

## HOME SITE IMPROVEMENTS, DEVELOPMENT COSTS, PERMITS AND IMPACT FEES



### Demystifying the Added Costs of Building a Home

There are a lot of variables that go into the total cost of new home construction. While the base price of a new home often includes generous allowances, there can be added costs that surprise even the savviest of buyers. Today, we're here to help demystify the cost of building so you can be better prepared with the knowledge, options, and budget considerations that new home construction requires.

When it comes to cost, many people think about the obvious factors such as square footage, fixtures, and finishes. But new home construction costs are dependent on much more than the design and selection process. Site needs vary greatly and can have dramatic effects on the overall cost to build. Here are some common factors to consider as you set your budget.

### Municipal Water/Sewer vs. Onsite Well/Septic

A very simple consideration is whether the site you've chosen comes with municipal water and sewer. While many communities in Southeast Wisconsin are developed with these lot improvements, more rural developments still frequently use onsite well and septic systems to service the home. A municipally-serviced lot costs more than an onsite-serviced lot because the homeowner will incur well and septic costs at a later date. Generally speaking, you can plan about \$20,000 - \$35,000 for adding an onsite well and septic to undeveloped property.



## Impact Fees & Permits

As misunderstood as they are varied in cost, impact fees can have a tremendous impact on your home building budget. These added costs are a key concern that the [National Association of Home Builders](#), the [Wisconsin Builders Association](#), and the local [Metropolitan Builders Association](#) battle every day to help make housing more affordable.

But what exactly are impact fees? Impact fees are a community's way of financing the growth of services they provide as the population they serve grows as well. While communities enjoy property tax income, they use impact fees in new construction to generate revenue to add schools, fire departments, and more to service their residents. At Demlang Builders, we've seen communities with impact fees as high as \$18,000 assessed on new home construction and communities that are encouraging economic development and growth by charging homeowners \$0 in impact fees!

On the other hand, permit costs are directly related to the construction process. Covering both the administrative costs as well as the inspection process for construction, electrical, plumbing, and more, permit fees vary by municipality as well, often ranging from \$6,000 - \$12,000.

## Land vs. Lot

Generally speaking, [purchasing a subdivision lot](#) comes with far fewer surprises. It's a turnkey process where the developer has taken the heavy lifting out of the equation. They've coordinated grading, utilities, roads, stormwater and drainage, and so much more, factoring those improvements into the cost of the lot for sale. And, as a homeowner, you often benefit from the fact that those expenditures are shared by your neighbors, typically making the overall cost of ownership less expensive.

When it comes to purchasing undeveloped land, the process is not only highly complicated — it can also be costly. But don't let that scare you! An experienced builder can navigate the development process with you, guiding you through budgeting considerations, coordinating improvements, and connecting you with partners who can turn a parcel of land into your dream property.

If you are considering undeveloped land, here are just a handful of items you'll want to factor into your decision:

- **Engineering Costs:** Undeveloped means unknown, which often requires more soil testing, engineering studies, and added professional services costs to prepare your site for construction.
- **Zoning Costs:** If you are purchasing land, consider its zoning and intended use. While it's possible to have land rezoned, it's an added factor in the timeline and cost of building.
- **Utility Connections:** The cost of bringing utility service to undeveloped land can be quite costly. Items such as gas and power lines, transformer installation, internet cabling, and more can add up fast!
- **Road Access:** If you are considering a property on a County or State road, additional charges and requirements may be imposed.
- **Seller Responsibilities:** As a buyer, you may be able to negotiate some development responsibilities and costs with the seller. A motivated seller has likely done the due diligence of a site survey, as well as some initial legwork on the property conditions that may jump-start the process.

As your partner in new home construction, we can help you better understand the site factors that might impact your decision to build. Lot selection and base price are just the start. Luckily, our [New Construction Specialists](#) are here to help you understand the added costs of building so you can make a decision that's great for your family and your future! [Contact us](#) today for more information.