



# **Building Opportunity: A Bipartisan Plan to Improve Housing Affordability**

## **AMERICAN HOUSING ACT OF 2025**

The U.S. housing market faces significant supply and affordability challenges. Since the Great Recession (2007-2009), the nation has experienced a deep housing deficit, with demand far exceeding supply. As a result, housing prices have skyrocketed, making rents, down payments, and mortgage costs unaffordable for low- and middle-income Americans. Regular costs incurred by homeowners—like property taxes, maintenance and improvement costs, and property insurance—have risen steadily too, making the dream of homeownership hard to achieve and sustain.

Responding to our nation's housing affordability crisis will require concerted action by federal, state, and local policymakers. Effective housing legislation can do more than improve affordability for renters and homebuyers—it can fuel national productivity, labor mobility, and economic growth. It can spark job creation, build thriving, stable communities, and make our nation safer and more prosperous.

Bipartisan Policy Center Action (BPCA) believes that addressing the nation's considerable housing challenges through a bipartisan approach is the best way to achieve durable solutions. To this end, BPCA has identified a range of evidence-based policies that strike a political balance, incorporating the best ideas from both parties. By adopting these proposals, the U.S. can help bolster its housing sector, improving access and affordability.

The first section of our legislative plan outlines policy solutions to increase the supply of affordable homes, addressing a housing shortage that significantly contributes to high housing costs. The second section features measures to preserve the existing affordable housing stock. The third section highlights solutions to help families access and afford housing.

## **GOAL #1: INCREASE THE PRODUCTION OF AFFORDABLE HOMES**

America faces a critical shortage of affordable homes, affecting cities, rural areas, and tribal communities alike. This structural deficit of homes affects both the rental and homeownership segments of the U.S. housing market. There are simply too few rental homes available and affordable to low and moderate-income households, while millions of other families cannot afford to purchase a home for the first time because of a lack of entry-level options. To bridge this gap, Congress should:

### **Strengthen the Low-Income Housing Tax Credit Program**

- **Increase LIHTC Allocations:** Expand LIHTC allocations by 50% to address the growing shortage of affordable rental housing across urban, rural, and Native American communities.
- **Maximize Affordable Housing Production:** Lower the threshold of private activity bond financing—from 50% to 25%—required to access the maximum amount of 4% housing credits. This adjustment could enable the construction of nearly 1.5 million more affordable homes over ten years.
- **Boost Support for Extremely Low-Income Households:** Provide up to a 50% basis boost for developments where at least 20% of units serve extremely low-income households (those earning 30% or less of the area median income, or AMI). This measure would expand housing opportunities for vulnerable populations, including formerly homeless veterans.
  - These recommendations are reflected in the [Affordable Housing Credit Improvement Act](#), which, if enacted, would finance nearly 2 million affordable rental homes over the next decade.

### **Establish a Tax Credit for Increasing Homeownership and Rehabilitating Owner-Occupied Homes**

- **Revitalize Struggling Communities:** Implement a federal tax credit to stimulate private investment in building and rehabilitating 500,000 homes for lower- and moderate-income homeowners over the next decade. This initiative would support urban, suburban, and rural areas facing disinvestment.

- Bridge the Affordability Gap: The tax credit would cover the difference between the building or renovation costs and market prices, making renovation and new construction possible.
  - These recommendations are reflected in the Neighborhood Homes Investment Act.

## Help Communities Remove Restrictive Regulations

- Incentivize Housing Reform: Establish a competitive grant program to support states and localities in identifying and eliminating barriers to affordable housing production.
  - This recommendation is reflected in the Housing Supply and Affordability Act.
- Track Overly Burdensome and Restrictive Land-Use Policies: Require recipients of Community Development Block Grants to report on and consider land-use policies that increase housing production.
  - This recommendation is reflected in the Identifying Regulatory Barriers to Housing Supply Act.
- Promote Best Practices for Zoning Reform: Direct HUD to provide technical assistance on zoning and land use, coordinate across federal agencies to eliminate barriers to home construction, create new grant programs, and develop standardized models and best practices for local governments.
  - These recommendations are reflected in the Reducing Regulatory Barriers to Housing Act and the Housing Supply and Innovation Frameworks Act.
- Reduce Construction Time and Costs: Create a deficit neutral pilot program at HUD utilizing already appropriated, but unobligated, COVID-19 funds. The program would award competitive grants for housing developments to communities focused on reducing construction time and costs of affordable housing by streamlining and eliminating unnecessary regulatory requirements.
  - This recommendation is reflected in the Speeding Up Production of Essential Residences (SUPER) Demonstration Act.

## Support the Preservation and Affordability of Manufactured Housing

- Amend Outdated Regulations: Amend the outdated requirement that manufacturing housing be built on a permanent chassis, potentially reducing the costs of new manufactured homes.
  - This recommendation is reflected in the Expansion of Attainable Homeownership Through Manufactured Housing Act.
- Ensure Homeowners Are Protected from Regulatory Overreach: Reinforce HUD's authority over the federal building code, which regulates the health, safety, energy efficiency, and durability of today's manufactured homes, and prohibit the Department of Energy from imposing burdensome, one-size-fits-all regulations for manufactured homes that can increase costs.
  - This recommendation is reflected in the Manufactured Housing Affordability and Energy Efficiency Act.

## Leverage Existing Programs to Expand Support for First-Time Homebuyers

- Simplify and Bolster the Mortgage Revenue Bond (MRB) program and Mortgage Credit Certificates (MCC): Enact a series of simple, commonsense reforms to the MRB and MCC programs to allow state housing finance agencies to stretch their resources and help more low- and moderate-income households.
  - This recommendation is reflected in the Affordable Housing Bond Enhancement Act.

## Expand Opportunities to Help Students Enter the Residential Construction Industry

- Support the Construction Workforce: Create a new competitive grant program at the Department of Labor to fund residential housing construction education and skills training programs at community colleges and career and technical education schools. This program would help bolster the housing workforce and address the shortage of skilled construction workers.
  - This recommendation is reflected in the Creating Opportunities for New Skills Training at Rural and Underserved Colleges and Trade Schools (CONSTRUCTS) Act.

## Assess and Remove Barriers to Innovation in Residential Construction

- Conduct a Government Study of Key Barriers: Direct the Government Accountability Office, in consultation with HUD, the Department of Energy, the National Institute of Standards and Technology, and other relevant agencies, to evaluate regulatory barriers that hinder innovation in home construction.
- Issue Recommendations to Overcome Barriers: Identify obstacles such as zoning and land-use restrictions, outdated building codes, home financing challenges, and property titling issues. Provide actionable recommendations to facilitate the adoption of cost-saving technologies and construction methods.
- Leverage Emerging Technologies: Encourage the use of modular housing, 3D printing, manufactured homes, panelized construction, and other innovative techniques that can boost housing supply and improve affordability for both renters and homeowners.

## GOAL #2: PRESERVE THE EXISTING AFFORDABLE HOUSING STOCK

Each year, the U.S. loses thousands of affordable homes to obsolescence, while thousands more convert to market rate. At the same time, the affordability restrictions of an estimated 500,000 LIHTC homes are expected to expire by the end of this decade. With demand for affordable housing exceeding the available supply, preserving existing affordable units is essential. To achieve this goal, Congress should:

## Strengthen the Long-Term Affordability Requirements in the LIHTC

- Extend Affordability Standards: Require new LIHTC developments to maintain affordability “in perpetuity” to preserve the long-term stock of affordable rental housing. Many states and localities already enforce extended affordability periods beyond the current 30-year federal requirement. Evidence suggests that extended affordability periods have had a negligible impact on investor interest in the LIHTC program.
  - These recommendations are reflected in the [Keep Housing Affordable Act](#).

## Preserve Access to Federally Assisted Housing by Permanently Authorizing the Rental Assistance Demonstration (RAD) Program and Eliminating Its Cap

- Lift the Cap on RAD Conversions: Expand the RAD program, which has received broad bipartisan support, to allow more of the 872,000 HUD public housing units—with an estimated capital needs backlog amounting to tens of billions of dollars—to convert to a Section 8 platform with long-term assistance contracts. The current cap limits conversions to 455,000 units. Public housing properties require substantial investment to remain viable. Expanding RAD will unlock private and public financing necessary for critical repairs and modernization efforts.
  - This recommendation is reflected in the ROAD to Housing Act.

## Preserve Affordable Homeownership and Rental Housing in Rural America

- Expand USDA Authorities: Strengthen USDA's ability to preserve affordable multifamily rental housing financed through its Section 515 loans. This includes restructuring existing loans, extending incentives for property owners to remain in the program, and providing resources for necessary repairs and restorations—while ensuring residents continue to receive rental assistance.
  - This recommendation is reflected in the Strategy and Investment in Rural Housing Preservation Act.
- Modernize USDA Rural Housing Program: Improve the housing programs administered by USDA's Rural Housing Service by decoupling rental assistance from maturing mortgages, permanently establishing the Multifamily Housing Preservation and Revitalization Demonstration, making permanent the Native CDFI Relending pilot program, and improving staff training and capacity within RHS.
  - This recommendation is reflected in the Rural Housing Service Reform Act.

## Allow More Families to Stay in Their Homes

- Launch a National Home Repair Program: Create a national HUD pilot program that provides grants and loans to low- and moderate-income homeowners and small landlords for essential home repairs. Years of deferred maintenance have left many homeowners and renters in unsafe or unhealthy living conditions, particularly in both rural and urban communities. Expanding access to financial assistance for repairs can help

keep families in their homes, improve overall housing quality, and provide safer housing for older adults and people with disabilities.

- This recommendation is reflected in the [Whole-Home Repairs Act](#).

### **GOAL #3 HELP FAMILIES ACCESS AND AFFORD HOUSING**

Rising housing costs have left many households cost-burdened, with an estimated 22.4 million renter households spending more than 30% of their income on housing costs. Homeownership also remains out of reach for many families because of historically high home sale prices and elevated mortgage rates. To address these challenges, Congress should:

#### **Boost Landlord Participation in the Housing Choice Voucher (HCV) Program**

- **Expand Rental Options for Voucher Holders:** Increase the number of rental units that accept HCVs in high-opportunity neighborhoods by 1) offering a signing bonus to landlords with units in low-poverty areas; 2) providing security deposit assistance; and 3) incentivizing public housing authorities (PHAs) to retain a dedicated landlord liaison to improve landlord participation and support.
  - This recommendation is reflected in the [Choice in Affordable Housing Act](#).

#### **Help Families with Young Children Through Targeted Mobility Housing Vouchers and Counseling**

- **Fund 250,000 New Housing Vouchers:** Allocate these vouchers incrementally over five years to help PHAs assist unstably housed or at-risk families with young children move to areas with access to high-performing schools, childcare, and other critical resources. Research shows that relocating to a lower-poverty neighborhood significantly improves college attendance rates and earnings for children who move to these neighborhoods at an early age.
  - This recommendation is reflected in the [Family Stability and Opportunity Vouchers Act](#).

## Preserve the Nation's Eviction Prevention Infrastructure

- Establish a Permanent Emergency Rental Assistance Program: Provide one-time assistance to families facing eviction and grants to eviction prevention programs. Research has shown that evictions destabilize families and are not just a condition of poverty, but a cause of it.
  - This recommendation is reflected in the Eviction Crisis Act.

## Meet the Housing Needs of Native Americans

- Reauthorize the Native American Housing Assistance and Self-Determination Act (NAHASDA): Reauthorize NAHASDA, which serves as the primary source of federal assistance to ensure American Indians, Alaska Natives, and Native Hawaiians have access to safe, accessible, and affordable housing.
- Make the Tribal HUD-VASH Program Permanent: Codify the Tribal HUD-VA Supportive Housing (VASH) program, which is currently a demonstration project, to provide stable housing for Native American veterans experiencing homelessness.
  - These recommendations are reflected in the Native American Housing Assistance and Self-Determination Reauthorization Act (NAHASDA).

## Ensure All Homeless Veterans Have Access to Stable, Affordable Housing

- Promote Awareness of the VA Home Loan Program: By simply informing veteran homebuyers of their eligibility for VA home loans, the program can help more veterans achieve homeownership.
  - This recommendation is reflected in the VA Home Loan Awareness Act.
- Expand Credit Options for Veterans and Service Members: Those eligible for VA housing or small business loans but lacking sufficient credit history should have greater access to financing opportunities.
  - This recommendation is reflected in the Building Credit Access for Veterans Act.
- Increase the Maximum Rate of Per Diem Payments: Entities offering services and transitional housing to homeless veterans should receive higher per diem payments to improve and support housing options.
  - This recommendation is reflected in the Return Home to Housing Act.



- Establish a New Pilot Program Within the VA Grant and Per Diem (GPD) Program: A new pilot program can create more individualized transitional homes and provide more affordable housing options for veterans.
  - This recommendation is reflected in the [Housing America’s Veterans and Ensuring They Have Needed Services \(HAVENS\) Act](#).
- Permanently Authorize VA’s Supportive Services Veteran Families Program: Very low-income veterans should continue receiving grants that help them secure housing and other assistance.
  - This recommendation is reflected in the [Supporting Veteran Families in Need Act](#).
- Permanently Authorize the Tribal HUD-VA Demonstration Program: Native American veterans experiencing or at risk of homelessness should have continued access to permanent housing and supportive services.
  - This recommendation is reflected in the [Tribal HUD–VASH Act](#).

## Ensure Resources for Homeless Youth

- Reauthorize and Strengthen the Runaway and Homeless Youth Act Program: Expand support for runaway and homeless youth by extending shelter stay limits, raising the age cap for transitional housing to 25, increasing flexibility in facility capacity, enhancing services for survivors of trafficking and exploitation, and requiring regular data collection and reporting on youth homelessness.
  - This recommendation is reflected in the [Runaway and Homeless Youth and Trafficking Prevention Act](#).

## Support Local Innovation, Self-Sufficiency, and Opportunity

- Reform and Expand HUD’s Moving to Work (MTW) Demonstration: Remove the cap on the number of PHAs that can participate in MTW and make it a permanent program rather than a demonstration.
  - This recommendation is reflected in the [ROAD to Housing Act](#).
- Ensure Continued Support for Public Housing Residents: Allow residents of properties converted to project-based subsidy contracts through the Rental Assistance Demonstration (RAD) program to keep receiving assistance through HUD’s Resident Opportunities and Self-Sufficiency grant program and the Jobs Plus Initiative program.
  - This recommendation is reflected in the [Promoting Resident Opportunities and Self-Sufficiency Act](#).

## Create a New Loan Program to Support Homeownership for Low-Income Borrowers

- Create a Wealth-Building Loan Program for Low-Income Borrowers: Establish a program to offer low, fixed-rate 20-year mortgages for first-time, first-generation homebuyers earning 120% or less of their area median income. The Treasury Department, working through Ginnie Mae, would subsidize interest rate and origination fees to ensure monthly payments remain comparable to a 30-year FHA-insured mortgage.
  - This recommendation is reflected in the [LIFT Homebuyers Act](#).

## Convert the Mortgage Interest Deduction to a Tax Credit to More Effectively Support Homeownership

- Convert Mortgage Interest Deduction to Tax Credit: By doubling the standard deduction, the 2017 Tax Cuts and Jobs Act significantly reduced the number of taxpayers who itemize, resulting in the mortgage interest deduction primarily benefiting wealthier households. Converting the mortgage interest deduction to a tax credit will benefit a larger pool of tax filers, particularly lower-to-moderate income households seeking to purchase a home for the first time. The tax credit should be nonrefundable and the acquisition debt limit, currently at \$750,000, should be adjusted for inflation. With the federal debt high and rapidly climbing, Congress should also ensure, to the extent possible, that the cost of the tax credit is equivalent to or less than the existing mortgage interest deduction.
  - Three bipartisan blue-ribbon panels—BPC’s Domenici-Rivlin Debt Reduction Task Force, the National Commission on Fiscal Responsibility and Reform (Bowles-Simpson), and the President’s Advisory Panel on Federal Tax Reform (Mack-Breaux)—have recommended converting the mortgage interest deduction to a tax credit. The National Association of Home Builders has also made a similar suggestion.

## Offer a Tax Credit to Property Owners that Lease Units at a Reduced Cost to Low- and Moderate-Income Essential Workers

- Create a Competitive Pilot Program to Incentivize Property Owners to Rent Units to Low- and Moderate-Income Essential Workers: Offer a refundable tax credit paid directly to property owners who lease units to renter households consisting of at least one essential worker, with household income of 80% or less of their area median income. Renter households would pay no more than 30% of income for rent, and a tax credit would make up the difference between rent paid and the market rate value of rent for the unit (using HUD’s Fair Market Rents/Small Area Fair Market Rents).

# Conclusion

Addressing America’s housing crisis requires bold, bipartisan action. The policies outlined in this blueprint offer evidence-based solutions to increase housing supply, preserve affordability, and help families secure stable housing. We recognize that this plan could be strengthened by building a bipartisan consensus on other key priorities for which there is currently no clear, bipartisan legislative agenda. These priorities include:

- Confronting the extensive backlog of capital needs in public housing
- Improving credit access and affordability in a reformed housing finance system
- Better supporting first-time homebuyers and closing the racial gap in homeownership

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**WHILE WE HAVE NO EXPECTATION THAT CONGRESS WILL ENACT A FINAL NEGOTIATED HOUSING PACKAGE THAT PRECISELY TRACKS ALL OF THESE RECOMMENDATIONS, WE OFFER THIS PLAN AS PROOF OF THE POSSIBLE AND TO STIMULATE A CONSTRUCTIVE DEBATE ON WHAT IS NECESSARY TO MEET THE HOUSING NEEDS OF EVERY AMERICAN FAMILY.**

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