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HOME BUILDERS
ASSOCIATION
— of —
METRO DENVER®

Mr. David L. Corliss
Town Manager, Town of Castle Rock
100 Wilcox Street
Castle Rock, CO 80104

Castle Rock Town Council
Town of Castle Rock Town Hall
100 Wilcox Street
Castle Rock, CO 80104

August 31, 2016

Dear Mr. Corliss and Members of Town Council,

Based on continued discussions, including discussions during the meeting of August 30, 2016 with the Town Manager and Town Staff, the Home Builders Association (HBA) and its Members have agreed to *further support* the Town's needs and to modify the prior August 24, 2016 proposal as discussed herein.

The HBA and its Members support an actual, current aggregate 9.0% maximum increase of existing development fees, across all fee components and inclusive of use taxes for the 2017 calendar year. The effective date of the increase is proposed for all building permits filed on or after February 1, 2017. This is an additional **\$3,734.01** increase over the present fees of \$41,489 shown in Table 8-3 of the Arcadis U.S., Inc. May 2016 Draft Report prepared for the Town of Castle Rock (report reference number 05860027.0000) (the "Arcadis Report"). The February 1, 2017 date is proposed to permit Members adequate time to evaluate near term effects and needs. The Town, the HBA and all Members understand that the actual amounts will vary based on factors that include, without limitation, the size or square footage of a home and use taxes actually owing.

The HBA and its Members support a potential, future aggregate 9.0% maximum increase of 2017 development fees, across all fee components and inclusive of use taxes for the 2018 calendar year. The effective date of the increase is proposed for all building permits filed on or after January 1, 2018. The maximum 9.0% is proposed as potential only and is therefore a proposed cap and not a current agreement as to an actual increase as discussed below. The HBA and its Members nevertheless understand that an increase will be necessary for the 2018 calendar year. This is a potential additional \$4,070.07 increase over the 2017 fees of \$45,223.01 using Table 8-3 of the Arcadis Report. Over the two-year term, this is a potential aggregate increase of **\$7,804.08** over the existing fees of \$41,489 shown in Table 8-3 or \$49,293.08. This equates to a substantial, potential 18.8% aggregate increase above current development fees over a relatively short term. This amount will or may place the Town at the highest development fee costs of all municipalities other than Boulder. The HBA and its Members believe the Town is aware that this approximate \$8,000 increase will materially affect all Members.

The HBA and its Members seek assurance from the Town that the HBA and its Members will be permitted to work alongside the Town Manager and Staff the remainder of calendar year 2016 and during calendar year 2017 as appropriate in further exploring the Town's needs, including development fees across all fee components. This should include working with the Town's consultant, Arcadis, U.S., Inc. as necessary or appropriate. All believe that the Town is or will be exploring other avenues to include bond issuances and requesting voters to keep revenues exceeding TABOR imposed limits. It is with the receipt of this assurance that the HBA and its Members will support the 2018 potential, aggregate 9.0% maximum increase, and any potential future increases thereafter. With this in mind, the HBA and its Members are aware that this collaborative needs assessment may result in the need to further adjust any one or more development fee components at a later date.

We are appreciative of the meeting earlier this week and believe this will be well received in context of the conversations we've had and; we will continue looking forward to further working with the Town of Castle Rock.

Respectfully,

A handwritten signature in cursive script that reads "Cherie Talbert". The signature is fluid and includes a large, stylized loop at the end.

Cherie Talbert
Senior Vice President
Home Builders Association of Metro Denver

Cc: Frank Gray, Castle Rock Economic Development Council