

*Technology, Trade, and the U.S. Residential  
Construction Industry*

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**Technology, Trade, and  
the U.S. Residential  
Construction Industry**

**Special Report**



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## Foreword

New technologies, and the expansion of international trade, have created a new framework for the U.S. economy. Within this broad setting, America's residential construction industry is changing as well. Technology has affected both building techniques and the nature of the home itself. Specifically, factory-based production allows for greater use of advanced automation, and a wide range of technologies that improve comfort while reducing energy costs are now available.

Recently, many U.S. home producers have become vulnerable to foreign competition, as factory-based construction techniques have improved rapidly in several other countries. The combination of an antiquated regulatory system and a lack of industry incentives for research has impeded America's ability to upgrade housing quality, and to hold its own against aggressive and sophisticated overseas builders.

This special report is part of a larger OTA project that analyzes the effects of technological change on the structure of the domestic economy, on international trade, and on options for public policy. Home construction's importance to the study stems from the fact that although housing accounts for over 27 percent of personal spending, ownership of attractive residences remains beyond the reach of many American families. The quality and cost of the factory-built home, and the number of jobs generated by the industry, will be strongly influenced by whether the United States takes full advantage of developing technology.

The House Banking Committee requested that OTA expand its analysis to include regulatory alternatives that might encourage the research and development of new technologies. Pressures to revise currently decentralized and fragmented U.S. housing policies have risen over the last several years. Coordination of State and local building codes, and Federal standards established by the Department of Housing and Urban Development, will change along with the changing structure of the industry. We trust that this special report will help Congress to recognize how existing statutes may operate in a new environment, and to update these guidelines if necessary.



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NOTE: OTA appreciates and is grateful for the valuable assistance and thoughtful critiques provided by the reviewers. The reviewers do not, however, necessarily approve, disapprove, or endorse this report. OTA assumes full responsibility for the report and the accuracy of its contents.

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