Removing Regulatory Barriers to Restore the American Dream of Homeownership

Introduction

The Affordability Crisis. That is one of the most serious threats to preserving a free and prosperous America. Life, liberty, and the pursuit of happiness are becoming more compromised with each passing election cycle, moving beyond the reach of more Americans today compared with previous generations.

Today, more than ever, Americans are being robbed of one of the most important and edifying opportunities to experience EARNED prosperity.

That opportunity is owning a home.

In countless communities across the country, housing supply is unable to respond adequately to consumer demand because state and local governments have created regulatory barriers restricting where, what, how much, and how quickly housing can be built. The result is scarcity, ever increasing housing costs, and fewer attainable starter homes. Those pressures help explain why the average age of first time homebuyers is now 40 years old.

Government is imposing a very real cost on the opportunity of homeownership. According to a 2026 National Association of Home Builders study, federal, state, and local regulations add $131,734 to the cost of an average new single family home, representing 26.4 percent of its final sales price. Those regulatory costs have increased more than 40 percent in just five years. While inflation, interest rates, raw material costs, and supply chain disruptions have made the problem worse, government regulation and overreach have crippled the organic function of a free market that should be able to respond to higher prices with additional supply. A homebuyer should not have to pay for the very regulations that artificially inflated the home's price and made it less affordable.

The good news is that we do not have to invent the solution to this crisis from scratch. The research exists. Model legislation exists. States are already testing reforms.

Our proposal 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 American people deserve more than another white paper explaining why housing is expensive. They deserve the knowledge, tools, and advocacy necessary to put the authority of the housing market back where it belongs. That is our constitutional obligation.

The heart of what we are proposing today is building the organization capable of turning proven free market housing solutions into law that preserves the American dream of homeownership across the country.

Step One: Choose Your Problem

Problem Statement

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. This robs people of the American dream by crippling the free market mechanisms that would otherwise help keep housing affordable.

Real and Measurable

Data: The median existing home price is now nearly five times median household income, compared with roughly three times income in the 1990s. Existing home prices are 54 percent higher than in 2020, and Harvard estimates a household now needs income above $120,000 to afford the median priced home, up from about $66,000 in 2020.

https://www.jchs.harvard.edu/state-nations-housing-2026

However, researchers generally categorize government regulation as the primary long term baseline constraint, while inflation and supply chain disruptions have acted as severe, acute accelerators.

1. Structural and Long Term Cause: Government Regulation

Government regulation, specifically land use controls and zoning, is widely cited by economists as the primary reason housing supply cannot scale up to match population growth.

Source: Americans for Prosperity

- Supply Elasticity: Decades of local zoning laws (such as single-family zoning caps, minimum lot sizes, parking minimums, and protracted environmental reviews) have made housing supply inelastic. When demand increases, builders are legally restricted from increasing density, causing prices to surge rather than triggering new construction.

Source: Americans for Prosperity

- Direct Cost Impact: Data from the National Association of Home Builders (NAHB) shows that local, state, and federal regulations directly account for 24% to 25% of the sale price of a new single-family home and over 40% of a typical multifamily development.

Source: National Association of Home Builders (NAHB)

- Wharton Land Use Index: Comparative urban data show that regions with high regulatory index scores, such as coastal metropolitan areas, consistently exhibit more severe price to income decoupling than lightly regulated regions.

2. Acute Shock #1: Supply Chain Bottlenecks

Supply chain disruptions created a sudden, localized cost spike during and immediately following the COVID-19 pandemic:

- Material Inflation: Disruptions caused historic spikes in essential building commodities (such as framing lumber, steel, PVC, and transformers), which pushed direct construction costs up by double-digit percentages in a short timeframe.

- Completion Delays: Extended lead times for fundamental items added thousands of dollars per unit in carrying costs (interest on construction loans, administrative fees) because homes took significantly longer to complete.

3. Acute Shock #2: Overall Inflation & Interest Rates

Macroeconomic inflation degraded baseline housing affordability through two distinct channels:

- Input Costs and Wages: Generalized price inflation raised labor costs and nonregulated builder overhead.
- The "Lock-In Effect" and Mortgage Rates: As central banks raised interest rates to combat inflation, 30-year mortgage rates surged. This created a dual affordability crisis:
    1. Existing homeowners with 3% mortgage rates refused to sell, wiping out inventory for existing homes.
    2. Higher borrowing costs drastically reduced buyer purchasing power (e.g., a 7% interest rate increases monthly payments by ~40% compared to a 3% rate on the same principal).

Quantitative Comparison Matrix

Factor	Primary Impact	Timeline	Mechanism
Government Regulation	Structural Deficit	Decades-long cumulative effect	Artificially limits housing volume; adds direct regulatory compliance costs per unit.
Supply Chain Issues	Input Cost Spikes	Acute (2020–2023)	Surged raw material prices and increased completion cycle times.
General Inflation & Rates	Purchasing Power Shock	Acute/Cyclical (2021–Present)	Escalates monthly mortgage payments and locks existing inventory out of the market.

Summary

The consensus among housing economists, including the Joint Center for Housing Studies at Harvard and the Brookings Institution, is that government regulation laid the foundation for the affordability crisis by creating a multimillion unit housing shortage over several decades. Supply chain shocks and general inflation then acted as severe catalysts that pushed an already constrained system into an acute affordability crisis, but were not the cause. (NAHB)

Trend: Affordability pressures have intensified across both ownership and rental markets, while starter and lower-cost housing remain scarce. Where new multifamily supply has come online, rental vacancy rates have increased, providing evidence that additional supply can relieve market pressure.

https://www.nber.org/papers/w20536

Documented Harm: Minimum lot size rules provide a particularly measurable example. NBER research comparing neighboring communities found that more restrictive minimum lot requirements produced about 11 percent fewer single family homes per acre, lots more than 3,000 square feet larger, and homes costing nearly $30,000 more. Other useful measures include housing units built per capita and the average time required to build.

https://www.nber.org/papers/w31710

Role of Government: Zoning restrictions, minimum lot sizes, limits on housing types, parking requirements, discretionary permitting, development delays, fees, and restrictions on converting land to residential use can prevent builders and property owners from responding to rising prices with additional supply. In effect, the market sends a signal to build more housing, while public policy often limits the ability to answer that signal.

https://www.nber.org/papers/w28993

Extensive economic and industry data show a strong positive correlation between increased government regulation and higher median home costs. Researchers and economists separate these regulatory burdens into direct compliance costs and indirect market effects, such as supply constraints.

1. Quantification of Direct Regulatory Costs

Studies by the **National Association of Home Builders (NAHB)** track the proportion of a new home's final price attributable to local, state, and federal regulations:

- **Share of Home Price:** Government regulations account for roughly 25% to 26.4% of the final sale price of a single-family home.
- **Dollar Amount Growth:**
    - 2011: ~$65,224 per home
    - 2016: ~$84,671 per home
    - 2021: ~$93,870 per home
    - 2026: $131,734 per home (based on a $499,500 average single-family home)
- **Cost Drivers:** The primary regulatory cost components during development and construction include:
    - Building code updates (e.g., modern energy efficiency, fire safety, framing codes): ~$40,000+
    - Impact fees and hook-up costs: ~$20,000+
    - Lot design standards & setbacks: ~$16,000+
    - Zoning approvals, environmental studies, and pure delay costs: ~$20,000+

2. Land Use and Zoning Research (Wharton Index)

Academic economists frequently measure land-use regulation using the **Wharton Land Use Regulatory Index (WRLURI)** developed by researchers at the Wharton School (University of Pennsylvania).

The Index and Price Correlation: Studies consistently find that metropolitan areas with higher Wharton Index scores, indicating strict, discretionary zoning controls, exhibit significantly higher housing prices and lower housing production rates than areas with low regulatory scores.

Supply Elasticity: Strict land use rules, such as minimum lot sizes, single family zoning caps, and density limits, restrict the elasticity of housing supply. When demand rises in heavily regulated markets, such as coastal California and New York, prices surge rapidly because the market cannot easily add new density.

3. Direct vs. Indirect Mechanisms

Regulatory Type	Mechanism	Impact on Median Price
Zoning & Density Caps	Prohibits multi-family or high-density builds; enforces minimum lot sizes.	Restricts overall unit supply, inflating baseline land value per unit.
Permitting & Delays	Carrying costs (interest on construction loans, administrative overhead) accrued during approval.	Passed directly to the buyer; delay costs add thousands per home.
Impact & Hook-up Fees	One-time fees assessed by local governments for infrastructure.	Flat fee structure disproportionately inflates entry-level home prices.
Building & Energy Codes	Higher material requirements (insulation, solar mandates, sprinkler systems).	Increases hard construction costs per square foot.

The free market problem in one sentence: Prices are signaling strong demand for additional housing, but government regulations and restrictions distort prices and often prevent builders and property owners from responding with additional supply.

Bipartisan in Nature

Housing affordability is broadly recognized as a serious problem across the political spectrum. A 2026 national poll found that 79 percent of voters consider housing costs an extremely or very important issue, and 89 percent want Congress to work across party lines to address housing affordability.

https://bipartisanpolicy.org/article/u-s-opinions-on-housing-legislation-a-bpc-advocus-partners-poll

That agreement increasingly extends to the importance of housing supply. States led by Republicans, such as Texas and Montana, and states led by Democrats, such as Washington, have enacted reforms that

reduce regulatory barriers and allow more housing construction. Many of these measures passed with bipartisan support.

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

AEI polling also finds support among liberals, moderates, and conservatives for practical supply reforms, particularly allowing more housing near jobs and amenities.

https://aeistats.aei.org/research-products/reports

The political left and right may disagree about how to solve housing affordability, but there is broad agreement that the problem is serious and growing recognition across ideological lines that increasing housing supply must be part of the solution.

It Connects to Real People to Address a Real Need in Real Time

This is about more than housing units. It is about whether a young family can find a starter home, whether a small builder can afford to build one, whether a worker can live near a good job, and whether a property owner has the freedom to respond to what families actually need.

Housing regulation sounds abstract until you look at who pays the price.

For a young family, the problem is simple. The starter home they expected to buy is increasingly difficult to find. Restrictive zoning can block the smaller lots, townhomes, duplexes, and modest homes that historically provided an entry point into homeownership. Research in Virginia, for example, found that large minimum lots, lengthy permitting, and restrictions on townhomes and duplexes have directly constrained lower cost starter housing.

https://www.pew.org/en/research-and-analysis/articles/2024/01/22/how-restrictive-zoning-in-virginia-has-hurt-housing-affordability

For a small builder, time and uncertainty are costs. Government bureaucrats can hold up final approvals, delaying a small builder's ability to build a project that might have been approved more readily in the past. By requiring certain amenities and aesthetics, local governments can add months of delay, causing some investors to walk away from otherwise viable small development projects.

The bureaucrat tax is real and expensive. Research finds that highly regulated cities can take about two and a half times longer to approve housing projects than less regulated cities. Those delays increase costs before construction even begins and can be particularly difficult for smaller builders to absorb. If small builders decide to move forward, those costs are passed on to consumers. This also creates an environment ripe for monopolistic manipulation of market valuation.

For workers and employers, housing affordability affects economic opportunity. When workers cannot afford to live near available jobs, businesses face a smaller labor pool and workers lose access to higher opportunity communities. Research suggests this mismatch between workers, jobs, and housing can reduce economic growth. This is yet another reason many large urban and suburban communities face growing shortages of teachers, nurses, and law enforcement personnel, while rural communities can be hit even harder.

For existing homeowners, restrictive rules can prevent them from responding to changing family needs by adding an accessory dwelling unit, dividing a large lot, or creating another home on property they already own. AEI's research finds broad public support for practical reforms that create smaller, more attainable homes for first time buyers, young families, and middle class households.

Step Two: Build the Case

Who Created the Problem?

Housing affordability has multiple causes. Labor, materials, interest rates, land values, infrastructure, geography, and population growth all affect housing costs. Government did not create all of those pressures.

The problem is that government can prevent the market from responding to those pressures.

When land becomes expensive, builders can reduce the land cost per home by building on smaller lots. Minimum lot requirements can prohibit that.

When buyers need less expensive options, builders can offer townhomes, duplexes, cottages, manufactured homes, or smaller houses. Zoning can prohibit those choices.

When demand shifts from commercial space toward housing, property owners have an incentive to convert land to residential use. Land use rules can prohibit that response.

When high prices create an incentive to build more housing, permitting delays and restrictive development rules can make new construction slower, riskier, or infeasible.

The evidence supports that diagnosis. A major review by NBER researchers Joseph Gyourko and Raven Molloy found that land use regulation tends to raise home prices, reduce construction, and make housing supply less responsive to demand.

https://www.nber.org/papers/w20536

Separate NBER research measuring the effect of residential land use restrictions found a measurable "zoning tax" in major housing markets. In San Francisco, Los Angeles, and Seattle, the estimated regulatory effect on land prices was at least as large as typical household income.

https://www.nber.org/papers/w28993

Research using the Wharton Residential Land Use Regulatory Index also found that many already highly regulated markets did not deregulate when housing conditions changed. The market becomes conditioned into a new regulatory norm. Regulation actually increased over time in many large coastal markets.

https://www.nber.org/papers/w26573

It is true that government did not create every cost that makes housing expensive. But when costs rise, markets normally adapt. Too often, housing regulations prevent builders and property owners from making those adaptations.

Ongoing demand for larger homes has also contributed to the problem. Larger homes generally require more land, and lenders do not necessarily discourage that preference.

https://www.wsj.com/economy/housing/baby-boomer-home-sales-real-estate-879614be

Who Bears the Costs and Who Captures the Benefits?

One reason restrictive housing policy is so difficult to change is that its benefits are concentrated while its costs are dispersed.

Existing homeowners may benefit from restrictions that limit new housing nearby. They may value lower density, neighborhood stability, or protection of their property values. Those are real interests, and research shows they influence housing politics. A Journal of Urban Economics study found that local

officials representing more homeowners were more likely to oppose housing proposals, particularly large developments within their own districts. Additionally, homeowners have a vested interest in maintaining high property values.

https://www.sciencedirect.com/science/article/abs/pii/S0094119023000785

The people paying the price are often less visible. First time buyers face fewer attainable homes. Renters face less housing competition. Workers may be pushed farther from jobs. Employers face a smaller accessible labor pool. Builders and property owners lose opportunities to respond to demand. Prospective residents have virtually no voice in the local political process because they do not live there yet. Lower housing supply can also contribute to bidding wars, and many first time buyers during the COVID era were outbid by all cash offers. Living farther away can also mean longer commutes and higher transportation costs, including fuel, higher car insurance because of additional miles driven, and sometimes road tolls. Those costs are not fully captured by market prices. Longer commutes can also mean greater stress and less time with family.

Our proposed menu of reforms changes that equation in different ways depending on which barriers exist in a state. Minimum lot size reform allows a buyer to purchase less land with a home. ADU and light density reforms give property owners more freedom to create housing on land they already own. By right development and permitting reform reduce the cost, delay, and uncertainty involved in building something already allowed by law. Reform of third party challenges reduces the ability of incumbent opponents to impose additional costs on approved projects. Design freedom legislation can prevent government from requiring buyers to purchase aesthetic features they may not value. The common thread is that these reforms shift decisions away from incumbent interests and regulatory processes and toward property owners, builders, buyers, and renters.

That does create losers. Existing owners and landlords who benefit from restricted competition may lose some of the scarcity advantage created by those restrictions. Large developers that are better equipped than smaller competitors to navigate expensive and complicated approval systems may lose some of that advantage. Local governments may lose some discretion over otherwise lawful development. The housing itself, however, remains financed by private capital. Developers and investors bear the risk of building it, consumers decide whether to buy or rent it, and government retains its legitimate role in addressing actual health, safety, infrastructure, and other public costs.

That creates a powerful political imbalance. Research in the Journal of Politics found that homeowners can support housing affordability as a general goal while still opposing denser housing in their own communities.

https://www.journals.uchicago.edu/doi/abs/10.1086/711717

Economic research has also modeled a reinforcing cycle in which homeowners invest in housing expecting restrictions on future growth, then have an incentive to support policies that preserve that scarcity.

https://www.aeaweb.org/articles?id=10.1257%2Fmic.6.1.154

More recent research adds another problem: many voters simply do not believe that increasing housing supply will reduce prices. A 2025 Journal of Economic Perspectives study found that only a minority of surveyed urban and suburban residents believed a large increase in regional housing supply would reduce prices or rents.

https://swlb1.aeaweb.org/articles?id=10.1257%2Fjep.20241428&

So the political economy helps explain why the market can be sending a strong signal for additional housing, while government continues restricting its production.

The people who benefit from restricting housing already live in the community, own property, and vote. Many of the people who bear the cost are trying to get into that community and have little or no voice in the decisions that determine whether housing for them can be built. Our proposal does not eliminate winners and losers. It changes the rules so that competition, private investment, property rights, and consumer choice have a greater opportunity to determine the outcome.

Counterfactual

If nothing changes, the market will continue sending signals for additional housing while regulatory barriers prevent producers from fully responding. In markets where those constraints are binding, the likely result is continued scarcity, fewer attainable starter homes, higher development costs, and continued pressure on both home prices and rents. The political imbalance described above would also remain intact: the people who benefit from existing restrictions would retain an organized voice in the process while many of the people who bear the cost remain outside the communities where those decisions are made.

But there is another cost to doing nothing. An extraordinary amount of intellectual firepower has already been devoted to solving this problem. Research organizations have identified the barriers, policy organizations have developed solutions, states have tested reforms, and model legislation already exists. Without an advocacy infrastructure capable of connecting that work to legislative champions, coalitions, grassroots support, and sustained state campaigns, much of that work will remain exactly what it is today: ***good ideas waiting to be turned into law.***

Previous solutions have been tried and fallen short

We know the roots of the housing affordability crisis, and we have increased our knowledge of remedies that work. What we have not done is build a coordinated system for translating those remedies into a comprehensive approach for reforming state law at scale.

For decades, housing policy has largely focused on helping people afford expensive housing rather than addressing why housing became so expensive, much like policy debates over higher education tuition. A free market economy can help correct those pressures, but government regulation, overreach, and vested interests can prevent the market from functioning freely and correcting organically. Policies rooted in socialist principles that are marketed as “assistance” can further strengthen government created strongholds.

Programs such as down payment assistance, mortgage subsidies, tax preferences, rent assistance, and subsidized housing can help individual families. But when housing supply is constrained, increasing purchasing power does not create additional homes and can instead increase competition for the homes that already exist. AEI has modeled this effect with down payment assistance, finding that additional purchasing power in supply constrained markets can be capitalized into higher home prices, which is exactly what we see happening.

https://aei.org/wp-content/uploads/2024/10/Determining-the-Price-Impact-of-Harris-Down-Payment-Assistance-Proposal-FINAL-v2.pdf

More recently, states have begun attacking the supply problem directly, and there is evidence that these reforms can work.

States are experimenting with smaller minimum lot sizes, accessory dwelling units, commercial to residential conversions, parking reform, manufactured housing, objective permitting standards, and other

changes designed to make it easier to build. In 2025 alone, Texas, Washington, Montana, Arizona, New Hampshire, and other states enacted significant supply reforms.

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

https://www.mercatus.org/research/policy-briefs/housing-reform-states-menu-options-2026

The problem is that these reforms remain fragmented and unevenly adopted.

Some states have addressed one regulatory barrier while leaving others intact. Others have enacted reforms that apply only to particular communities or housing types. Even after the bipartisan federal housing legislation enacted in 2026, Pew concluded that federal reforms alone will not sufficiently address housing costs because state and local barriers continue to restrict production.

https://www.pew.org/en/research-and-analysis/articles/2026/07/31/new-federal-housing-act-opens-doors-for-states-cities

The opportunity: We do not need to invent free market housing policy from scratch. Organizations such as AEI, Mercatus, Goldwater, ALEC, AFP, and others have already developed and tested promising reforms. **Our 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.**

What Does the Existing Policy Landscape Tell Us?

We started this project assuming we needed to develop a new free market solution to housing affordability. The deeper we looked, the more we realized that may be the wrong problem to solve.

There is already an extraordinary amount of good free market housing policy work sitting on the shelf.

American Enterprise Institute (AEI) has developed specific supply reforms and quantified what they could accomplish. Its Strong Foundations work promotes smaller lots for starter homes, greater flexibility for duplexes, triplexes, townhomes and accessory dwelling units, and residential development near jobs. AEI estimates that each of those categories could produce hundreds of thousands of additional homes annually if adopted broadly. AEI has also developed polling and messaging research showing which reforms are most politically acceptable to voters.

https://cosm.aei.org/wp-content/uploads/2026/04/Know-the-Market-to-Find-the-Path-Home.pdf

Mercatus has effectively written a menu for state legislators. Its housing reform work identifies proven policies involving accessory dwelling units, minimum lot sizes, residential development in commercial areas, parking requirements, objective permitting standards, manufactured housing, legal protections against downzoning, and other reforms. Its newest 2027 edition argues that most of these policies still have not been adopted in most states, despite considerable progress in recent legislative sessions.

https://www.mercatus.org/research/policy-briefs/housing-reform-states-menu-options-2026

The Club for Growth Foundation's September 2026 policy handbook, *Priced Out: How Big Government Made Life Unaffordable and How to Fix It*, provides another useful framework for organizing those reforms. In "The Housing Barrier: How Government Drives Up Costs and How to Tear It Down," Jason Sorens identifies the costs of land, legal compliance, labor, and materials as major areas where public policy can affect whether additional housing can be produced affordably. The objective is to enable more efficient use of land, buildings, and materials while reducing unnecessary per unit costs. That framework turns what can appear to be a disconnected collection of housing reforms into a coherent free market policy agenda.

Source: Jason Sorens, "The Housing Barrier: How Government Drives Up Costs and How to Tear It Down," *Priced Out: How Big Government Made Life Unaffordable and How to Fix It*, Club for Growth Foundation Policy Handbook, September 2026.

ALEC has already translated many of these concepts into model legislation. It has model policies for by right housing development, accessory dwelling units, factory built housing, challenges to development permits, property rights protections, exactions, and related reforms. Its By Right Housing Development Act, for example, says that projects complying with existing zoning and land use rules should receive approval without discretionary review.

https://alec.org/model-policy/by-right-housing-development-act

Goldwater provides an example of successful policy development and replication. Its Permit Freedom Act established clearer permitting criteria and deadlines. Georgia enacted permitting reforms in 2026 that Goldwater says were influenced by that model, including deadlines, milestones, and consequences when governments fail to act on time.

https://www.goldwaterinstitute.org/georgia-reforms-local-permitting-process-protecting-property-rights

The State Policy Network shows that the appetite for this work already exists in the states. SPN reports that affiliates across the country are pursuing permitting, zoning, starter home, and other housing reforms using years of existing research.

https://spn.org/spn-affiliates-ramp-up-work-on-housing-reform

That changed how we see the opportunity.

CFGF's own housing policy framework reinforces that conclusion. The research community has already identified the major categories of barriers that restrict housing production, while organizations across the free market movement have developed research, model legislation, and examples of reforms already being tested in the states.

The shortage is not primarily a shortage of ideas, but a shortage of organized implementation supported by clear public education. AEI can produce excellent research, Mercatus can identify best practices, ALEC can develop model legislation, Goldwater can demonstrate that reforms work, and state think tanks can educate policymakers. What is missing is the coordinated advocacy infrastructure that brings those resources together and turns good ideas into enacted state policy.

What is also missing is an organization capable of determining which of those barriers is actually restricting housing in a particular state, identifying the reforms most likely to address it, and concentrating the political resources necessary to enact those reforms and protect them once enacted.

None of those things automatically produces the legislative champion, coalition, lobbying strategy, local validators, grassroots support, media narrative, testimony, political response to opposition, and sustained campaign required to turn an idea into law.

That is the gap our project would fill.

Housing policy experts and urban economists generally view housing affordability as a problem that must be unlocked at the state level, but implemented and tailored at the local level.

Historically, zoning and land-use regulations were treated purely as local decisions. However, because local incentive structures often push municipal governments to restrict housing, state intervention has increasingly become the primary mechanism to fix structural affordability issues. When housing economists refer to local "incentive structures," they are pointing to the embedded political, financial, and institutional incentives that cause municipal governments to routinely restrict new housing supply, even when a housing crisis exists.

These local incentive structures operate through three primary channels:

1. Political Incentives: The Voter Realities

Local elections differ radically from state or federal elections. Turnout is lower, highly localized, and dominated by current residents who own property.

Voter Asymmetry: Existing homeowners vote at significantly higher rates in local elections than renters or prospective future residents. As a result, city council members face strong political pressure to appease current homeowners rather than people who might move into the community if housing were built.

- The Asset Preservation Bias: For most homeowners, their house is their single largest financial asset and wealth-building vehicle. Policies that keep housing scarce protect or artificially elevate home values, giving voters a direct personal incentive to oppose high-density or starter-home developments that could increase competition.
- The Disproportionate Voice of "NIMBYs": Local approval processes rely heavily on discretionary public hearings. These meetings overwhelmingly attract residents opposed to nearby construction (concerned about neighborhood character, localized traffic, or school capacity) rather than those who would benefit from more housing options.

2. Financial Incentives: Fiscal Zoning

Local municipalities rely heavily on local property taxes and sales taxes to fund public services like schools, police, roads, and emergency services. This creates an incentive known as **fiscal zoning**, where cities prioritize land uses that maximize local tax revenue while minimizing municipal expenditure.

Commercial Over Residential: Cities actively compete for big-box stores, car dealerships, tech parks, and commercial complexes. These developments generate sales or corporate property tax revenue without adding children to local school districts or demanding 24/7 residential services.

- Luxury Single-Family Over Starter Homes: When cities do approve housing, fiscal incentives favor sprawling, high-value luxury single-family homes over small multi-family buildings. A single $1 million home generates high property tax revenue with relatively low infrastructure demand per household. By contrast, a 20-unit affordable apartment building adds more strain on local roads and services relative to the property tax collected per unit.
- Shift to Impact Fees: Because raising broad property tax rates is politically unpopular with current voters, local governments increasingly fund new infrastructure by levying steep "impact fees" and hookup costs directly onto new construction. This acts as a flat fee that inflates the baseline price of new homes.

3. Institutional Incentives: Discretionary Power and Risk Avoidance

The legal framework governing local planning departments creates institutional incentives that lean away from growth:

Discretionary vs. "By-Right" Approvals: Most local zoning boards retain broad discretionary power. Instead of allowing a project automatically if it meets building codes ("by-right"), projects require individual variance approvals, environmental impact reviews, and site-plan permits. This gives local officials maximum leverage to delay, shrink, or block developments to avoid political friction.

Risk Avoidance for Bureaucrats: Planning staff and appointed zoning boards face no penalty for saying “no” to a developer because the housing shortage is a diffuse problem spread across the whole region. However, saying “yes” can bring direct local backlash from vocal neighbors. The default institutional incentive is to delay or reject projects to minimize conflict. In short, local officials act rationally within the system they operate in: blocking housing can protect voters’ property values, keep municipal service costs down, and avoid political backlash. This is why structural reforms often require state level intervention.

States represent both homeowners and renters across an entire region, insulating policymakers from hyperlocal opposition.

Why Local Governments Fail to Solve It Alone

Local governments (cities, towns, counties) **theoretically** possess all the constitutional police powers needed to rezone land, speed up approvals, and lower impact fees. In practice, however, local incentives lean strongly against expanding housing supply:

- **The NIMBY ("Not In My Backyard") Incentive:** City councils are elected by current homeowners, who often prioritize preserving neighborhood character, keeping traffic low, and maximizing existing property values over lowering home prices for incoming buyers.
- **Hyper-Local Bottlenecks:** A single neighborhood association or municipal board can block projects through lengthy public hearings, discretionary environmental reviews, or multi-year zoning variances.
- **Fiscal Zoning:** Local governments often prefer commercial developments (which bring tax revenue without requiring public school seats) or luxury single-family homes over multi-family starter homes.

What Can Be Solved at the State Level?

By establishing and protecting free market rules, states can address structural barriers that local incentives may leave in place.

Under U.S. constitutional law, local municipalities derive their authority from the state government. Because states can preempt local ordinances, **state legislatures are uniquely equipped to eliminate structural supply bottlenecks** across an entire regional market:

1. Preempting Exclusionary Zoning: States can pass "missing middle" housing mandates that automatically legalize duplexes, triplexes, and accessory dwelling units (ADUs) in areas formerly restricted to single-family homes.
2. "By-Right" Permitting Enforcement: States can pass laws requiring local boards to automatically approve housing developments if they meet objective building codes, stripping local officials of the subjective veto power that causes costly delays.
3. Overriding Anti-Growth Restrictions: A state can set regional housing target quotas and override local zoning bans (often called a "Builder's Remedy") if a city fails to plan for enough housing growth.
4. Capping Local Fees & Delay Timelines: States can set maximum caps on local impact fees and mandate fixed time windows (e.g., 60–90 days) for municipal planning departments to issue permits.

What *Must* Still Be Tackled at the Local Level?

While states can establish the ground rules and remove legal barriers, local governments remain essential for localized execution:

Infrastructure & Capacity Planning: States do not build local water, sewer, road, or transit systems. Localities must fund and expand utilities to handle higher residential density.

Public Land Disposal: Municipalities own significant amounts of surplus public property (disused parking lots, old administrative buildings) that can be leased or gifted for low-cost housing developments.

Commercial-to-Residential Conversions: Local planning departments must re-evaluate downtown land uses to easily permit empty office spaces or retail centers to be converted into apartments.

Local Subsidy Funds: Localities administer housing vouchers and local tax abatements to lower the baseline cost of deeply affordable housing.

Structural Division of Roles

Problem Area	State Level Role	Local Level Role
Bans on High-Density Housing	Set baseline standards (e.g., legalizing duplexes statewide or near transit stops).	Map specific neighborhood overlays and historical preservation exemptions.
Permitting Delays	Mandate strict statutory deadlines for local review cycles.	Staff and digitize municipal planning offices to process permits quickly.
Impact Fees & Hookups	Cap maximum development fees to prevent cost-padding.	Directly structure utility connections and schedule infrastructure capacity builds.
Funding & Subsidies	Allocate state tax credits and establish state housing targets.	Manage local housing trust funds, land trusts, and public land donations.

The Consensus View: Localities rarely deregulate on their own because local political incentives favor status quo homeowners. Therefore, state level preemption provides the framework, breaking down zoning bans and enforcing time limits, while local governments manage the tactical implementation, including upgrading utilities, siting development, and issuing permits.

Genuine Tradeoffs Exist

Building more housing has real costs and legitimate community impacts. New development can place additional demands on roads, schools, water, sewer, drainage, and public safety. Environmental protections can address real harms, and local governments have legitimate responsibilities for health, safety, infrastructure, and nuisance control.

The research also suggests that these costs depend heavily on where and how housing is built. Recent analysis across ten states found that housing built near existing jobs, stores, and infrastructure costs governments about $21,000 less per home in upfront infrastructure costs, with ongoing road and utility costs about 50 percent lower, on average, than development at the urban fringe. The goal is to build smarter and allow an organic response to demand rather than create demand artificially.

https://www.pew.org/en/research-and-analysis/articles/2026/05/27/building-homes-near-jobs-stores-and-transit-saves-public-dollars

There is also a legitimate local control question. Land use has traditionally been a local responsibility, but states ultimately delegate zoning authority to local governments. Research shows that highly localized political incentives can suppress housing production. One study found that increasing local control through ward based representation reduced housing permits by 24 percent, with an even larger effect on multifamily housing.

https://research.upjohn.org/up_workingpapers/330

Our principle: Government should retain the authority to address identifiable harms and legitimate public costs, which keep the market free to operate. It should not use that authority simply to prevent property owners from providing housing that willing consumers want to purchase or rent.

That gives us a simple test for the policy package:

To what extent is regulation addressing an actual public harm, and to what extent is it unnecessarily restricting the use of private property? In practical terms, is the restriction proportionate to the harm it is intended to address?

If the problem is drainage, regulate drainage. If the problem is fire safety, regulate fire safety. If new development creates an identifiable infrastructure cost, address that cost. But simply preventing additional homes from being built carries costs of its own. The economic literature finds that restrictive land use regulation raises housing prices, reduces construction, and makes housing supply less responsive to demand.

https://www.nber.org/papers/w20536

A free market housing agenda does not mean pretending that removing government barriers has no tradeoffs. The reforms we are considering generally expand the ability of property owners, builders, and consumers to make their own decisions, but each changes an existing balance of authority and can create legitimate concerns that should be addressed.

Smaller lots and light density. Allowing smaller lots can reduce the amount of land that must be purchased with each home and make additional housing economically feasible. Mercatus points to Houston, where legalization of lots as small as 1,400 square feet was followed by tens of thousands of small lot homes. The tradeoff is greater density, which can increase demand on streets, water, sewer, drainage, schools, and other infrastructure. Smaller lots may also be inconsistent with the preferences of existing residents. Those concerns should be addressed directly through infrastructure planning and health and safety standards rather than by requiring every future buyer to purchase more land than they want or need.

https://www.mercatus.org/research/policy-briefs/housing-reform-states-menu-options-2027

Accessory Dwelling Units. Allowing an Accessory Dwelling Unit gives a homeowner the option to create an additional residence on property they already own. That can create housing without requiring a new subdivision, but additional residents can mean additional vehicles, utility use, parking demand, and pressure on septic systems. The ALEC model addresses some of these concerns by retaining health and safety codes and allowing an ADU to be prohibited when the primary dwelling has a failing septic system,

but it also prohibits additional parking requirements and several other local restrictions. The policy choice is therefore not costless. It gives property owners considerably more freedom while limiting the ability of local governments to manage some neighborhood effects through zoning.

https://alec.org/model-policy/accessory-dwelling-units-act/

By Right Development. The ALEC model requires projects that comply with existing zoning and land use regulations to receive approval without another discretionary review. That creates predictability for builders and reduces the opportunity for political opposition to delay a project after the rules have already been established. The tradeoff is that planning commissions, zoning boards, elected officials, and existing residents lose some ability to reconsider an otherwise compliant development based on the circumstances of an individual project. Government therefore has a greater responsibility to write clear rules on the front end because it has less discretion to change the answer on the back end.

https://alec.org/model-policy/by-right-housing-development-act/

Permitting reform. Firm permitting deadlines reduce uncertainty and the carrying costs associated with waiting for government approval. The tradeoff is that local permitting departments must make decisions within those deadlines even when they face staffing shortages, unusually complicated applications, or sudden increases in development activity. A poorly designed deadline could encourage rushed review or create incentives to reject incomplete applications rather than work through them. A workable model therefore needs clear definitions of a complete application, reasonable review periods, transparency about deficiencies, and consequences for both unnecessary government delay and applicants who fail to provide required information.

Third party challenges. Limiting challenges to approved development can prevent opponents from using litigation primarily to delay projects and impose costs on builders. ALEC's model goes considerably further by limiting standing to adjacent property owners who can demonstrate particularized harm, requiring clear and convincing evidence, and making an unsuccessful challenger responsible for the permit holder's attorney fees and expenses. The tradeoff is meaningful: those provisions could also discourage people with legitimate concerns from challenging a government decision because the financial risk of losing could be substantial. Any model we advance should distinguish between preventing abusive delay and preserving a realistic remedy when an approved development causes demonstrable harm.

https://alec.org/model-policy/third-party-changes-to-development-permits/

Design and aesthetic mandates. Arizona SB 1431 provides another example of a clear tradeoff. Restricting municipal design mandates gives builders and buyers greater control over features such as exterior materials, colors, roof forms, garages, porches, and other aesthetic choices, potentially allowing consumers to avoid paying for features they do not value. The corresponding tradeoff is reduced local authority to use design standards to preserve a particular visual character or development pattern. The bill draws a line by continuing to permit building, fire, health, safety, utility, and other specified requirements while restricting many mandates that are primarily aesthetic. The policy question becomes where legitimate protection from harm ends and government preference begins.

https://www.azleg.gov/legtext/57leg/2R/bills/SB1431H.pdf

These tradeoffs are also why a menu of reforms makes more sense than imposing an identical package in every state. A state with severe permitting delays may have a different binding constraint than one where minimum lot sizes make starter homes difficult to build. A community served by public water and sewer presents a different case from one dependent on individual wells and septic systems. Mercatus similarly presents its state reforms as a menu covering zoning, legal process, permitting, parking, construction standards, and other barriers rather than treating every housing market as identical.

https://www.mercatus.org/research/policy-briefs/housing-reform-states-menu-options-2027

The objective is not to eliminate every rule governing housing. It is to force a harder question about each rule: What identifiable harm is government addressing, and is the restriction proportionate to that harm? Where there is a genuine health, safety, infrastructure, or property rights concern, address it directly. Where the rule primarily limits competition, dictates consumer preferences, or protects existing interests from change, state lawmakers should have a menu of options for reconsidering it.

A Free Market Solution

The housing market is sending a clear price signal that America needs more housing. Our goal is to remove the government barriers that prevent the market from answering it.

Housing is fundamentally a supply and demand problem. When prices rise, they send a signal that consumers want more of a product. In a functioning market, higher prices create an incentive for producers to increase supply, new competitors to enter the market, and property owners to put their land to more productive uses.

Housing often cannot respond naturally to that signal. Zoning, minimum lot sizes, density limits, permitting requirements, and other government restrictions can prevent or delay additional housing production. A broad review of the economic research found that more restrictive land use regulation is associated with higher home prices, less construction, and housing supply that is less responsive to changes in demand.

https://www.nber.org/papers/w20536

https://www.nber.org/papers/w28993

We also have evidence that producers respond when restrictions are relaxed. Research examining zoning reform found that allowing greater density increased applications for multifamily construction, eventually increased housing availability, and reduced housing prices in the affected neighborhoods. AEI likewise estimates that reforms involving smaller lots, greater flexibility on existing residential lots, and residential development near jobs could unlock substantial new housing production.

https://cosm.aei.org/wp-content/uploads/2026/04/Know-the-Market-to-Find-the-Path-Home.pdf

The free market principle is simple: Government should protect health, safety, infrastructure, and neighboring property from legitimate harms. Beyond that, builders and property owners should generally be free to respond to consumer demand, and consumers should be free to choose the housing that best fits their needs and budgets.

We propose a 501(c)(4) built specifically to close the gap between free market housing research and enacted state policy. The organization will convene and coordinate the coalition, build relationships with state lawmakers, recruit legislative champions, organize chambers of commerce and housing industry leaders into a grasstops network, develop a digitally driven grassroots constituency, and run the legislative advocacy necessary to move reforms through state capitols. If we evaluate the readiness of a state and there is no capable organization in place, we can expand into that state using the model. We will document what works and what does not and create a replication toolkit for other states that fit that scenario. One option is a chapter or adaptive franchise model. If a capable and ideologically aligned organization already exists to perform this type of advocacy, we could regrant to it with oversight to ensure checkpoints are reached.

Nationally, it will work through policy organizations and conferences to build a state by state network of partners and identify the next opportunities for reform. Instead of producing another housing white

paper, the organization will build the advocacy infrastructure necessary to turn the best existing ideas into law, measure the results, and replicate successful reforms across the country.

501(c)(4) Advocacy Organization

The project will establish or partner with a state level 501(c)(4) advocacy organization whose purpose is to turn proven free market housing research into enacted state policy. The organization will not function primarily as a research institution. Its comparative advantage will be implementation. It will take strong ideas developed by research organizations and translate them into coordinated legislative campaigns built around trusted state relationships, coalition management, grasstops leadership, grassroots mobilization, and sustained advocacy.

Why This Group?

This project is particularly well suited to this team because the challenge we have identified is no longer primarily one of discovering policy solutions. It is a challenge of implementation. Success requires people who understand how state government works, how legislation actually moves, how coalitions are built, how policy is communicated, and how political support is developed and sustained.

The team brings demonstrated experience taking free market policy ideas and turning them into enacted law. Members have built and led advocacy efforts that begin with research and model policy, recruit legislative champions, develop coalitions, coordinate lobbying and communications, respond to opposition, navigate the legislative process, and remain engaged through passage and implementation. In other words, the basic operating model proposed here is not theoretical. Members of this team have already used this approach successfully in other policy areas.

Housing presents a different policy challenge, but the implementation problem is familiar. Research does not enact itself. Model legislation does not recruit its own sponsor, build a coalition, answer opposition, survive committee hearings, negotiate amendments, or reach a governor's desk. Those are functions this team has experience performing.

That experience is amplified by a PowerGroup that brings together Fellows with backgrounds across public policy, state government, advocacy, communications, business, coalition building, and grassroots engagement. It is further amplified by the broader Club for Growth Foundation Fellowship network, which provides relationships with free market leaders, state policymakers, policy organizations, and advocates across the country.

The proposed structure is designed to use those capabilities rather than duplicate work that others already do well. AEI, Mercatus, ALEC, Goldwater, CFGF, and other organizations can continue producing research, identifying reforms, and developing model policy. This team brings experience in building the political infrastructure that can connect those ideas to legislative champions, state partners, grassroots and grasstops support, and sustained campaigns capable of carrying them through the policymaking process.

That combination directly addresses the gap identified in this proposal: the intellectual infrastructure exists, much of the policy infrastructure exists, and this team has experience building the advocacy infrastructure necessary to connect them.

Why Now?

Housing affordability has reached a point where the problem is broadly recognized, the research is mature, and states are increasingly willing to consider supply-side reforms. At the same time, the free

market policy community has developed a substantial body of research, model legislation, and examples of reforms already being tested across the country.

The timing is especially significant for this project because the intellectual groundwork has largely been done. CFGF itself has now identified housing affordability as a major policy concern and, through its September 2026 Priced Out policy handbook, provided a current framework for understanding the government created barriers that increase housing costs. AEI, Mercatus, ALEC, Goldwater, state think tanks, and others have developed many of the policy tools needed to address those barriers.

What has not developed at the same pace is the advocacy infrastructure necessary to move those ideas from research papers and model legislation into sustained state campaigns. That creates a window of opportunity: the problem is urgent, the policy work is available, states are already experimenting, and the network necessary to begin scaling successful reforms already exists.

The missing piece is execution.

Step Three: Develop Your Solution

The Intervention

Our 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 policies in every state, the organization will identify the barriers that are actually restricting housing in a state and work with state partners and legislative champions to select the reforms that best address them.

The policy menu will draw from existing model legislation and successful state reforms addressing barriers such as minimum lot sizes, permitting delays, discretionary approvals, accessory dwelling units, design mandates, parking requirements, excessive exactions, and unnecessary legal challenges. The 501(c)(4) provides the missing delivery system by bringing together the research, legislative relationships, coalition, grassroots support, and advocacy necessary to turn those ideas into enacted policy.

The organization, or CFG acting through partners, will focus on the high value policy reforms that limit supply and increase costs across most states. This approach will enable a focus on three to five specific policies that can be driven through advocacy at the state and local levels.

Drawing on the framework identified by Jason Sorens in CFGF's Priced Out policy handbook, the organization will first determine where barriers created by government are increasing the cost or limiting the production of housing in each target state. Those barriers will be evaluated across four broad categories: the cost and use of land, legal compliance and permitting, labor, and construction materials and standards.

The objective is to identify the binding constraints in a particular state and select reforms that either increase the amount of housing that can be produced from available land, capital, and labor or reduce the unnecessary per unit cost of producing it.

Within that framework, each reform will be evaluated according to whether it:

Removes unnecessary government burdens that increase housing costs through additional development costs.

Enables supply and demand to function properly through the role of prices.

Weighs public benefit against individual freedom, including in areas such as environmental regulation.

Operates under the principles of federalism, with power located at the most appropriate level.

Produces an outcome that can be measured and evaluated after implementation.

Suggested Policy Focuses

To avoid diluting the message or effect, this proposal uses the Pareto Principle, the idea that a relatively small share of inputs can produce a large share of results, to identify the policies likely to have the greatest effect on housing affordability. The aim is to identify the government restrictions and market bottlenecks that contribute most to artificial housing scarcity and price inflation, then focus on the leverage points that can produce the greatest additional supply with the least political resistance.

To that end, areas for consideration include:

1. Cap or Eliminate Minimum Lot Sizes: Such policies restrict the development of smaller single family housing and density, preventing additional supply from reaching the market. Rather than allowing prices to connect homebuyers who are comfortable with smaller lots to available supply,

minimum lot sizes can price out many would be homeowners and force them to remain renters. A study shows that doubling minimum lot sizes corresponds with a 14 percent increase in the cost of owning a home and a 9 percent increase in rent.

2. Eliminate Parking Mandates: Many cities require housing, particularly apartment buildings, to provide one or two parking spaces per unit. A Cato Institute study estimates that such restrictions can add $50,000 per unit in development costs in some cities. Roughly four in five U.S. cities retain parking mandates. Such policies restrict tenant choice and mandate the provision of an adjacent service rather than allowing alternatives such as other forms of transportation, parking garages, or rideshare services.
3. Increase the Threshold for Protest Petitions and Standing Requirements for Lawsuits: In many states, groups with limited direct impact or standing can slow proposed developments through protest petitions or lawsuits. One example cited in the draft is that, in 2020, nearly 50 percent of California's new housing units faced litigation over environmental concerns, according to a Holland & Knight study. Broad interpretations of standing can encourage litigation that slows development and increases project costs through legal expense and delayed returns. Even in red or purple states, lax protest petition requirements can enable a small group of people with limited impact to hold up development. In some cases, as little as 10 percent of neighboring properties can limit rezoning. Increasing protest petition thresholds and adding greater specificity about who has standing in environmental cases can reduce litigation costs and speed development.
4. Remove Permitting Delays and Discretionary Reviews: Institute by right objective building standards to reduce regulatory costs that are passed on to consumers and can price lower income buyers out of the market.

Incentives

This approach also changes the incentives surrounding housing reform. Lawmakers who previously heard primarily from people opposing new development will have support from employers, property owners, builders, prospective buyers, and other constituents who benefit from additional housing choices. Builders gain greater certainty when permitting and approval processes become more predictable, while property owners gain greater freedom to respond to demand. State policy organizations and research groups gain an advocacy partner capable of turning their work into an organized legislative campaign.

Coalition Coordination

The 501(c)(4) will serve as the central organizer of a national free market housing coalition. It will convene regular roundtables bringing together national research organizations, state policy groups, property rights organizations, housing industry representatives, local advocates, and other aligned partners.

The roundtable will identify promising reforms, share research and legislative experience, identify emerging opposition, compare results among states, and coordinate resources. Rather than asking every organization to duplicate work, participants will contribute according to their strengths. Research organizations can supply evidence. Model policy organizations can contribute legislative language. State groups can provide local knowledge and relationships. Industry partners can provide practical expertise. The 501(c)(4) will coordinate those resources into an executable state strategy.

Legislative Advocacy

The 501(c)(4) will own the legislative campaign.

Before entering a state, it will identify lawmakers interested in housing affordability, property rights, economic development, workforce issues, and regulatory reform. It will build relationships with those legislators before asking them to carry legislation and identify credible legislative champions capable of navigating the proposal through their respective chambers.

Once legislation is introduced, the organization will coordinate lobbying, testimony, committee strategy, stakeholder engagement, amendments, communications, and responses to opposition.

The organization will also play defense. It will monitor legislation and regulatory proposals that would increase housing costs, restrict supply, expand unnecessary government control, or undermine successful free market reforms. When those proposals emerge, the 501(c)(4) will organize the coalition, provide lawmakers with research and political support, mobilize grassroots and grasstops opposition, and work to amend or defeat them. Protecting good policy from being weakened or reversed will be treated as an essential part of the legislative strategy.

State campaigns will be led by people who understand the local legislature and have credibility with policymakers, rather than by national organizations attempting to direct campaigns remotely. Policy expertise is more effective when combined with legislative relationships and people who can operate inside the policymaking process.

Grasstops Campaign

Each state campaign will build a coalition of respected local validators who can demonstrate that housing reform is an economic and community issue rather than simply an ideological project.

At a minimum, outreach will include chambers of commerce, homebuilders associations, Realtors, developers, employers, economic development organizations, property rights organizations, construction industry groups, lenders, community banks, and other organizations affected by housing availability.

The coalition should expand according to local conditions. Major employers may be particularly valuable where workforce housing is scarce. Hospitals, manufacturers, schools, universities, hospitality employers, and other institutions can explain what housing shortages mean for recruiting workers. Small builders and local property owners can explain how regulations operate in practice.

These organizations will not merely appear on a coalition letter. The 501(c)(4) will develop local advocates who can testify, meet lawmakers, write opinion pieces, speak with reporters, participate in public events, and provide legislators with credible voices from their own communities.

Grassroots Campaign

The grassroots operation will build a constituency for reform beyond the traditional housing industry, with a heavy emphasis on digital organizing.

Digital advertising will identify people affected by housing scarcity, including prospective homebuyers, renters, young families, property owners, workers facing long commutes, and residents interested in property rights. Campaign content will translate technical policies into recognizable problems such as the disappearance of starter homes, the inability to build a small home on an existing lot, lengthy permitting delays, or restrictions on adding housing for an aging parent.

People who engage with the campaign can be moved into an advocacy funnel that progresses from education to email acquisition, petitions, legislative alerts, lawmaker contacts, testimony, local meetings, and ultimately a durable state supporter network.

The objective is to create constituents lawmakers actually hear from, rather than relying exclusively on paid lobbyists or national policy organizations.

National Network and State Expansion

The 501(c)(4) will also serve as the national connective tissue for the project.

Its leadership will participate in national and state policy conferences, build relationships with research organizations and state policy groups, identify potential legislative champions, recruit coalition partners, and continuously identify states where reform has a realistic path to enactment.

Organizations and networks such as ALEC and SPN provide opportunities to identify lawmakers and state partners, while other national organizations can contribute research, policy expertise, legal analysis, communications support, or advocacy capacity.

Expansion should be deliberate rather than attempting fifty states simultaneously. States would be evaluated according to legislative opportunity, severity of the housing problem, strength of potential legislative champions, coalition readiness, political environment, existing state capacity, and likelihood that a successful reform could demonstrate measurable results.

A successful state becomes a case study for the next state.

Theory of Change

Passing legislation is the means, not the measure of success. If we correctly identify a barrier created by government and remove or reduce it, builders and property owners should have greater freedom to respond to demand, more projects should become economically viable, and competition and housing supply should increase. We will measure that market response after enactment to determine whether the reform worked, identify unintended consequences, and decide whether it should be modified or replicated in other states.

The Operating Model

The whole thing can be reduced to a repeatable cycle:

Find the best research → select the strongest reforms → convene the coalition → identify target states → recruit legislative champions → build the grasstops coalition → build the grassroots constituency → run the legislative campaign → enact reform → measure results → improve the model → take it to the next state.

Potential Policy Reforms and Model Legislation

AEI Housing Center: Model Light Touch Density Bill

Allows local governments to permit smaller lots and modest increases in residential density, including small scale housing that may otherwise be prohibited by zoning. The goal is to make naturally affordable starter housing economically possible by allowing builders to use less land per home.

Full link: https://heat.aeihousingcenter.org/toolkit/model_bill

ALEC: By Right Housing Development Act

Requires housing that already complies with applicable zoning and development standards to receive administrative approval rather than being subjected to an additional discretionary political process. It

gives builders and property owners greater certainty while leaving the underlying health, safety, and zoning rules in place.

Full link:

https://alec.org/model-policy/by-right-housing-development-act/

Goldwater Institute: Permit Freedom Act

Creates firm timelines and clearer rules for government permitting and provides consequences when government fails to act within those deadlines. Goldwater has produced ready to introduce model legislation based on reforms already implemented in Arizona.

Full link:

https://www.goldwaterinstitute.org/permitfreedom/

ALEC: Accessory Dwelling Units Act

Establishes ADUs as a permitted residential use and removes common regulatory barriers that can prevent homeowners from adding a smaller dwelling to their existing property. ALEC's framework also establishes an approval limit of 30 days for qualifying ADUs.

Full link:

https://alec.org/model-policy/accessory-dwelling-units-act/

ALEC: Third Party Challenges to Development Permits

Limits the ability of third parties to use legal challenges to delay already approved housing developments without demonstrating a direct, particularized harm. This directly addresses one of the incumbent advantages we identified in the draft, where people who already live in a community can use the regulatory process to prevent housing for people who do not yet live there.

Full link:

https://alec.org/model-policy/third-party-changes-to-development-permits/

ALEC: Safe Harbor from Excessive Exactions Act

Requires exactions imposed by government on development to bear a relationship to the actual impact created by the project. That fits our principle that development should pay legitimate costs it creates, but government should not use those costs as an excuse to impose unrelated burdens on housing.

Full link:

https://alec.org/model-policy/the-safe-harbor-from-excessive-exactions-act/

Mercatus Center: Housing Reform in the States, Menu of Options for 2027

This is not a model bill, but it may be one of our best sources for finding statutes to turn into model legislation. Mercatus identifies state examples involving minimum lot sizes, residential development on commercial land, parking mandates, objective approval standards, manufactured housing, standing to sue, downzoning, fees, and other regulatory barriers, with citations to the actual legislation states have enacted.

Full link:

https://www.mercatus.org/research/policy-briefs/housing-reform-states-menu-options-2027

Arizona SB 1431: Homebuyer Choice and Design Freedom

Prohibits municipalities from requiring many aesthetic features, architectural elements, shared amenities, and other design choices for single family homes and ADUs while preserving building, fire, health, safety, and utility requirements. The free market principle is straightforward: government should establish legitimate health and safety standards, but consumers and builders should decide whether they want to pay for a particular façade, roof style, porch, garage, fence, or other aesthetic feature.

Full bill: https://www.azleg.gov/legtext/57leg/2R/bills/SB1431H.pdf

Accountability and Measurement

Each policy will have measurable outcomes tied directly to the barrier it is intended to remove. Permitting reform will be measured by reductions in approval times and costs. By right reform will track approval times, projects approved administratively, and housing units authorized. Minimum lot size reform will track smaller lots created, homes built on those lots, and their sale prices compared with conventional new construction. Accessory Dwelling Unit reform will track applications, approvals, completed units, and rents where available. Design mandate reform will track requirements eliminated and measurable reductions in construction costs.

Across every reform, we will also measure housing permits, housing production, development costs, rents, home prices, and price to income ratios in affected markets. Baselines will be established before enactment, with results measured at one, three, five, and ten years and compared, where possible, with similar markets that did not adopt the reform.

Costs and Funding

The cost of the project will depend on the number of states targeted and whether campaigns are operated directly or through existing state partners. Funding will be used for policy analysis, state assessments, coalition building, lobbying, digital grassroots outreach, communications, and measurement. Where capable state organizations already exist, regranting can reduce the cost of building new infrastructure. The detailed budget below is built around a three state pilot and the scope of the initial campaign.

Risks

The greatest risk is passing legislation that does not produce the expected market response. Reforms could be weakened during the legislative process, local governments could find alternative ways to restrict development, or we could incorrectly identify the primary barrier in a state. Coalition partners could also have competing interests, including industry participants seeking advantages for themselves rather than greater competition. Expanding too quickly could dilute the state relationships that make the advocacy model work.

State selection, measurable baselines, post enactment evaluation, and a willingness to modify or abandon reforms that do not produce results will be built into the model.

The Budget

The following budget assumes a three-state pilot in which the organization must build most of the necessary advocacy capacity directly. Actual costs could be substantially lower where existing organizations already possess the staff, relationships, infrastructure, and advocacy capacity necessary to execute the model. In those states, the project could partner with or regrant to an existing organization

rather than duplicate its capabilities. The final budget would therefore be adjusted based on the capacity identified through the State Readiness Assessment and the extent to which existing organizations can be leveraged in each pilot state.

Line Item	Brief Description
Executive Director	Leads the organization, fundraising, coalition strategy, partnerships, and overall execution.
Government Affairs Director	Manages legislative strategy, lawmaker relationships, state campaigns, and legislative champions.
Grassroots and Digital Director	Builds and mobilizes the grassroots network through digital advertising, email, social media, and direct advocacy.
Benefits, Payroll Taxes and Payroll Costs	Covers employer payroll taxes, employee benefits, and other employment costs.
State Lobbying and Advocacy Contracts	Funds experienced state based advocates and lobbyists with established relationships in target states.
Digital Advertising and Grassroots Acquisition	Recruits, educates, and mobilizes supporters in targeted states and legislative districts.
State Research and Policy Analysis	Identifies state specific housing barriers, evaluates policy options, and establishes baseline data.
Coalition Roundtables and Zoom	Provides basic technology and support for regular virtual meetings of coalition partners.
National Conferences and Travel	Supports participation in ALEC, SPN, and other national meetings to recruit partners, lawmakers, and future target states.
PSA Production and Distribution	Produces and distributes public education content explaining housing barriers and market based solutions.

Line Item	Brief Description
Communications, Creative and Earned Media	Supports messaging, media outreach, graphics, written materials, and other campaign communications.
CRM, Advocacy Software, Website and Data	Provides the technology needed to manage supporters, communications, legislative advocacy, and campaign data.
Measurement and Independent Evaluation	Establishes baselines and measures whether enacted reforms produce the expected market results.
Legal, Accounting, Compliance and Insurance	Covers nonprofit compliance, lobbying reporting, accounting, legal counsel, and organizational insurance.
General Administration	Covers routine operating expenses necessary to run the organization.
Contingency	Provides limited flexibility for unexpected campaign costs or opportunities.

Proposed Two Year, Three State Pilot

Expense	Year 1	Year 2	Two Year Total
Executive Director	$120,000	$120,000	$240,000
Government Affairs Director	$100,000	$100,000	$200,000
Grassroots and Digital Director	$90,000	$90,000	$180,000
Benefits, payroll taxes and payroll costs	$78,000	$78,000	$156,000
State lobbying and advocacy contracts	$180,000	$240,000	$420,000

Expense	Year 1	Year 2	Two Year Total
Digital advertising and grassroots acquisition	$150,000	$200,000	$350,000
State research and policy analysis	$60,000	$40,000	$100,000
Coalition roundtables and Zoom	$2,500	$2,500	$5,000
National conferences and travel	$60,000	$60,000	$120,000
PSA production and distribution	$40,000	$15,000	$55,000
Communications, creative and earned media	$40,000	$50,000	$90,000
CRM, advocacy software, website and data	$15,000	$15,000	$30,000
Measurement and independent evaluation	$25,000	$50,000	$75,000
Legal, accounting, compliance and insurance	$40,000	$40,000	$80,000
General administration	$25,000	$30,000	$55,000
Contingency	$40,000	$45,000	$85,000
Total	**$1,025,500**	**$1,140,500**	**$2,166,000**

Step Four: Define Your Deliverables

Implementation Timeline and Deliverables

Time	Objective	Measurable Deliverables
First 30 Days	Build the organization and operating infrastructure	Incorporate the 501(c)(4), establish the board and bylaws, obtain EIN, establish banking, accounting and compliance systems, begin required federal filings, hire or begin recruitment for the Executive Director, Government Affairs Director, and Grassroots and Digital Director. Select CRM, advocacy software, website platform, and communications tools.
First 60 Days	Build the national coalition and finalize the policy menu	Complete review of the model bills and state reforms collected from AEI, ALEC, Goldwater, Mercatus, SPN affiliates, and other partners. Establish criteria for placing policies on the menu. Hold the first national coalition roundtable. Begin outreach to chambers, industry associations, research organizations, state think tanks, and potential funding partners. Develop the State Readiness Assessment used to evaluate potential target states.
First 90 Days	Select the first states and prepare campaigns	Evaluate potential states using housing need, regulatory barriers, legislative opportunity, available champions, coalition readiness, and existing advocacy capacity. Select three pilot states. Identify potential legislative champions and state advocacy partners. Establish baseline measurements for the reforms under consideration. Contract with state lobbyists where needed. Complete initial messaging, digital infrastructure, and PSA concept.
Six Months	Launch three state campaigns	Select the reforms appropriate for each pilot state. Complete or adapt legislative language. Build a grasstops coalition in each state including chambers, homebuilders, Realtors, developers, employers, property rights groups, and other local validators. Launch digital grassroots recruitment and public education. Produce and distribute the PSA and related digital content. Begin direct legislative advocacy and introduce or prepare legislation according to each state's legislative calendar.

Time	Objective	Measurable Deliverables
One Year	Complete the first full advocacy cycle and measure progress	Operate active legislative campaigns in all three pilot states. Track bills introduced, committee action, legislative support, coalition participation, grassroots growth, media activity, and other campaign measures. Begin measuring changes in permitting, approvals, development activity, or other policy specific indicators where reforms have taken effect. Conduct a formal review of what worked, what failed, and what should change before the second year.
Two Years	Prove the model and prepare for expansion	Complete two years of advocacy in the pilot states. Evaluate legislative outcomes and early market responses against the original baselines. Revise model legislation based on experience. Produce a replication toolkit containing policy options, state assessment criteria, coalition strategy, grassroots strategy, messaging, opposition research, measurement standards, and lessons learned. Identify the next group of states and determine whether expansion should occur through direct chapters, an adaptive franchise model, or regrants to existing state organizations.

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.