SUMMARY

Build, Baby, Build

A Plan To Lower Housing Costs for All

By Jared Bernstein, Michael Negron, Natalie Baker, and Chad Maisel November 17, 2025

Americans from all backgrounds and politics agree: The rent is too damn [high](#), and so are home prices. Today, about [one-third](#) of American [households](#) are “[housing cost burdened](#),” meaning they spend more than 30 percent of their income on rent and mortgage payments. [Home prices](#) have risen nearly 55 percent since the start of the COVID-19 pandemic, and [rent](#) is up 35 percent over the same period—and in many of the nation’s highest-demand [housing markets](#), prices and rent are sometimes up by even more. The median first-time buyer age [increased to 40 in 2025](#), the highest on record and up from 31 in 2014, putting the American dream further out of reach, as homeownership is [the primary way](#) many Americans build wealth.

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The reason behind the United States’ affordability challenges is no mystery: America is simply not building enough homes. With a housing deficit surpassing 2 million [homes](#), federal, state, and local governments must act now.

The Center for American Progress’ plan to lower housing costs would focus the federal government’s resources toward the supply shortfall driving the housing cost crisis. It would:

- **Launch a new program to break down local barriers to new housing production.** Under the Rent Relief for Reform (R3) program, the federal government would enter into “affordability contracts” with cities, whereby communities that significantly increase housing production would unlock new federal funding to effectively freeze rental costs, while those that fail to do so would lose access to key federal grants. CAP projects that the R3 program would lower rent burden for millions of renters living in the highest-cost cities, while accelerating housing production to moderate costs in the long run.
- **Build more affordable homes at lower cost** by catalyzing innovation in construction, expanding the production of modular and manufactured housing and scaling up programs and models that will build affordable homes at a more efficient cost.

- **Protect consumers and lower other housing costs** by taking on anticompetitive and exploitative practices, exempting homebuilding materials from the Trump administration’s tariffs, and putting Fannie Mae and Freddie Mac to work to support affordable construction finance.

Overall, CAP projects that its agenda would close the U.S. housing gap of 2 million units over five years. In addition, this plan would save renters an estimated \$1,000 per year in areas of the country with high costs and low housing supply and save first-time homebuyers \$24,000 on a typical home. The CAP plan would:

Take down barriers that make it harder to build housing

- **Launch the Rent Relief for Reform (R3) program to provide rent relief to residents and push high-cost communities to remove local barriers to building and lower rents.** Under the R3 program, the federal government would enter into affordability contracts with high-cost cities to effectively freeze rent growth and rapidly increase supply. These contracts would include a mix of new resources, carrots, and sticks. The U.S. Department of Housing and Urban Development (HUD) and each jurisdiction would determine the size of the local housing supply gap to be closed over a five-year period, along with specific milestones to get there. HUD would then allocate new resources to support local planning and enable high-impact multifamily projects—ensuring every community has what it needs to succeed. If cities meet their production targets, the federal government would allocate new resources to provide relief to renters in the short term while the effects of new supply take root and moderate rental growth in the long run. Cities that fail to make reasonable progress toward their targets would lose access to discretionary federal grant programs for infrastructure, economic development, and other priorities.

Build more affordable homes at a lower cost

- **Drive innovation in housing production.** Policymakers should create a new entity, Advanced Research Projects Agency-Home (ARPA-Home), to drive innovative new building techniques and materials and leverage federal buying power to scale adoption. Further, Congress should slash outdated federal regulations, such as the so-called [chassis requirement](#), and work with states and localities to standardize building codes.
- **Make it easier to buy a manufactured home.** Fannie and Freddie should treat factory-built homes like site-built homes by providing owners with traditional mortgage-like financing.
- **Scale up successful programs that build middle-class homes at a lower cost.** The federal government should fund and scale a fast-growing model of affordable housing development pioneered in [Montgomery County](#), Maryland, where the public sectors in states and cities across the nation are acting as investors and owners to support new mixed-income developments that include homes affordable to middle-class households.

Protect consumers and lower other housing costs

- **Exempt building materials from the Trump administration's tariffs.** Building materials should be exempted from the tariffs; this could quickly reduce the costs of building a new home by [nearly \\$11,000](#) and increase homebuilding.
- **Prevent misguided Fannie and Freddie "reforms" that would increase mortgage costs.** Congress should oppose ill-considered plans by the Trump administration to take Fannie Mae and Freddie Mac out of [conservatorship](#) and open them up to private investors through an initial public offering-like process, which could cost the average homebuyer \$500 to \$2,000 per year in higher [mortgage rates](#).
- **Put Fannie and Freddie to work to speed up housing construction.** Fannie and Freddie should accelerate new construction by fostering a secondary market for construction lending.
- **Root out other pain points in housing.** Congress should eliminate "[junk fees](#)" and other bloated [expenses](#) that drive up rent and homebuying costs; ensure that homeowners can access affordable insurance; and prevent property owners from colluding to jack up prices through rent-setting [software](#).