

Government Regulation in the Price of New Homes in Pennsylvania

In early 2024, the Pennsylvania Builders Association commissioned [Home Innovation Research Labs](#) to conduct a survey of builders and developers in Pennsylvania to measure regulatory impact on the price of new single-family development. Based on this study's findings, the cost of all levels of government regulations were higher for new homes in Pennsylvania than the national average reported by the National Association of Home Builders (23.8 percent).

Key Findings Across all Regions in Pennsylvania:

- Average price of a new single-family home in Pennsylvania in 2023 - **\$721,600**
- Average cost of regulation from all levels of Government in the price of a new home – **\$212,700 or 29.5%** of the total cost of a new single-family home.
 - **14.5%** - Regulation on land development - **\$104,700**
 - The most expensive component of regulatory cost in land development was “cost of applying for zoning approval” - **\$33,200** average across all new home development.
 - The average time lapse from zoning application to start of site work was **23.2 months**.
 - **15%** - Regulation on construction of the home - **\$108,000**
 - The most expensive component of regulatory costs in house construction was “changes to the building codes over the past 10 years¹” - **\$61,900** average across all new home development.

¹ Pennsylvania did not adopt the 2012 model ICC codes, so the survey reflects changes to the PA UCC over the past 14 years.

Key Findings in Region 1

(Bucks, Chester, Delaware, Montgomery and Philadelphia Counties)

- Average price of a new single-family home in Pennsylvania in 2023 - **\$600,300**
- Average cost of regulation from all levels of Government in the price of a new home – **\$175,300 or 29.2%** of the total cost of a new single-family home.
 - **12.2%** - Regulation on land development - **\$73,400**
 - The most expensive component of regulatory cost in land development was “cost of applying for zoning approval” - **\$21,900** average across all new home development.
 - **17%**- Regulation on construction of the home - **\$101,900**
 - The most expensive component of regulatory costs in house construction was “changes to the building codes over the past 10 years” - **\$59,900** average across all new home development.
 - The Philadelphia Region reported the highest regulatory costs for “changes to the building code over the past 10 years” and “architectural designs above the ordinary.”

Households Priced out of the Housing Market ²

The National Association of Home Builders (NAHB) latest estimates show that, nationally, 100.5 million households are already unable to afford the median-priced (\$459,826) new home under the 6.5% mortgage interest rate.

A \$1,000 increase in the price of that median-priced new home will further price [115,593 U.S. households](#) out of the market. Based on their incomes and standard underwriting criteria, these households would be able to qualify for a mortgage to purchase the home before the price increase, but not afterward.

In Pennsylvania, NAHB estimates that an income of \$210,643³ is required to be able to purchase a new home. An estimated 4,702,536 households out of 5,385,013 or 87.3% are unable to meet these income requirements. For every additional \$1,000 added to the cost of a new home, 2,640 households are priced out affordability in Pennsylvania.

² Increases in home prices, mortgage rates, and property taxes have a direct impact on housing affordability. NAHB’s [“priced-out” methodology](#) calculates how many households would be affected by these changes.

³ See [State Table of Households Priced Out of the Housing Market Study](#)

Pennsylvania Metro Area Households Priced Out for every \$1,000 Increase⁴

<u>Metro Area</u>	<u>Median New Home Price</u>	<u>Income Needed to Qualify</u>	<u>Total Households</u>	<u>Households Unable to Qualify</u>	<u>Additional Households Priced out by \$1,000 Increase</u>
Chambersburg	\$547,989	\$170,711	59,276	85%	30
Erie	\$407,963	\$136,069	91,889	82.9%	76
Gettysburg	\$569,643	\$183,092	44,174	86.5%	24
Harrisburg-Carlisle	\$680,836	\$215,751	250,373	90.2%	27
Johnstown	\$410,054	\$133,086	61,629	86.9%	48
Lancaster	\$659,155	\$208,548	210,977	84.6%	96
Pittsburgh	\$518,393	\$166,317	1,165,184	83.4%	633
Philadelphia-Camden-Wilmington	\$608,848	\$197,203	2,484,730	80.9%	1,595

⁴ See NAHB's [2025 Households Priced out of the Housing Market Metro Area Study](#)