

There's No Place Like Home: How Trump Is Making Housing Unaffordable

By all measures, Donald Trump has failed to deliver on his [campaign promise](#) to bring down prices on day one – especially when it comes to making housing more affordable. Buying, renting, and building housing is more expensive under the Trump Administration, while new housing development and sales have stagnated. A lethal combination of Trump's erratic tariff policies, Republican efforts to gut housing funding and incentives, and Trump's threats to privatize mortgage giants Fannie Mae and Freddie Mac is driving up home and rental prices beyond what most Americans can afford:

- Homebuying is at its [lowest level](#) since the mid-1990s, while soaring rents have left [a record number](#) of families – over 22 million renters, or 50% – cost burdened.
- [New polling](#) commissioned by Groundwork Collaborative shows that 63% of voters, including 60% of Independents, believe that Trump's actions are likely to increase their housing costs.
- 72% of voters [believe](#) it's a bad time to buy a home, according to Gallup's Economy and Personal Finance survey.
- 69% of Americans [are concerned](#) about their ability to maintain stable housing, whether owning or renting, according to Morning Consult polling commissioned by the National Alliance to End Homelessness. They are even more worried for their neighbors: 79% are concerned about the ability of others in their communities to maintain their housing.

Here's how Trump – a [failed real estate developer](#) – is raising the price of housing for families:

Thanks to Trump's erratic tariff policy and Republican plans to eliminate building incentives, construction is more expensive – so less is getting built.

- **Trump is raising the costs to build:** The National Association of Home Builders has [estimated](#) the material costs to build a new home might increase by as much as \$10,000 due to Trump's indiscriminate tariffs and builders are rightfully concerned about price hikes.
 - In July, the Home Builder Confidence [Index](#) hit 33 – an 8-point decline since July 2024.
 - The [price](#) of steel mill products increased 17.9% this year, while the price of bolts, nuts and screws increased 2.8% and lighting fixtures increased 4.9%, all higher than when Trump took office and much higher than underlying inflation.

- HVAC professionals are [reporting](#) that air-conditioning systems are \$1,500 more expensive compared to last year, as several HVAC companies increased their prices due to Trump's tariffs. Major HVAC supplier Honeywell [imposed](#) a 42% surcharge on one of its refrigerants, citing an inability to meet demand through domestic production.
- **Fewer new homes are being developed:** Partly a result of the Trump-induced economic uncertainty and higher costs to build, fewer homes are being built – exacerbating [housing supply shortages](#) that price out families: Residential construction spending [fell](#) 0.5% in May, driven mostly by a drop in single-family building and [it is down](#) 6.7% from a year ago. Nearly 5% fewer new single-family housing projects [started construction](#) in June 2025 than did in May. The number of houses that completed construction – and will be available for sale soon – decreased about 15% from last month and 24% from the same time last year. The number of [permits issued to build new single-family houses](#) – an indication of future development – has decreased [nearly 34%](#) since Trump took office.
- **Building costs for new homes have skyrocketed:** As tariffs make it more expensive to build new homes, the extra cost is being passed on to homebuyers. Since March, the median sales price of a new home has [risen](#) by 5.7% to \$426,600.
- **Republicans are eliminating existing tax incentives to build:** The Republican tax bill [phased-out](#) tax credits that incentivized energy efficiency, including the New Energy Efficient Home Credit, which saved homeowners thousands of dollars in energy bills, spurred the construction of [350,000 houses](#) in 2024, and was projected to support the building of an additional 3 million homes over the next few years.

Trump and Congressional Republicans have made it more expensive for families to afford to buy or rent their homes.

- **Home ownership is out of reach for millions of families:** In 2025, a family [needs to earn](#) almost \$117,000 per year to be able to afford to buy a home – that's almost a 50% increase from the \$78,000 families needed to earn in 2020.
 - At the same time, rising home prices are driving down sales: The [median](#) price for existing homes in May 2025 was \$422,800, a record high for May. Existing home sales have [declined](#) 0.7% from one year ago – bringing up the number of homes [sitting unsold](#) to over 1.54 million, up 6.2% from April and 20.3% from one year ago.
 - Nine months after Trump [promised](#) a return of the 2% mortgage, the average 30-year fixed rate [remains elevated](#) at 6.72%. The [median mortgage payment](#) for applicants in May 2025 was \$2,211 per month. As Federal Reserve Chair Powell [has repeatedly confirmed](#), Trump's tariff

uncertainty is a key factor in the central bank's decision to hold off on cutting interest rates.

- With mortgage rates and home prices so high, families are having an increasingly hard time financing home purchases. For the week ending July 11th, [mortgage applications](#) were down 10% from the previous week. At the same time, investors and private equity firms are buying up more of the market, further driving up costs for consumers. In the first three months of 2025, nearly 27% of all homes sold were [bought by investors](#) – the highest share in at least the last five years.
- **Rental prices are astronomical:** The average monthly rental price hit [a whopping](#) \$2,104 in June 2025 – up 5% since the beginning of the year. Renters insurance – often a requirement to lease – is [up](#) 1.1%% compared to last month and 3.9% since Trump took office, costing some families [as much as](#) an extra \$300 per year.
- **Trump and Congressional Republicans are eyeing cuts to affordable housing funding:** Trump's federal budget request includes a 44% [reduction](#) in overall funding for the Department of Housing and Urban Development (HUD) and a 43% reduction in funding for rental assistance programs. Gutting these programs will lead to greater housing instability, increased homelessness, and severe hardship for the 4.4 million households who receive HUD assistance.

Trump's plan to privatize Fannie Mae and Freddie Mac will raise mortgage prices, constrain lending, and reduce market competition – making homeownership even less attainable for families.

Created by Congress to provide liquidity and stability to the U.S.'s housing finance system, Fannie and Freddie underpin the U.S. housing system, supporting [roughly](#) 70% of the [\\$12 trillion](#) mortgage market and helping to standardize the 30-year fixed rate mortgage that millions of families utilize. Trump's plan to privatize Fannie and Freddie by taking them out of federal conservatorship would [remove their public mission](#), driving up mortgage costs, shrinking loan availability, and hitting low-income and minority communities the hardest – all while delivering massive payouts to billionaire investors who stand to profit from privatization.

[New polling](#) commissioned by Groundwork Collaborative shows the overwhelming majority of Americans – 65% of all voters, including 67% of Independents – think that Trump's plans to privatize Fannie Mae and Freddie Mac will raise costs and make it even harder for them to achieve home ownership. They're right:

- **Mortgage rates will increase:** Fannie and Freddie would likely end the current practice of "cross-subsidization" that keeps mortgage rates stable and consistent for all homeowners. Upon privatization, banks would likely begin charging low-income households [as much as](#) 30 basis points more, which would translate into tens of thousands of dollars more in payments over the life of the loan.

- With the costs of homeownership already sky-high – the current average 30-year fixed [mortgage rate](#) is 6.72% and the [median mortgage payment](#) for new applicants is \$2,211 per month – any rate increase can make homeownership unaffordable for millions of families.
- **Lenders could enact stricter borrowing requirements, making it harder for homebuyers to qualify for a mortgage:** With privatization, Fannie and Freddie would no longer be required to meet [affordable housing goals](#), including a requirement that 25% of their purchases come from lower-income buyers and 12% from minority neighborhoods. Without these, banks are likely to restrict lending to creditworthy lower-income and minority households, focusing instead on higher-income borrowers in the suburbs that they deem easier to serve. Restricted bank lending will only exacerbate [racial disparities](#) in home ownership.
- **Large banks will push out small and mid-sized lenders, reducing mortgage competition:** Currently, federal rules require Fannie and Freddie to offer equal pricing to banks regardless of their size or the number of mortgages they wish to sell to the GSEs. With privatization, Fannie and Freddie may choose to favor large banks through volume discounts. In turn, large lenders could [leverage this advantage](#) to drive their small and mid-sized competitors out of business.
 - Rural communities and businesses, which [disproportionately rely](#) on small and mid-sized lenders, would be left with very few – or more expensive – lending options.

With privatization, Fannie and Freddie could return to the reckless behaviors that led to the Great Recession, including:

- **Taking on risky investments:** If privatized, Fannie and Freddie could once again build risky investment portfolios that goose shareholder returns at the expense of the American public.
 - Prior to 2008, Fannie and Freddie accumulated a [\\$1.5 trillion](#) portfolio of mortgage-backed securities and other high-risk investments that eventually helped trigger a financial crisis, led to over 3 million [foreclosures](#), and necessitated a \$187 billion bailout. Upon conservatorship in 2008, Fannie and Freddie had to [scale back](#) these investments and prioritize the public interest over shareholders.
- **Creating the conditions for future government bailout:** Trump has [indicated](#) his intention to privatize Fannie and Freddie using administrative authority, granting them an implicit government guarantee. This [dynamic](#) creates a moral hazard where Fannie and Freddie shareholders, banks, and other lenders will simply assume they have the full backing of the federal government. Taxpayers would be expected to bear the costs of a future bailout without receiving any compensation from the GSEs for the value of that insurance.

- **Generating huge windfalls for billionaires:** [Billionaires and hedge funds](#) have been sitting on the Fannie and Freddie stock that they scooped up at rock-bottom prices during the Great Recession. Trump's moves to privatize will send those stock prices soaring – enabling billionaires and other investors cash in.
 - For example, hedge fund [billionaire](#) and [Trump supporter](#) Bill Ackman, who [owns](#) 10% of Fannie Mae and Freddie Mac common shares, stands to collect [as much as](#) 1,200% profit upon [privatization](#).
- **Lobbying Congress for favorable treatment:** Under conservatorship, Fannie and Freddie have been prohibited from the kinds of [political lobbying](#) and campaign contributions it conducted prior to 2008 to roll back regulations that protect homebuyers. With privatization, those restrictions disappear.
 - In the lead up to 2008, Fannie and Freddie [spent](#) almost \$200 million on lobbying and campaign contributions. In 2005, for example, Freddie Mac [paid](#) \$2 million to a Republican consulting firm to kill a bipartisan effort to impose stricter regulations on Fannie Mae.

The last thing Americans want is Trump driving up their housing costs by privatizing Fannie and Freddie. Groundwork Collaborative [polling](#) shows:

- 83% of Americans – including 84% of Independents and 75% of Republicans – concerned it would drive up mortgage rates. Forty-six percent are very concerned.
- 81% – including 82% of Independents and 72% of Republicans – are concerned that lenders would impose stricter borrowing requirements, locking even more families out of homeownership.
- 81% – including 81% of Independents and 74% of Republicans – are concerned that privatization would push out smaller lenders, cutting off mortgage access in rural areas where families already struggle.
- 80% – including 82% of Independents and 72% of Republicans – are concerned privatization would gut affordable housing goals that help lower-income buyers and minority neighborhoods access mortgages.
- 80% of Americans – including 81% of Independents and 73% of Republicans – are concerned that privatization would increase lending costs for housing developers and raise rental costs for families.