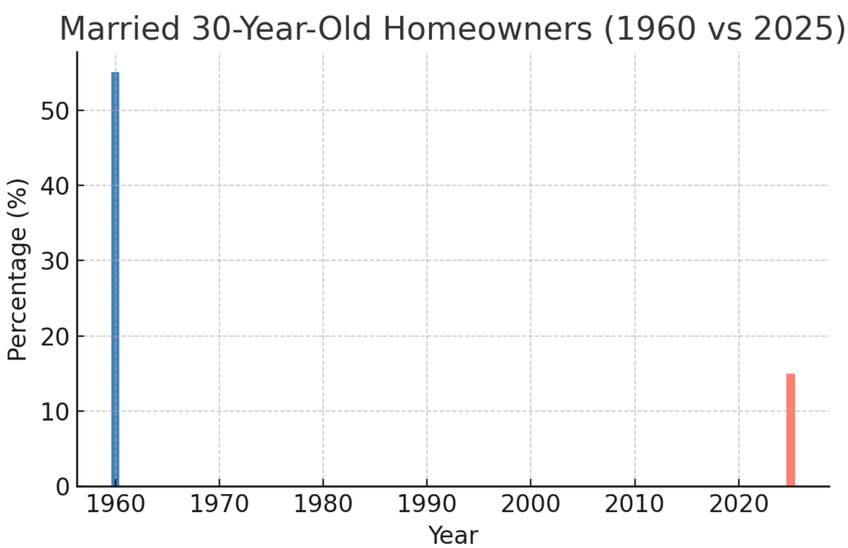
The Homeownership Crisis in America

September 2025

Homeownership is frequently described as the “American Dream” but there has been little attention paid to the trend of Homeownership in America over the past thirty years. The percentage of the population owning a home in 1995 was 65.1%. In the second quarter of 2025 it is 65.0%. We recognize that not all consumers are ready for homeownership. We have perpetually stated that homeownership must be sustainable. But America must recognize that over the past 30 years, we have made no progress in advancing the American Dream of Homeownership and millions of aspiring homeowners are being left behind through bad housing policy. The assimilation of data points below is meant to illuminate the crisis conditions. It is “truth serum” about the condition of homeownership opportunity in America. The crisis can be fixed. We will deliver solutions in our next epistle.

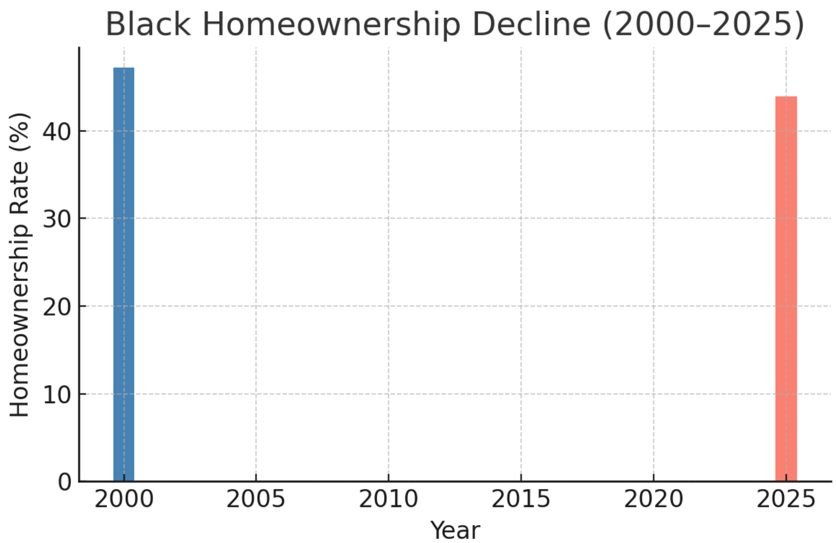
Please read on.

In 1960, approximately 55% of 30-year-olds in America were married and owned a home. Sixty-five years later in 2025, that figure is down to 15%.



Generational Collapse: In 1960, 55% of 30-year-olds were married homeowners. In 2025, only 15% are.

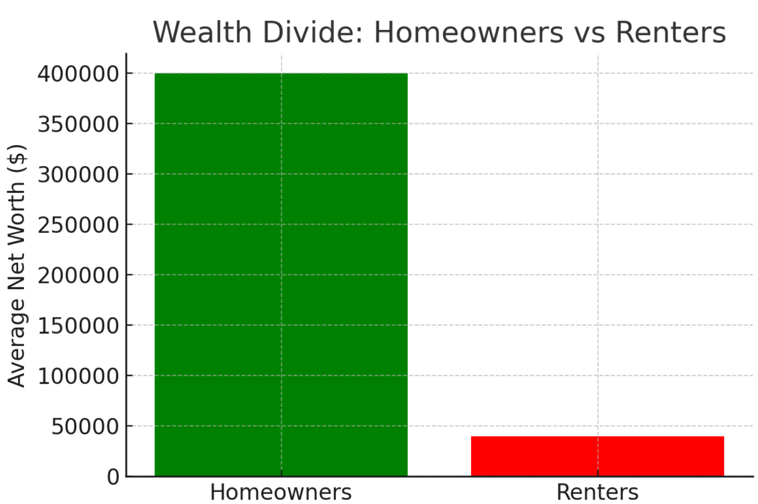
In 2000 the Black Homeownership rate in America was 47.2%. By second quarter 2025 it is down to 43.9%. Twenty-five years of atrophy.



Racial Disparities: Black homeownership has fallen from 47.2% (2000) to 43.9% (2025).

There are many reasons for this stagnation and atrophy. None of the reasons or excuses matter. The fact is – certain Policy Makers, Businesses, and Trade Associations have taken for granted that the American consumer is being served appropriately and have not paid sufficient attention to the growing challenges to achieve the American Dream of Homeownership. The result - 30 years of no growth in Homeownership.

Before we identify the solutions – we need to acknowledge the problem. Homeownership in America is not progressing, even though the following statistic should drive every Policy Maker and every element of the Housing Ecosystem to make sustainable Homeownership a priority for all qualified and capable consumers. Money.com reported in December 2024 *the average net worth of Homeowners is $400,000. The average net worth of Renters is $10,400.*



Wealth Divide: Average net worth of homeowners is $400,000 vs. renters at $40,000.

The fundamental principle of free market enterprise delivering generational wealth growth in America depends on policy being fair, open, and accessible enough for citizens to harvest the benefits of their hard work and sacrifice. How do you think we have done to serve the Homeownership need of America over the past 30 years or more? Not well.

There are more statistics and revelations below. All of them build to a crescendo of - this must change. So, if you follow the trail of data below, you will come to the same conclusion that Homeownership in America is in trouble and needs <u>intervention</u>. The "intervention" is going to require <u>solidarity</u>. Solidarity is going to require <u>prioritization</u> and <u>illumination</u>.

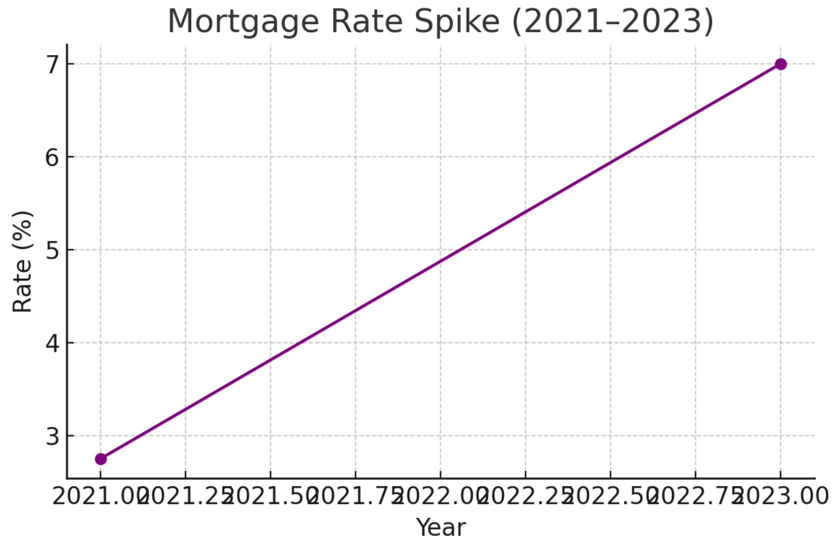
As we noted – there are many solutions. We will begin framing those and the action steps needed to fix the crisis in our next epistle. But here, we are undertaking the illumination of the crisis in sobering detail. This is not meant to be depressing or discouraging. Just a factual depiction of how bad it is for aspiring homeowners. One of our key adages over the years is – *"if you are not changing it…you are choosing it."*

How about we choose to change it?

Statistics and Data about Homeownership in America.

1. Interest Rates had been declining directionally since 1980 to mid-2022. The Fed Funds Rate was 17.61% in 1980. By May of 2022 (42 years later) the Fed Funds Rate had been reduced by the Federal Reserve to less than 1% (.77 in May 2022).

2. Between 2010 and 2022 the Federal Reserve purchased the abundance of Mortgage-Backed Securities produced in America and did so while driving mortgage interest rates down to 2.88%. Abruptly in mid-2022, the Fed started raising interest rates and did so throughout 2023. The eleven rate increases raised mortgage interest rates by 154% in that 18-month period (from approx. 2.75% to approx. 7%) - the most rapid mortgage interest rate increase in history, making homeownership unaffordable and unattainable for millions of consumers.

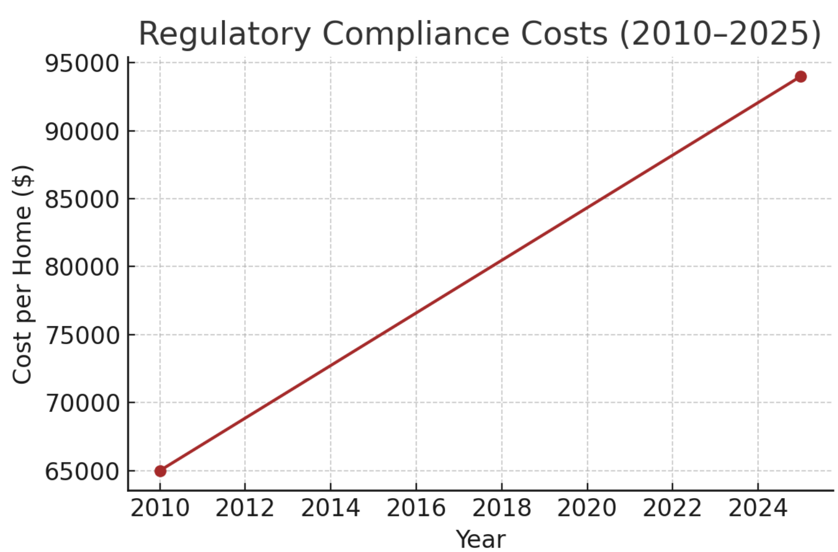


Affordability Crisis: Mortgage rates spiked from 2.75% to 7% in just 18 months (2022–2023).

3. In 2021 there were over six million single-family homes sold in America. In 2024 there were approximately four million homes sold, the lowest level in three decades.

4. There are approximately eighty-five million mortgages in America – approximately twenty million of them are around 3% or lower. Thousands or millions of those homeowners would be listing their homes for sale – but they are not about to trade out of a 3% mortgage to buy a different home and obtain a prevailing interest rate around 7%.

5. In 2010 the National Association of Homebuilders reported the average Regulatory and Compliance Cost to build the average home in America was approximately $65,000 per home. That cost has increased to approximately $94,000 per home in 2025.



Housing Costs: Compliance costs jumped from $65K to $94K per home.

6. Freddie Mac reported the average cost to produce a mortgage throughout the lending industry in 2010 was approximately $5,500 per loan. They reported that at the end of 2023, that figure had risen to over $11,000 per loan.

7. In 1960 approximately 55% of 30-year-olds in America were married and owned a home. 65 years later in 2025 that number is down to 15%.

8. In 2012 the Drew and Herbert Research Report indicated that approximately 90% of the different 10-year age segments in America (25-35, 35-45, 45-55, 55-65) who were not homeowners expected to become homeowners soon. To reflect the radical change in America, in July 2024, a CNN Poll indicated that 86% of renters would like to buy a home but feel they cannot afford one.

9. For 75 years of more, the Real Estate Industry operated with a notion that a Listing Real Estate Agent would pay the Buyer Real Estate Agent a share of their earned compensation to find the winning buyer of a house. That arrangement was described most of the time in the MLS Listing arrangement and transparent for the Buyer Agent and the Home Purchaser. In 2024, the Department of Justice (DOJ) engineered a settlement with much of the Real Estate Industry resulting from the DOJ class action lawsuit. The result of that DOJ settlement was an agreement by Listing Agents that they can no longer disclose on the MLS whether the Seller of the Property will – or will not - pay a portion of the Buyer-Side Real Estate Agent compensation and how much. Consumers (homebuyers) must now sign a contract with the Buyer-Side Real Estate Agent that if the Seller does not pay the Buyer-Side Real Estate Compensation, the buyer will pay that compensation out of their own pocket. There have been few examples in American history where less transparency and disclosure are ***better*** for the consumer.

10. In 2024, 32% of all construction workers in America were Hispanic. Immigration concerns have affected the supply of workers in this field dramatically as there are now over 260,000 open construction jobs in America.

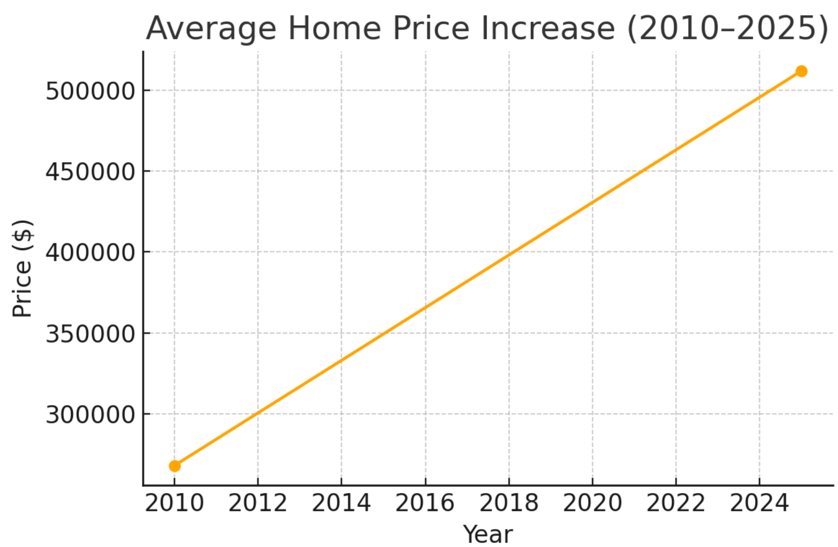
11. Tariff costs have found their way into the cost of constructing a new house or repairing an existing one. Lumber tariffs on Canada have increased the cost for Builders and Remodelers by substantial amounts. Most of those cost increases described on the NAHB website indicate at least a $10,900 cost of the price of a new home is because of these new tariffs.

12. In 2010 the Census Bureau reported there were approximately ten million single family homes for sale across America. Many of them were vacant and/or foreclosed properties. To curtail the building of new homes at that time, the Banking Regulators dramatically increased the capital and reserves

Homebuilders had to provide to retain their Acquisition, Development, and Construction lines of credit with Banks. From 2007 to 2012, the NAHB reported that HALF of the Homebuilders in America went out of business.

13. From 2022 to 2025 there were hundreds of Special Purpose Credit Programs (SPCPs) established by Lenders to advance opportunities for traditionally underserved consumers to provide them access to Homeownership. Fannie Mae and Freddie Mac agreed to buy many of these SPCP mortgage loans until mid-2025 when they abruptly cut off all these programs.

14. The Average Sales Price of a single-family home in 2010 was $267,900 and the Median Sales Price was $173,000. Fifteen years later the Average Sales Price in 2025 skyrocketed to $512,000 and the Median Sales Price to $410,000. Much of this is because of the lack of new construction, impeded through government action for much of this 15-year period.



Housing Costs: Average home price rose from $267,900 (2010) to $512,000 (2025)

15. The amount of work completed by Consumer Groups and Government Agencies to modernize the Community Reinvestment Act (CRA) was monumental and resulted in a new final rule being issued by the Banking Regulators in late 2023. In early 2025 the CRA Final Rule was rescinded by Policy Makers and will revert to the Rule in effect in 1995.

16. Fannie Mae and Freddie Mac (the GSEs) were seized by the government and put in conservatorship in 2008. Mortgage originations for the years 2007 and 2008 combined were $4.50 Trillion. The GSEs had a combined workforce of approximately 13,000 in 2008. In 2023 and 2024 combined mortgage originations were $3.20 Trillion and the combined GSE workforce grew to over 16,000 employees since they have been in conservatorship. Comparing the two-year period 2007 and 2008 to the two-year period 2023 and 2024, mortgage originations were $1.3 Trillion lower in the two-year

period of 2023 and 2024 while the GSE employee base increased by 3,000. Every person who received a mortgage loan sold to the GSEs in that 17-year period paid that expense of the growth in the GSE employee base.

17. In 2024 Fannie Mae and Freddie Mac made combined net income of approximately $29 Billion. Part of that income came from a reversal of some future credit loss reserves into current income. In the same year they both increased Guarantee Fees (GFEEs), which included a forecast of future credit loss reserves. Those GFEEs are charged to Lenders and passed on to consumers.

18. In 2021, the FHFA and the Treasury Department issued an amendment to the Preferred Stock Purchase Agreement (PSPA) governing the activities of Fannie Mae and Freddie Mac (the GSEs). That amendment required the GSEs to limit the volume of first-time homebuyer mortgages they purchased in a one-year period to no MORE than 6% of their total purchases. That PSPA amendment was suspended by the FHFA Director in late 2021 but could easily be re-constituted by this new FHFA Director confirmed by the Senate in early 2025.

19. US News and World Reports indicated in March 2025 that 80% of prospective US Homebuyers were waiting for mortgage rates to drop (to approximately 5%) before entertaining the purchase of a home.

20. In 2018 Congress passed Senate Bill 2155 that became law. It contained a Credit Score Competition provision (Section 310) aimed at breaking down the monopoly barrier of a single authorized credit score for use in the mainstream mortgage market. The Regulator of the GSEs issued a final rule authorizing the use of the new credit scoring model in October 2022. It is August 2025 (seven years after the Bill became law) and the credit score model has still not been implemented for use by the GSEs.

21. In the last three years the average credit score on loans purchased by Fannie Mae and Freddie Mac was approximately 750. A credit score of eight hundred is considered exceptional.

22. Despite having Private Mortgage Insurance on all mortgage loans of 80% or greater Loan to Value purchased by Fannie Mae and Freddie Mac (the GSEs) to mitigate the risk to the GSEs, the two companies historically charged consumers additional fees called Loan Level Price Adjustments on any consumer with less than 20% downpayment and a credit score of 700 or lower.

23. The National Association of Realtors (NAR) reported a shortfall in available housing at the end of 2023 of approximately 5.5 million units. Additionally, NAR reported that consumers with income of $75,000 could only afford 25% of current homes available for sale.

Homeownership in America is in trouble. But there are numerous solutions. In our next “epistle” – we will do just as much to illuminate some of the solutions as we have done to illuminate some of the problems.