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HOME BUILDERS
ASSOCIATION
of
METRO DENVER®

February 16, 2021

City of Thornton
Mayor Jan Kulmann
Members of City Council
9500 Civic Center Drive
Thornton, CO 80229

Dear Mayor Kulmann and City Council Members:

I am writing to share our concerns regarding the City of Thornton's proposed Water Connection Fee increases for residential development scheduled to go into effect in early 2022.

These comments are being provided on behalf of the Home Builders Association (HBA) of Metro Denver.

Metro Denver HBA represents over 400 homebuilders, developers, remodelers, architects, mortgage lenders, title companies, subcontractors, suppliers, and service providers in the eight metro-area counties we serve.

In the City of Thornton, HBA Metro Denver represents many builders and developers that are currently active within the municipality with 543 registered permits over the past 12 months.

Based on the discussion and deliberations with municipal staff at our January 28th Residential Development Coordination meeting and the presentation offered to City Council during its February 9th planning session, we understand that the City is considering increasing its water resource connection fees by \$15,324 for single family homes with lot sizes of over 7,000 square feet. This amounts to a 62 percent increase from the current rate of \$24,770 in less than a year.

While Metro Denver HBA sincerely appreciates our ongoing dialogue with municipal staff on issues that impact the building community within the City, we were very disappointed to have only learned about this proposal late last month and with only limited opportunity for any further stakeholder engagement, based on the City's most recent adoption schedule. We and our members were not prepared to offer immediate comments when these fees were first presented to us on January 28th,

and we hope some of the silence and pondering during the webinar was not considered acquiescence or consent.

We have had a large number of members reach out since that meeting and it is safe to say the builder community is extremely concerned with the cost increases, lack of process and collaboration to date and is legitimately worried about the affordable and attainable housing situation in Thornton should these changes be adopted as presented.

It is our understanding that the Thornton City Council will be discussing this issue again during the City's February 16th planning session with a proposed first reading vote scheduled for February 23rd. This abbreviated timeline has left very little opportunity to provide any meaningful feedback on an issue that will have profound impact on the future of attainable housing for Thornton residents.

The ongoing crisis of housing affordability presents a challenge that continues to confront the building community, policy makers and local governments across the Front Range. An essential component to achieving long-term affordability and housing security for Thornton residents will be the implementation of a fair and equitable fee structure that recoups the necessary infrastructure costs related to new development within the City, without unduly burdening aspiring homeowners.

To that end, the City of Thornton already levies sizeable fees on new residential development including Development Permit Fees, Public Open Space Irrigation Tap Fees, current Water and Sewer Fees and Building Permit Fees – incurring a total cost of nearly \$60,000 for an average single-family home in the City. When the cost of the lot is included at an average rate of \$110K, the total cost of City related expenses jumps to \$168,000.00 or 39% of the average cost to build a home in Thornton.

These additional costs, especially if increased all at once, will make the cost of homeownership unattainable for many aspiring residents with moderate incomes. The National Association of Home Builders' latest "Priced-out Estimates" from January 2021 indicate a \$1,000 increase in the cost of a median-priced new home will further price 2,310 Colorado households out of the market.

Increasing the residential connection fee by over 62% for the second time in less than five years will only continue to exacerbate an already untenable real estate market and continue to price out hard working Coloradoans wishing to call Thornton home.

If the City has determined that a connection fee rate increase is necessary, the Metro Denver Home Builders Association requests that additional time be allocated toward stakeholder discussion to consider:

- Innovative ways to reduce the proposed fee structure.
- A more equitable approach to the proposed fee structure that takes into account the prevailing lot size in the City.
- Employing new incentives that reward water conservation inside and outside the home.

- Implementing the proposed fee increase incrementally to give builders additional certainty and more time to plan for cost increases, while also giving the market and incomes a chance to adjust to increased home prices.

In conclusion, we strongly encourage the City Council to consider the implications of the proposed changes to the City's Water Connection Fees and their impact on the future attainable residential development within the City. We also hope that the Council will consider offering an opportunity for stakeholder engagement on this important issue before any final decisions are made. We are available for additional consultation with the City staff, as necessary.

Thank you for your time and consideration of our concerns.

Sincerely,



Ted Leighty
Chief Executive Officer
Home Builders Association of Metro Denver

Cc: Kevin Woods, City Manager
Jeff Coder, Deputy City Manager
Jason O'Shea, City Development Director
Grant Penland, Planning Director