

Title VIII — Housing Affordability & Homeownership Reform

The American housing crisis is fundamentally a supply problem. AERIA attacks both the causes of insufficient supply and the institutional actors distorting the market for buyers — without replicating the failed demand-side subsidies that economic research shows inflate prices rather than reduce them.

\$400K+	5M+	Day 1	15%
Median U.S. home price (2025)	Annual housing unit shortfall estimated nationwide	Institutional buyer ban takes effect upon enactment	Federal tax credit for builders of affordable homes

POLICY CORRECTIONS IN THIS VERSION — WHAT CHANGED AND WHY

REMOVED FROM AERIA	REPLACED WITH
[x] \$25,000 down payment grants + \$7,500 closing cost grants	[+] First-Generation Homebuyer Matched Savings Program (govt. matches \$1 per \$2 saved, up to \$10K)
[x] FHA preferential rate at 2% below prevailing federal rate	[+] 15% tax credit for builders constructing homes at or below 3x state median income
[x] Housing Affordability Emergency Declaration interagency council	[+] HUD quarterly Housing Affordability Dashboard — public accountability, no new council

Why these changes matter: AEI research on a near-identical \$25,000 federal down payment assistance proposal found it would raise home prices by an average 4.1% for 75% of all national home sales, adding \$175 billion to home prices over four years — more than the \$100 billion program cost, with benefits flowing primarily to sellers and realtors. The FHA preferential rate provision was removed because the federal government cannot serve as a direct mortgage lender at 2% below market at scale without either massive monetary expansion or eliminating community banks and credit unions that cannot match subsidized rates.

PROVISION 1 — STOP INSTITUTIONAL INVESTORS FROM BUYING NEIGHBORHOODS

- Corporations or investment entities with total assets exceeding \$1 billion are PROHIBITED from purchasing, owning, or controlling single-family residential homes
- Existing institutional portfolios of single-family homes subject to a graduated 5-year mandatory divestment plan
- Violation: 50% federal acquisition excise tax on the assessed home value per occurrence, plus civil penalties
- HUD annual inspections, audits, and data reporting requirements enforce compliance
- Rationale: when billion-dollar funds compete against families, that is not a free market — it is a captured market. This provision restores competition for primary residences.

PROVISION 2 — FIRST-GENERATION HOMEBUYER MATCHED SAVINGS PROGRAM

A matched savings program phases demand over 12-36 months, screens for financial readiness, and rewards discipline — without handing sellers a lump-sum check they immediately price into the home.

- Government matches \$1 for every \$2 a qualified first-generation buyer saves, up to a \$10,000 federal match per household
- Example: buyer saves \$20,000 over 2 years, government contributes \$10,000 = \$30,000 combined toward down payment
- Savings must be held in a designated matched savings account for a minimum of 12 months prior to purchase
- Eligible buyers: households in which neither buyer nor custodial parent or guardian has ever owned a home in the U.S.
- Income limit: at or below 120% of area median income
- HUD-approved financial literacy course required before match disbursement
- Applicable to purchase of a primary, owner-occupied residence only
- 5-year primary residence requirement; early sale triggers pro-rata repayment of the federal match

PROVISION 3 — BUILD MORE HOMES (SUPPLY-SIDE REFORM)

- Federal infrastructure grants prioritized for local governments reforming restrictive zoning for higher-density and multi-unit residential construction
- Trade agreements and tariff adjustments to reduce costs of lumber, steel, and concrete — construction input cost reduction
- Federal scholarships and grants for students pursuing construction, electrical, plumbing, and other skilled trades
- States receive additional workforce training funds based on new apprentices and certified tradespeople produced annually
- 15% federal tax credit for builders constructing homes priced at or below 3x the state median household income
- Affordable housing developments receive priority access to federal infrastructure grants

PROVISION 4 — TRANSPARENCY & ACCOUNTABILITY

- HUD public-facing Housing Affordability Dashboard updated quarterly: home price trends, construction activity, homeownership rates by income group, program participation
- Annual HUD report to Congress identifying specific regulatory and legislative barriers to affordability in each census region
- Civil and criminal penalties for misuse of grants, fraudulent participation in federal programs, or violation of institutional purchase restrictions
- All builder tax credits subject to clawback if affordability or employment commitments are not maintained