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Politicians can make things much worse

GenRE

The Denver Gazette · 2 Feb 2026 · B6 · JOHN STOSSEL John Frank Stossel is an American libertarian television presenter, author, consumer journalist, political activist, and pundit.

Home prices keep rising.



One reason is that today's houses are bigger. Buyers now want more rooms, washers and dryers and air-conditioning. But even if you adjust for the improvements, houses cost more today.

Why?

Politicians blame big companies like Blackstone, Invitation Homes and JPMorgan because they've been buying thousands of homes.

"It's troubling," says Sen. Elizabeth Warren, D-Mass., that homes are bought "not by families who want to live in them, but by speculators who want to use them to generate financial returns."

"It's shameful," agrees California Gov. Gavin Newsom, "that we allow private equity firms in Manhattan to become some of the biggest landlords here."

I was surprised that President Donald Trump seems to agree with the leftists. Last week, he said he wants "to ban large institutional investors from buying single-family homes." Really?!

Will that lower prices?

"No!" says housing economist Stephen Slivinski.

He points out that those big investors don't buy homes and take them off the market. They renovate the buildings and build new ones.

"They're turning properties into livable places. That's not something that would have happened if not for their presence," Slivinski says.

Big investors often buy run-down properties most of us stay away from and then spend more than other buyers do, renovating.

"They might have broken plumbing, walls, flooring, framing issues, roofing issues," says Slivinski. "You need someone who has the capital to be able to resuscitate these properties before they can be buyable or livable again."

Capital, expertise and efficiency — big companies might hire one specialist to repair pipes in a series of homes.

The result, says Slivinski, "is that the presence of investors actually brings down housing prices." Sure enough, the American Institute for Economic Research found house prices fell in markets with more institutional ownership.

Unfortunately, most voters don't understand economics. So Newsom keeps spouting nonsense like, "These investors are crushing the dream of homeownership." *Note*

The opposite is true. The biggest reason for rising prices is intrusive government.

Regulations now account for almost a quarter of the cost of a new home. *Note*

"The permitting process in most American cities is so convoluted it can take months, sometimes even years, to get simple permits," says Slivinski.

One California project took 22 years just to get approvals.

"You can't meet the market demand if you are taking 22 years to bring a community to market," a builder in Sacramento complains. "\$93,000 a house, just for the privilege to build the house!"

I understand what he's upset about. In 2009, I built a house in Massachusetts. I don't know how to calculate the permitting cost, but getting permission took longer than it took to build the house. At one point, bureaucrats stopped my construction and demanded that I pay an archaeologist to dig holes to make sure no "native burial ground" was on the property. Fortunately, she didn't find one.

Texas is known for having fewer rules, but even there, especially in Democrat-run cities, bureaucracy stops construction. Dallas politicians tried to improve its permit process by putting all housing bureaucrats in one building. One-stop permit shopping! Sounds like a good idea.

But then officials ruled that the permit department didn't have its own permits in place. They moved all the bureaucrats out again!

If government can't navigate its own rules, how are builders supposed to? All this regulation results in fewer homes, and higher prices.

"That's Economics 101," says Slivinski. "You have a smaller supply, you have higher prices." *Note* None of the proposals that have been put forward by Elizabeth Warren or Gavin Newsom or Donald Trump are going to change any of that."

The biggest reason for rising prices is intrusive government. Regulations now account for almost a quarter of the cost of a new home.