



April 3, 2025

Commerce City  
Mayor Steve Douglas  
Members of City Council  
7887 East 60<sup>th</sup> Avenue  
Commerce City, CO 80022

Dear Mayor and Members of Council:

On behalf of our active builders and developers in Commerce City, I am writing to express our appreciation and thanks to Mayor Steve Douglas and City Council for their support and leadership in initiating our February 27<sup>th</sup> Roundtable discussion.

We also appreciate the hard work and initiative of City Manager Jason Rogers and staff for a meaningful and successful stakeholder process that we hope will lead to positive outcomes for the City, housing affordability and future residents. It is our hope that these roundtables and important conversations continue forward.

The HBA of Metro Denver represents over 550 homebuilders, developers, remodelers, architects, mortgage lenders, title companies, subcontractors, suppliers, and service providers in the eight metro-area counties we serve, including many of those in Commerce City.

Though not all active builders and developers in Commerce City attended the February discussions, many provided valuable feedback. Consistent concerns and themes from our industry have emerged.

Commerce City is still a desirable location for future residential development, but recent policies have made homebuilding more challenging, unpredictable, and costly. As such, the development community has opted to partner and build in neighboring communities.

We hope and encourage City Council to consider implementing the following measures, which were broadly shared by our members during the February roundtable, as positive steps to improve the City's business environment and housing affordability.

- 1. Repeal Fire Sprinkler Mandate:** The City's fire sprinkler requirements were established in 2023 without input from the development community stakeholders. The requirement to add residential sprinkler systems in Commerce City has significantly impacted housing attainability,

adding approximately \$10,000 to the price of a home and pricing more aspiring homeowners out of the market.

- 2. Reassessment Residential Impact Fees:** Over the past two years, Commerce City has implemented substantial increases to its Public Parks and Recreation Fee, Drainage Fee, and Road Impact Fee. The City has also implemented a series of new fees for public safety, general government, and public works. Collectively, these new and existing fee increases have added \$20,722.09 to the cost of building a home. Like tariffs at the national level, these additional fee increases levied by the City are being passed on to existing renters and future residents who wish to call Commerce City home. These fees have exacerbated housing affordability challenges at a time when builders are struggling to remain profitable and provide attainable housing options.
- 3. Reevaluation of Residential Development Projects:** Commerce City, like other front range communities, has traditionally used objective criteria from its development code to evaluate and approve new residential projects. However, in recent years a higher-than-average rate of projects that meet or exceed these guidelines have been called up before City Council and denied based on subjective standards or conditions that were never clearly delineated by City requirements. The arbitrary nature of how the City approves and denies new development applications has created an intolerable level of uncertainty within the development community. HBA has repeatedly received feedback from builder and developer members that they will no longer plan new development in Commerce City unless the current business environment changes.

The cost of the aforementioned fees and mandates have increased the price of a home in Commerce City by over \$30,000 over the past two years. These additional costs have made homeownership unattainable for many aspiring residents with moderate incomes. The National Association of Home Builders' (NAHB) latest "Priced-out Estimates" from January 2025 indicate a \$1,000 increase in the cost of a median-priced new home will further price 2,373 Colorado households out of the market.

It is crucial to acknowledge that these expenses do not encompass several other associated financial liabilities affecting prospective homeowners. Rising costs of building materials and labor contribute to the already high expenses in the homebuying market. This trend is expected to continue due to new international tariffs on building imports. Our industry's variability on a national level is worsened by local uncertainty.

In conclusion, we believe February's roundtable could not have come at a better time and we commend the City's efforts to reengage with the development community. The HBA of Metro Denver along with our active builders and developers in Commerce City, is committed to doing our part to improve housing affordability and help the City reach its full potential.

We encourage the Commerce City Council to consider repealing the fire sprinkler mandate, removing or reducing its impact fees and improving its development approval processes as meaningful steps to help improve the current building environment and housing affordability.

Given the success of our first roundtable discussion, we also hope that the Council will consider offering additional opportunities for stakeholder engagement with the building community going forward.

Thank you for your time and consideration of our analysis. Please feel free to reach out to the HBA of Metro Denver, if you have any additional questions or concerns.

Sincerely,



Ted Leighty  
Chief Executive Officer  
Home Builders Association of Metro Denver

Cc: Jason Rogers, City Manager  
Jim Tolbert, Assistant City Manager  
Jeff Brasel, Community Development Director