

Development and Impact Fees

July 14, 2025

City Council Study Session



Presentation Overview

- User Fees
- Impact Fees
- Feedback Received
- Options for consideration
- Discussion

User Fees

- Fees charged directly to the customer in exchange for services provided.

- Land Use Application Fees
 - Rezoning
 - Subdivision Plats
 - Site Plans
- Building Fees
 - Plan Review
 - Permitting and Inspection Fees

User Fee



Cost to the City
to provide the
service

- Cost Recovery Model

- Seek to charge the customer for the cost the city incurs for those services
- Less than full cost recovery is either:
 - Subsidized by other funding sources, or
 - Adjustments to the level of service provided

Land Use Application Fees

- Updated in 2023 as part of a comprehensive study of all city user fees
- Based on 100% cost recovery methodology
 - Actual labor and materials costs associated with providing those services
 - Staff costs for plan review, coordination with outside agencies and customer, public hearings, etc.
- Represent a relatively small amount of overall project costs and fees.

Land Use Application Fees for select application types.

Land Use Application Type	Commerce City*	Brighton	Greenwood Village	Aurora***	Castle Rock^	Lone Tree**	Thornton
Annexation	\$8,628	\$1,350	unavailable	\$5,480 + \$8.50 per acre	\$1,200	unavailable	\$300
Rezoning	\$5,516	\$1,500	\$500	\$7,562	\$1,440	\$16,900	\$695
Site Plan	\$8,161	\$3,350	\$500	\$7,562	\$4,800	\$12,900	\$580
Final Plat	\$12,427	\$2,500	\$300	\$3,783	\$2,400	\$7,200	\$230

*based on projects more than 5 acres and up to 25 acres

**includes engineering review fees for a more than 5 acre and up to 25 acre site, multifamily or commercial, one sheet document

***base fee for more than 5 acres and less than 10 acres

^over 10 acres or 50 lots

Building Fees

- Based upon a cost recovery methodology
- Uses a valuation-based approach and labor cost approach, depending on the fee
 - Plan Review
 - Permit Administration
 - Inspections
 - One-off requests
- Valuation is a proxy for complexity of the project
 - Valuation is the labor plus materials cost to construct a structure
 - Valuation is not the sales price of a home
- International Code Council valuation tables adjusted for local conditions
- Standard approach across jurisdictions



Building Fee Jurisdictional Comparisons

Single Family Detached Building Permit Fee (500,000 valuation) - Production Housing

	Commerce City	Brighton	Federal Heights	Westminster	Greenwood Village	Aurora	Castle Rock	Lone Tree	Thornton
Building Permit Fee	\$4,184.13	\$3,233.75	\$3,233.75	\$2,684.20	\$3,233.75	\$2,546.00	\$3,223.00	\$3,233.75	\$3,300.00
Building Plan Review Fee**	\$150.00	\$180.00	\$2,101.94	\$1,744.73	\$2,101.94	n/a	\$300.00	\$200.00	\$2,145.00
Use Tax*	\$13,500.00	\$9,375.00	\$10,000.00	\$9,625.00	\$9,636.25	\$9,375.00	\$13,000.00	\$6,250.00	\$9,375.00
Total	\$17,834.13	\$12,788.75	\$15,335.69	\$14,053.93	\$14,971.94	\$11,921	\$16,523.00	\$9,683.75	\$14,820.00

* Commerce City Use Tax is 4.5%

** Production housing is only charged \$150 for permits issued off of a master type model

- Valuation is not sales price
- Average valuation in Commerce City over past 3-months - \$389,401
- Use tax accounts for the most variability across jurisdictions

Impact Fees

- One-time charges imposed on new developments to help finance infrastructure, parks, and other essential public services that are needed as a result of growth in the community.
- Account for system wide infrastructure and public facilities that can't be attributed to any one development
- Can not be utilized for operations, maintenance, infrastructure replacement, or to cover existing funding shortfalls.
- Updated in 2023:
 - Updates to Drainage, Roadway, and Parks Impact Fees (last updated in mid-2000s)
 - Three new "government facility" fees
 - Police
 - Public Works
 - General Government
- Collected at the time of Building Permits
 - Exception: Infrastructure Drainage Fee – collected at Final Plat, often deferred to building permit

Impact Fees (2)

- Established through fee studies
 - Determine the infrastructure needs and costs
 - Determine future growth
 - Land Use impact multiplier

Impact Fee

=

Total Cost of
Needed
Projects

÷

Expected
Growth
(Dwelling Units
and Non-
Residential Sq. Ft.)

x

Land Use
Impact
Multiplier
(e.g. Trips,
impervious land
coverage,
population
generation)

Impact Fee Jurisdictional Comparison

- Not all communities charge impact fees
- Each community is different and has different needs
 - Geography
 - Land Area
 - Build-out Population

Single Family Detached Building Impact Fees

Impact Fee Classification	Commerce City*	Brighton	Greenwood Village	Aurora	Castle Rock***	Thornton^
Parks & Recreation	\$7,502		\$742	\$1,658	\$10,390	\$4,125
Roadway/Transportation	\$4,842	\$3,542		\$1,275	\$16,853	
Drainage	\$1,547	\$4,580			\$2,704	
General Government	\$707	\$1,067	\$300	\$1,674	\$546	
Public Works	\$612			\$916		
Police	\$2,175			\$1,446		
Library				\$401	\$837	
Fire				\$1,275	\$1,559	
Regional Parks				\$1,574		
Community Park		\$2,008				
Neighborhood Park		\$2,008				
Water	\$2,783					
Sewer						
Total	\$20,168	\$13,205	\$1,042	\$10,219	\$32,889	\$4,125

*** Castle Rock charges impact fees based upon size of the home. The example provided was for a 2,500 SF to 2,999 SF home

* Based on 38% impervious coverage in the 2nd Creek basin on a 5,500 SF lot

** Southgate Water and Sanitation connection fee and Southgate + Denver Water

^ Cash in lieu of land dedication at \$1.50 per square foot on a 2,750 SF home

Feedback Received

- Cost of government fees contributes to cost of housing, particularly impact fees, especially in the current economic environment
- Implementation of Impact Fees didn't account for pre-existing projects

Options for Consideration

- Evaluate Land Use Application fees for targeted simplification and fee adjustments, particularly for smaller application types more frequently utilized by individual homeowners and small businesses.
- Implement annual adjustments in impact fees for inflationary purposes as allowed for by the adoption ordinances and periodically review the list of projects anticipated in the impact fee studies for relevancy.
- Reduce impact fees, particularly for the parks & recreation, and three general government fees, for which a revised study was prepared.

Revise Impact Fees

- Additional study was performed on the Parks, Public Safety, and General Government
- Evaluated updated project estimates, demographic data, and list of projects (parks) that could be achieved in the planning horizon

Development Type	Potential Updated Fees*				Total Current Fees**	Increase / (Decrease)
	General Government*	Police*	Parks & Recreation*	Total Maximum Supportable Fee*		
Single-Family Dwelling (per unit)	\$434	\$897	\$6,668	\$7,999	\$10,966	(\$2,967)
Multi-Family Dwelling (per unit)	\$326	\$675	\$5,018	\$6,019	\$8,352	(\$2,333)
Commercial (per 1,000 SF)	\$304	\$1,441	\$0	\$1,745	\$1,130	\$615
Office (per 1,000 SF)	\$466	\$575	\$0	\$1,041	\$1,731	(\$690)
Industrial (per 1,000 SF)	\$166	\$172	\$0	\$338	\$615	(\$277)

* Based on fee amounts contained in the 2024 Development Impact Fees prepared by TishlerBise

** Current fees were established in 2023 pursuant to the Development Impact Nexus Fee Study prepared by Wildan Financial Services

Discussion