OWNERS BLUEPRINT

15 Hidden Costs of Building a Home

The line items that blow up first-time budgets — and the exact question to ask before you sign anything.

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Read this before you sign a contract

I manage million-dollar commercial builds for a living. Before that, I built houses for a developer. The difference between those two worlds isn't skill or materials — it's **systems**. On a commercial job, every one of the costs in this document has a line, an owner, and a number attached to it before a shovel hits dirt.

On a first-time custom home, most of them show up as a surprise.

None of these are scams. Your builder isn't hiding them to trick you. They're simply **outside the construction contract** — which means they land on you, usually at the worst possible moment in your cash flow.

How to use this

Work through all 15. Write a real number next to each one for *your* lot and *your* plan — not a national average. Then add the total to your build budget **before** you decide what you can afford. The worksheet on page 7 gives you a place to do it.

A note on the dollar ranges: these are typical U.S. ranges as of 2026 and vary enormously by market, lot, and jurisdiction. Use them to know what to ask about, not to set your budget.

01 Site work and excavation surprises

TYPICAL RANGE $5,000 – $40,000+

Your bid assumed clean dirt. Then you hit rock, unsuitable soil, a high water table, or a stump field. Over-excavation and engineered fill get billed by the truckload, and this is the single most common early overrun on a residential build.

> **ASK BEFORE YOU SIGN:** Do I have a geotechnical soils report, and does my excavation bid include an allowance for rock and unsuitable soil removal? What is the unit price if we exceed it?

02 Utility taps and service runs

TYPICAL RANGE $3,000 – $30,000

Water, sewer, gas, and electric each have a connection fee, and then someone has to physically run the service to your house. A long driveway, a road bore, or a new transformer turns a rounding error into five figures.

> **ASK BEFORE YOU SIGN:** Who is paying for each utility tap fee and the trenching from the main to my house — line by line, in writing?

03 Permits, plan review, and impact fees

TYPICAL RANGE $2,000 – $50,000

Impact fees are the wildcard. Some jurisdictions charge a few hundred dollars; others charge tens of thousands per new dwelling for schools, parks, roads, and sewer capacity.

> **ASK BEFORE YOU SIGN:** Call the permitting office yourself and ask for a total fee estimate for a new single-family dwelling at my address. Do not accept a guess from anyone else.

04 Surveys, engineering, and required reports

TYPICAL RANGE $2,500 – $10,000

Boundary survey, topographic survey, stakeout, foundation survey, soils report, structural engineering, truss engineering, septic design, stormwater plan. Each one is small. Together they are a line item.

> **ASK BEFORE YOU SIGN:** What third-party reports and surveys does the permit require, and which ones are in your contract versus mine to procure?

05 Allowance shortfalls

TYPICAL RANGE $10,000 – $40,000

This is the big one. Allowances for flooring, lighting, plumbing fixtures, tile, countertops, and appliances are often set at builder-grade pricing. You will not choose builder-grade. Every dollar over the allowance is yours, in cash, at selection time.

> **ASK BEFORE YOU SIGN:** Take me to the supplier and show me exactly what I get at each allowance amount. Then show me what the finishes in your model home actually cost.

06 Change order markup

TYPICAL RANGE 15% – 25% on top

Every change after contract signing carries overhead and profit — fairly so. But a $20,000 pile of mid-build changes becomes $24,000, and late changes cost more than the same decision made during design.

> **ASK BEFORE YOU SIGN:** What is your change order markup percentage, and what is the deadline for each decision before it becomes a change order?

07 Foundation and site-specific structural upgrades

TYPICAL RANGE $5,000 – $50,000

A sloped or poor-soil lot can require engineered footings, deeper stem walls, piers, a retaining wall, or a walkout redesign. The stock plan you fell in love with was drawn for a flat lot.

> **ASK BEFORE YOU SIGN:** Has an engineer reviewed this specific plan on this specific lot, and what does the foundation design change?

08 Final grading, driveway, and erosion control

TYPICAL RANGE $8,000 – $35,000

The house gets finished and the site is still a mud pit. Final grade, gravel or concrete driveway, culvert, silt fence maintenance, and the SWPPP inspections required to close your permit are frequently excluded.

> **ASK BEFORE YOU SIGN:** Does the contract include final grade, the full driveway to the street, and erosion control through final inspection?

09 Landscaping, sod, and covenant requirements

TYPICAL RANGE $5,000 – $25,000

Many subdivisions and HOAs require sod, irrigation, street trees, and a fence within a set number of days of occupancy. That is not optional, and it is rarely in the build contract.

> **ASK BEFORE YOU SIGN:** What does the HOA or covenant require me to install, and by when after closing?

10 Construction loan interest, draw fees, and rate risk

TYPICAL RANGE $10,000 – $30,000

You pay interest on the drawn balance for the entire build, plus inspection and draw fees, plus a rate lock extension if the schedule slips. This is a real cost of building that buying an existing home does not have.

> **ASK BEFORE YOU SIGN:** What is my total estimated interest cost over a 12-month build, and what does a 90-day extension cost me?

11 Builder's risk insurance and liability coverage

TYPICAL RANGE $1,500 – $5,000

Someone has to insure the structure while it is under construction, and if you are the owner of record, that someone is often you. Theft of appliances and copper is common on residential sites.

> **ASK BEFORE YOU SIGN:** Who carries builder's risk, what is the deductible, and can I see the certificate of insurance for the general contractor and every major sub?

12 Temporary site services

TYPICAL RANGE $2,000 – $8,000

Temp power pole and the power bill, construction water, portable toilet, dumpsters and haul-off, and site security or fencing. Standard on commercial jobs. Frequently missing from residential contracts.

> **ASK BEFORE YOU SIGN:** Which temporary services are in your contract, and which utility bills are in my name during construction?

13 Material escalation and sales tax

TYPICAL RANGE 3% – 10% of material cost

Many contracts include an escalation clause that passes lumber, steel, and concrete price increases through to you. Sales tax on materials may also sit outside the quoted number.

> **ASK BEFORE YOU SIGN:** Is there an escalation clause, what triggers it, and is sales tax included in the contract price?

14 Everything marked “not in contract”

TYPICAL RANGE $8,000 – $30,000

Window coverings, gutters and downspouts, mirrors and shower glass, closet shelving, garage door openers, mailbox, screens, fencing, deck stain, water softener, and sometimes the refrigerator and washer/dryer. Individually small. Collectively a bathroom.

> **ASK BEFORE YOU SIGN:** Give me the written exclusions list — every item required to legally occupy and actually live in this house that is not in your scope.

15 Schedule overrun carrying costs

TYPICAL RANGE $2,000 – $6,000 per month

A three-month delay means three more months of rent or a mortgage on your current home *plus* loan interest, plus storage, plus a possible short-term lease at a premium. Delay is a cost, not just an inconvenience.

> **ASK BEFORE YOU SIGN:** What is the contract completion date, what are the defined excusable delays, and what happens if we blow past it?

Your hidden cost reserve

Fill in a real number for your lot and your plan. Leave a line blank only if you have written confirmation that it is included in your contract.

#	Cost	In contract?	My number
01	Site work and excavation surprises	Y / N	$
02	Utility taps and service runs	Y / N	$
03	Permits, plan review, and impact fees	Y / N	$
04	Surveys, engineering, and required reports	Y / N	$
05	Allowance shortfalls	Y / N	$
06	Change order markup	Y / N	$
07	Foundation and site-specific structural upgrades	Y / N	$
08	Final grading, driveway, and erosion control	Y / N	$
09	Landscaping, sod, and covenant requirements	Y / N	$
10	Construction loan interest, draw fees, and rate risk	Y / N	$
11	Builder's risk insurance and liability coverage	Y / N	$
12	Temporary site services	Y / N	$
13	Material escalation and sales tax	Y / N	$
14	Everything marked “not in contract”	Y / N	$
15	Schedule overrun carrying costs	Y / N	$
	TOTAL RESERVE		**$**

Commercial rule of thumb: carry the reserve as a separate line, and never spend it on an upgrade. A contingency you spend on a nicer backsplash in month two is not a contingency — it is a down payment on a problem you have not met yet.

You now know what to ask.
Next: how to run the job.

Knowing the costs is step one. Controlling them takes the same three systems every commercial project manager uses on every job:

A real budget with contingency logic

Not a spreadsheet of guesses — a structured estimate with allowances, reserves, and a rule for when the reserve gets released.

A schedule with dependencies you can actually hold people to

So you know which decision is late before the framer is standing in your driveway.

A change and decision log

The single document that separates owners who finish on budget from owners who find out at closing.

Thomas Aadahl has spent eight years as a commercial construction project manager, after advancing from assistant superintendent and two years building homes for a residential developer. He holds an Associate Degree in Construction Management. Owners Blueprint exists to hand homeowners the systems that commercial builds take for granted.