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THE SAFEHOUSE PLAN:

PROTECTING AMERICAN HOMES AND MAKING THEM AFFORDABLE AS THE CLIMATE CHANGES

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SUMMARY

Americans' homes sit at the core of our families and communities, our personal wealth, and our wider economy—the physical embodiment of the American Dream. But climate change is destroying American homes and making them more expensive at precisely the time we need more, and more affordable, housing. As fires, floods, and storms worsen, homeowners, renters, and the real estate, insurance, and banking sectors face material and even existential risks. These powerful groups share an interest in preventing further climate change and building resilience to growing impacts. But they also have incentives to ignore risk, delay action, and—when the damage is done—seek expensive bailouts. Perhaps the most important question in American climate politics is how to flip this 'silent majority' of the American economy into a proactive coalition for anticipatory action.

Safehouse is a state-level plan to build this new climate coalition by protecting our homes and making them affordable. Through the plan, homeowners get support to upgrade their homes to a robust standard, and they receive compensation if their homes are damaged or—worst case—they need to move. Linked incentives allow insurance- and mortgage-providers to make homeownership cheaper for decades to come, letting a new generation buy into the dream of owning a home. Fossil fuel companies contribute funds to the program through taxes, assessments, or potentially in exchange for limits on their liability for climate impacts, giving the industry greater certainty over its own future and an important and honorable role in safeguarding the future of all Americans. By bringing together homeowners, real estate, insurance, and banking, Safehouse builds a new, enduring coalition for climate policy that works in red and blue states alike. While Safehouse would begin as a series of state-level plans, it could be rolled out nationwide in the future.

THE PROBLEM: CLIMATE CHANGE IS DESTROYING AMERICAN HOMES AND MAKING THEM EVEN LESS AFFORDABLE

You worked your whole life to buy a home for your family. But a few years back the insurance company raised your yearly payment from $1,000 to $10,000. You couldn't pay. Then the fire burnt every board, beam, and memory to the ground. Now you can't even sell the land because no bank will offer a mortgage on a property the insurance companies won't touch. What do you do?

This is not a rare misfortune. It is a pattern, and it is accelerating. From 1980 to 2024 the United States suffered 403 weather and climate disasters in which the damage ran over $1 billion, totaling $2.915 trillion in climate-related damages (NOAA 2024). In 2025 the Administration stopped counting such events[1], but since then Americans have seen fires in Los Angeles, floods in Texas, and hurricanes in North Carolina—to name just a few events—that added many billions more to that tally. The cost in terms of American lives lost and disrupted is immeasurably more.

The science of climate attribution and economic damage models give us the technical tools to understand and quantify this problem. But they abstract over a simple truth every American can see and feel, even if they do not necessarily associate it with climate change: worsening extreme weather is destroying our homes and making them more expensive.

In that truth lays a new kind of climate politics. Our homes house our families and form our communities. Our homes give us economic security. Our homes embody our aspirations for the future. Our homes keep us safe. For all these reasons, the American home sits at the core of the American dream.

Even without climate change, America would have a housing crisis. The country needs about 2 million more homes, especially ones we can afford (Center for American Progress, 2025). About 43 million American households spend at least 30 percent of their income on rent, mortgages, or other housing costs, meeting the definition of "cost burdened" (Joint Center for Housing Studies, 2024). For younger Americans in particular, the difficulty of finding an affordable place to live represents perhaps the biggest broken promise fraying our broader social contract.

[1] The database has since been maintained by Climate Central.

On top of this, as climate change makes floods, fires, storms, and other disasters more severe and more frequent, American homes—and therefore our economy and way of life—are under threat as never before. Tellingly, the threat to American homes is increasingly recognized by politicians across the political spectrum.[2] The question is what to do about it.

WHO PAYS THE PRICE? HOMEOWNERS, REAL ESTATE, INSURERS, BANKS, TAXPAYERS

Homes are about much more than money. But a clear-eyed look at economics of climate-related home destruction in America shows the scale of the problem, and how it falls particularly hard on five major groups: homeowners and buyers, the real estate sector, insurance companies, banks, and taxpayers.

Homeowners, buyers, and renters

Homes are the most important part of the American economy, both in aggregate and individually. Two-thirds of Americans own homes, and most of the rest of us want to own a home. US residential real estate is worth some $50 trillion, twice our national GDP (First Street, 2024). Most American families' single largest asset is their home, making up 40-50% of net worth, on average. For lower income Americans, the percentage is higher (Pew, 2023). A destroyed home means financial ruin for most families, and systemic risks in the housing sector can lead to national economic crises.

Climate risk is already raising costs in dangerous ways. Even if your home is not directly destroyed, the growing risk to the nation's housing stock costs us all, making both home insurance and mortgages less available and more expensive. One study found a 70% nationwide increase in insurance premiums over the past five years (ICE Mortgage Technology, 2025). Insurers are also withdrawing from entire regions. Though state-backed plans are helping fill some of the gap, a recent study found that 1 in 8 households have either no insurance or so little protection it is effectively meaningless according to census data (NBC 2025). No insurance means no mortgage. And for all but the richest Americans, and particularly for first-time buyers, no mortgage means no house. Rising insurance premiums are the fastest-growing cost of financing a new home,

[2]For example, outspoken climate advocate Senator Sheldon Whitehouse joined Trump-endorsed Wyoming Senator Tim Sheehy to warn about the impact on housing in a joint op-ed in the New York Times: Tim Sheehy and Sheldon Whitehouse, "The Hidden Risk to the Housing Market," *New York Times*, January 23, 2026.

now accounting for about 20% of mortgage costs, up from 8% a decade ago (First Street, 2024).

You do not have to own a home to pay. These costs flow from property owners to the one in three Americans who live in rented accommodation. Renters have seen their own costs skyrocket in recent years as landlords seek to pass along costs of rising insurance premiums.

And for Americans that have already bought a home—often by stretching themselves financially—climate change devalues their most important asset a little more each day. Riskier homes are worth less money because fewer people want to and can buy them (because of rising insurance and mortgage costs). While the exact costs are difficult to estimate, one model found that net impacts on property values could lead to $1.47 trillion in losses by 2055 (First Street, 2024).

The real estate sector

The real estate sector is an enormous segment of the American economy. It includes the country's 8.3 million construction workers, 120,000 architects, 59,000 property development companies, 14 million landlords (most of whom are private individuals), and the 3 million realtors who help people buy and sell houses (Bureau of Labor Statistics).

All of these jobs and businesses depend on American homes, as well as commercial properties (worth another $20 trillion), continuing to have value. As houses are destroyed and lose value, the real estate sector will hemorrhage money and jobs.

Insurance companies

For most homeowners, protecting their most valuable asset means getting it insured. America's hundreds of insurance companies have a market capitalization of $1.7 trillion and employ 3 million people. About half of their business is in health and life insurance, with the other half in property and casualty. Of the latter, car insurance is the biggest market, followed by homeowners insurance, which was about $175 billion in 2025, or 15 percent of the American insurance industry's revenue (IBIS World, 2025).

As houses lose value, insurance companies will see this market shrink as some houses become uninsurable and fewer and fewer households can afford the level of coverage they require. Already, many insurance companies have found the best business decision is to abandon risky markets altogether, leading to a flood of state-backed alternatives.

While insurance companies can probably survive this change (there are plenty of other things to insure), it threatens one of their most important revenue streams. Perhaps more problematically, it significantly raises the risk that states will force them to offer lossmaking home insurance plans, as several already are.

Banks

Like insurance companies, America's banks are a giant chunk of the economy, with a market capitalization of around $2 trillion and 2 million employees. They are also fundamental enablers of essentially every other sector of the economy. But banks depend far more on home mortgages and other property loans than insurance companies depend on selling homeowners insurance. More than half of US banks' total assets come from the property sector. To a first approximation, the banking sector is an extension of the property sector.

As mortgaged houses are destroyed—particularly the un- or under-insured ones—banks will lose their current assets. As the 2008 sub-prime crisis showed, a shock to the mortgage market can send the whole economy into a tailspin. Moreover, as the total value of the real estate sector contracts and people find it harder to buy and sell houses that are too expensive for them, banks will see their future market for mortgages shrink.

Taxpayers

Homeowners are also taxpayers, and as such they face a double cost from climate change. Much of what individual households cannot or do not pay gets dumped onto the public bank account. For example, since the 1980s America's taxpayers have spent at least $2 trillion on disaster relief, considering only federal spending on the largest disasters (FEMA 2024). The true number, though harder to calculate, is much higher.

In addition, taxpayers find themselves subsidizing insurance, with mixed results (Weill and Gourevitch, 2026). At the state level, this is done through so-called FAIR Plans, which offer minimal, subsidized insurance to households that private insurers have deemed too risky. 33 states and Washington DC have such a plan. Meanwhile, the federal government administers the nation's flood insurance. American taxpayers directly subsidize insurance for houses near beaches, lakes, and rivers. And beyond insurance, American taxpayers also back risky mortgages. Research shows that after big hurricanes banks tend to offload mortgages on flood prone properties onto Freddie Mac and Fannie Mae (Ouazad and Khan, 2020).

On top of all this, our un- or under-insured houses, and the banks that depend on them, are a time bomb in our national bank account. Should a series of major climate events destroy or damage a large number of houses, the pressure on the federal government

to step in and bail out homeowners and potentially banks and insurers could be overwhelming. But with the national debt higher than ever, it is far from clear that American taxpayers and holders of US bonds are happy to continue writing blank checks.

WHY ARE WE NOT PROTECTING OUR HOMES? THE POLITICAL ECONOMY OF PREVENTION, TREATMENT, AND RECOVERY

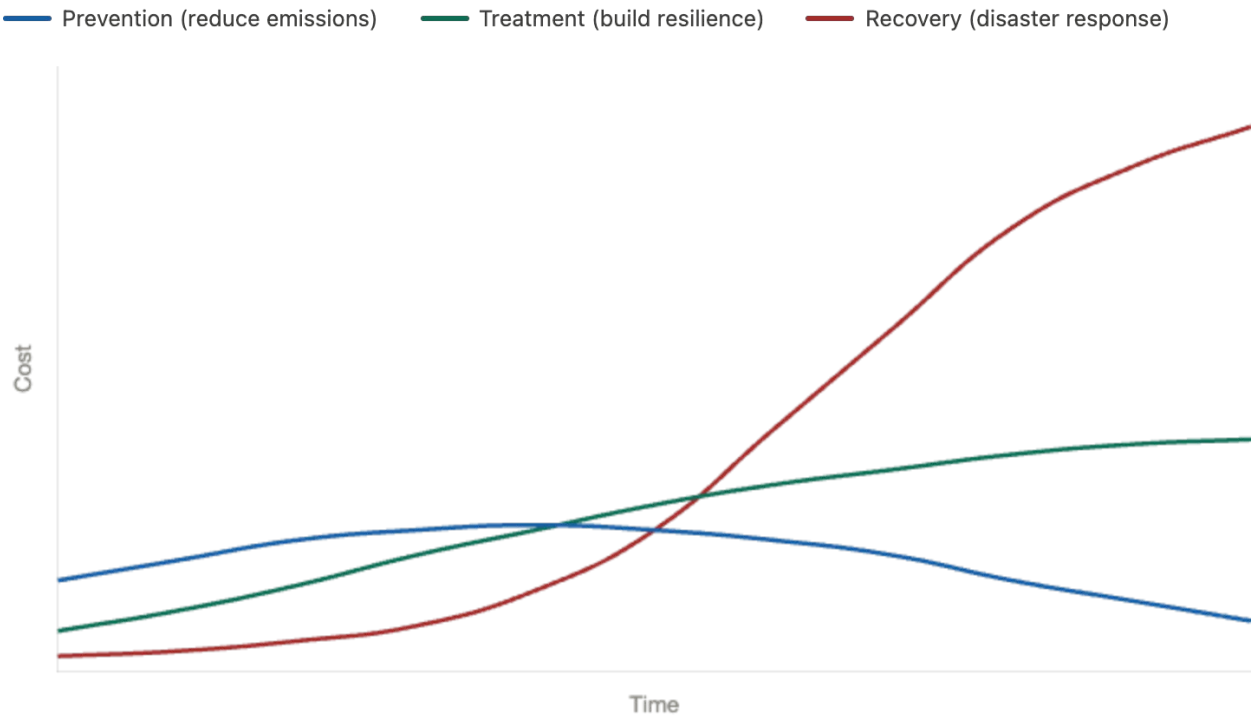
Why are even farsighted, powerful interest groups that depend on American homes not doing more to protect them? After all, the solutions are clear and the case for action is compelling. However, for a "long problem" like climate change (Hale 2024), the spread of costs and benefits across time and across different interest groups leads to an incentive trap.

Figure 1 stylizes the relative costs over time of three different strategies for protecting American homes: **preventing** climate impacts from getting worse by reducing emissions, **treating** the problem by building resilience to floods, fires, storms, and other climate impacts before they happen, and **recovering** from disasters after they occur by rebuilding or, in some cases, relocating. Looking at the total cost of each strategy (the area under each curve), protecting homes can be expected to follow the same pattern as many other areas of policymaking, such pandemics, financial stability, or armed conflict. Prevention is cheapest, treatment is the second most expensive, and disaster response is—by far—most expensive.

However, during the early phase of the problem, this logic is inverted. At the start, prevention is more expensive than treatment, and the cost of recovery lays far in the uncertain future. Moreover, the costs of each strategy fall differently on different interest groups. Prevention is most costly for big users and producers of fossil fuels, a powerful, concentrated bloc. Treatment costs fall mostly on homeowners and local communities, a large but disparate group. Recovery costs fall on that same diffuse group, as well as the whole pool of taxpayers who support federal disaster relief.

In sum, the cheapest most effective strategy—prevention—is also the one with the biggest upfront costs on the groups best organized to resist them. In turn, the costliest, least attractive strategy—recovery—backloads costs onto diffuse groups less organized to anticipate them, much less resist them. Because of both the "tragedy of the commons" and the "tragedy of the horizon," the political economy of protecting homes pushes us toward the worst, most expensive options.

Figure 1: A stylized representation of the costs of prevention, treatment and recovery over time



Zooming in, this perverse aggregate outcome is also reflected in the individual incentives of homeowners, the real estate sector, insurers, banks, and taxpayers. While these groups have a shared interest in investing in prevention and resilience, they also face strong incentives not to, for at least three reasons.

First, these groups have incentives to ignore or deny the problem. At the most fundamental level, no one wants to contemplate that their assets may not be worth as much as they had hoped, much less admit as much to creditor or future buyers. If recognizing risks costs you money by depreciating your asset, why do it? It is hard to see how real estate agents in climate-vulnerable areas can profit by talking about that more with prospective buyers. Moreover, risk perception can be influenced by politics. A study found that houses in flood zones only lost value in neighborhoods where people believed in climate change (Baldauf, Garlappi, Yannelis, 2020). Neighborhoods that denied the problem did not see their houses lose value (at least, not yet). This "willful ignorance" is increasingly written into policy. While many states have enacted rules that require property owners, insurance companies, or banks to measure and disclose climate risks, others, notably Texas, North Carolina, and Florida have proactively prevented such measures. The popular real estate site Zillow has flip-flopped on including such information in its listings.

Second, even if homeowners, banks, insurers, or real estate groups recognize the need to act, they also have an incentive to delay action into the future. After all, if you are planning to live somewhere for only a short period, perhaps you do not care that the house faces a risk of damage or destruction at some point in the future. Property developers, in particular, often have strong incentives to open new land for housebuilding, but little responsibility for ensuring that that land remains a viable site for houses after the property has been sold. In theory, banks offering 30-year mortgages or insurance companies looking for viable assets to insure should have longer horizons, and these companies indeed do have sophisticated tools for assessing forward risk that meaningful affect business decisions. However, these companies also face quarterly earnings reports, management incentives that prevent investing in long-term value, or dozens of other short-term incentives as well (Li and Flammer 2025, Finnegan and Meckling 2026). People deeply attached to their "forever homes" or their communities are likely the ones with the strongest stake in a property's future, but many studies show that people continue to underinvest in resilience even after they experience disasters (Hamburger et al. 2024). Voluntary action is not enough.

Third, homeowners, insurers, banks, and real estate all have strong incentives to shift costs onto others, and particularly to seek bailouts from taxpayers after disasters occur. Federal disaster relief, though increasingly politically contested, effectively leaves taxpayers holding all the climate-related risk that households, the real estate sector, and communities do not manage. Taxpayers also ultimately hold all the climate-related financial risks that banks or insurance companies leave unaddressed. This kind of public backstop is critical for protecting people and the economy from disasters. But without complementary measures to reduce risk, the public budget is unlikely to be able to cover the growing demands on it. And every dollar we spend on disaster recovery is a dollar not spent on other priorities like education, health, or defense, or returned to households in the form of tax cuts.

As a result, the American home is caught in a trap of perverse incentives. Without a change, American homes and those who live in and depend on them will default into the costliest scenario in which disaster recovery becomes the primary way we deal with the impacts of climate change on our homes. That path will be brutal. As the impacts of climate change intensify, so too will the demands—from homeowners and buyers, from the real estate sector, from insurance companies, from banks, and from many others—for protection or compensation or support. But given the scale of the problem, there may not be enough resources to make everyone whole, particularly if we do not get ahead of the problem. Some homes may get protected, some may not. Should we bail out the banks, or the insurance companies, or homeowners? No one? Everyone? How do we afford it? As people become increasingly desperate for protection, what will happen to our society, our economy, and our politics?

The core question of climate politics in America going forward is: how do we protect our homes and make them affordable? It's another way of asking how we keep the American Dream alive in the 21st century.

A SOLUTION: THE SAFEHOUSE PLAN

The Safehouse Plan aims to ensure safe, affordable housing for all in a changing climate through four linked policies (see Table 1) that upgrade and futureproof America's houses while reducing the costs of homeownership. States define a localized "Safehouse standard" that clarifies what homeowners and communities need to do to be resilient. Support programs help homeowners and communities meet the standard. Linked incentives reduce mortgage and insurance costs, making homes more affordable. Fossil fuel companies help cover the costs of using their products, ensuring a fair deal for all Americans. Safehouse would start at the state level, with potential to scale up nationally in the future.

Table 1: The Safehouse Plan – core components

Policy	***What it does***	***How it works***
Safehouse standard	Defines climate-resilient housing for a 30-year mortgage horizon	Locally tailored resilience standards; voluntary certification tied to insurance and mortgage eligibility
Retrofit, community investment & relocation support	Helps households and communities reduce risk or move proactively	Grants and tax incentives for home upgrades; community-scale resilience investments; voluntary relocation with mortgage support
Insurance and mortgage subsidies for Safehouses	Reduces cost of insurance and home financing	Reduced insurance premiums; subsidized or preferential mortgages for certified Safehouses
Funding via fossil-fuel sector contributions	Funds resilience while stabilizing industry expectations and limiting future liability	Carbon pricing or assessed contributions; payments could be linked to limits on or credits for future liability exposure

Create a Safehouse standard. Climate change means that America's roughly 150 million homes will face more storms, fires, floods, heat, and other stresses. They need to be up to the task. But, remarkably, 65% of US counties, cities, and towns lack modern building standards (FEMA, 2020). The first step in the Safehouse Plan is to define a resilience standard that both new and existing houses would meet to qualify as a "Safehouse," meaning they are likely to survive for the next 30 years (the most common length of mortgages in the US). While the standard would benefit from drawing on existing building blocks[3], the standard would need to be tailored to local conditions, and would involve both property-specific elements (e.g. Do the doors open inward, allowing strong winds to blow open doors and knock down internal walls? Have the owners cleared fire hazards from around the house? Is it in a flood plain?) and community-level factors (e.g. Does the stream running through the development have sufficient drainage? Have other houses in the neighborhood also taken steps to reduce fire risk?), with the latter being particularly important for flood risk, specifically. The standard should be defined and regularly updated by an independent, expert-based process, and houses will need to be accredited to qualify.

Support households and communities to bring their property up to the Safehouse standard; help those who can't move on. Preventative action at the property- and community-levels is vastly more effective and efficient than rebuilding or compensating damage that has already happened. Therefore, a major priority for Safehouse is to ramp up investment in resilience. Under the Safehouse plan, the state would offer an array of tax incentives and grants to make it attractive for homeowners to improve their homes to become Safehouses. The exact mechanisms for this support would need to be tailored for the specific needs of local areas, and could be weighted to ensure more generous support for lower-income households. In parallel, the state would create a Safehouse Fund that would give communities grants or other forms of financial support to take steps that no single household could be expected to do by itself (for example restoring a marsh to absorb flood water or clearing brush around power lines). Finally, and importantly, the Safehouse Plan would provide direct assistance to help homeowners whose houses cannot, for whatever reason, be made into Safehouses, move to safer places. Climate migration is already happening, and is likely to accelerate in coming decades (Keenan, 2025). Current federal programs from FEMA and HUD help states and local governments buy damaged or destroyed properties in the wake of disasters. Safehouse would, instead, seek to get ahead of the problem by creating a positive incentive for people to move before disaster strikes. No one would be forced to leave their home or prevented from buying a house that did not meet the

[3] For example, the US Resiliency Council has developed a rating system for wind damage. The Insurance Institute for Building and Home Safety has developed the Fortified certification system for storm damage.

Safehouse standard. But if owners of houses that cannot meet the standard choose to leave, they would receive a subsidized mortgage to buy a Safehouse up to the value of their current house. By upgrading existing properties and encouraging movement from the riskiest ones, Safehouse would substantially reduce future liabilities for both individual households, communities, states, and the federal government, as well as the key economic sectors—real estate, insurance, banking—that depend on houses as assets. It would also give homeowners who invest in resilience a return in the form of a higher resale value for their homes, which research shows to be a strong motivator of individual action (Kijewski-Correa et al. 2022).

Subsidize insurance and mortgages for properties that meet the Safehouse standard. Homes that meet the Safehouse standard would qualify for subsidized insurance and mortgages, either through state-run providers or for subsidized options from the private market. For example, existing state-run FAIR plans could substantially reduce their premiums for Safehouses. Alternatively, owners of Safehouses could be allowed to deduct all or most of their insurance premiums from local property taxes. Similarly, existing state Housing Finance Agencies—which already provide mortgages for low-income households—could expand their offering to include subsidized options for Safehouses. Tax deductions for mortgages on Safehouses could be another tool, or Safehouses could qualify for longer mortgage repayment periods, and thus lower monthly payments. Together, this package of support would put—and keep—homeownership within reach for many more Americans, while also protecting the economic health of the real estate, insurance, and banking sectors. It would constitute a major new program to make homeownership affordable for residents of the state despite rising risks.

Secure funding from the fossil fuel sector, potentially in exchange for some limits on liability. The changes in the climate that are destroying our houses are caused by greenhouse gases, with carbon dioxide from burning coal, oil, and gas the biggest single driver. To fund the program, Safehouse collects funds from producers and/or users of fossil fuels through one of two options, or some combination thereof. Depending on how much the state chooses to raise from greenhouse gas emitters directly, taxpayers could help make up the difference by issuing resilience bonds or via other mechanisms.

> **Option 1. Assessed contributions**. In this model, the state would collect fees from companies that have historically emitted the most pollution that affects the climate. This model has been trialed by Vermont and New York in their "climate superfund" laws, which have also been proposed in a number of other states.
> **Option 2: Upstream production tax**. An upstream tax on carbon (and possibly other greenhouse gases) could raise substantial funds to protect homes and make them more affordable.

Because fossil fuel companies strongly oppose contributions or taxes, this final element of the Safehouse plan will be politically viable in states where such interests hold less sway. But states with more mixed interests could also offer a "grand bargain" by giving contributing sectors credits toward, or even some degree of immunity from, future claims of liability under state law. Lawsuits against major emitters of carbon pollution are increasingly common around the world (Sabin Center, 2025), including efforts by, for example, the State of Hawaii to recover costs from climate impacts on the state. Looking at the experience of tobacco companies and pharmaceutical companies that sold opioids, many legal experts see rising claims being made on fossil fuel companies. Under a 1998 "master settlement," tobacco companies are paying US states hundreds of billions of dollars. Because the cost of such suits is highly unpredictable, companies (and their investors) may prefer to pay a stable, known cost, even if it is substantial, in order to reduce future risk. While state liability waivers may face their own legal challenges in the future, designating payments to Safehouse plans as voluntary "credits" against future liability (in other words, payments via Safehouse would be deducted from future judgements) may help reduce this risk.

Do fossil fuel companies see litigation as a sufficiently meaningful risk to come to the bargaining table? Here it is important to take a long view. At present, the fossil fuel industry is using its significant political power to shield itself from liability. Notably, the US Supreme Court is currently considering a case regarding the liability oil and gas companies face, with a ruling expected in late 2026 or 2027. A broad liability shield has been proposed in Congress and numerous states either have adopted or are considering similar laws. However, the fossil fuel industry must ask itself how politically sustainable such laws can be in an era of rising climate risk and growing impacts on American homes. In the wake of a major disaster, what is to stop a state or Congress from reversing itself? As demands for protection grow, and as the clean energy transition increases pressure on them, can fossil fuel companies be confident to enjoy such shields into the future? If not, a Safehouse bargain may provide a practical way to protect themselves into the future. Indeed, the favorable political conditions fossil fuel companies enjoy today may mean that the best time to make a deal is sooner, not later.

What would it cost? The exact amount of money needed to make Safehouse work would vary substantially from state to state. To be effective, the plan would need to:

1. Ensure that incentives to upgrade existing homes to Safehouse standards are sufficiently attractive to drive meaningful action.
2. Provide insurance and mortgage subsidies that move the dial on affordability for most residents and are sufficiently attractive to insurance companies, banks, and the real estate sector to earn their pro-active support.

A few back-of-the-envelope examples demonstrate the rough scale of funding needed (Table 2). While large, the revenues required are much smaller than the annual revenue of America's oil, gas, and coal companies (in the range of $1-2 trillion per year, depending on what is included), and not significantly different from the sums states have raised from the 1998 tobacco settlement.

Table 2: Preliminary estimates of what a Safehouse plan might cost in two example states (illustrative only)

	California	Florida
Upgrading housing	The state already has a number of programs to support home improvements. One *study* estimates that upgrading all housing stock in the state would cost $2.2b.	The state has recently allocated $300m to the My Safe Florida Home program, half of what the governor estimated was needed. Total annual funding would cost perhaps $600m.
Community resilience	The state funds an array of climate resilience programs, but a substantial *funding gap* remains, perhaps $5b.	The state allocated $200m to the Resilient Florida Trust Fund in 2024. Quintupling this would cost $1b.
Insurance	In 2025 the FAIR plan collected $2b in premiums and charged insurance companies $1b to help cover the Los Angeles fires. FAIR could provide significantly subsidized insurance for about $1.5b.	The state subsidized insurance program collected $3.18b in premiums in 2024. Reducing the cost to policy holders by half would cost about $1.5b.
Mortgages	The state spent about $6.5b in 2024 supporting homeowners through property tax and mortgage interest deductions. Doubling that support would cost $6b.	The state allocated about $500m for affordable housing in 2024. Tripling this and widening the eligibility requirements would cost about $1.5b.
Annual total	**$14.7b** About 3% of ExxonMobil's annual revenue in 2024.	**$4.6b** About 1% of ExxonMobil's annual revenue in 2024.

POLITICAL STRATEGY: HOW TO MOBILIZE THE SLEEPING GIANTS OF THE AMERICAN ECONOMY—HOMEOWNERS, REAL ESTATE, BANKS, AND INSURERS—INTO A NEW CLIMATE COALITION

The costs a changing climate imposes on American homes are paid by someone. To paraphrase the political scientist Harold Laswell, the political question is: who pays what, when, and how? At present, America is de facto unloading the cost of riskier housing onto homeowners and, through them, onto the real estate sector, insurance companies, banks, and ultimately taxpayers. Looking ahead, different scenarios are conceivable. As costs rise, taxpayers may stop backstopping climate risk to homes, creating a more libertarian, market-based response in which "buyer beware" dynamics dominate property markets and competing claims about who pays are litigated in courts and statehouses. Alternatively, we may see rising political pressure to socialize climate risks further, creating greater protection in a kind of "climate welfare state" but with significant trade-offs with other policy priorities and taxation.

Safehouse offers a cheaper, fairer path than either of these extremes by reducing costs (though preemptive action and wider insurance coverage) and drawing in industry contributions (following the "polluter pays" principle). We can get there to the extent we can build a new political coalition that does two things:

- Mobilizes the interest groups harmed by destroyed, riskier homes to fight for prevention or treatment, versus defaulting into recovery
- Induces the fossil fuel sector to contribute some of the cost

America has struggled to sustain effective climate policy because we have never built an enduring coalition sufficiently powerful to overcome the fossil fuel industry. The power of that industry takes two forms. First, as large companies with very effective lobbying and public relations teams, supported by powerful industry associations, fossil fuel companies wield substantial direct "instrumental" power. Second, because nearly every other part of the American economy, including households, use a lot of fossil fuels, politicians worry that restricting fossil fuels will hit people's wallets and harm the economy as a whole. This "structural" power can be seen most clearly in the central place of gas prices in American politics. When prices at the pump go up, people notice and politicians respond. In this way, the fossil fuel sector has enormous political power even if they did not spend a single dollar on lobbying.

To overcome this level of political power you need a big, broad, strong, enduring coalition. Over the past decades, environmental interests, broadly backed by an American population consistently supportive of clean, healthy environments, have won important victories on issues like air pollution, fuel efficiency, and drilling on public land and waters. In states where voters reliably support environmental policies, some important restrictions on fossil fuels have been created. But these are the exception. In the "green versus brown" match up, brown almost always wins.

The logic of the Green New Deal took a fundamentally different approach, seeking to build a "green-blue" coalition between environmentalists and key parts of industry and organized labor, with a strong emphasis on social justice. This change of approach, which united the key stakeholders of the Democratic Party, led to the breakthrough of the Inflation Reduction Act. Notably, however, even this landmark legislation involved substantial compromise with the fossil fuel industry, which received enormous payouts from the law. Moreover, the success of the IRA was heavily tempered by the second Trump Administration's repeal of many of the act's key provisions and broader war against climate policy. The lesson from this recent history is that the "green-blue versus brown" fight, while more evenly matched than what has come before, is still too weak to deliver enduring change (though it might get stronger as new industries build political clout). Moreover, because this approach was firmly rooted in the coalition of one political party, the Democrats, it became vulnerable in an era of sharpening partisanship and polarization.

Safehouse aims to mobilize a stronger, broader, durable political coalition by bringing together homeowners/buyers, real estate, insurance, and banks. If these groups could act in concert, they would be unstoppable. Secure, affordable housing appeals intensely to all Americans, across political divides. The real estate, insurance, and banking sectors each spend at least as much on lobbying as the oil and gas sector, and benefit from similar structural power. And these groups are found across red and blue states alike. A "Safehouse versus brown" match up would be a blowout.

However, the mere existence of shared interests does not organically create a political coalition. Coalitions need 1) a powerful narrative with broad legitimacy, 2) a package of policy incentives that give each coalition member a compelling reason to push in the same direction, and 3) champions to make it all happen. Consider each in turn.

First, the unifying message of the Safehouse plan is secure, affordable homes for all Americans. The story goes like this. Generations of Americans have worked hard to buy homes for their families. But now increasing floods, fires, storms, and other disasters are destroying those homes and making mortgages and insurance plans ever more expensive. Indeed, until we get ahead of this problem housing will just get more expensive, putting the entire economy is at risk. Safehouse funds homeowners to take

common-sense steps to protect their properties in this new era of uncertainty, keeping the core asset of our families, our communities, and our economy safe. Safehouse also brings down the costs of homeownership, despite rising risks, to ensure the next generation of Americans can buy into the American Dream. Fossil fuel companies are not the villains in this story, but they do have an important role to play. Like tobacco companies or pharma companies that sold opioids, it is only fair that fossil fuel companies help American families cover the cost of using their products. As the energy system evolves, oil, gas, and coal companies will continue to have an important, indeed honorable role to play, earmarking a portion of their revenues to help shield our homes going forward.

Second, within this narrative, key groups receive strong incentives to support the package:

- **Homeowners and buyers** receive support to upgrade their properties and lower insurance and mortgage costs, protecting existing homes and bringing down the costs of homeownership to keep the American Dream in reach despite a changing climate.
- The **real estate sector** receives a survival plan that insulates it from rising risks of climate change
- **Banks** get security for their single largest asset class (mortgages on homes) and an expanding, not contracting, mortgage market going forward
- **Insurance** companies protect a key market (home insurance) and sidestep regulatory pressure to offer loss-making products.

A particular virtue of the Safehouse coalition is its ability to unite the large and diffuse population of homeowners with some of the country's most powerful corporate interests. Already, grassroots collective property owner entities such as condominium and homeowners' associations are mobilizing in response to rising climate risk in states including Florida, California, Louisiana, and Arizona. While they often do not focus on climate change per se, these groups have coordinated property-level retrofits, enforced risk-reducing standards, levied special assessments on their members to invest in common resilience measures, and lobbied for insurance and resilience reforms as premiums rise and coverage becomes harder to obtain. While such groups resist efforts to more accurately measure risk if they fear it will lead to higher costs (Johnston, 2026), Safehouse flips this opposition on its head by providing homeowners tangible benefits.

At the same time, the real estate, banking, and insurance sectors are deeply aware of the climate risks they face, even if this awareness has rarely translated into proactive political action. This alliance between grassroots and corporate interests could make the Safehouse coalition particularly effective.

On the other side, **fossil fuel companies** can be expected to oppose Safehouse, given it would force them to pay for at least some of the costs they are currently imposing on homeowners, taxpayers, and other parts of the economy. However, there are elements of Safehouse that at least some companies in the sector could find attractive. Safehouse offers a way for companies to reduce at least some of their legal liability. As the tobacco and opioid outcomes show, this is not a trivial cost. While fossil fuel companies are working hard in the present to use their political influence to shield themselves from liability, they cannot be confident such shields will stand the test of time, particularly as climate impacts worsen and the explosive growth of non-fossil energy eats into their asset base. More broadly, Safehouse offers fossil fuel companies a chance to rewrite their role in the climate story. Instead of the villains destroying people's houses, they can be the heroes helping America keep the dream of homeownership alive in the 21st century.

Third, coalitions need champions to bring them together. Safehouse will need three kinds of leaders in particular.

At the grassroots level, individuals and organizations that bring homeowners together in common cause are key. Homeowners are often very organized at the community level, but the threat of climate change requires them to scale-up to at least the state level. Building new alliances of local homeowners associations around the Safehouse plan will be critical, including popular outreach and awareness-building.

Banks, insurers, and real estate groups, in contrast, are already aware of the problem and organized around their interests. However, their mixed incentives mean there are few champions pushing industry groups to proactive action. There is thus a critical role for internal advocates on corporate boards and in executive teams to find ways to mobilize these actors' long-term interests over their short-term incentives. Investor gadflies and activist lawyers can help by forcing companies to face up to the risks confronting them via shareholder action and litigation, creating conditions for internal champions to gain influence. For example, pressuring insurance companies to bring "subrogation" claims against fossil fuel companies to help cover payouts—as they have done for opioids, for example—can help crystalize the Safehouse coalition.

Finally, Safehouse needs political entrepreneurs to champion policy changes at the state level. Here, the opportunity to develop a fundamentally new kind of politics around climate change, one that resonates with a wide swathe of interests and constituents, could be a powerful draw. Democrats looking to differentiate themselves in the eyes of voters increasingly wary of the party's "legacy brand" can use Safehouse as a new way to talk and act on climate, one that fits squarely within a broader narrative of affordability and fairness. Perhaps even more interestingly, Safehouse may provide an opening for those Republicans looking for a way to talk about housing

affordability and climate change without buying into the left-leaning narratives that have traditionally dominated public perceptions of those issues. Polling shows that young Republicans, in particular, see climate change as a threat, but are not finding party leaders who do more than deny or ridicule the issue. Safehouse therefore creates an opportunity for a new generation of Republicans to put their own mark on the issue. While imposing costs on fossil fuel companies may be anathema to party leaders, some kind of "grand bargain" may be more politically palatable, particularly drawing on the tobacco and opioid examples.

BUILDING BLOCKS AND OUTSTANDING QUESTIONS

One of the most attractive features of Safehouse is that many of its building blocks are already in place in many states, Blue, red, and everything in between (Table 3). In a number of states, proposals are already on the table to go further. For example, "the Climate disasters: civil actions" bill proposed in California would empower the Attorney General to sue polluters in the wake of climate disasters to recover funds that could be given to the state's FAIR plan, climate resilience funds, or property owners directly.[4] Safehouse does not require inventing entirely new institutions. But in every state this disparate array of provisions needs scaling up, linking together, and a large injection of funding from fossil fuel companies to make it work well.

Table 3: Examples of existing policies that could be expanded into Safehouse Plans

Policy element	*State*	*Program*	*How it contributes to Safehouse*
Insurance backstops	California	California FAIR Plan	State-run insurance backstop for high-risk properties where private insurers withdraw
	Florida	Citizens Property Insurance Corporation	Large-scale public insurance pool stabilizing housing markets under climate risk
	New York	New York Property Insurance Underwriting Association (FAIR Plan)	Long-standing model for last-resort coverage
"Polluter pays" mechanisms	Vermont	Climate Superfund Act	State-level assessed contributions on major emitters to fund climate damage and resilience
	New York	Climate Change Superfund Act	Use of historical emissions to allocate climate costs

[4] https://legiscan.com/CA/text/SB982/id/3349290

Resilience funds	Texas	Flood Infrastructure Fund	Pre-disaster investment in flood mitigation and community-scale resilience
	California	Climate Resilience & Adaptation Budget Programs	Dedicated state funding for climate adaptation across sectors
	Indiana	Indiana Floodplain Management Program	State-level regulation and mitigation tied to federal standards
Home retrofit support	Alabama	Strengthen Alabama Homes Program	State-supported grants for voluntary home hardening.
	California	Wildfire Mitigation Grant Program	Grants to homeowners for property-level risk reduction
	Colorado	Wildfire Partners Program	Local–state partnership supporting voluntary home hardening
Voluntary buyouts	New Jersey	Blue Acres Program	Proactive, voluntary buyouts of high-risk properties
	Multiple states	FEMA Hazard Mitigation Buyout Program	Federal framework for post-disaster and pre-disaster relocation
Resilient building standards	California	Title 24; WUI codes	Climate-adjusted building standards for fire, heat, and energy resilience
	Florida	Hurricane-resistant building codes	Statewide standards tied to storm risk
	Arizona	Local heat- and energy-efficiency building codes	Climate-adjusted standards for extreme heat conditions
Housing finance & affordability tools	Multiple states	State Housing Finance Agencies	Existing channels for subsidized mortgages and targeted affordability support

Though these building blocks offer a starting point, a number of outstanding questions remain to operationalize Safehouse beyond the overview provided in this short note. Many of these would need to be resolved at the State level, as they involve context- and jurisdiction-specific factors. Three are of particular relevance.

First, the design of the Safehouse standard requires significant technical work. Modeling risks to houses into the future is complex. Safehouse envisions layering different forms of risk (e.g. flood, fire, wind, etc.) and weighing them against both property- and community-level resilience actions. This aggregation of both risks and countermeasures will need to avoid redundancy or contradictions. For example, if a community-level intervention is the more effective strategy (as is often the case for flood risk), the incentive structure should not give individual homeowners credit for a multitude of property-specific measures when a single community-level action would be more effective. At the same time, investment in community-level protections should not substitute for helpful property-level improvements or, worse, create new moral hazard by incentivizing the building of less resilient homes in unsafe places.

Individual states may also wish to use the Safehouse plan to tackle related housing issues, including mitigating climate change by promoting heat pumps, roof top solar, or other such interventions. Beyond their climate benefits, such upgrades can also improve resiliency (e.g. rooftop solar or home batteries that work during power cuts) and affordability (e.g. though more efficient heat pumps), which reduces risk for insurers and makes it easier for people to pay back their mortgages. The exact scope of what Safehouse does and does not incentive will need to be tailored to local contexts.

Second, the specific mechanisms through which subsidies would flow to homeowners, in particular, requires careful design and testing. States may wish to rely on a mix of tax credits, point-of-sale incentives (e.g. a rebate, cash back, 0% financing, etc.), and subsidized subordinate secondary financing (e.g. subsidized loans on top of existing mortgages). The mix of incentives need to be tailored to the specific retrofit needs in each state. In all cases, however, incentives should be simple and frontload benefits.

Third, the legal conditions around a settlement with fossil fuel companies would need careful calibration to fit into relevant state law. Economists, lawyers, and climate attribution scientists would need to work together to model what kinds of sums might be obtainable under different legal scenarios in each state. Such scenarios could then inform political bargaining.

IMPLEMENTATION AND SEQUENCING: MAKING SAFEHOUSE WORK

Beyond these outstanding questions, the challenge is fundamentally one of implementation and sequencing, which requires several considerations.

A natural starting point is to set up the process to define the Safehouse standard. While some states have begun to build this critical regulatory infrastructure, some have yet to start. Significant care must be given to the process around the Safehouse standard. As with any technocratic rulemaking, there is significant scope for regulatory capture or perverse outcomes. It is critical to ensure a diversity of independent experts, representation of key stakeholders, and robust public participation. Moreover, to make the politics work it is vital that the Safehouse certification process does not add more cost to a property than is offset by the associated insurance incentives. This may require financial support from the state. Safehouses need to be cheap houses in order to solve the housing crisis. Finally, an important detail is how to address the liability that builders or others may face if properties that have been certified as Safehouses nonetheless experience damage.

A simple way to begin could be to build on existing tools like the IHBS FORTIFIED Standard, which applies to specific risks in specific areas. States may wish to start with this kind of narrow, risk-specific approach for the most relevant risk in their area (e.g. fire, wind, flood, etc.). States could then add additional risks (and therefore increased benefits) over time in a layered approach. In some states, it may be desirable and feasible to make the Safehouse Standard a mandatory building code. In other places, a softer approach may be needed, so that the standard is not a legally required "stick," but is simply how property owners become eligible for the "carrots" of insurance and mortgage benefits.

Second, it is smart politics to frontload benefits and backload costs. States could immediately set up Safehouse incentive programs for homeowners, Safehouse Funds for community resilience, and associated mortgage and insurance support tools. It is important to pair such incentives with enabling investments in labor and supply chains (e.g. training programs for retrofitters) to ensure there is supply to meet demand. These positive incentives will be popular, and the key constituencies (homeowners/buyers, insurance companies, banks, real estate) will want to keep them and expand them, helping form the needed political coalition. Charges on fossil fuel companies, in turn, could be phased in over a longer timeframe, with the state borrowing to cover the gap. If the state chooses to rely to some degree on carbon pricing, it may be particularly effective to delay that element of the plan. This would help ensure that people feel the benefits of Safehouse before fossil fuel companies have to deal with the costs.

Third, and related, the most contested part of the Safehouse plan is the "polluter pays" element. We are unlikely to see such provisions included in Republican-governed states, or those where fossil fuel interests hold considerable sway, though offering a bargain in which contributions are exchanged for some protection from liability can expand the political conditions in which this part of Safehouse can work. This latter strategy could adopt a "divide and conquer" approach with the state seeking to make a sequence of deals with individual companies, taking a page from the Trump Administration's tactics vis-à-vis law firms and universities. By finding a few big companies that would be willing to make a deal, perhaps on preferential terms for the early movers, the state could increase its bargaining power with the sector overall. Furthermore, if fossil fuel companies enter into voluntary contracts with the state, these may provide greater certainty vis-à-vis future court battles. To the extent state-level Safehouse plans lack contributions from fossil fuel companies, they will have to depend on general taxation for funding, reducing their mitigation benefit and increasing the cost. However, even under these conditions the rising investment in resilience would bring significant benefits.

Finally, it is important for state-level Safehouse plans to leave open the possibility of merging into a national-level policy in the future. Again, the tobacco and opioid

examples provide a relevant precedent for how groups of states (effectively all of them, in the end) ultimately rolled a series of state-level bargains into a national settlement.

Ultimately a national coming together will be key. The country is in desperate need of shared projects that can bring us together around a brighter future. The numbers tell a clear story: the American home, the linchpin of our economy and the heart of our identity, is getting destroyed. And what is not being burned, blown down, or flooded is ever more unaffordable because of the rising risk it might become so. The destruction of the American home is a national security emergency, and the lack of houses people can actually buy is a default on the American Dream. Protecting our houses rises above politics. Across all of our divides, no one wants to see houses destroyed or made unaffordable. Safehouse helps us do something about it.

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