



Estimates of a “Housing Shortage”

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House prices and rents have increased significantly since 2020. In the years since the financial crisis of 2007-2009, the United States has also seen relatively low rental vacancy rates and numbers of homes for sale, as well as low (but recovering) levels of housing construction. Many policymakers and researchers have pointed to these and other indicators as evidence of a need for additional housing supply, and have expressed concerns that supply shortages have contributed to price increases. For more information on supply and price trends, see CRS Report R48743, *Housing Issues in the 119th Congress*.

This Insight summarizes existing research and estimates of housing shortages in the United States. While it is focused on aggregate shortfalls—referred to as “shortages” in this Insight—such shortfalls are not evenly distributed across geographies or types of housing.

Estimates of Aggregate Housing Shortages

Many researchers suggest that the United States has a shortage of housing, though estimates of the size of any shortage vary and are based on [different methodologies](#). Estimating the extent to which there is a housing shortage is complex, as the interaction between supply and demand can be impacted by a variety of interrelated factors, including housing prices, location, demographic trends, and preferences.

Many housing shortage estimates compare the current housing stock to a target stock that considers the number of existing households, an estimated number of “missing” households that may have formed under different market conditions, and a chosen target vacancy rate. Others take different approaches, such as comparing recent housing construction rates to historical averages. In addition to differences in approach, housing shortage estimates vary in other ways, including data sources used, how target vacancy rates are chosen, how certain types of units are counted, and the extent to which additional factors such as local market variation or additional household formation are considered. **Table 1** summarizes several commonly cited aggregate housing shortage estimates. Housing shortages are not evenly distributed, however, and aggregate estimates do not provide information on the magnitude or type of shortages in specific geographic areas.

Table 1. Selected Estimates of Aggregate Housing Shortages

Source	Gap Estimate	Time Period	Data Sources Used	Methodology
Freddie Mac	3.7 million	Q3 2024	Current Population Survey-Annual Social and Economic Supplement, Housing Vacancy Survey	Comparison of current stock and target stock based on the number of existing households, households that would have formed under alternate affordability conditions (using the year 2000 as a baseline), and a target vacancy rate of 11.7%
Zillow	4.7 million	2023	Zillow, American Community Survey, IPUMS USA	Comparison of the number of vacant homes available for rent or sale with the number of families sharing their homes with unrelated people
Brookings	4.9 million	Q4 2023	American Community Survey, Housing Vacancy Survey	Comparison of current stock to target stock based on the number of existing households, households that would have formed under alternate affordability conditions (using a 2006 baseline) and a target vacancy rate of 12%
Up for Growth ^a	3.85 million	2022	American Community Survey Public Use Microdata Sample	Difference between target number of housing units (based on existing households, missing households, and a target vacancy rate of 5%) and existing units that are renter or owner occupied
National Association of Realtors	5.5 million	2020	Survey of Construction, Housing Vacancy Survey	Comparison of average annual residential unit completions from 1968-2000 with average annual completions from 2001 to 2020

Note: This table is not exhaustive. Other aggregate and geographically detailed estimates exist. For example, a report from Moody's Analytics, Reinvestment Fund, and PolicyMap estimates shortages at the Census tract level. Reports from Brookings and the Urban Policy Institute summarize several estimates, including some not discussed in this Insight.

a. Up for Growth announced that its upcoming 2025 report on *Housing Underproduction in the U.S.* will indicate a shortfall of 3.78 million units.

Although **Table 1** suggests a shortage ranging between approximately 4 million and 5 million, there is not universal agreement that the United States has a housing shortage at all. Some observers have questioned some of the methodologies used to estimate housing supply shortages. Others have suggested that the

United States [does not have](#) an overall shortage, but rather location or housing-type specific shortages, including housing affordable to low-income renters.

Estimates of Affordable Housing Shortages

Some research has focused on the extent to which there is a sufficient supply of *affordable* housing units for homebuyers and renters, defined at various price points or household income levels. For homeownership, the National Association of Realtors [found](#) that although for-sale inventory increased on an annual basis early in 2025, a lower share of homes was affordable to lower- and moderate-income prospective homebuyers than would be the case in a balanced market. Some have also focused on declining availability of smaller, and, therefore, less expensive starter homes. Freddie Mac [found](#) that construction of single-family homes under 1,400 square feet declined from over 400,000 homes (over 35% of all newly constructed single-family homes) in 1976 to about 65,000 homes (around 7% of all newly constructed single-family homes) in 2020. Since 2020, the number of new homes under 1,400 square feet has [increased](#) somewhat, reaching 101,000 (10% of new single-family homes completed) in 2024.

The lowest-income households face particular challenges in obtaining affordable housing. The National Low Income Housing Coalition (NLIHC) [estimates](#) a shortage of 7.1 million rental homes affordable and available to renters with extremely low incomes (renters with incomes at or below 30% of area median income or the federal poverty guideline, whichever is greater). NLIHC classifies units as “affordable” to extremely low-income households if a household at that income level would not pay more than 30% of income for rent and utilities, and as “available” to extremely low-income households if the unit is either vacant or not currently occupied by a higher-income household. On a national basis, NLIHC estimates that for every 100 extremely low-income renter households, there are 35 affordable and available rental homes, and that shortages exist in every state and major metropolitan area, although the size of the shortage varies.

Author Information

Katie Jones
Analyst in Housing Policy

Lida R. Weinstock
Analyst in Macroeconomic Policy

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