

## STRATEGY 101: FEE WAIVER

City Council has identified fee waivers or subsidies as one of the strategies that they would like to evaluate further as part of this process. We want your feedback on how you think this strategy will work in Centennial.

**What is a fee waiver?** This strategy would involve the creation of a program to subsidize or otherwise reduce local development review fees, including but not limited to building permit fees, planning waivers, and water and sewer tap fees, for affordable housing development. This strategy is intended to reduce some of the application costs associated with an affordable housing project. It works by identifying the required fees across the various review points in a development application (e.g., rezoning approvals, building permit, construction drawings) and reducing or eliminating some of those fees.

**Why consider fee waivers? Will this result in new projects claiming to include affordable housing units?**

Depending on the amount of fee waiver/reduction, this strategy could provide a measurable financial incentive to affordable housing. Reducing development fees should make a difference for all affordable housing projects and may make a bigger difference for projects that target a lower Area Median Income ([AMI](#)) for rent or sale price.

**Are fee waivers a solution to the affordable housing gap in Centennial?**

Fee waivers alone will not provide enough housing to meet all affordable housing needs in Centennial. As a stand-alone strategy, fee waivers may encourage the development of some additional residential units to the community. If combined with an expedited review option or other strategy, fee waivers may result in the creation of more affordable housing, particularly where development fees are a substantial barrier to an affordable housing project.

**Do other Colorado communities offer fee waivers?**

Yes! Fort Collins and Longmont offer development fee waivers for affordable housing projects. The City of Colorado Springs Housing Development Division has partnered with Colorado Springs Utilities to create a fee deferral program that defers all or a portion of the Utilities' water and wastewater development charge for qualifying affordable housing projects that meet specific energy and water conservation criteria.



***What is affordable housing/affordable units?***

Centennial will need to determine how to define affordable for the community. Typically, affordable housing is defined as residential units that are affordable to households making 80% or less of the AMI. The 80% AMI for a four-person household in Arapahoe County is about \$94,000.

**Rental.** A household at this income level can currently afford the average monthly rent for a three-bedroom unit, which is around \$2,500 in Centennial, but rent increases last year were between 10 and 20%, depending on location.

**For Sale.** The maximum affordable home price for a household at this income is between \$400,000 and \$500,000, depending on interest rates. The average sale price for a three-bedroom home in Centennial between 2020 and 2022 was \$510,000 and the average sale price for a four-bedroom home was \$620,610. Centennial does not currently have enough housing available in this price range to meet estimated resident demand.

