



Policy Proposal: Build More Housing

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We need to build significantly more housing – intelligently. That means taking advantage of new/planned transit corridors, utilizing technology to make construction quicker and cheaper, and rethinking exclusionary zoning policies and building codes. It also means preserving our communities’ unique histories, investing in transportation to reduce congestion, and working collaboratively with local neighborhoods.

Is housing really that much more expensive than it used to be?

Yes, it is.

The median sales price of a house has tripled since 2000 (\$144,800 to \$435,300); household income over about the same period has only doubled (\$41,990 to \$80,610). Rent is up 30% nationally since just 2020.

In NYC, 69% of residents rent and 52% pay more than 30% of their income in rent (i.e., they are “rent burdened”). More than 50% of low-income New Yorkers pay more than 50% of their salary in rent. The overall rent-to-income ratio in NYC is 53%. Homelessness now affects more than 102,000 New Yorkers, including ~35,000 children.

Ouch.

You can say that again.

Ouch.

Exactly.

If I remember Econ 101 correctly, we have a supply and demand problem.

Spot on.

Nationally, 20 years ago we were building 2.2 million housing units per year. Now that's down to 1.5 million, even though our population is tens of millions larger. In NYC, our vacancy rate is 1.4% vs. a "healthy" level of 5-7%.

Building more homes seems like a sensible way to provide shelter for the unhoused, to put a lid on skyrocketing home prices and rents, and to help make New York a place that works for all of us. But how do we do that – and, in particular, how can the federal government help?

Here are a few of the current impediments and solutions for solving them with federal government nudging:

Impediments:

- About 70% of residential areas in major US cities restrict or ban apartments – these single-family ordinances severely limit housing density
 - o 17% of urban land in the United States is altogether vacant, often due to zoning restrictions
- Building codes also include all kinds of unnecessary or outdated requirements – things like minimum numbers of staircases or minimum parking requirements – which reduce housing creation
- The permitting process for new home construction is far too lengthy; 83% of housing developers have reported that their project delays were due to permitting issues. Adding time to projects adds costs to projects, leading to many being abandoned
- Tariffs – including on steel, aluminum, lumber, and cabinets - have significantly driven up housing costs
- There are hundreds of thousands of unfilled construction industry jobs – in 2024, ~19,000 single-family homes weren't built due to labor shortages and construction times on projects that were built were driven up by an average of two months
- A chronic shortage of financing for affordable housing developers stifles development
 - o More than 50% of community development finance institutions (CDFIs) – those are financial organizations serving low-income communities and nonprofits with lending/credit – have demand they can't meet
- Off-site, or modular, home construction – with components built off-site and then assembled where a home is being built – is generally cheaper and ~20% quicker, but

lack of code standardization across geographies makes the industry difficult to scale

Federal Government Solutions:

- Federal funding could be withheld from cities that have exclusionary zoning or exorbitant fees on construction – exclusionary zoning near transit stations should be a particular focus
 - o An alternative approach includes paying dividends from tax revenues associated with development directly to residents, thereby reducing opposition to new development
- Federal lands and unused military bases could be made available for building new housing – there are ~50 million acres of federal land in metro areas that need more homes
- The US Army Corps of Engineers – which has 37,000 people who specialize in engineering services, maintaining infrastructure, and building facilities – could be utilized to build new housing
- Tariffs that negatively impact housing need to be eliminated
- Federal legislators can incentivize the use of modular construction and other technologies that reduce costs and time to build
- Federal grant programs can help facilitate the conversion of office to residential space – in 2024, 20% of office space in the US was vacant
- Bundling CDFI loans into Community Reinvestment Act-compliant portfolios could help create a secondary loan market, unlocking new capital
- Increasing the primary home capital gains exclusion could help bring many new existing homes onto the market
- Allowing for the legal immigration of additional construction workers would help mitigate crippling labor shortages

Is Congress taking up this issue?

It is!

The House and Senate have both been working on major housing legislation – the House version is called the 21st Century ROAD to Housing Act.



This legislation would make a meaningful difference by incentivizing land use reforms that make construction easier, increasing the cap on “public welfare investments,” making it easier to use community development block grant funds for housing construction, reducing environmental review requirements for small and infill housing projects, eliminating nonsensical manufactured housing requirements (the infamous chassis requirement), and authorizing a competitive grant program for local governments that show meaningful progress on increasing the housing supply. The House version of the bill also has community banking reforms to encourage more housing lending and would create an eviction helpline at HUD.

Both the House and Senate have voted overwhelmingly in favor of these bills.

It sounds like progress is on the horizon but much is left to be done?

That’s exactly right. The bills currently working through Congress are a fantastic first step, but they are only the beginning of a much broader struggle to vastly increase housing supply across our city and country.

Rep. Clarke failed to cosponsor the current legislation on expanding the American housing supply – despite NYC colleagues Nydia Velasquez and Ritchie Torres doing so. I will commit to cosponsoring future legislation that tackles this critical component of making the American dream accessible once again.



Sources include:

- <https://www.thirdway.org/report/what-is-affecting-home-prices>
- <https://www.thirdway.org/memo/homebuilder-in-chief-a-plan-to-build-12-million-new-homes>
- <https://www.thirdway.org/memo/how-to-get-more-homes-on-the-market>
- <https://groundedsolutions.org/the-federal-housing-bill-a-bunch-of-tweaks-but-good-ones/>
- <https://drive.google.com/file/d/1biZoDZioAKn1qKugatVoMFOjysbKMGQn/view>
- <https://www.mckinsey.com/about-us/new-at-mckinsey-blog/mckinseys-five-bold-solutions-to-the-affordable-housing-crisis>
- <https://narc.org/2026/02/25/a-regional-look-at-federal-housing-bills/>