



City of Brighton
City Council
500 S. 4th Avenue
Brighton, CO 806015

11/26/2024

Re: DHI Telluride – 279 Telluride Street – Impact Fee Determination

Dear Members of City Council,

This letter is regarding the impending increase in development impact fees that were accepted as a part of the City's 2025 budget, and more specifically how this increase will affect DR Horton's DHI Telluride development at 279 Telluride Street, Brighton, CO 80601.

Introduction

The DR Horton Multifamily team has been working on this development since April 2021, with the vision of providing the City of Brighton with much-needed, quality, residential units. While working through the City's extensive entitlement process over the past three and a half years, we have already incurred an increase of roughly \$5,600,000 in impact fees from the start of the project. While we have worked extensively to mitigate the financial impact these increases have brought, the proposed fees in the City's 2025 budget would add an additional \$693,929 that would push the project's already strained budget over the edge, and would ultimately be detrimental to the feasibility of this development. \$317,800 of this increase is attributed to the revision of language to the Stormwater Drainage Impact Fee that now classifies this duplex product, which consists of 26% one-bedroom units and 39% two-bedroom units, in the same category as single family detached houses that typically are much larger, consisting of three and four bedrooms. Please reference Exhibit A for a detailed breakdown of fee increases.

We understand impact fees are essential for the City to fund necessary public improvements; however, we believe we have been caught in a unique scenario with the timing of our development. Because of this, we would like to respectfully request for this matter to be added to an upcoming City Council agenda before the end of the year to consider a proposed solution that would allow DHI Telluride to move forward and not only provide the City with quality housing, but also significant public improvements.

Project Background

To provide additional background on the timeline of the project, we were granted administrative approval for our on-site and off-site construction plans by the Development Review Committee on 12/19/23. We then spent the next six months working through the Development Agreement process with City staff. In June 2024 we signed our Development Agreement and dedicated \$3,428,600 worth of water shares to the City in association with the development. Following this, we spent the next two months working through the City's process to record our Final Plat. It was recorded in August 2024 and construction commenced shortly thereafter. In doing so, we committed to a budget and allocated significant capital towards this project, only to recently find out about the proposed 2025 fee increases. Please refer to Exhibit B for a detailed project timeline.



Fee Increase & Public Improvements

Upon this discovery we immediately contacted the Community Development and Building departments to pursue any options to lock in the current rates. Unfortunately, we were informed that the fees can only be paid at the time building permits are issued. This is extremely problematic for our development because we are required to construct significant public improvements on behalf of the City and cannot be issued building permits until these improvements are accepted.

The requirement to construct these improvements was made by City staff during our Subdivision Plan process without any justification from City code. We were informed by Mike Tylka, the former Assistant Director of Community Development, that City staff would not support our project without DR Horton Multifamily agreeing to these public improvements. Please refer to Exhibit C for additional details.

It is also important to note that it was during our communication with the Community Development department regarding the 2025 increased fees that we discovered the calculation for the water plant investment fee that was provided by a Senior Planner at the City is incorrect, resulting in another increase of \$501,760. Please refer to Exhibit D for additional details.

The master plans for our building permits were approved on 11/12/24, and we have been assured by building department review staff that our site-specific permits will also be approved by the end of the year, pending the acceptance of public improvements. It is because of the additional time it will take to construct these public improvements that we will not be able to pull building permits this year and avoid the substantial increase in fees. Please refer to Exhibit E for more information on the status of building permits.

We believe it is unjust for our development to be financially punished solely because we are constructing public improvements on behalf of the City. In light of the unique scenario and timing of our development, we would like to respectfully request to be grandfathered into the current 2024 Development Impact Fees.

Proposal

The DR Horton Multifamily team would like the opportunity to be scheduled on an upcoming City Council agenda before the end of the year to present this request, along with the project’s timeline and associated public improvements in more detail. Upon acceptance of this determination, the DHI Telluride development will be grandfathered into the 2024 development impact fees, effective April 1, 2024. The justification for this determination is regarding this project’s approval and construction commencement timeline, and the impact the project’s required public improvements have had on such timeline.

Conclusion

Being grandfathered into the existing 2024 fee structure would provide the stability we need to push forward with our current approved budget and complete the development. We believe this community will add great value to the City of Brighton by providing a unique and desirable residential product while also completing extensive public improvements for the surrounding areas. Thank you for your consideration of this request.

Sincerely,

Brian Bratcher
Development Manager
D.R. Horton – Multifamily

Nick Graham
Development Vice President
D.R. Horton – Multifamily



Exhibit A – 2024 vs. 2025 Impact Fee Comparison

City of Brighton Development Impact Fee Comparison		
	2024	2025
Fee	DHI Telluride Total	DHI Telluride Total
Community Park Impact Fee	\$ 275,940	\$ 281,120
Neighborhood Park Impact Fee	\$ 275,940	\$ 281,120
Crossing Impact Fee	\$ 98,000	\$ -
Traffic Impact Fee	\$ 239,795	\$ -
Transportation & Multimodal Impact Fee	\$ -	\$ 497,712
General Services Fee	\$ -	\$ 149,380
Wasterwaster Plant Investment Fee - MWR	\$ 799,296	\$ 855,768
Stormwater Drainage Impact Fee	\$ 324,976	\$ 642,776
Total	\$ 2,013,947	\$ 2,707,876
Total Difference	\$693,929	

Exhibit B – Project Timeline

- April 2021: Pre-Application meeting is held with City.
- November 2021: Initial Subdivision Plan application is submitted to City.
- December 2022: Initial Site Plan & Final Plat application is submitted to City.
- December 2022: Received approval from Planning Commission on Subdivision Plan.
- June 2023: Received approval from City Council on Subdivision Plan.
- September 2023: Reimbursement Agreement for the construction of public improvements is recorded with Adams County.
- December 2023: Received administrative approval from City Staff on Site Plan & Final Plat.
- June 2024: Development Agreement is signed and recorded with the Adams County.
- June 2024: Water shares totaling \$3,428,600 are dedicated to the City in association with this project.
- July 2024: Bond is posted in the amount of \$2,648,800.18 in association with public improvements.
- July 2024: Application is submitted for Development Construction Permit.
- July 2024: Final Plat is recorded with Adams County.
- August 2024: Development Construction Permit is issued, and construction commences.

Exhibit C – Brighton Staff Recommendation of Denial without Public Improvements

From: Mike Tylka <mtylka@brightonco.gov>

Sent: Monday, February 28, 2022 5:48 PM

To: Nick Graham <NGraham@drhorton.com>

Cc: Nicholas Di Mario <ndimario@brightonco.gov>; Samantha Pollmiller <spollmiller@norris-design.com>; Aaron Posma <AGPosma@drhorton.com>; Jeffrey Nye <jnye@hkseng.com>; Jeremy Lott <JLott@norris-design.com>; Bonnie Niziolek <bniziolek@norris-design.com>; Kyle Henderson <KJHenderson@drhorton.com>

Subject: Re: DHI Telluride :: COB Meeting for MSP

[External]

Nick G.,

If the Telluride Improvements are not included with the Subdivision Plan and set to be in place before the site is to develop, staff will recommend denial of the Subdivision Plan at the public hearings before the Planning Commission and City Council. My understanding and notes from our earlier conversation were that you would make the improvements if they worked in your timeframe and our hope on that call was that they would. City staff is now stressing for clarity that it is requesting that these are included with the Subdivision Plan and are made prior to site development. We also believe that this is the only palatable option for the Planning Commission and City Council in terms of what they will accept for approval. It is your call if you'd like to proceed with a staff recommendation of denial as ultimately the item will be up for consideration and approval by our Planning Commission and City Council.

Exhibit D – Water Plant Investment Fee Calculation

Effective Development Impact Summary Sheet at time of communication (2023):

Water Plant Investment Fee (PIF)	<i>Applies to all development– based on the size of the water tap</i>	
- Single-family detached, duplexes, mobile home parks, mixed use, commercial, industrial, and other uses not specifically delineated herein.	.75" tap - \$13,354	3" tap - \$142,443
	1" tap - \$22,257	4" tap - \$222,557
	1.5" tap - \$44,513	6" tap - by special review
	2" tap - \$71,221	
- Multi-family (includes apartments, condominiums, and townhomes).	First unit - \$13,354	Each additional unit - \$8,012

City of Brighton Senior Planner confirming method of calculation:

Re: PA9 Water PIF Question



Nicholas Di Mario <ndimario@brightonco.gov>

To Brian Bratcher



You forwarded this message on 1/19/2023 3:06 PM.

If there are problems with how this message is displayed, click here to view it in a web browser.

[External]

Brian,

Yes. You would pay 13k for one unit and 8k for the second.

On Thu, Jan 19, 2023 at 2:58 PM Brian Bratcher <BBratcher@drhorton.com> wrote:

Hi Nick,

Thanks for following up on this. So for example, on Telluride Street we would pay approximately 21k per duplex building?



Brian Bratcher, PE

Development Associate

DHI Communities, a D.R. Horton Company

9555 S. Kingston Court, Englewood, CO 80112

Mobile: 303.748.1925

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Exhibit D Continued – Water Plant Investment Fee Calculation

Current Development Impact Summary Sheet:

Water Plant Investment Fee (PIF)- Water Dedication	<i>Applies to a development that has dedicated raw water– based on the size of the water tap</i>	
- Single-family detached, mobile home parks, mixed use, commercial, industrial, and other uses not specifically delineated herein	.75" tap - \$17,919 1" tap - \$29,865 1.5" tap - \$59,730 2" tap - \$95,568	3" tap - \$209,055 4" tap - \$358,380 6" tap - by special review
- Multi-family (includes apartments, duplexes, condominiums, and townhomes).	First unit - \$17,919 Each additional unit - \$10,751	

Calculation method provided by Director of Utilities:

From: Olsen, Scott <SOlsen@brightonco.gov>
Sent: Monday, October 14, 2024 12:00 PM
To: Brian Bratcher <BBratcher@drhorton.com>
Subject: Re: DHI Telluride - Water PIF Fees

[External]
Brian,

The first unit, additional unit fees only apply to master-metered structures. Since each unit has their own 3/4" meter, you will pay \$17,919 per connection. Though I haven't run scenarios to see what the 'cheapest' option would be, if you master metered the units, you will pay higher impact fees to Metro Water Recovery. Metro Water Recovery only charges their lowest impact fee (currently \$5,520/unit) if the units have separate water taps/meters.

Even if you save a little on the water impact side, you will be paying double the impact fee to Metro if a 3/4" (they charge \$11,040 for a 3/4" serving a duplex) will serve two units. If you have to go to a 1" to serve the two units, you would be paying substantially more.

Lastly, the City has made some recent changes and we will be requiring that every residential unit have their own meter/tap (except standard apartment buildings). Since this project was already approved with separate meters/taps, we would not allow that to change.

Thanks,



Scott Olsen
Director of Utilities
City of Brighton
O 303.655.2136
M 720.641.3085
[500 S. 4th Ave., Brighton, CO 80601](mailto:solsen@brightonco.gov)
solsen@brightonco.gov

Exhibit E – Building Permit Status

Brian Bratcher

From: Villalobos, Maria <MVillalobos@brightonco.gov>
Sent: Tuesday, November 26, 2024 3:48 PM
To: Brian Bratcher
Cc: Bauer, Kim; Di Mario, Nicholas; Ulmer, Andy
Subject: Re: December 9th new application cut-off

[External]

Hi Brian,

I hope this message finds you well. You are correct on the submittal date of December 9th, 2024 by 8AM. Our reviewers are fully committed to working diligently and nonstop to ensure they are reviewed and approved before the end of the year. Keep in mind, payment needs to be received by Dec 31, 2024 in order to be charged under the 2024 fee schedule.

For the submittal documents, we will need to have 27J receipt, Brighton Fire receipt and any applicable Metro District Fees (I would confirm Metro District fees with Nick).

Additionally, site specific units, will also be charged Community Park Impact Fees, Crossing Fee, Electrical Inspection fees, Neighborhood Park Impact Fees, Permit Fee, Storm Drainage, Traffic Impact, Use Tax, Wastewater Plan Investment Fee, Water Tap etc. (Please visit our website for additional fee breakdown: <https://www.brightonco.gov/1218/Adopted-Fee-Regulations>)

Once you receive Initial Construction Acceptance you will be able to submit a permit application for each unit.

Please let us know if you have any additional questions.

Thank you,

María A. Villalobos