PROPOSAL

Removing Regulatory Barriers to Restore the American Dream of Homeownership

A two year, three state pilot to turn proven free market housing solutions into enacted state policy

The shortage is not primarily a shortage of ideas. It is a shortage of organized implementation.

Prepared by PowerGroup 2

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Executive Summary

Housing affordability has become a barrier to homeownership in communities across the country. The proposal begins from a simple diagnosis: housing markets are often receiving a clear price signal for additional supply, but government rules can prevent builders and property owners from responding. Zoning restrictions, minimum lot sizes, discretionary approvals, permitting delays, design mandates, parking requirements, exactions, and legal challenges can increase costs or prevent otherwise viable housing from being built.

The research and policy community has already developed many promising free market reforms. AEI, Mercatus, ALEC, Goldwater, state think tanks, and others have produced research, model legislation, and examples of reforms already being tested in the states. The missing piece is a coordinated advocacy organization capable of matching the right reform to the right state, building the coalition necessary to enact it, and measuring whether it works.

This proposal creates that implementation capacity through a 501(c)(4) advocacy organization and a two year, three state pilot. The organization would select states using a readiness assessment, choose reforms based on the barriers actually restricting housing, build grassroots and grasstops support, run state legislative campaigns, establish measurable baselines before enactment, and evaluate market results after reforms take effect.

Proposal at a Glance

Problem	Government created barriers can prevent housing supply from responding to demand, contributing to higher costs and fewer attainable starter homes.
Intervention	A 501(c)(4) implementation organization that turns existing free market research and model policy into coordinated state campaigns.
Pilot	Three states over two years, selected through a State Readiness Assessment and matched with reforms suited to each state's binding barriers.
Measurement	Policy specific baselines, legislative outcomes, permitting and approval data, development activity, housing production, costs, prices, and other relevant market indicators.
Budget	$2,166,000 over two years, with potential savings where capable state partners already possess staff, relationships, and advocacy infrastructure.
End Result	A tested advocacy model, refined policy options, measurable results from pilot states, and a replication toolkit for expansion into additional states.

The Problem

In many American communities, housing supply is unable to respond adequately to consumer demand because barriers created by government restrict where, what, how much, and how quickly housing can be built. The resulting scarcity contributes to higher housing costs and particularly constrains the production of attainable starter housing.

26.4%	$131,734	40 years
Share of the average new single family home sales price attributed to federal, state, and local regulation in the 2026 NAHB estimate.	Estimated regulatory cost embedded in the average new single family home in the same 2026 NAHB study.	Average age of the first time homebuyer cited in the project research.

Housing affordability has multiple causes. Labor, materials, land values, interest rates, infrastructure, geography, population growth, inflation, and supply chain disruptions all matter. The project does not attribute every housing cost to government. Its focus is narrower: when costs or demand rise, regulation can prevent the market from adapting through smaller lots, different housing types, greater density, faster approvals, or more efficient use of existing property.

The project research also identifies genuine tradeoffs. New housing can create demands on roads, schools, water, sewer, drainage, and public safety. Local governments retain legitimate responsibilities for health, safety, infrastructure, nuisance control, and identifiable public harms. The policy test is whether a rule addresses a real public harm in a proportionate way, or whether it unnecessarily restricts private property, competition, and consumer choice.

Why Existing Efforts Have Fallen Short

Housing policy has often focused on helping households afford expensive housing rather than reducing the barriers that make housing expensive to produce. More recently, states have begun adopting supply focused reforms, but the effort remains fragmented and uneven. Some states address one barrier while leaving others intact, and promising reforms often remain isolated rather than being translated into a repeatable state strategy.

The project therefore treats implementation as the central gap. Research does not recruit a sponsor, assemble a coalition, manage lobbying, answer opposition, mobilize supporters, survive amendments, or measure the market response after enactment. Those functions require sustained advocacy infrastructure.

The Opportunity

The strongest free market housing ideas do not need to be invented from scratch. The opportunity is to identify the strongest solutions, build them into a coherent state policy agenda, and create the advocacy infrastructure necessary to take successful reforms to scale.

The Proposed Intervention

The intervention combines two pieces: a menu of proven free market housing reforms and an advocacy organization capable of getting those reforms enacted. Rather than prescribing the same package in every state, the organization will identify the barriers that are actually restricting housing in a state and select reforms that fit those conditions.

The 501(c)(4) Implementation Organization

The organization will not function primarily as a research institution. Its comparative advantage will be implementation. It will coordinate national partners, evaluate target states, recruit legislative champions, build state coalitions, develop grassroots support, manage communications, run legislative campaigns, and remain engaged through implementation and measurement.

- Coordinate a national coalition of research organizations, state policy groups, property rights organizations, housing industry participants, and local advocates.

- Use a State Readiness Assessment to identify pilot states based on housing need, regulatory barriers, legislative opportunity, available champions, coalition readiness, and existing advocacy capacity.
- Run state campaigns through direct advocacy where necessary, or partner with and regrant to capable state organizations where appropriate.
- Establish measurable baselines before intervention and evaluate results after reforms take effect.
- Document lessons and produce a replication toolkit for expansion into additional states.

Operating Model

Find the best research → select the strongest reforms → identify target states → build the coalition → run the campaign → enact reform → measure results → improve the model → take it to the next state

Potential Policy Menu

The policy menu is designed to give state partners options rather than impose an identical package everywhere. The final selection in any state would depend on the barriers identified through the readiness and policy analysis process.

Reform Area	Illustrative Source	Purpose
Smaller lots and light density	AEI Housing Center, Model Light Touch Density Bill	Allow smaller lots and modest residential density so builders can use less land per home and create more attainable starter housing.
By right development	ALEC, By Right Housing Development Act	Require administrative approval for projects that already comply with objective zoning and development rules, reducing discretionary delay and uncertainty.
Permit deadlines	Goldwater Institute, Permit Freedom Act	Create clear permitting criteria and firm timelines, with consequences when government fails to act within established deadlines.
Accessory dwelling units	ALEC, Accessory Dwelling Units Act	Allow qualifying homeowners to add a smaller residence on property they already own while retaining core health and safety protections.
Third party challenges	ALEC, Third Party Challenges to Development Permits	Reduce the use of litigation primarily to delay approved projects while preserving a remedy for demonstrable harm.
Exactions	ALEC, Safe Harbor from Excessive Exactions Act	Require development exactions to bear a relationship to the actual public impact created by a project.
Design mandates	Arizona SB 1431 concept	Limit government requirements for aesthetic features while preserving building, fire, health, safety, utility, and other specified protections.
Broader state menu	Mercatus Center, Housing Reform in the States	Identify additional options involving parking, commercial land, manufactured housing, standing, fees, downzoning, and other

Reform Area	Illustrative Source	Purpose
		barriers.

Why This Structure Fits the Problem

Different housing markets have different binding constraints. A state with severe permitting delays may need a different reform than a state where minimum lot sizes or design mandates are the primary cost driver. The menu approach allows the organization to preserve a clear free market framework while adapting to state conditions and legitimate local concerns.

Why This Team, Why CFGF, Why Now

The implementation problem is familiar to members of the PowerGroup. The team brings experience in state government, public policy, advocacy, communications, business, coalition building, grassroots engagement, and the work required to move policy from research to enactment. The model proposed here is built around those capabilities rather than around producing another research paper.

The Club for Growth Foundation is positioned to provide a launch platform. Its own September 2026 policy handbook, Priced Out, identifies government created barriers that increase housing costs, while the broader Fellowship network provides relationships with free market leaders, policymakers, policy organizations, and advocates across the country. The project can use that network to accelerate state selection, coalition building, and replication.

The timing is also favorable to a pilot. Housing affordability is broadly recognized as a serious problem, the research and model policy base is mature, and states are already testing supply focused reforms. The unresolved question is whether those assets can be organized into a durable advocacy system that produces measurable state results.

Accountability and Measurement

Passing legislation is the means, not the measure of success. Each reform will have outcomes tied directly to the barrier it is intended to remove, with baselines established before enactment and results measured after implementation.

Reform	Illustrative Measures
Permitting reform	Approval times, process costs, completed reviews, and evidence of unnecessary delay.
By right development	Approval times, projects approved administratively, and housing units authorized.
Minimum lot size reform	Smaller lots created, homes built on those lots, and sale prices compared with conventional new construction.
ADU reform	Applications, approvals, completed units, and rents where available.
Design mandate reform	Requirements eliminated and measurable changes in construction cost where data are available.
Across reforms	Permits, housing production, development costs, rents, home prices, and price to income ratios in affected markets.

Costs and Risks

The proposed pilot costs $2,166,000 over two years. The budget assumes the organization must build most of the necessary advocacy capacity directly in three states. Actual costs could be lower where existing state organizations already possess staff, relationships, infrastructure, and advocacy capacity that can be leveraged through partnership or regranting.

The project also has meaningful execution risk. A reform may fail to pass, may be weakened during the legislative process, or may become law without producing the expected market response. The organization could misidentify the primary barrier in a state, local governments could create alternative restrictions, coalition partners could pursue their own interests, state partners could underperform, and rapid expansion could dilute the relationships that make the model work. Broader economic changes can also make policy effects harder to isolate.

The model addresses those risks through careful state selection, measurable baselines, defined partner checkpoints, post enactment evaluation, a budget contingency, and a willingness to modify or abandon reforms and strategies that do not produce results.

Budget	Year 1	Year 2	Two Year Total
Three state pilot	**$1,025,500**	**$1,140,500**	**$2,166,000**

Implementation Timeline and Deliverables

The first two years are designed as a demonstration period. The objective is to test whether the organization can identify the right barrier, match it with the right reform, build the coalition required to enact it, measure the market response, and replicate successful reforms.

Time	Objective	Measurable Deliverables
First 30 Days	Build the organization	Incorporate the 501(c)(4), establish governance, banking, accounting and compliance systems, begin recruitment for core staff, and select the basic technology stack.
First 60 Days	Build the coalition and policy menu	Complete review of model bills and state reforms, establish criteria for the policy menu, hold the first coalition roundtable, and develop the State Readiness Assessment.
First 90 Days	Select pilot states	Evaluate potential states, select three pilots, identify champions and state partners, establish baselines, contract state advocates where needed, and complete initial messaging.
Six Months	Launch three campaigns	Select state specific reforms, adapt legislative language, build grasstops coalitions, launch digital grassroots recruitment and public education, and begin direct legislative advocacy.
One Year	Complete the first advocacy cycle	Operate active campaigns in all three states, track legislative and campaign measures, begin policy specific measurement where reforms have taken effect, and conduct a formal first year review.
Two Years	Prove the model and prepare expansion	Evaluate legislative outcomes and early market responses, revise policy based on experience, produce the replication toolkit, identify the next states, and select the expansion model.

Expected End Result

At the end of the two year pilot, the project will have tested the advocacy model in three states, measured legislative outcomes and early market responses against established baselines, identified what worked and what did not, refined the policy and advocacy approach based on those results, and produced a replication toolkit capable of taking successful reforms into additional states.

Selected Source Material from the Full Proposal

This companion proposal condenses the analysis, citations, tradeoffs, model policies, and supporting evidence contained in the full PowerGroup 2 project document. The following sources are among those relied upon in that document:

Harvard Joint Center for Housing Studies, State of the Nation's Housing 2026: https://www.jchs.harvard.edu/state-nations-housing-2026

NBER, Regulation and Housing Supply: https://www.nber.org/papers/w20536

NBER, Minimum Lot Size Research: https://www.nber.org/papers/w31710

NBER, Zoning Tax Research: https://www.nber.org/papers/w28993

Pew, Bipartisan State Housing Reforms: https://www.pew.org/en/research-and-analysis/articles/2025/09/15/state-legislatures-make-bipartisan-breakthroughs-on-policies-that-promote-housing

Mercatus Center, Housing Reform in the States, Menu of Options for 2027: https://www.mercatus.org/research/policy-briefs/housing-reform-states-menu-options-2027

ALEC, By Right Housing Development Act: https://alec.org/model-policy/by-right-housing-development-act/

Goldwater Institute, Permit Freedom Act: https://www.goldwaterinstitute.org/permitfreedom/

The product is not another white paper. It is the infrastructure that turns strong free market housing ideas into measurable state policy.