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NATIONAL ASSOCIATION OF HOME BUILDERS

EVEN MODEST IMPACT FEES CAN TAKE A BIG TOLL ON HOUSING AFFORDABILITY

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July 19, 2007 - Even as the housing market correction continues to exert downward pressure on new home prices, localities continue to push forward with new fees and regulations that will further erode housing affordability, according to a new study released by the National Association of Home Builders (NAHB).

The report on the impact of government regulation on housing shows that each \$1,000 increase in the cost of a new median-priced home forces 217,000 prospective buyers out of the marketplace.

Based on national mortgage underwriting standards and incorporating the latest data from the U.S. Census Bureau, the report contains detailed results for more than 300 metro areas.

The analysis found that every \$819 rise in fees paid at the beginning of the construction process – such as an increase in the price of a construction permit, a tap fee, a proffer or an impact fee – adds an additional \$1,000 to the final price of the home.

“The study shows that even modest impact fees can have a dramatic effect on housing affordability,” said Jerry Howard, executive vice president and CEO of NAHB. “Local governments need to understand that higher regulatory costs frequently push up the price of housing beyond the means of many teachers, firefighters, police officers and other moderate-income workers.”

The number of households who would no longer be eligible to qualify for a mortgage based on a \$1,000 increase to a median-priced home ranges from a low of 10 in both the La Crosse, Wisc-Minn. metropolitan statistical areas and the Ocean City, N.J. MSA, to a high of 4,193 in the Dallas-Forth Worth-Arlington, Texas area.

The numbers vary significantly in each marketplace, and are largely a function of local income distribution, house prices and population.

To view a detailed breakdown on how a \$1,000 price increase on a median-priced home affects households in individual metro markets, please go to www.nahb.org/pricedoutcities.

The full study is available online at www.nahb.org/pricedout.