

MODERN HOME
No. 3390
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SECOND FLOOR PLAN

THE MODERN SEARS HOME

RESURRECTING THE
AMERICAN STARTER
HOME PROGRAM FOR
A NEW GENERATION

MODERN HOME
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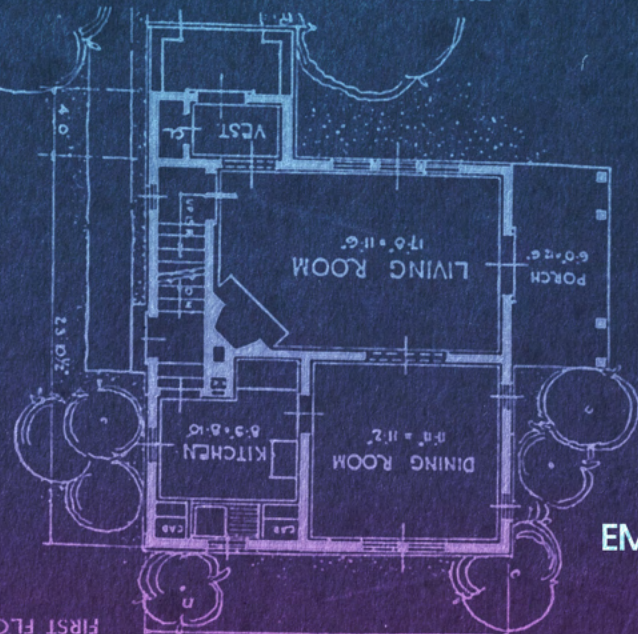


SECOND FLOOR PLAN

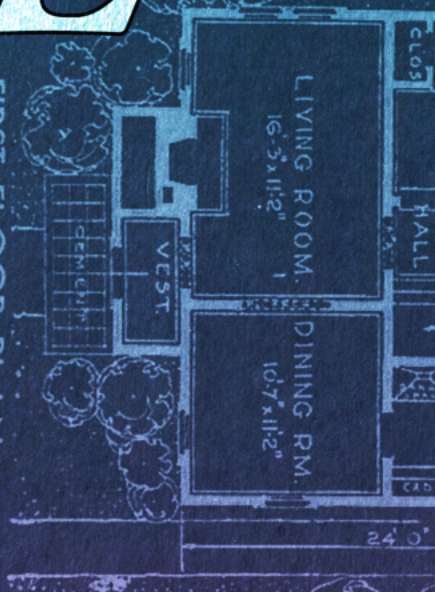


FIRST FLOOR PLAN

FIRST FLOOR PLAN



FIRST FLOOR PLAN



GROUNDWORK
COLLABORATIVE

BY NOAH BALL-BURACK,
EMILY DIVITO, & ALEX JACQUEZ

INTRODUCTION

On July 4th, 1940, the Sears Modern kit home that Joseph Origer and his wife ordered two weeks prior arrived on a boxcar at the local train station. Its destination was the North Judson, Indiana, farm where Joseph had grown up. The Origers had picked out a 1,000-square-foot, five-room bungalow – a model Sears called The Hammond. The Origers paid just \$2,700 (about \$64,600 today) for their Sears home, including bathroom fixtures, plumbing, wiring, paint, and the labor of a local retired carpenter. They moved in by Christmas and still called it home when the new millennium began 60 years later. Joseph was a second-generation Sears home resident: his father John, a farmer, built his own two-story Sears kit home in 1913.¹

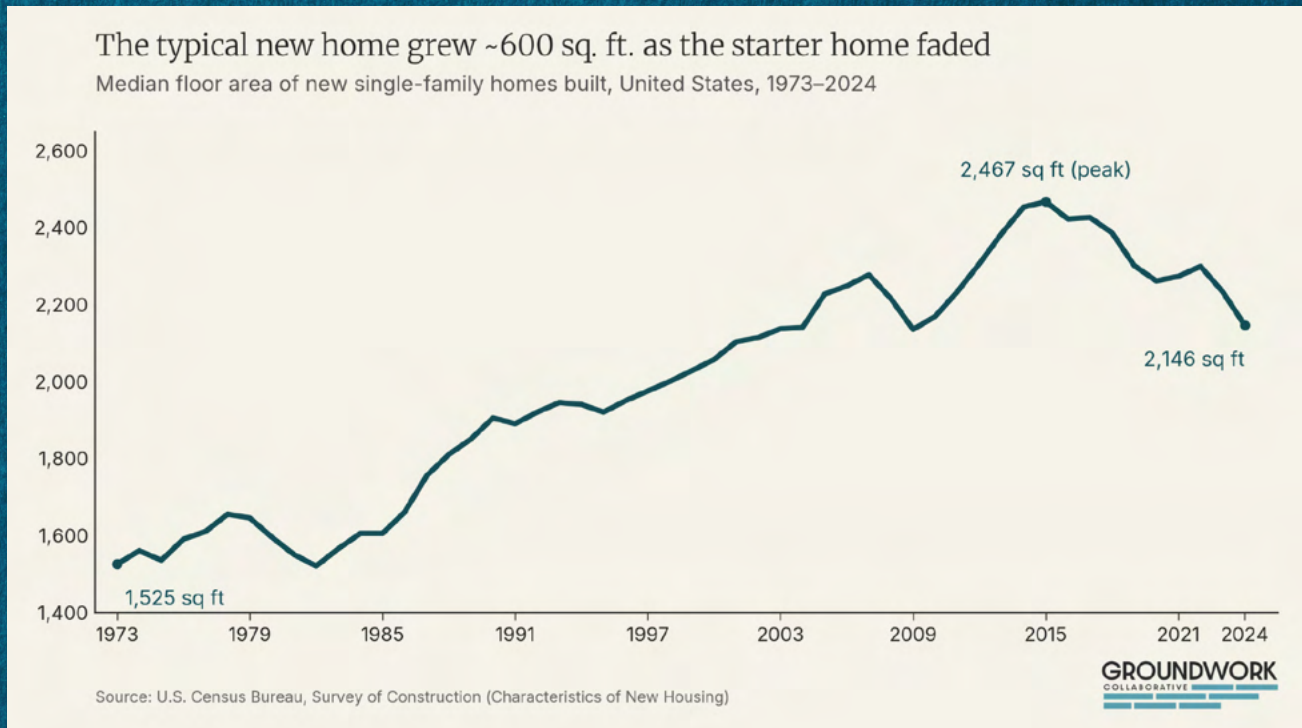
Designed to be affordable without sacrificing quality, aesthetics, or longevity, Sears kit homes gave working families not only a roof over their heads, but a tangible asset they could improve over time and in which they could build equity. A kit home, however modest, was not a lesser version of the American Dream, but rather its very foundation: the first rung of a generational climb toward stability and prosperity.



In 1940, Joseph Origer purchased a Hammond model Sears Home like the one above left (sourced from a digitized Sears catalogue); In 1913, Joseph's father, John, purchased one of Sears' first home models, a No. 101 (right; from Oklahoma Houses by Mail (blog), February 21, 2017, <https://oklahomahousesbymail.wordpress.com/2017/02/21/two-sears-modern-homes-model-101-built-in-1908>.)

In the decades since, that promise has collapsed. Fueled by rising land costs, reduced federal investment, restrictive local land use rules, and the profit incentives of corporate developers and financiers that favor high-margin development, the U.S. faces a housing affordability crisis of unprecedented proportions.²

Today, the new median single-family home sells for \$410,700, a staggering 24.8% increase since the start of 2020.³ Persistently elevated interest rates have locked families into their current homes – suppressing housing turnover, constricting supply, and inflating prices. As a result, young families today confront a market in which suitable homes are scarce, mobility is costly, and the financial advantages once associated with homeownership are increasingly out of reach. Homeownership rates among young Americans have fallen significantly, dropping from 47% in 2005 to 40% in 2024.⁴ The entry-level market has vanished, leaving no “starter homes” to buy.



The scale of this crisis demands more than marginal fixes. It demands the kind of ambition that once made it possible for a farmer's son in Indiana to afford a home from a catalog and spend the rest of his life in it. That kind of ambition helped propel Sears to make and sell close to 100,000 affordable homes that have served as starter homes, childhood homes, and forever homes for families over the last century. When Frank W. Kushel, general manager of the Sears Modern Homes department, was asked in 1929 why Sears was in the home-building business, Kushel responded: “Because, it was an obligation that our organization could not overlook. It was – and is – a service that we must perform regardless of whether or not there is any profit in the business.”⁵

The federal government, with the same kind of public-interest ambition, is uniquely positioned to do what Sears once did – but at a larger scale, more quickly, and more equitably than a private business ever could.

To begin to restore the pipeline of entry-level housing at the scale required, this report proposes a Modern Sears Home program. This federal initiative would deliver 500,000 high-quality, factory-built homes to families across the country at affordable prices, creating a new housing supply that is permanently affordable and built to last.⁶ The program harnesses what only the federal government can provide: the ability to operate at scale, make public investments where private markets won't go, finance big projects at low cost, and stay focused on affordability long after the first sale is made.

Two generations of the Origer family bought their homes from the same catalog twenty-seven years apart because Sears cut out the middlemen, delivering high-quality starter homes straight to families. That system is gone. But the Modern Sears Home program seeks to revive it – delivering the next generation of starter homes for all.

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A HOME FOR DELIVERY: THE CASE FOR A MODERN KIT HOME PROGRAM

As families migrated away from America's large cities throughout the late 19th and early 20th centuries, housing demand exploded in towns and rural communities that traditional builders and lenders couldn't sufficiently serve. But the expansion of railroad networks and newly available postal delivery to isolated farm families meant that companies could market and transport mass-produced goods to all corners of the country.⁷ Soon, a variety of American companies began selling "mail-order kit homes" through their catalogs that allowed rural families or those without the means of traditional financing to buy brand-new homes through the mail.

In 1908, Sears began offering complete housing kits for sale in its annual *Book of Modern Homes and Building Plans*, and it would go on to sell between 75,000 and 100,000 houses, shipping them to all 48 contiguous states by 1940. The first issue featured more than 40 house packages, each carrying an all-in price from \$495 to \$4,115.⁸ And while very little design information besides basic floor plans was included in the first issue, the Sears home catalog soon featured full-color layouts and interior views of completed homes for customers to peruse.

Mail-order homes offered families – especially those in sparsely-populated towns in the Midwest and West – something invaluable: modern amenities like electricity and indoor plumbing at a price they could afford, in a home they could often build themselves.⁹

No matter where a prospective buyer lived, they could choose from up to 100 home designs in the catalog, picking the one that fit their tastes, needs, and budget – with options ranging from Craftsman bungalows, elaborate Queen Annes, classic American Foursquares, timeless Cape

Cods, and Midwestern Prairie-style homes.¹⁰ By the late 1910s, each Sears kit home style had a picturesque name – like The Starlight (a Craftsman), The Magnolia (a Colonial Revival), The Aurora (Prairie-style), and The Alhambra (a Mission Revival) – marketing them as the idealized, affordable American Dream homes that families were searching for.¹¹



Screenshots taken from the 1936 Sears Modern Homes catalog

While homeowners could – and often did – hire local carpenters and laborers, many families chose to assemble their homes themselves, frequently with the help of friends and neighbors. The instruction manual that came with a Sears kit home – which outlined every part of the building process from unloading the materials to laying the foundation and framing the walls to installing windows and doors – was detailed enough to ensure sound construction while remaining straightforward enough for “the average man” to complete in less than 90 days.¹²

To keep costs down and quality consistent, Sears moved to control its own supply chain where it could. The company acquired its own lumber mills and millwork plants in Ohio and Illinois in 1909, and established a standalone Architectural Division in 1919, which bought home designs and hired architects to produce blueprints for mass production.¹³

By absorbing so many of the phases of home design and construction, Sears reduced construction time by 40% and total construction costs by 30%.¹⁴ Moreover, in purchasing and building a Sears home, families created an immediate 20-30% equity stake for themselves – a critical financial cushion for both buyer and lender.¹⁵

Kit homes also offered families non-traditional financing options that helped make them affordable beyond the initial purchase price.¹⁶ Indeed, easy financing was a large part of the draw for consumers. In 1911, Sears began offering longer-duration, “easy payment” mortgages – much easier than traditional lenders typically offered.¹⁷ A buyer who owned their land outright could even use it as the 25% down payment – significantly less than the 50% down payment required by traditional lenders.¹⁸ As historian and architectural critic John Ely Burchard wrote in 1935, “It is thus difficult to divorce the appeal of the Sears house *qua* from its appeal of obtaining one under relatively painless financing.”¹⁹

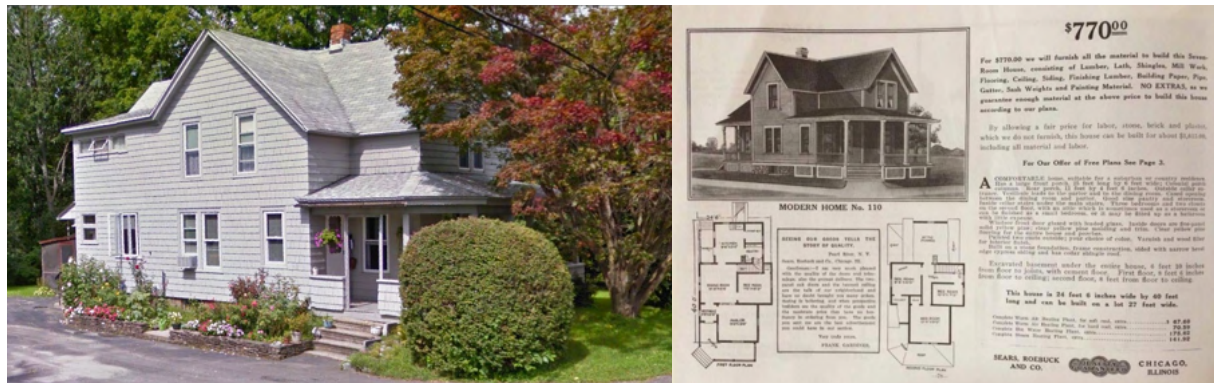
At a time when traditional lenders routinely rejected women, people of color, and immigrants, the Sears mortgage application only asked a handful of questions – none of which were about race, ethnicity, gender, or marital status – paving the way for a more diverse homeownership base than otherwise typical.²⁰ As a result, the Sears kit home opened the door to homeownership for a more economically and ethnically diverse population.

Examples abound: The family of truck driver John Caringello still lives in the Chicago-area Rodessa home that he purchased after he immigrated from Italy in 1913.²¹ The Westly that Bebb Jones, a Black grocer, purchased and financed through Sears for his wife and three daughters in 1920 still stands in Town Creek, Alabama.²² The Sears Puritan that Ruth Sward’s railroad worker father bought after his wife died in the 1918 flu epidemic was the only way he could, in Ruth’s words, “have afforded a home of his own” for his five children.²³ And, after Helen Gott’s mother died in 1972 while still living in the Sears bungalow she purchased herself in 1928, Helen and her husband moved back into the house she grew up in. As Helen recalled in 2000, “This mail order house is now 72 years old and just as sound as the day it was built.”²⁴

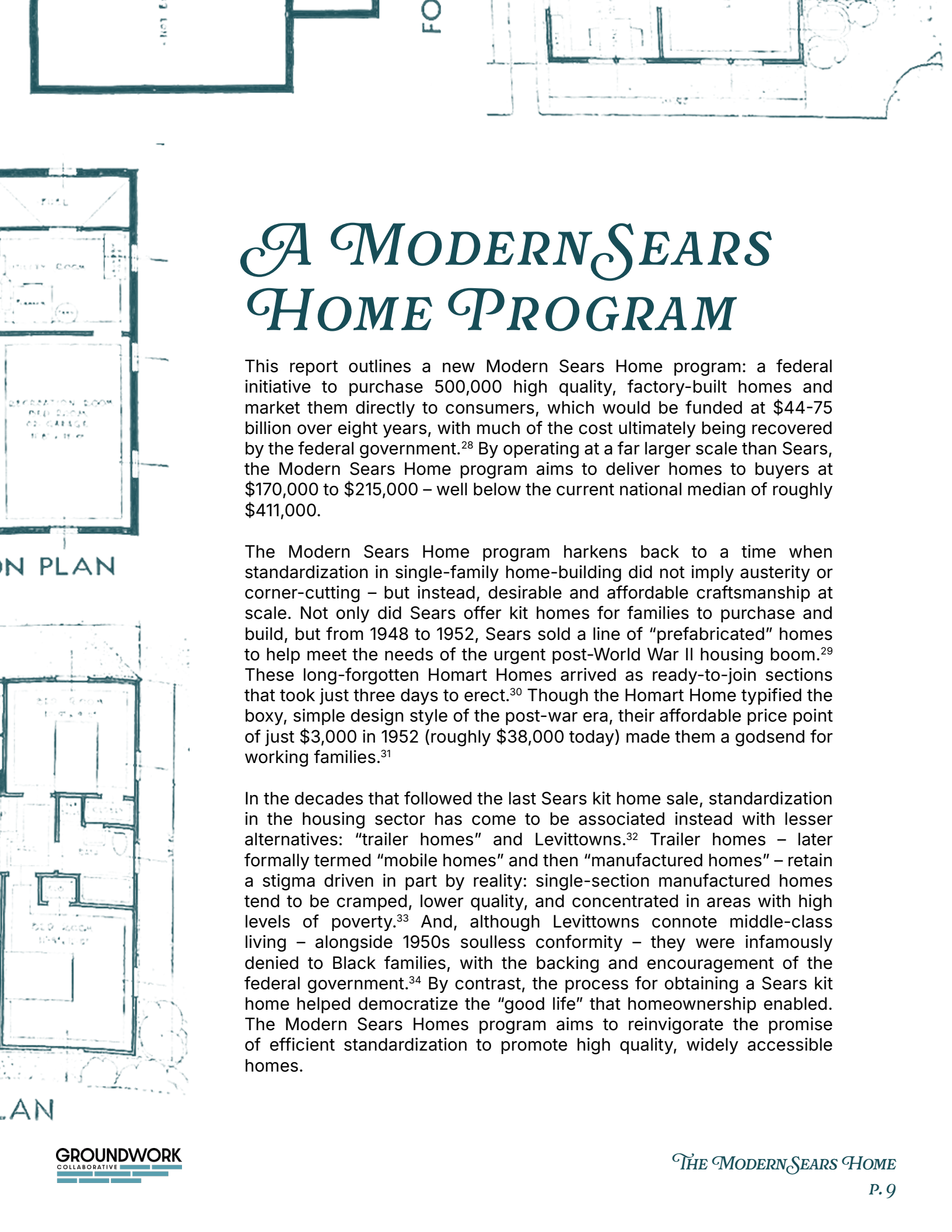


Instagram post (original [here](#))

At a time when owning a home seems like a distant, unattainable possibility for millions of families, Sears homes have begun to, once again, capture the imagination of today's urban planners,²⁵ builders,²⁶ and TikTokers²⁷ alike. The discontinued Sears kit home represents something more than nostalgia. It stands as a reminder of a moment when the American Dream was within reach for working families – when you could, quite literally, order a house from a catalog.



An author of this proposal spoke with Judith E. Chabot, a leading member of the Sears House Hunters, whose mother grew up in a Sears Modern Home No. 110. The home was purchased by Chabot's great-grandparents in 1911 and is pictured above left. It has withstood two major floods and houses her relatives to this day. The image at right shows a listing for the same design in the 1912 Sears catalog. The home cost about \$53,000 in today's dollars, including labor costs. Read more about the home and family histories at Judith E. Chabot, "Sears #110 (Silverdale) in Massachusetts (and a GVT No. 167 in Hettick, IL)," Sears House Seeker (blog), December 28, 2014, <https://www.searshouseseeker.com/2014/12/sears-110-silverdale-in-massachusetts.html>.



A MODERN SEARS HOME PROGRAM

This report outlines a new Modern Sears Home program: a federal initiative to purchase 500,000 high quality, factory-built homes and market them directly to consumers, which would be funded at \$44-75 billion over eight years, with much of the cost ultimately being recovered by the federal government.²⁸ By operating at a far larger scale than Sears, the Modern Sears Home program aims to deliver homes to buyers at \$170,000 to \$215,000 – well below the current national median of roughly \$411,000.

The Modern Sears Home program harkens back to a time when standardization in single-family home-building did not imply austerity or corner-cutting – but instead, desirable and affordable craftsmanship at scale. Not only did Sears offer kit homes for families to purchase and build, but from 1948 to 1952, Sears sold a line of “prefabricated” homes to help meet the needs of the urgent post-World War II housing boom.²⁹ These long-forgotten Homart Homes arrived as ready-to-join sections that took just three days to erect.³⁰ Though the Homart Home typified the boxy, simple design style of the post-war era, their affordable price point of just \$3,000 in 1952 (roughly \$38,000 today) made them a godsend for working families.³¹

In the decades that followed the last Sears kit home sale, standardization in the housing sector has come to be associated instead with lesser alternatives: “trailer homes” and Levittowns.³² Trailer homes – later formally termed “mobile homes” and then “manufactured homes” – retain a stigma driven in part by reality: single-section manufactured homes tend to be cramped, lower quality, and concentrated in areas with high levels of poverty.³³ And, although Levittowns connote middle-class living – alongside 1950s soulless conformity – they were infamously denied to Black families, with the backing and encouragement of the federal government.³⁴ By contrast, the process for obtaining a Sears kit home helped democratize the “good life” that homeownership enabled. The Modern Sears Homes program aims to reinvigorate the promise of efficient standardization to promote high quality, widely accessible homes.

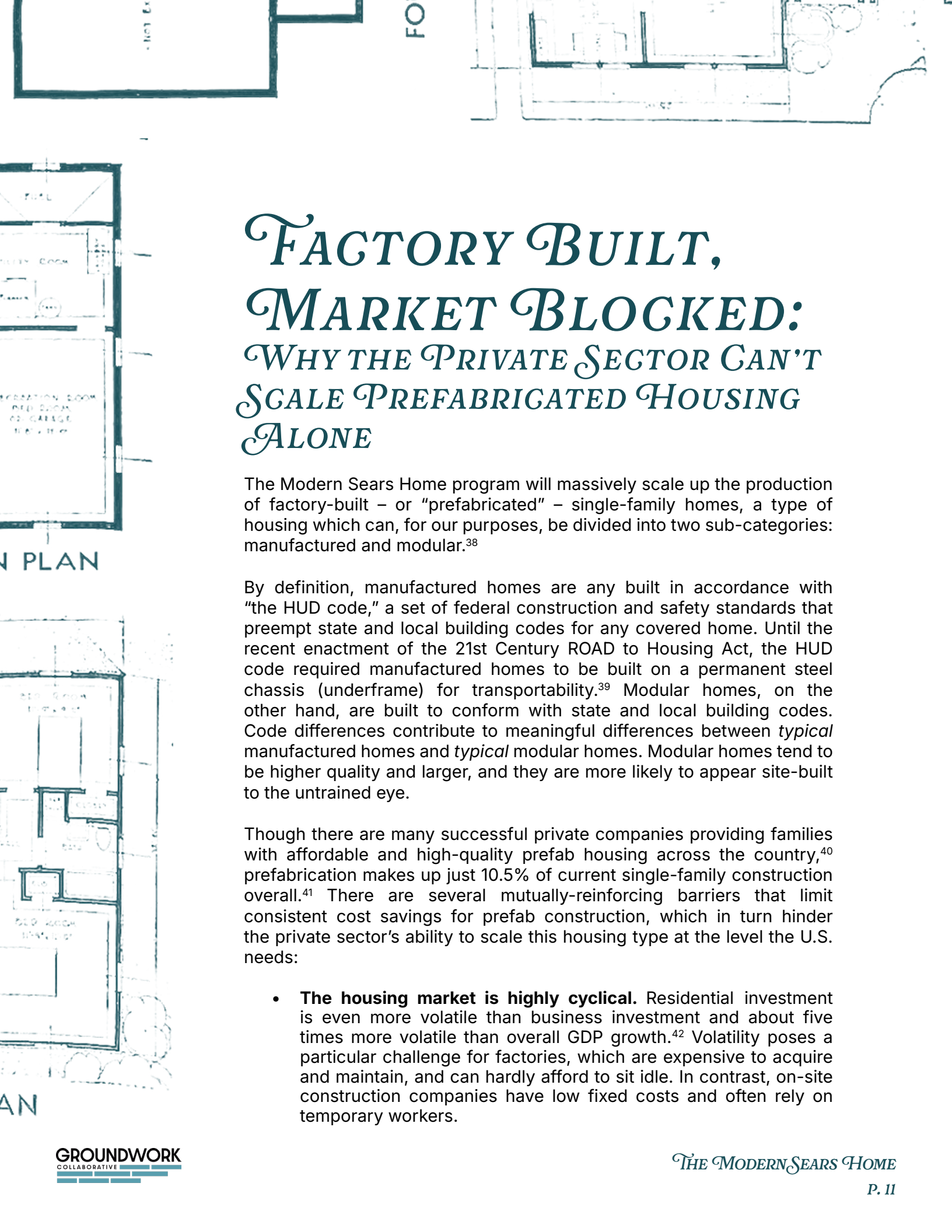
This report proposes a direct-to-consumer approach that makes homeownership affordable and accessible to every corner of the nation. The U.S.'s housing affordability crisis is not just a big city problem: Large majorities of Americans – across rural, suburban, and urban communities – say housing affordability is deteriorating.³⁵ Even in places where land is not the major constraint to building, the underlying financing conditions or family incomes may still not make housing profitable for developers. By leveraging the federal government to facilitate the construction and placement of a new generation of Sears-inspired homes, the U.S. can achieve the kind of scale only the federal government can supply.

Much like the Sears kit home of old, the Modern Sears Home program seeks to limit the role of middlemen that drive up prices for families. Instead of individual families dedicating their time and energy to search for designers, builders, contractors, and lenders and then haggle with each, the Modern Sears Home program allows the government to do it for them – dramatically simplifying the construction process without sacrificing quality.

Finally, this proposal takes inspiration from a time when both the American government and American industry believed they could build big things quickly. This belief, perhaps best embodied by Sears' promise that "a man of average abilities" could assemble an entire home within 90 days, helped fuel the rapid expansion and modernization of the American family and home in the first half of the 20th century.³⁶ Much has been written about the challenges – economic, bureaucratic, industrial, and environmental – that our country faces today in developing housing, clean energy, and mass transit, as well as about America's inability to keep pace with the innovation and manufacturing capacity of countries like China.

The Modern Sears Home program would deliver 500,000 prefabricated single-family homes to families through an adapted community land trust model that pairs permanent affordability with private wealth-building. Resale prices will be indexed to area median income, meaning that owners build equity by paying down their mortgages and capturing local income growth, while ensuring that each home remains affordable for the next buyer.

The Modern Sears Home program fits within a growing consensus that fixing housing means fixing finance.³⁷ Private developers build only when projects pencil, meaning that expected rents, net of construction and financing costs, clear the rate of return their investors demand. This math ties new housing supply to high rents. If rents begin to fall, private capital will walk away. Thus, sustainably lowering housing prices relative to other prices in the economy requires public investment: the government can either build housing itself or finance private construction at below-market returns. It should do both. This proposal combines elements of public finance and true public production, justified by an urgent need for investment at levels that only the federal government can marshal. If public investment is the proposal's muscle, the adapted community land trust model is its backbone, ensuring that affordability is well-targeted and persists for generations to come.



FACTORY BUILT, MARKET BLOCKED: WHY THE PRIVATE SECTOR CAN'T SCALE PREFABRICATED HOUSING ALONE

The Modern Sears Home program will massively scale up the production of factory-built – or “prefabricated” – single-family homes, a type of housing which can, for our purposes, be divided into two sub-categories: manufactured and modular.³⁸

By definition, manufactured homes are any built in accordance with “the HUD code,” a set of federal construction and safety standards that preempt state and local building codes for any covered home. Until the recent enactment of the 21st Century ROAD to Housing Act, the HUD code required manufactured homes to be built on a permanent steel chassis (underframe) for transportability.³⁹ Modular homes, on the other hand, are built to conform with state and local building codes. Code differences contribute to meaningful differences between *typical* manufactured homes and *typical* modular homes. Modular homes tend to be higher quality and larger, and they are more likely to appear site-built to the untrained eye.

Though there are many successful private companies providing families with affordable and high-quality prefab housing across the country,⁴⁰ prefabrication makes up just 10.5% of current single-family construction overall.⁴¹ There are several mutually-reinforcing barriers that limit consistent cost savings for prefab construction, which in turn hinder the private sector’s ability to scale this housing type at the level the U.S. needs:

- **The housing market is highly cyclical.** Residential investment is even more volatile than business investment and about five times more volatile than overall GDP growth.⁴² Volatility poses a particular challenge for factories, which are expensive to acquire and maintain, and can hardly afford to sit idle. In contrast, on-site construction companies have low fixed costs and often rely on temporary workers.

- **Current financing practices disadvantage prefabricated housing.** Where land for single-family construction is readily available, financing conditions and labor shortages may still be challenges. Families in such areas tend to have lower incomes and are less able to invest in new construction themselves, while developers look to earn higher returns in cities with higher rents and home prices.⁴³ Prefabricated construction often requires large upfront capital to cover procurement and materials.⁴⁴ Additionally, lenders may view modular housing as riskier than traditional on-site construction, but it can actually reduce risk by, for example, centralizing construction in indoor, temperature-controlled facilities that reduce the likelihood of weather-related delays.⁴⁵
- **Buyers of manufactured homes face unnecessarily high borrowing costs.** Many state property titling laws categorize manufactured homes as chattel (personal property) rather than real property (real estate).⁴⁶ This regulatory classification forces buyers into higher-interest consumer loans that cannot be justified by individual credit risk profiles alone.⁴⁷
- **State and local building, land use, and permitting laws necessitate customized designs for nearly all modular homes and many manufactured homes.**⁴⁸ Many localities effectively circumvent the HUD code's preemption of building codes by mandating aesthetic and design criteria such as roof pitch minimums, cladding material mandates, and strict perimeter foundation requirements.⁴⁹ Manufacturers face the choice of either tailoring designs or not supplying homes at all to these localities. Unsurprisingly, opportunities for cost savings shrink substantially when factories cannot standardize.

Congress has begun to clear some of the structural hurdles that have long constrained modular production. ROAD will help unlock economies of scale in the offsite construction industry, directing HUD to review the financing barriers modular housing developers face and begin to pursue a standardized federal code for modular homes.⁵⁰ A standardized federal modular code would render the Modern Sears Home program even more potent, allowing manufacturers to produce designs at true national scale, rather than customizing for each state's particular regulatory regime.

An existing type of manufactured home called Crossover Modern Homes or "CrossMods" are manufactured homes built to the HUD code with added features like permanent foundations, higher-pitched roofs, and garages. They can unlock standardization, speed, and cost savings at scale and are designed to appreciate in value and finance more like site-built homes.⁵¹ Further, Fannie Mae and Freddie Mac have each developed programs to "offer CrossMod borrowers underwriting flexibilities not otherwise available to other [manufactured home] borrowers."⁵²

The state of New York has seized on the CrossMod innovation by establishing the MOVE-IN NY program, which specifically caters to families with low to moderate incomes.⁵³ Though still in its infancy, the program has already been a success. Describing the pilot's purchase and installation of 1,500-square foot homes in Syracuse, Schenectady, and Newcomb, the state's affordable housing agency recently attested (emphasis theirs):⁵⁴

The CrossMods took just under six months from order to installation completion, and the total cost per home was just over \$250,000. This timeline is up to **three times faster** than what it normally takes to build a traditional home and was completed **for nearly 50% of the cost** of an average comparable stick-built home.



Left: This manufactured home in Syracuse, N.Y., is designed to look more like a traditional wood frame house; Right: The kitchen has stainless steel appliances and an open-concept floor plan more typical in wood frame homes. Both images and captions: LIAM KENNEDY/The New York Times/Redux.



THE MECHANICS OF GOVERNMENT DELIVERING AFFORDABLE HOUSING AT SCALE

The Modern Sears Home program would dramatically scale the prefabricated housing industry and deliver attractive, affordable homes to families across the country. Based on the best available evidence, we expect the Modern Sears Home program to generate construction cost savings of at least 27%.⁵⁵ However, Congress should first authorize a Request for Information to solicit information from manufacturers – covering items like the prices they could deliver at significantly higher production volumes, order commitments, and lead times – the findings of which could be used to inform the program's advance purchase commitments and provide a more precise estimate of potential cost savings.

A FLEXIBLE PROCUREMENT FRAMEWORK FOR HOUSING MANUFACTURERS

To kickstart the program, HUD would offer flexibly designed advance purchase commitments to private manufacturers. HUD should issue a broad, minimally-prescriptive request for proposals, including quantity of homes to be produced, cost, timeline, design features, energy efficiency metrics, and anticipated wage and labor standards.

Such flexible procurement authorities already exist for national defense-related needs. The Defense Production Act (DPA) of 1950 includes provisions allowing the federal government to execute advance purchase commitments, direct loans and loan guarantees, and to directly construct factories or install equipment in existing factories (both privately- or publicly-owned).⁵⁶ Senator Elissa Slotkin (D-MI) has already introduced a bill that would unlock these authorities for housing.⁵⁷

LAND ACQUISITION THROUGH MULTIPLE CHANNELS

HUD would manage land acquisition, site preparation, home installation, marketing, and sale (including financing), meaning the manufacturers' obligations end at site delivery. HUD should have discretion and flexibility to perform functions in-house or by contract.

The Modern Sears Home program's 500,000 houses would require up to 125,000 acres of land in total (0.25 acres per lot), which HUD can acquire through several possible channels, prioritizing cost savings, geographic diversity, and markets where housing is unaffordable but denser multi-family development is unlikely.⁵⁸

- **Federally-managed land:** The Modern Sears Home program could acquire a small subset of federal lands from the U.S. Forest Service, Bureau of Land Management (BLM), U.S. Fish and Wildlife Service, and National Park Service.⁵⁹ The Wall Street Journal estimates there are currently about 650 million acres of federal land, 47 million acres of which lie within metropolitan areas experiencing housing shortages.⁶⁰ Much of that 47 million acres is unsuitable for housing development, but even a tiny fraction could meaningfully contribute to the Modern Sears Home program's 125,000-acre need. One analysis has identified 544,000 acres of Bureau of Land Management land believed to be suitable for single-family development.⁶¹
- **Excess federal properties:** HUD can also acquire land that federal agencies no longer need. There is an existing process for disposing of so-called "excess property," in which the General Services Administration (GSA) prioritizes transferring property to other federal agencies at fair market value before offering it to states, local governments, and nonprofits.^{62 63}
- **State, local, and land bank land:** It is likely that states, localities, and land banks – many of which already devote considerable resources to affordable housing development with no commercial profit motive – would willingly offer land at low or no cost in exchange for an influx of high quality, attractive and affordable homes. Moreover, surplus inventory is often a net cost to these entities, as upkeep expenses and lost tax revenue outweigh land value.⁶⁴ The MOVE-IN NY program relies on a similar model: cities, land banks, and nonprofits apply for construction and development funding but provision land themselves.⁶⁵ The Center for Geospatial Solutions has identified roughly 271,000 acres of potentially buildable land in transit-accessible urban areas that is owned by state and local governments.⁶⁶
- **Privately-held land:** Finally, HUD could purchase finished lots from private landholders, as needed. Legislation could authorize HUD to use this channel where purchased land is particularly useful for diversifying geographic reach; where housing is severely unaffordable but denser multi-family development is unlikely; or to meet residual need after other acquisition pathways are exhausted.⁶⁷ Alternatively, HUD could partner with religious institutions, universities, and other mission-driven landowners to host Modern Sears Homes under the same affordability, financing, and program terms as other pathways. A burgeoning "Yes

in God's Backyard" (YIGBY) movement encourages faith-based institutions to put affordable housing on their underutilized land. The Turner Center for Housing Innovation at UC Berkeley has identified more than 171,000 acres of developable faith-based or nonprofit college-owned land in California alone.

The median finished lot value among single-family, detached, for-sale homes started in 2025 was \$59,000, with regional medians between \$50,000 and \$171,000.⁶⁸ Because the Modern Sears Home program will rely primarily on donated, transferred, and low-cost land, we conservatively assume an average land cost of \$43,000 per home across the full program.⁶⁹

PERMANENT AFFORDABILITY THROUGH AN ADAPTED COMMUNITY LAND TRUST MODEL

Modern Sears Homes will be sold through an adapted community land trust (CLT) model that pairs permanent affordability with private wealth-building. In the traditional CLT model, a community-based nonprofit transfers ownership of the housing structure but not the underlying land to the buyer. In doing so, the CLT can attach and enforce a resale formula that ensures the home remains affordable for the next buyer.

HUD will target sales of Modern Sears Homes to households between 60% and 100% of the local area median income (AMI). Remaining inventory can be sold to higher-income households; in many places, even those earning 100 to 150% of AMI are still solidly part of the working class. Modern Sears Homes will be priced so that monthly carrying costs – mortgage, insurance, tax, and utility payments – do not exceed 30% of the target AMI level. To keep the homes affordable for future generations, resale prices will be indexed to local AMI growth or 1.5% – whichever is greater in each year.

This model of shared ownership strikes an ideal balance between long-term affordability and opportunities for wealth-building. It ensures that the benefits of the Modern Sears Home program are felt for generations to come, not captured and cashed out on by a lucky first wave of buyers. Meanwhile, it broadens access to high-quality homeownership for a population that is usually excluded from it.⁷⁰ Families will build wealth as they pay down their mortgages.

Moreover, with the Modern Sears Home program's shared-equity CLT framework, families will be able to build enough of a financial cushion to weather macroeconomic shocks and build wealth for the future. Research shows that over 90% of lower-income households who purchased shared equity CLT homes remained homeowners five years later.⁷¹ Furthermore, the typical CLT homeowner gains an average 25% return on their initial investment upon resale, even when resale restrictions are in place.⁷² Analysis from the Lincoln Institute of Land Policy reveals that in the aftermath of the Great Recession, conventional market mortgages were over eight times more likely to enter foreclosure than CLT loans.⁷³

RECYCLING CAPITAL THROUGH GINNIE MAE SECURITIZATION

HUD would issue 30-year fixed rate mortgages directly to Modern Sears Home buyers. There is precedent for this: the Department of Agriculture's Rural Housing Service offers direct mortgage lending through its Section 502 Direct Loan Program.⁷⁴ The program has helped over 2.1 million families with low and very low incomes become homeowners and build over \$40 billion in wealth.⁷⁵ HUD would then package mortgages as Ginnie Mae-guaranteed mortgage-backed securities for sale to investors, allowing it to quickly recover and recycle program funds.

LABOR STANDARDS, ENVIRONMENTAL PERFORMANCE, AND SPEED OF DELIVERY

The Modern Sears Home program carries several inherent labor and environmental benefits. As Oswaldo Lira, a construction worker with 20 years of experience in on- and off-site construction, explained to the California Assembly Select Committee on Housing Construction Innovation in 2026:⁷⁶

"Factory construction... offers several advantages for workers, including a consistent location to eliminate long travel, reduced fatigue and lower personal expenses, like tolls, gas, car maintenance, etc. Workers benefit from predictable schedules, stronger communication with teams, and improved safety due to familiarity with their environment. Being able to return home daily supports better life balance, allows participation in family responsibilities, and creates greater stability at home."

Factory floors also offer a venue for union organizing that is hardly ever available to those building single-family homes on-site.⁷⁷ Mr. Lira's factory is unionized, and he was a card-carrying member before being promoted to supervisor.⁷⁸

The scale of the Modern Sears Home program also facilitates widespread energy efficiency and climate resilience, as durable, energy-efficient materials and appliances can be purchased at bulk discounts. Additionally, off-site construction significantly reduces carbon emissions – by as much as 25% compared to on-site construction, largely due to reduced need for worker and material transportation.⁷⁹

Additionally, Congress can take several steps to enable speed and efficiency in the Modern Sears Home program. Congress could preempt state and local land use, zoning, and permitting restrictions and establish a federal modular housing code that preempts state and local building codes (as the manufactured housing code does).⁸⁰

CONCLUSION

When Joseph Origer and his wife watched their Sears kit home arrive on that train in July 1940, they were not simply awaiting lumber and nails. They were investing in their future – a place to raise a family, build wealth, and put down roots for the next sixty years. That working families across the country could order affordable, high-quality homes through the mail was not an accident of history. It was the result of Sears' deliberate decision to cut out middlemen, standardize production, and finance directly to families.

Sears offered these homes for profit. The federal government – with greater resources, lower borrowing costs, and unmatched power to scale – can do it better.

The housing crisis squeezing American families today did not arrive overnight, and will not be solved by half-measures. It will take the kind of public ambition that once sent 30,000-piece home kits rattling on rail cars across the country to families who otherwise thought homeownership a distant aspiration. It will take a government willing to act not at the margins of the market, but at its center – financing cheaply, building at scale, and remaining committed to affordability long after the deed is signed.

The Modern Sears Home program is that ambition made actionable. By combining large-scale factory production with permanent affordability protections and direct federal financing, it offers a concrete path to 500,000 new homes in eight years – each priced from \$170,000 to \$215,000, within reach of young families the market has left behind. The technology and policy levers to realize this vision already exist. The question is not whether the federal government can act at this scale – but whether it will.

AUTHORS

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APPENDIX A: CONSTRUCTION COST SAVINGS

A 2023 Harvard Joint Center for Housing Studies (JCHS) report uses RSMeans, the gold standard database for estimating North American construction costs, to recreate manufactured housing designs as built on-site, holding layout, finishes, and appliances constant. It finds that the average CrossMod home – i.e., a manufactured home built to HUD code with added features like permanent foundations, higher-pitched roofs, and garages – costs 27% less after accounting for building, transportation, site preparation, installation, and administrative costs.⁸¹

Twenty-seven percent is a lower bound. The Modern Sears Home program is designed to overcome the largest barriers to adoption identified in this paper – manufacturer uncertainty, unfavorable financing, and hostile local regulation – unlocking massive opportunities for additional standardization and scale beyond what the JCHS study captures.

The 21st Century ROAD to Housing Act, which became law in July 2026,⁸² would eliminate the permanent chassis requirement that adds roughly \$5,000-\$10,000 in cost without purpose.⁸³ Additionally, as Brian Potter has noted, the JCHS report does not account for differences in energy efficiency or wind speed standards, though he concedes these are “likely relatively minor in terms of added cost” and should be minimal for prefab homes built to higher efficiency standards than traditional manufactured homes, like CrossMods.⁸⁴ In our view, any unaccounted-for quality differential is more than offset by the program’s economies of scale and chassis elimination. Lastly, 27% reflects construction costs only. When JCHS adds land, overall savings falls to 20%.⁸⁵ The Modern Sears Home program will use federally-owned or low-cost land to minimize costs.

APPENDIX B: MODERN SEARS HOME PROGRAM COST ESTIMATE

We estimate that the Modern Sears Home program would cost approximately \$32-62 billion over its lifetime, which would require an appropriation of roughly \$44-75 billion to cover cumulative costs at their peak before federal loans to manufacturers are fully repaid. To arrive at these ranges, we estimate low-, medium-, and high-cost scenarios. Below, we provide rationales for most of the input values included in our cost estimate. Our estimate is intended only as an illustration of potential costs: It is not intended to prescribe the exact cost of the Sears Modern Home program, nor does it represent exhaustive cost considerations for a program of this size.

In our medium-cost scenario, federal outlays peak in Year 6 at \$23.38 billion.⁸⁶ For context, that's roughly 0.33% of all federal spending in fiscal year 2025 (2.6% of defense spending or 2.4% of nondefense discretionary spending).⁸⁷ In this same scenario, the cumulative program cost over its lifetime is \$40.46 billion, which is less than HUD's budget in a single year.⁸⁸

Summary of Program Costs by Scenario

- Low-cost scenario: \$31.70 billion lifetime program cost
 - » \$223,000 per-home cost
 - » \$170,000 average sale price per home
- Medium-cost scenario: \$40.46 billion lifetime program cost
 - » \$252,500 per-home cost
 - » \$192,500 average sale price per home
- High-cost scenario: \$61.88 billion lifetime program cost
 - » \$302,000 per-home cost
 - » \$215,000 average sale price per home

Cost Assumptions

Input	Estimated Values	Rationale
Average Advance Purchase Commitment Price (per home)	\$88,000 / \$117,500 / \$167,000	These values are primarily derived from the Harvard JCHS report discussed above (Appendix A). In the JCHS report, two components reflecting factory construction and transportation costs of a CrossMod production – “Home Invoice (offsite part)” and “Deliver Home” – sum to \$81,000. ⁸⁹ These costs were reported in the second quarter of 2020, and we adjust upward by 44.79%, which is the increase in average sales price for new double-wide homes reported between 2020 and 2025 nationally. ⁹⁰ This yields \$117,282, which we round to \$117,500 for the medium-cost scenario. The low- and high-cost scenarios use input values 25% below and above this midpoint. We add another \$20,000 to the high-cost scenario to account for potential cost overruns and other manufacturing delays in a program of this scale.
Average Land Acquisition Price (per lot)	\$43,000	In 2025, the U.S. median finished lot value among single-family, detached, for-sale homes was \$59,000, with regional medians ranging from \$50,000 to \$171,000. ⁹¹ Notably, this figure represents finished lots and thus likely overstates the cost of raw land alone. By some analyses, state, local, and the federal government already own more than enough land suitable for single-family housing development that could be acquired at low cost to meet the Modern Sears Home program’s 125,000-acre total need. ⁹² However, not all of this land will be ideal for new-home placement and there may be additional political obstacles or other delays restricting its use. Thus, we base our estimate on two scenarios: one where the Modern Sears Home program can rely on no- or low-cost excess federal properties and federal, state, and local land transfers for roughly 50% of total land needs, and private-market purchases of finished lots for the other 50%; And one where the Modern Sears Home program receives a nominal amount (5%) of total land needs from low-cost sources. The resulting range would put the average land acquisition price between roughly \$30,750 and \$56,000 per lot. Taking the mid-point, we assume an average land acquisition price of \$43,000.
Average Site and Foundation Prep and Installation (per home)	\$80,000	This category encompasses site preparation, footings installation, home setting, roof raising, trimming out, skirting, adding certain features on-site, house cleaning, adding a garage, inspections, utility connections, gravel and flat work, and finish grading and landscaping from the same JCHS report. ⁹³ These sum to \$51,693. Adjusted upward by 44.79% and rounded to the nearest thousand yields \$75,000 per home. We then add another \$5,000 to our estimated cost as an additional buffer.

Average HUD Overhead, Marketing, and Mortgage Costs (per home)	\$12,000	For marketing and mortgage and program administration costs, we assume a flat-rate of \$12,000 per home. We assume roughly \$10,000 in overhead and mortgage costs. This figure is analogous to the reported total production expenses of private mortgage brokers. Though, notably, the private sector's total production expenses include certain sales-based line items such as commission, which will not be a factor in the Modern Sears Home program.⁹⁴ This figure also mirrors the administrative cost subsidy rate for all federal direct loan programs.⁹⁵ Applying the same rate to the Modern Sears Home program's proposed individual loans would equal no more than \$10,000. We also apply the National Association of Homebuilders' reported marketing cost of 0.8% of the home price to assume an additional \$2,000 in marketing costs per home.⁹⁶ Using a private-sector marketing benchmark likely provides an overestimate of total costs, as private firms have more financial incentives to market their products to consumers than the federal government has.
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Average Sale Price (per home)	\$170,000 / \$192,500 / \$215,000	For the low- and high-cost scenarios, we assume that the average sale price is equal to the average cost of procuring and selling each home (excluding land and mortgage costs) or a ceiling set by the program's affordability targeting – whichever is lower. Looking first at the average cost of procuring and selling each home, we sum the input values for advance purchase commitment price; site and foundation preparation and installation; and the \$2,000 that we assume HUD incurs for marketing costs. This yields \$170,000 and \$249,000 in the low- and high-cost scenarios, respectively. Looking now at affordability, the Modern Sears Homes program will target households between 60% and 100% of local area median incomes (AMI), aiming to keep monthly carrying costs – mortgage, insurance, tax, and utility payments – below 30% of target AMI levels. We therefore consider 30% of 90% of projected 2026 national median family income for the low-cost scenario and 30% of 70% of projected 2026 national median family income for the high-cost scenario (higher sale price means lower cost to the federal government).⁹⁷ This yields values of \$31,334 and \$24,371, respectively. From each of these values, we subtract \$6,218, which is the 2024 average expenditure on utilities, fuels, and public services among consumer units consisting of a married couple with children.⁹⁸ We also conservatively subtract \$1,975 – the average annual cost of homeowners insurance for a dwelling coverage amount of \$300,000.⁹⁹ Finally, we conservatively subtract \$2,700 for property taxes, which is equal to the national effective tax rate for single-family homes of 0.9%¹⁰⁰ multiplied by \$300,000. This yields values of \$20,441 and \$13,478, which represent the amount program participants would spend on mortgage principal and interest annually, on average (for the cost model, we conservatively assume the program will not require down payments on homes, even though a small down payment requirement of perhaps 1-3% seems most appropriate in practice). Assuming a mortgage interest rate of 4.77% – the average weekly 30-year fixed mortgage rate from 2016-2025¹⁰¹ – these numbers imply approximate sales prices of \$325,792 and \$214,815.¹⁰² Comparing both calculations and taking the lower value for each scenario yields \$170,000, and \$215,000 for the low- and high-cost scenarios respectively. The high-cost scenario reflects the affordability ceiling of \$214,807, rounded to the nearest thousand. For the medium-cost scenario, we set the sale price at the midpoint between the low- and high-cost values at \$192,500.
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Total Manufacturer Loans (2-year disbursement window)	\$3,880,000,000 / \$4,450,000,000 / \$5,410,000,000	The Modern Sears Home program will not just rely on factory buildout. It will also raise existing capacity utilization rates and revive idle factories. Champion Homes, for instance, reports owning or leasing six idle facilities that could be reactivated.¹⁰³ Still, to simplify – and to ensure the program does not redirect home purchases from individual consumers to the government – we conservatively assume that the government finances all production and transportation costs upfront. To further simplify, we ignore the role of loan guarantees. We assume a delivery schedule of 20,000 homes in the second half of Year 1, 60,000 homes in Year 2, 71,250 homes in Year 3, 77,500 homes in each of Years 4-7, and 38,750 homes in the first half of Year 8. First, we consider the capital needed for capacity expansion. This year, a modular housing manufacturer announced that it will revive a historic, empty plant in Cleveland, Ohio, at a cost of roughly \$26 million. It aims to produce up to three homes per day,¹⁰⁴ implying 750 homes at 250 work days per year – or \$34,667 in startup capital costs per home. Also this year, the largest manufactured home company in the U.S. opened a factory in Conway, Arkansas, after investing roughly \$42 million to modernize a long-vacant, former manufactured home plant. This facility is expected to produce 3,000 homes each year,¹⁰⁵ implying \$14,000 in startup capital costs per home. We conservatively assume that \$35,000 per home is needed for capacity expansion, and we multiply this by 77,500 – the peak annual output of the Modern Sears Home program. This yields roughly \$2.7 billion, for which we assume a division of 80% as loans and 20% as federal production assets. Second, we consider necessary working capital. The two largest home manufacturers both report that orders are typically fulfilled within about three months.¹⁰⁶ This means that, for our cost model, the maximum working capital required is equal to one quarter of 77,500 multiplied by the average advance purchase commitment price per home. This implies that approximately \$1.7-3.2 billion is needed to serve as working capital, all of which we assume to take the form of loans. Adding these two forms of capital together yields roughly \$3.88 billion, \$4.45 billion, and \$5.41 billion in loans and \$543 million in federal production assets.
Total Federal Production Assets (2-year deployment window)	\$543,000,000	See above.

Lifetime Manufacturer Loan Loss Rate	5.1%	We anchor this estimate to the Small Business Administration's flagship program, the 7(a) loan program. As of December 2023, cumulative 7(a) loan guarantee approvals for small businesses in the construction sector totaled roughly \$36 billion, with a cumulative gross charge-off rate of 5.1%.¹⁰⁷ This benchmark is conservative for three reasons. First, construction is the second worst performing sector in the 7(a) program (the referenced analysis does not break out manufacturing sector loans). Second, 7(a) borrowers are, by design, small businesses that could not otherwise obtain financing, giving them riskier-than-average credit profiles. Third, Modern Sears Home program manufacturers will benefit from advance purchase commitments that guarantee offtake. Finally, another useful reference point is the Department of Energy's Office of Energy Dominance Financing (formerly Loan Programs Office), which maintained a realized and expected loss rate of roughly 3% of funds disbursed through FY2022.¹⁰⁸
Lifetime Mortgage Default Rate	1.3% / 4.9% / 8.4%	For the high-cost scenario, we assume an 8.4% lifetime mortgage default rate, which is the average projected lifetime cumulative claim rate for the Federal Housing Administration's (FHA's) Mutual Mortgage Insurance Fund Forward Loan portfolio from FY1995 through FY2025.¹⁰⁹ FHA claim rates serve as a reasonable upper-bound benchmark: FHA borrowers tend to be lower-income and have lower credit scores than average, and FHA mortgages are not structured with the CLT resale restrictions and affordability protections that will characterize Modern Sears Home loans. For the low-cost scenario, we assume a 1.3% lifetime default rate, reflecting evidence that CLT homeowners default at a small fraction of conventional-market rates. At the end of 2010 – near the height of the foreclosure crisis – only about 1.30% of CLT mortgage loans were seriously delinquent, a rate roughly 15% of the seriously delinquent rate in the conventional market (8.57%). And only 0.46% of CLT mortgage loans were in foreclosure proceedings, a rate roughly 10% of the foreclosure proceeding rate in the conventional market (4.63%).¹¹⁰ We multiply FHA's 8.4% lifetime default rate by the 15% serious delinquency ratio and round to the nearest tenth, which is conservative considering that 82% of CLT homeowners who were seriously delinquent during 2010 were able to sell their homes or maintain home ownership.¹¹¹ For the medium-cost scenario, we assume a 4.9% lifetime default rate, the midpoint of the low- and high-cost values.
Share of Mortgage Face Value Recovered via MBS Sale	98%	Ginnie Mae-guaranteed securities carrying conventional-market interest rates sell roughly at par. We apply a 2 percentage point reduction to cover issuance costs and pricing concessions.

General Inflation and Land Cost Inflation (Each)	2.1%	For general inflation, we use the average annual PCE price index inflation implied by CBO's projections for calendar years 2026-2033. ¹¹² We also use this rate for land cost inflation because the program will acquire the majority of its land through non-market channels, where national residential land price trends are unlikely to apply.
Advance Purchase Commitment Price Inflation	4.5%	For this category, we use the average annual growth of the Producer Price Index for manufactured homes from 2006 to 2025, which yields 4.5% when rounded to the nearest tenth. ¹¹³
Site and Foundation Prep and Installation Inflation	3.3%	For this category, we use the average annual growth of the Constant Quality (Laspeyres) Price Index of New Single-Family Houses Under Construction in 2006 through 2025, which yields 3.3% when rounded to the nearest tenth. ¹¹⁴
AMI Growth Rate	3.4%	For this category, we use the average annual growth of median family income in the U.S. in 2005 through 2024, which yields 3.4% when rounded to the nearest tenth. ¹¹⁵

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