

Shannon Eklund

From: Albert Bozoki <ABozoki@hbadenver.com>
Sent: Tuesday, October 7, 2025 12:37 PM
To: Jason Gray; Ryan Hollingshead; Laura Cavey; Kevin Bracken; Mark Davis; Max Brooks; Tim Dietz
Cc: Morgan Cullen; Ted Leighty; TownManager Mailbox; Water Mailbox
Subject: HBA of Metro Denver RE: SFD Fee Increase Comments
Attachments: 10.7 HBA Fee Increase Comments Letter - Castle Rock.pdf
Importance: High

Dear Mayor Gray and Members of Town Council:

On behalf of our active builders and developers in Arvada, the Home Builders Association of Metro Denver (HBA) respectfully submits this letter to express concern regarding the proposed increases to System Development Fees (SDFs). As the Town undertakes this critical update, we believe it is essential to highlight the significant impact these decisions will have on housing attainability.

The cumulative effect of these policies—raising already record-high fees while eliminating meaningful credits—will directly and adversely impact housing costs. According to the National Association of Home Builders (NAHB), every \$1,000 increase in home price prices 2,373 Colorado households out of the market. The combined impact of the proposed SDF increases and the credit elimination could price out thousands of aspiring homeowners, pushing homeownership further out of reach for teachers, nurses, first responders, and other members of the workforce that sustain our community.

We have attached a formal letter to this email that outlines our collective comments for your review, and we sincerely hope that you will take the time to review it in its entirety. We look forward to working with you and your staff to find solutions that balance the Town's needs with our shared commitment to housing diversity and attainability.

Thank you for your consideration.

Best,

Albert Bozoki

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HOME BUILDERS
ASSOCIATION
of
METRO DENVER®

October 7, 2025

Town of Castle Rock
Mayor Jason Gray
Castle Rock Town Council
100 N. Wilcox St.
Castle Rock, CO 80104

Dear Mayor Gray and Members of Town Council,

On behalf of our active builders and developers in Castle Rock, the Home Builders Association of Metro Denver (HBA) respectfully submits this letter to express concern regarding the proposed increases to System Development Fees (SDFs). As the Town undertakes this critical update, we believe it is essential to highlight the significant impact these decisions will have on housing attainability.

The HBA represents over 550 homebuilders, developers, remodelers, architects, mortgage lenders, title companies, subcontractors, suppliers, and service providers across the eight metro-area counties we serve. Our members are deeply invested in the Castle Rock community and are committed to providing a diverse range of housing options for its residents.

As all of you are acutely aware, housing attainability across the front range has only become more elusive given our recent environment of rising interest rates coupled with rampant inflation. Mortgage rates have increased from 3.1% just a few years ago to nearly 6.8% today – making it the largest magnitude increase for mortgage costs in decades. Current price inflation is now widely expected to be further exacerbated by new international tariffs on construction materials to build a home. According to NAHB, the cumulative impact of tariffs on building costs will add an additional \$10,900 to the price of a single-family home in 2025. Layering steep new fees on top of these pressures would only make homeownership even less attainable.

The proposed fee increases come at a time when Castle Rock already imposes the highest development fees in the Denver metro area. According to our recent *Metro Denver: Development Fee Study*, the total development fees for the average single-family detached home in Castle Rock are approximately \$94,113—the highest among the 16 major municipalities studied. The proposed increases would raise total SDFs by an additional 9%, pushing the total cost for fees alone toward \$100,000 per home.

We are particularly concerned that this proposed increase coincides with the removal of the SDF credit for installing water-efficient Coloradoscaping—a policy that has successfully encouraged conservation-oriented development. Approximately 48% of builders utilized this credit, which acknowledges the reduced water demand and infrastructure burden of these homes. Removing the credit while simultaneously raising base fees effectively double-charges builders and disincentivizes the very conservation practices the Town claims to support.

The cumulative effect of these policies—raising already record-high fees while eliminating meaningful credits—will directly and adversely impact housing costs. According to the National Association of Home Builders (NAHB), every \$1,000 increase in home price prices 2,373 Colorado households out of the market. The combined impact of the proposed SDF increases and the credit elimination could price out thousands of aspiring homeowners, pushing homeownership further out of reach for teachers, nurses, first responders, and other members of the workforce that sustain our community.

If the Town is unwilling to postpone this fee increase indefinitely, we respectfully urge the Town Council to consider the following approaches:

1. Phasing in the proposed SDF increases to reduce the immediate impact on the housing market.
2. Preserving the Coloradoscaping SDF credit to continue encouraging water-efficient development and provide relief for builders and buyers.
3. Conducting a thorough review of capital plans to ensure efficiency and avoid placing a disproportionate financial burden on new homebuyers.

Thank you for your time and consideration of this critical matter. The HBA stands ready to serve as a collaborative partner in finding a balanced solution that addresses the Town's infrastructure needs without sacrificing housing attainability for current and future residents.

Sincerely,



Ted Leighty
Chief Executive Officer
Home Builders Association of Metro Denver

Cc: David Corliss, Town Manager
Mark Marlowe, Director of Castle Rock Water