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Homebuilder in Chief: A Plan to Build 12 Million New Homes



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Ask any American what it means to live a middle-class life, and they will invariably tell you five things: owning a home, affording child care and college for their kids, having health care, and saving enough for a good retirement. Those are the five tickets to the middle class. And the costs of those tickets have rocketed past wages for decades.

Take housing: the median sales price of a house has tripled from \$144,800 to \$435,300 since 2000.¹ Meanwhile, household income has only doubled over virtually the same time span, from \$41,990 to \$80,610.² Renters are paying \$25,000 a year in rent, up 30% since 2020.³ Owning a home in this country is often unattainable for families, and renting is regularly destroying family budgets.

The Democratic response to housing costs has typically focused on giving people more money to defray costs—things like downpayment assistance, rental assistance through Section 8 vouchers, VA

loan guarantees, and the like. Policies like these that subsidize families and help satisfy consumer *demand* are important pieces of the solution and must continue. But they are far from sufficient. We have a massive housing shortage in places where people are demanding to live, and we have a dearth of desirable housing options even in places struggling to maintain population. Because of that, there needs to be an equally large focus on policies that affect the *supply* of new homes.

Simply put, we need to build a lot more. And if we think tinkering around with another targeted tax credit or demonstration grant program is going to fundamentally change the supply of housing and lower prices in this country, we're delusional. Increasing the housing supply means being bold and taking on special interests that cling to the status quo.

That's why the next president should pledge to create 12 million homes in their first term. It's time for a Homebuilder in Chief.

How bad is our housing shortage? Twenty years ago, in March 2006, the United States was building 2.2 million housing units a year.⁴ Today, that's down to 1.5 million—even though our population has increased by 44 million people during that time.⁵ Further exacerbating the shortage, many baby boomers are opting to age in place, and high mortgage rates create a disincentive for existing homeowners to sell.

We need to supercharge housing construction in America rather than succumb to the status quo that constrains the supply of homes and drives up prices. However, there are significant barriers standing in the way. For example:

- **Local rules.** Single-family zoning ordinances strangle construction. Approximately 70% of residential areas in major US cities restrict or ban apartments, severely limiting housing density.⁶ Building codes often require housing to be built with antiquated requirements, from the number of staircases to minimum parking requirements. Permitting delays and regulatory inefficiencies add time and money to new projects.
- **Head-scratching rules.** Gary Winslett notes that the Chassis Rule requires small manufactured homes (mobile homes or trailers) to have a permanent chassis—even if they aren't going to be mobile.⁷ This adds \$5,000-10,000 per unit and constrains design according to the Niskanen Center.⁸
- **Endless fees.** Local governments often tack on extra charges to fund public services and infrastructure. These differ by state and city—\$30,000 per home in California, \$13,000 in Maryland, \$10,000 in Colorado, for example—but still add to the cost of homes.⁹

- **Tariffs & inflation.** The cost of construction materials and labor has gone up, substantially increasing overall building expenses. Tariffs on materials such as softwood lumber, steel, and aluminum have driven up building costs. The National Association of Home Builders estimates that these tariffs alone add \$10,900 to the cost of building a single home.¹⁰

How Do We Build 12 Million New Homes?

We need to double the rate that homes are being built. Government needs to stop being an impediment to building and, instead, supercharge construction. Here's how:

First, tear up exclusionary zoning and excessive fees that unduly limit housing construction. Local governments are holding new construction hostage. Jerusalem Demsas and Tahra Hoops have both suggested withholding federal funding to any city that has exclusionary zoning or excessive fees. For example, federal lawmakers could withhold funds from the popular \$12 billion Surface Transportation Block Grant Program (which provides money for roads, bridges, and transit) unless localities eliminate exclusionary zoning in key areas, such as near transit stations.¹¹

Second, allow for new housing to be built on federal lands and unused military bases. Nearly 50 million acres of federal land falls within metro areas that need more homes.¹² There are also abandoned military installations that have been closed due to base realignment and closure initiatives or because they became obsolete. Some of this land would be perfect for housing, like the 2,000 new units built on the decommissioned Walter Reed hospital in Washington, DC.¹³ Lawmakers across the ideological spectrum—from President Donald Trump to Democratic Congressman Jake Auchincloss (D-MA) have proposed dedicating some of these federal lands for housing.¹⁴

Third, call a national housing emergency and leverage the National Guard and US Army Corps of Engineers to help build. Housing affordability is an emergency—so we should treat it like one. The National Guard has extensive experience assisting with recovery and relief efforts following natural disasters. The Army Corps of Engineers has 37,000 people who provide engineering services, maintain infrastructure, and build facilities.¹⁵ We can utilize both services to clear land, move machinery, build infrastructure to support housing, and assemble actual structures as needed.

Fourth, end tariffs that affect building materials. Building materials are 34% more expensive since December 2020.¹⁶ Sixty percent of builders are reporting price increases just due to tariffs.¹⁷ Lawmakers should cut tariffs on any materials that go into the building of homes—from lumber to aluminum—to immediately alleviate the cost of building.

Fifth, spur a modular construction renaissance. Modular construction, where sections of a house are built within a factory setting and then assembled onsite, can shave 20% off housing construction times.¹⁸ It can also save significant amounts of money. Lawmakers can incentivize the use of

modular construction and other innovative methods like 3D printing through incentives, paid for by reforming the mortgage interest deduction.

Sixth, convert office space to residential space. In 2024, 20% of office space in America was vacant.¹⁹ The buildings are already constructed, and conversion to residential use is hard but not impossible if the financing can work out. Lawmakers should create a five-year, \$10 billion federal grant program to convert office buildings into residential or dual-use space to help that transition.

Democrats need to be the party that makes the middle class affordable and accessible. As part of that, there needs to be a commitment to building more new homes than we have at any other time in the last generation. Now is the time to be big and bold. Let's build.

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