

**Testimony on
Innovation in U.S. Housing: Solutions and Policies for America's Future**

**U.S. Senate Committee on Banking, Housing, and Urban Affairs, Subcommittee on Housing, Transportation, and
Community Development**

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Chairman Britt, Ranking Member Smith, and Members of the Subcommittee:

Thank you for the opportunity to testify today. My name is Dennis Shea, and I serve as an executive vice president at the Bipartisan Policy Center (BPC) and lead its J. Ronald Terwilliger Center for Housing Policy. BPC is a nonprofit think tank committed to advancing bipartisan solutions to some of the nation's most pressing challenges, including our nation's critical shortage of safe, decent, and affordable housing.

America's Housing Affordability Crisis

Ron Terwilliger, our center's founder and a longtime housing developer, used to say that the nation's housing affordability challenge was a "silent crisis," largely ignored by the media and policymakers. But the problem has become so severe and unavoidable in recent years, it can no longer be considered "silent." Not unexpectedly, a [bipartisan majority](#) of Americans think housing affordability is a significant concern and support legislative reforms to address the crisis.

A record high [42.9 million](#) households—half of all renter households and a quarter of homeowners—are cost burdened, meaning they pay more than 30% of their income on housing alone, leaving little to cover other essentials like food, child care, transportation, and health care.

In the last five years, home prices have skyrocketed by more than [50%](#) and rents have jumped nearly [30%](#). Mortgage rates, property insurance costs, and property taxes have all increased as well, straining multifamily property owners and homeowners alike. With income growth lagging behind rising costs, homeownership is slipping further out of reach for millions of families.

Homelessness is also continuing to rise at an alarming rate. [More than 770,000](#) Americans—including a growing number of older adults and families with children—experience homelessness on any given night, a nearly 20% increase from 2023 to 2024. This challenge is not confined to our largest cities; the number of people unable to find and maintain stable housing has grown in urban, suburban, and rural areas alike, even as the capacity of organizations providing shelter beds or permanent supportive housing has increased.

Although [estimates](#) vary, it is fair to say that the United States has underbuilt housing by millions of homes since the Great Recession. The persistent mismatch between housing supply and demand has fueled today's affordability crisis. Starter homes—those smaller than 1,400 square feet—are in particularly short supply. In the 1970s and 1980s, these

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more attainable homes accounted for [30% to 40%](#) of new homes being built. Today, only about [10%](#) of new homes are considered starter homes.

At the Terwilliger Center, we operate from the belief that housing is foundational. Access to safe, stable housing is associated with improved [health and educational outcomes](#) for children, while supply constraints can hamper both individual economic opportunity and broader [economic growth](#). As the housing affordability crisis deepens, Congress must act to ensure American families and communities have the foundation they need to thrive. Addressing these challenges will require creative problem solving to expand opportunity and affordability.

Innovative Solutions to the Housing Supply Shortage

As this Committee has recognized, housing is a nonpartisan issue that commands strong bipartisan support. The housing affordability challenge affects Americans in virtually every state and community. I commend the Committee for acknowledging the growing severity of the problem and for your commitment to working together on solutions.

The Renewing Opportunity in the American Dream (ROAD) to Housing Act of 2025—which received a unanimous, bipartisan vote from the full Senate Banking, Housing, and Urban Affairs Committee and recently passed the Senate as part of the Fiscal Year 2026 National Defense Authorization Act—illustrates the broad areas of bipartisan agreement in housing. While addressing the housing affordability crisis will require sustained, bipartisan collaboration, this package marks a major congressional milestone.

The ROAD to Housing Act incorporates provisions from dozens of previously introduced bills, the majority of which were introduced with bipartisan sponsors, with many supported by BPC and our advocacy arm, BPC Action. The bill offers a range of creative solutions, updating and reforming federal housing policy through three primary channels: deregulation, modernization and improvement of existing programs, and support for state and local governments in addressing the housing supply shortage.

Reducing Regulatory Barriers

Regulatory barriers can significantly hamper the construction and preservation of affordable housing, while diminishing the effectiveness of federal programs designed to expand access to such housing, particularly in neighborhoods of opportunity. The added costs associated with regulatory compliance can account for a large part of the price of newly constructed housing—[nearly 25%](#) of the average single-family home and [more than 40%](#) of a multifamily property, according to the National Association of Home Builders. While state and local regulations often pose their own unique challenges, small changes to federal requirements could together make a meaningful impact on housing supply and affordability. Several members of the Terwilliger Center's Advisory Committee recently sent a [letter](#) to Treasury Secretary Bessent offering regulatory reform recommendations to help unlock the full potential of the Low-Income Housing Tax Credit (LIHTC), a critical tool that incentivizes private investment to help finance affordable rental housing construction and preservation. I commend this letter to the Committee's attention.

The ROAD to Housing Act includes several provisions aimed at updating and streamlining regulations. For example, provisions adopted from the bipartisan Choice in Affordable Housing Act would reduce delays and complexity associated with the HUD inspection process for the Housing Choice Voucher (HCV) program by removing duplicative requirements for properties that have recently passed inspections under other federal housing programs. It would also allow new landlords to request advance inspections. These changes aim to incentivize greater landlord participation in the HCV program and ultimately expand options for voucher holders—approximately [40%](#) of whom are currently unable to find an eligible unit with a landlord willing to participate in the program.

The Housing Supply Expansion Act, also included in the ROAD to Housing Act, would eliminate the permanent chassis requirement for manufactured homes. This simple but important change is expected to reduce the cost of new



manufactured homes—already an affordable option—by [\\$5,000 to \\$10,000](#) per unit and encourage greater innovation in manufactured housing design.

The act also includes several provisions designed to streamline the environmental review process, incorporating provisions from the bipartisan Better Use of Intergovernmental and Local Development Housing Act and Unlocking Housing Supply Through Streamlined and Modernized Reviews Act. By simplifying and speeding up these reviews, the provisions aim to reduce the delays and added costs that environmental regulations can often impose on a housing development.

Deregulatory reforms like these, applied to existing programs and processes, can improve efficiency and efficacy without requiring additional federal spending.

Improving and Modernizing Existing Programs

The federal government has dozens of programs that address a wide range of housing needs, from rental assistance to affordable housing development to homelessness prevention. While these programs have served millions of households over the past several decades, reforms and updates could further enhance their impact.

The ROAD to Housing Act would create a new pilot under HUD’s Family Self-Sufficiency program to automatically enroll new households and remove enrollment barriers, incorporating provisions from the bipartisan Helping More Families Save Act. The pilot would evaluate whether an opt-out model improves the program’s efficacy in promoting economic mobility and helping participating households achieve homeownership. The program has previously been shown to increase engagement with and access to self-sufficiency services, with graduates accruing an average of [nearly \\$11,000](#) in escrow savings accounts.

The ROAD to Housing Act would also modernize programs within the USDA’s Rural Housing Service, incorporating provisions from the bipartisan Rural Housing Service Reform Act. These changes would help to preserve as many as [30,000](#) affordable rental homes in rural communities by 2050, revitalize many more aging homes, and strengthen USDA’s capacity through IT modernization and increased staffing.

As today’s housing challenges evolve, these proven federal programs remain essential tools for supporting renters and homeowners. Targeted updates and improvements to these programs would ensure that federal agencies are equipped to meet current and future housing needs.

Supporting State and Local Governments

Many of the restrictive zoning and land use policies that prevent the use of innovative construction techniques and building designs—such as manufactured and modular construction, accessory dwelling units, and duplexes and other types of “missing middle” housing—are found at the state or local level. In recent years, cities and states across the country have begun reevaluating minimum lot size requirements, parking minimums, single-family zoning, and other policies to enable more home construction.

The ROAD to Housing Act provides funding and technical assistance to state and local governments working to reduce these barriers to development. The Housing Supply Frameworks Act, for example, would direct HUD to publish guidelines and best-practice frameworks for state and local zoning and land use policies, making it easier and more cost-effective for communities to implement pro-housing changes.

Another section of the bill, incorporating the Accelerating Home Building Act, would establish a grant program to support localities’ development of “pattern books,” or sets of pre-reviewed housing designs for missing-middle and infill housing, especially for rural areas and other high-opportunity areas. These pattern books would streamline construction approvals, reducing project timelines and costs.



Federal support is essential as jurisdictions explore ways to boost housing supply and improve affordability. At the same time, state and local leaders play a central role in crafting solutions tailored to the unique challenges of their communities. Many communities are already hard at work, addressing the unique housing challenges they face. Since 2018, at least [20 states](#) have taken steps to make it easier to build housing.

For example, Gov. Spencer Cox (R-UT) has called Utah's lack of affordable housing its "single greatest threat." He set an aggressive goal of building 35,000 new affordable units by 2028, focusing on homes that will be attainable for new homeowners, young families, and local workers. In support of that goal, he signed several bills into law, including [H.B. 572](#), which created the Utah Homes Investment Program, a \$300 million program that supports banks in offering low-cost loans to developers building new affordable housing, and [S.B. 168](#), which establishes a statewide code for modular building units, making it easier to build new modular homes.

On the other side of the country, Gov. Daniel McKee (D-RI) has set specific housing production targets for each municipality in Rhode Island, totaling 15,000 new homes by 2030. To support this effort, he established a new State Low-Income Housing Tax Credit to help developers close financing gaps for affordable housing projects and deliver over 500 new units. The state legislature has also passed several [new housing bills](#) to modernize the state's permitting system, allow for new types of co-living developments, and establish a land bank that will be used to create new affordable housing on vacant or underutilized lots.

Local communities are also responding, with many implementing reforms that allow the construction of new types of housing. Oklahoma City, for example, passed an [ordinance](#) earlier this year making it easier to build accessory dwelling units in designated areas of the city as part of an effort to address its housing shortage. Cities are also implementing zoning reforms aimed at lowering the regulatory costs of new housing development. One such method is parking reform, which has already been implemented by more than [2,400](#) cities across the country. For instance, as part of [Minneapolis 2040](#), a comprehensive plan that included city-wide zoning and land-use reform, Minneapolis [adopted regulations](#) eliminating off-street minimum parking requirements and lowering maximum parking allowances.

Conclusion

Ultimately, a long-term "all hands on deck" approach is needed to solve the housing affordability crisis, including efforts from all levels of government, the private sector, and philanthropy. The private sector in particular plays an important role in developing and testing innovative ideas that can reduce costs and improve affordability. For instance, private companies are pioneering more cost-effective and resilient construction materials, the use of off-site building and artificial intelligence to shorten construction timelines, and the deployment of streamlined rental application processes. Without the private sector's leadership on innovation, we will not have the necessary tools to address the housing challenges we're facing.

If enacted, the ROAD to Housing Act would be the most comprehensive federal housing legislation since the Great Recession. Paired with the recent expansion of LIHTC—a longstanding bipartisan priority—in the One Big Beautiful Bill Act, the ROAD to Housing Act would provide a powerful example of the federal government's commitment to housing, give state and local governments new tools to address the housing challenges unique to their communities, and provide strong momentum for further action on supply and affordability by other stakeholders.

I commend the Committee and your dedicated staff not only for developing and passing legislation that offers targeted, innovative solutions to many of the nation's most pressing housing challenges, but also for demonstrating thoughtful bipartisan collaboration during a time when our nation seems so divided. Despite significant progress, much more work needs to be done. The Bipartisan Policy Center and the Terwilliger Center stand ready to support this Committee in advancing practical, durable solutions that reflect the urgency of the moment. Thank you for your time and attention.

