



FREEDOM TO BUILD

America has a proud history of building things, both great and small, dating back to before the United States was established. The Pilgrims arrived at Plymouth Rock from the Old World with almost nothing, but they managed to build an enduring colony. Pioneers on America's frontier worked tirelessly building homesteads and farms that allowed them to be fruitful and multiply and to settle the land. In the late 1800s and early 1900s, Americans rapidly built a great network of railroads. And in the decades that followed, they built factories churning out Model Ts, skyscrapers, nuclear power plants, telecommunication networks, and more.

Sadly, the legal labyrinth that has accumulated in the United States, especially over the past six decades, has added massive obstacles for builders. Housing, energy infrastructure, factories, hospitals, and transportation projects all face environmental reviews that can stretch many years. Restrictive zoning and wage mandates artificially inflate costs. Cumbersome codes require unnecessary and often unwanted features. All of this leads to less construction and higher prices.

Perhaps the greatest barrier to construction in America today is the permitting process. Policymakers must prioritize streamlining the permitting process so that new construction doesn't get buried in red tape. States should enact legislation replacing discretionary local approvals with clear rules, and they should strip building codes of requirements that raise construction costs without meaningful benefit.

When companies do manage to navigate all the restrictions on building, they are faced with a tax code that hits many construction projects with a drawn-out depreciation schedule that punishes major capital expenditures.

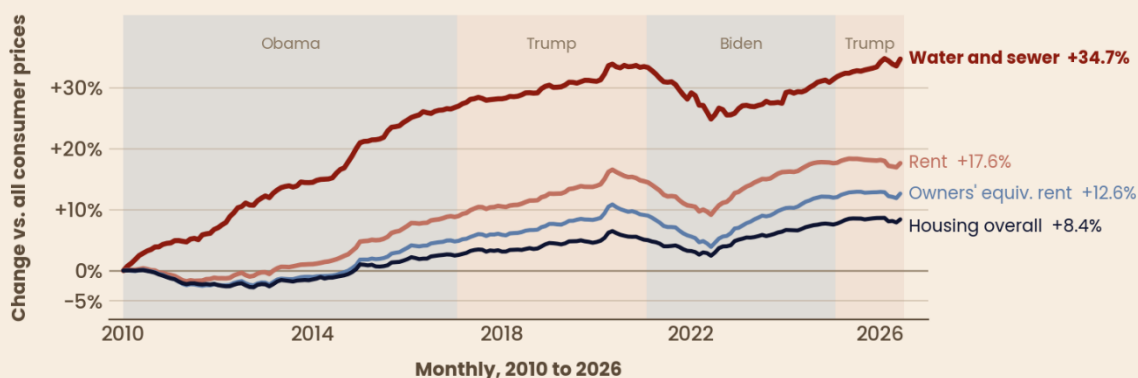
Burdensome laws and regulations aren't just a problem for privately funded construction projects. Government-funded construction projects are also bogged down by misguided policies that drive up costs for taxpayers. The Davis-Bacon Act's unscientific prevailing wage determinations inflate federally funded construction, while competition is limited by project labor agreement mandates and other laws, regulations, and practices that favor politically connected firms.

This chapter provides policymakers with tangible policy proposals to make building easier and less costly.



Housing costs have outpaced overall inflation over the past 15 years

Real price change since 2010, relative to all consumer prices



Source: U.S. Bureau of Labor Statistics Consumer Price Index series. Each index is deflated by headline CPI and rebased to January 2010, so the lines show the changes in price categories relative to all consumer prices. Missing months are linearly interpolated.

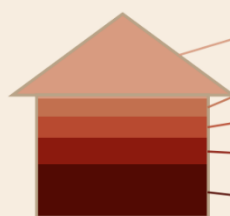
Red tape adds \$131,734 to the price of a new home

The cost of government regulation is equal to 26.4% of the price of a new single-family home



\$131,734

added to every new home



Where it goes

- All other requirements \$41,582
- Land dedicated to government \$13,593
- Architectural design standards \$16,117
- Permit, inspection and hook-up fees \$20,154
- Building code changes over the past 10 years \$40,288



Sources: National Association of Home Builders, "Government Regulation in the Price of a New Home: 2026" (June 2026), a survey of builders and land developers. Regulation is 26.4% of the \$499,500 average price of a new home in January 2026, as reported by the U.S. Census Bureau. Bands are drawn in proportion to area, not height. Figures are nominal.