



# HOW NEW CITIES CAN SOLVE THE AFFORDABLE HOUSING CRISIS

WHITE PAPER



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## EXECUTIVE SUMMARY

**THE AMERICAN DREAM OF HOMEOWNERSHIP** has become unattainable for many Americans due to skyrocketing housing costs. While many government proposals focus on demand-side solutions like subsidies and tax credits, these often exacerbate price increases without addressing the root causes. This white paper argues for a supply-side approach: building entirely new cities in low-cost, underutilized areas to provide affordable housing options. By leveraging innovations in construction, modernizing zoning regulations, and fostering economic growth, these new cities can significantly reduce housing costs while creating vibrant, sustainable communities.



# INTRODUCTION

For generations, the American Dream has been to own a single-family home on land that you can call your own. Today, that dream is unattainable for many

Americans. Over the last two decades housing costs have risen faster than incomes.<sup>1</sup> As a result, the U.S. has become a “renter nation,” with homeownership rates falling particularly for younger generations.

Many of the current government proposals to solve this issue deal with the demand side of the equation, such as large-scale credits or subsidies for first-time homebuyers. But increasing the demand only leads to higher prices. The key to restoring housing accessibility is rather to address the supply side of the challenge: building more homes.

Constructing entirely new cities in rural areas creates a transformative opportunity to expand housing supply, reduce the density of current urban centers, and take advantage of lower cost land and building practices throughout the country.





## ADDRESSING LAND COSTS

**ONE OF THE LARGEST CONTRIBUTORS** to skyrocketing housing prices is the cost of land. Between 2012 and 2017, the median price per acre of land under existing single-family homes in the U.S. rose from \$159,800 to \$203,200—a 27% increase. This accounted for the vast majority of the nearly 29% rise in home prices during the same period.<sup>2</sup>

Much of this increase in land costs was concentrated in urban areas, leading to a stark disparity between housing prices in cities and more rural regions. For instance, in California, urban centers like San Francisco and Los Angeles have land values that can exceed \$1 million per acre, while rural areas in the state have land below \$10,000 per acre.<sup>3</sup> Similarly, in New York, land in Manhattan can command prices upwards of \$5 million per acre, whereas rural regions upstate may see the same amount of land for around \$2,000 to \$5,000.<sup>4</sup>

These enormous contrasts within states highlight the potential cost reductions from spreading populations from denser areas to more rural regions. By developing entirely new cities in these low cost of living areas, it is possible to alleviate housing shortages and provide more accessible homeownership opportunities. Not only would the new cities have lower priced housing, but existing urban areas would also be made more affordable through population redistribution.



# A HOUSING-CENTERED POLICY APPROACH

**NEW CITIES CAN BE BUILT** from the ground up with affordable housing in mind. This must start with local policies. Establishing city governments early in the development process allows for proactive zoning, permitting, and regulations to stimulate development of affordable housing.

For example, pre-approving building plans for specific housing types and eliminating minimum lot size requirements can encourage the creation of smaller, more affordable homes. Streamlining the permitting process and creating a business-friendly regulatory environment can further reduce barriers to construction and attract a wide array of developers to these new cities.

Laws that foster economic opportunities in new cities can also play a crucial role in mitigating housing costs by ensuring residents earn more in proportion to their cost of living. By attracting remote work hubs, renewable energy projects, and manufacturing facilities, new cities can provide stable, well-paying jobs that empower residents to afford housing without undue financial strain.





## INNOVATIONS IN CONSTRUCTION

The construction industry has long lagged behind others in adopting innovations that can lower costs and improve efficiency. New cities provide a unique opportunity to modernize building practices on a large scale. Here are some of the processes and innovations that could be utilized to drive down housing costs:

- ★ **PREFABRICATION** involves producing standardized components off-site, which can then be quickly assembled on location, significantly reducing both labor and material costs while shortening construction timelines.
- ★ **ADVANCES IN TECHNOLOGY**, such as 3D printing, also offer promise for cost-effective homebuilding. Entire homes can be printed quickly and affordably, particularly in regions with labor shortages. Similarly, automation and robotics can help address inefficiencies and bring down overall costs.
- ★ **ENERGY-EFFICIENT DESIGNS AND MATERIALS** can reduce long-term costs for homeowners by lowering utility bills. Renewable energy features, such as solar panels and passive heating systems, can make homes more cost-effective over time, even if they require slightly higher upfront investments.
- ★ **REDUCING REGULATORY COMPLIANCE COSTS**, which can account for a quarter of new home prices, can make a significant difference. Fast-tracking approvals for affordable housing projects and waiving fees for green or modular homes can create an environment where innovation thrives.



# REIMAGINING HOUSING DESIGN FOR AFFORDABILITY

The construction industry has long lagged behind others in adopting innovations that can lower costs and improve efficiency. New cities provide a unique opportunity to modernize building practices on a large scale. Here are some of the processes and innovations that could be utilized to drive down housing costs:

- ★ By promoting **SMALLER LOTS**—such as a third of an acre—and designing homes with open floor plans and efficient layouts, developers can create high-quality living spaces that maximize utility without wasted space or unnecessary extravagance. These approaches ensure that homes remain both affordable and functional.
- ★ **MODULAR CONSTRUCTION** offers additional flexibility. Homeowners can start with a core structure—including a kitchen, sitting room, bedroom, and bathroom—and expand as their needs and financial circumstances evolve. This approach reduces upfront costs and allows families to grow into their homes over time.



- ★ **ACCESSORY DWELLING UNITS (ADUs)** are another innovative solution, particularly in areas with larger lots. These smaller, secondary units built on the same property—such as above-garage apartments or carriage houses—provide affordable housing options for single professionals, students, or seniors, while also increasing overall housing density without altering the character of neighborhoods.
- ★ **AFFORDABLE HOUSING FOR SENIORS:** Housing tailored to seniors is a growing necessity as the U.S. population ages. New cities can integrate communities designed with accessibility in mind, including single-story homes and ADA-compliant features. Proximity to healthcare facilities, public transportation, and social hubs ensures that seniors can maintain independence while enjoying a high quality of life.







## CONCLUSION

**BUILDING NEW CITIES OFFERS A** groundbreaking solution to America's housing crisis by creating affordable homes in sustainable, economically vibrant communities. By reducing land costs, modernizing construction practices, and rethinking housing design, the American Dream can become a reality for millions of Americans once again.

New City Pioneers envisions a bold 50-state initiative, where each state develops its own new city as a laboratory for innovative housing policies and practices. This friendly competition will foster creativity, with successful ideas serving as models for nationwide adoption.

By uniting policymakers, developers, and communities, we can ensure that every American has access to affordable, high-quality housing, paving the way for a brighter and more equitable future.



# REFERENCES

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