

Reasons for High Home Prices

By Jeff Cooper

Eager buyers aren't the only factor behind rising home prices. A recent report shows that government regulations make building affordable houses difficult.

“Excessive regulations are artificially driving up the cost of housing,” states the U.S. Department of Housing and Urban Development (HUD). Here are some of the agency's findings –

- * Environmental impact rules can markedly increase the time and money that construction firms must spend to obtain building permits.
- * Growth controls keep land from being developed in many areas. Although that may be popular with current residents in a neighborhood, these restrictions make it harder to meet the housing needs of America's rising population. Many households then find they can't afford to live near where they work, and so have lengthy commutes.
- * Infrastructure impact fees also increase the cost of building homes. Limiting the number of houses allowed while also adding costs to the process can significantly raise real estate prices.

Higher costs for lumber, cement, drywall, and other construction basics also add on to home prices. Fortunately, attractive mortgage rates and innovative home loans have been making it simpler for consumers to buy a house.