

Final Draft

Loveland Housing Fee Study

The Economics of Land Use



Prepared for:
Loveland Affordable Housing Task Force

Prepared by:
Economic & Planning Systems, Inc.

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*Economic & Planning Systems, Inc.
730 17th Street, Suite 630
Denver, CO 80202-3511
303 623 3557 tel
303 623 9049 fax*

*Denver
Los Angeles
Oakland
Sacramento*

www.epsys.com

EPS #233124

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1. Introduction

The City of Loveland retained Economic & Planning Systems, Inc. (EPS) to conduct a housing fee study for the city, with the goal of making housing more affordable and better aligning household size with the fiscal impact on the City. This chapter introduces the scope of the study and summarizes EPS' findings.

Overview

The City of Loveland is committed to aligning the cost of housing with the ability of residents to pay for housing. There are many tools the City can pursue in this effort and the current focus, and purpose of this study, is to make the City's capital expansion fees (CEFs) and raw water fees more equitable by adopting a fee structure based on household size and on the premise that smaller homes attract smaller households, and should therefore be assessed a commensurately smaller fee. The proposed structure incentivizes developers to produce more affordable products by reducing fees on smaller homes. This effort is particularly pressing, as Loveland, like many Colorado communities, has been impacted by increased challenges to keep housing affordable due to rising construction costs and decreasing housing supply.

The study builds on a recent effort by the City to differentiate the fee schedule with the delineation of a cottage home, a single-family home limited to 1,150 square feet. The City, along with the Loveland Affordable Housing Task Force (LAHTF), expressed interest in alleviating the fee burden for a modest single-family home of this size. This study builds on the momentum of this effort and provides the basis for a recalibration of the fee structure across the spectrum of home sizes.

This study addresses:

- 1. Current Fee Environment** – The current fee structure for residential development in the City of Loveland was documented in detail. The fees addressed include capital expansion fees, permit fees, water fees, electrical fees, and construction use taxes. This fee stack is analyzed by housing product type to show the burden of fee costs as a percentage of total development costs.
- 2. Effect of Fees on Housing Development** – Costs of residential development were compiled based on sales of newly constructed homes sold 2024 (a total of 923 new homes sold in Loveland, year to date through May 2024). By definition, the sales prices include hard costs, soft costs, land costs, developer profit, and any other associated

costs. Within these costs, the development fees are compiled and shown as a percentage of the overall development costs. By understanding the impact that fees have on overall development costs, potential programs, such as a fee waiver program, could be introduced to alleviate some burden when constructing housing products.

- 3. Fee Scenarios and Policy Options** – Based on the analyses completed in this report, there are specific recommendations for two sets of fees (water and CEFs) that align fee burdens proportionately to the size of housing products, with the potential to reduce barriers to generating more affordable housing products.

Summary of Findings

Through this housing fee study, EPS has identified three recommendations to modify the housing fee structure in the City of Loveland to link impact and cost. By delineating costs over a broader spectrum, and aligning fees to actual impact, these recommendations aim to improve the feasibility of constructing affordable housing in the city.

- 1. Tier Raw Water Costs** – Tiering the raw water costs into four separate categories would reflect a fee burden that is based on annual water usage. This would provide fee relief for smaller housing products and make development of such products more feasible.
- 2. Change the Capital Expansion Fee (CEF) Structure** – Restructuring the CEFs would provide relief for smaller housing products based on the burden associated with these households on the overall City infrastructure. This would help make the development of smaller housing products, given the alignment of fiscal impact and fee structure.
- 3. Implement a Fee Waiver Program** – A fee waiver program, like the current pilot program in the City, provides an option to waive fees on select housing units designated as affordable or attainable housing and would provide another tool in the City's efforts to increase the affordable housing inventory. While the fee waiver program would likely need to be subsidized through the City's budgeting process, and requires further calibration based on changing market conditions, it has proven to be an effective model and should be considered for future applications.

2. Current Fee Environment

This chapter describes the demographic background and current fee structure in the City of Loveland based on housing type.

Existing Fee Structure

Fee Categories

When a residential building permit is issued, there are several different fees that are paid out to the City of Loveland and Larimer County. This includes permits and plan review fees calibrated by type of permit, capital expansion fees (CEFs, which are also known as impact fees), fees that fall under the Department of Water and Power (i.e., stormwater, wastewater, raw water, electricity), any fees associated with Larimer County (i.e., impact fees), and construction use taxes from both the City (3 percent of half of the building's value) and the County (0.8 percent of half of the building's value).

Permits

For comparison purposes, a limited number of prototypes have been included in the analysis, specifically building, mechanical, electrical, and plumbing permits. In Loveland, the building permit cost is dependent on the International Building Code (IBC) value of the building. Meanwhile, the mechanical, electrical, and plumbing permits are all based on flat rates adopted by the City. The overall building plan review fee is typically 65 percent of the building permit fee.

Capital Expansion Fees (CEFs)

Capital expansion fees, also known generally as impact fees, are collected to offset the additional level of service a proposed residential unit will require from a community as it constructs the needed infrastructure to address the demand from the additional population. CEFs may only be used for capital improvements within a jurisdiction and may not be used for maintenance, operations, or other purposes, such as subsidizing affordable housing. In Loveland, there are eight different CEF categories: law enforcement; general government; library; cultural services; parks; recreation; trails; and open lands. Currently, these CEFs are based on a per unit rate for single family and multifamily units.

Water and Power

Within the City of Loveland Department of Water and Power, there are several utility fees associated with the residential permitting process. This includes a flat rate utility fee and inspection fee for stormwater; a wastewater, water system, and raw water impact fee that is based on dwelling type (i.e., single-family vs.

multifamily); water and wastewater tap fees based on pipe size; raw water cash-in-lieu (CIL) fees based on Acre-Feet (AF) for both indoor and outdoor water usage; and a Public Investment Fee (PIF) and flat rate installation fee for electricity.

Larimer County Fees

The Larimer County fees included in this study are fees associated with impact fees and include Community Parks, the Thompson School District, and the Loveland Fire Rescue Authority. The Community Park impact fee is based on dwelling unit type – detached single family, attached single family, duplex, mobile home, or multifamily. The Thompson School District fee is a flat rate per residential unit. The Loveland Fire Rescue Authority fees are based on dwelling unit type – single family or multifamily.

Construction Use Tax

The construction use tax in both the City of Loveland and Larimer County is based on 50 percent of the total building value. From this rate, the City of Loveland collects 3 percent and Larimer County collects 0.8 percent, for a total of 3.8 percent construction use tax.

Housing Types

To provide a comparison of fees, the study focused on six different housing types that were then applied to the range of comparative fee structures. As shown in **Table 1**, these housing types include four detached single-family units ranging in size, an attached townhouse unit, and a condominium project that includes 20 units. These prototypes were selected to demonstrate the degree of change in overall permit costs based on the type and size of home. In the sections below, each housing type is analyzed based on the current fee structure in the City of Loveland and an estimated total fee cost as a percentage of construction costs are shown.

Table 1. Fee Structure Housing Types

Description	SFD - Estate	SFD - Large	SFD - Medium	SFD - Small	Townhouse	Condo
Improved Floor Area per Unit	4,000 Sq. Ft.	2,500 Sq. Ft.	1,800 Sq. Ft.	1,150 Sq. Ft.	1,150 Sq. Ft.	950 Sq. Ft.
Site Dimensions						
Width	80	60	45	40	22	--
Depth	125	110	105	80	80	--
Net Lot Size (Sq. Ft.)	10,000 Sq. Ft.	6,600 Sq. Ft.	4,725 Sq. Ft.	3,200 Sq. Ft.	1,760 Sq. Ft.	--
Densities						
Net Density	4.36	6.60	9.22	13.61	24.75	--
Gross Factor	30%	30%	30%	30%	30%	--
Gross Density	3.35	5.08	7.09	10.47	19.04	30.00
Hypothetical Condominium Development Program						20 Units 0.67 Acres 29,040 Sq. Ft.

Source: Economic & Planning Systems

Housing product values are based on Zonda sales data collected from the City of Loveland from January 2024. Based on 923 new product sales, condo products have sold for an average of \$304 per square foot and all other products (i.e., single family, townhome, duplex) have sold for an average of \$293 per square foot. These values are used to calculate the overall building value listed in the tables below. From this value, an estimated use tax for the City of Loveland and Larimer County is calculated.

Detached Single-Family

Within the detached single-family housing type, four different housing units were chosen to help show a distinctive range in fee impacts on development. These include:

- An estate unit that is single family detached (SFD) with 4,000 square feet in the structure located on a 10,000 square foot lot;
- A large SFD unit that is 2,500 square feet on a 6,600 square foot lot;
- A medium SFD unit that is 1,800 square feet on a 4,725 square foot lot; and
- A small SFD unit that is 1,150 square feet on a 3,200 square foot lot.

Estate SFD

An estate SFD unit in the City of Loveland is classified as a unit with 4,000 square feet on a 10,000 square foot lot for the purpose of this study. As shown in **Table 2**, an estate unit is estimated to pay \$15,017 directly to the City of Loveland, \$36,681 to the City of Loveland's Department of Water and Power, and \$3,159 to Larimer County. In addition, an estate unit, based on a building value of \$1.17 million, would pay a construction use tax of \$17,580 to the City of Loveland and \$4,688 to Larimer County. In total, the estimated fees would cost \$77,125, which would account for 6.58 percent of total construction costs, based on an estimated per foot cost of \$293 multiplied by 4,000 square feet.

Table 2. Fee Breakdown – Estate Single Family

Description		Description		Description	
City of Loveland Fees		City of Loveland Fees		Larimer County Fees	
City		Water and Power		Community Parks	\$590
Permits		Stormwater		Thompson School District	\$1,382
Building ¹	\$1,336	Utility Fee	\$19	Loveland Fire Rescue Authority	\$1,187
Mechanical	\$125	Inspection	\$200	Subtotal	\$3,159
Electrical	\$114	Subtotal	\$219	City Fees	\$15,017
Plumbing	\$124	Electric		Water and Power Fees	\$36,681
Subtotal	\$1,700	PIF	\$1,755	Larimer County Fees	\$3,159
Plan Review¹	\$869	Installation	\$410	Subtotal	\$54,857
Capital Expansion Fees (CEF)		Subtotal	\$2,165	Building Value	\$1,172,000
Law Enforcement	\$1,104	Raw Water		Loveland Construction Use Tax	
General Government	\$1,370	Impact Fee	\$1,736	50% of Dev. Value @ 3%	\$17,580
Library	\$913	Indoor CIL per Acre-Feet (AF) ²	\$9,020	Larimer Co. Construction Use Tax	
Cultural Services	\$762	Outdoor CIL per Acre Feet (AF) ²	\$13,177	50% of Dev. Value @ 0.8%	\$4,688
Parks	\$4,529	Subtotal	\$23,933	Total Cost	\$77,125
Recreation	\$1,987	Water Tap, 1.5-inch	\$259	As % of Construction Costs	6.58%
Trails	\$666	Water System Impact Fee	\$6,660		
Open Lands	\$1,117	Wastewater			
Subtotal	\$12,448	Impact Fee	\$3,060		
		Wet Tap, 4-inch Standard	\$385		
		Subtotal	\$3,445		
City Total	\$15,017	Water and Power Total	\$36,681		

¹Reflective of 2021 IBC Code IA Structure Fee.

²Not always paid at the time of Building Permit.

Source: City of Loveland; Larimer County; Economic & Planning Systems

Large SFD

A large SFD unit in the City of Loveland is classified as a unit with 2,500 square feet on a 6,600 square foot lot for the purpose of this study. As shown in **Table 3**, a large SFD unit is estimated to pay \$15,017 directly to the City of Loveland, \$32,201 to the City of Loveland's Department of Water and Power, and \$3,159 to Larimer County. In addition, a large SFD unit, based on a building value of \$732,500, would pay a construction use tax of \$10,988 to the City of Loveland and \$2,930 to Larimer County. In total, the estimated fees would cost \$64,294, which would account for 8.78 percent of total construction costs, based on an estimated per foot cost of \$293 multiplied by 2,500 square feet.

Table 3. Fee Breakdown – Large Single Family

Description	Description	Description
City of Loveland Fees	City of Loveland Fees	Larimer County Fees
City	Water and Power	Community Parks \$590
Permits	Stormwater	Thompson School District \$1,382
Building ¹ \$1,336	Utility Fee \$19	Loveland Fire Rescue Authority \$1,187
Mechanical \$125	Inspection \$200	Subtotal \$3,159
Electrical \$114	Subtotal \$219	City Fees \$15,017
Plumbing \$124	Electric	Water and Power Fees \$32,201
Subtotal \$1,700	PIF \$1,755	Larimer County Fees \$3,159
Plan Review ¹ \$869	Installation \$410	Subtotal \$50,377
Capital Expansion Fees (CEF)	Subtotal \$2,165	Building Value \$732,500
Law Enforcement \$1,104	Raw Water	Loveland Construction Use Tax
General Government \$1,370	Impact Fee \$1,736	50% of Dev. Value @ 3% \$10,988
Library \$913	Indoor CIL per Acre-Feet (AF) ² \$9,020	Larimer Co. Construction Use Tax
Cultural Services \$762	Outdoor CIL per Acre Feet (AF) ² \$8,697	50% of Dev. Value @ 0.8% \$2,930
Parks \$4,529	Subtotal \$19,453	Total Cost \$64,294
Recreation \$1,987	Water Tap, 1.5-inch \$259	As % of Construction Costs 8.78%
Trails \$666	Water System Impact Fee \$6,660	
Open Lands \$1,117	Wastewater	
Subtotal \$12,448	Impact Fee \$3,060	
	Wet Tap, 4-inch Standard \$385	
	Subtotal \$3,445	
City Total \$15,017	Water and Power Total \$32,201	

¹Reflective of 2021 IBC Code IA Structure Fee.²Not always paid at the time of Building Permit.

Source: City of Loveland; Larimer County; Economic & Planning Systems

Medium SFD

A medium SFD unit in the City of Loveland is classified as a unit with 1,800 square feet on a 4,725 square foot lot for the purpose of this study. As shown in **Table 4**, a medium SFD unit is estimated to pay \$15,017 directly to the City of Loveland, \$29,724 to the City of Loveland's Department of Water and Power, and \$3,159 to Larimer County. In addition, a medium SFD unit, based on a building value of \$527,400, would pay a construction use tax of \$7,911 to the City of Loveland and \$2,110 to Larimer County. In total, the estimated fees would cost \$57,920, which would account for 10.98 percent of total construction costs, based on an estimated per foot cost of \$293 multiplied by 1,800 square feet.

Table 4. Fee Breakdown – Medium Single Family

Description	Description	Description
City of Loveland Fees	City of Loveland Fees	Larimer County Fees
City	Water and Power	Community Parks \$590
Permits	Stormwater	Thompson School District \$1,382
Building ¹ \$1,336	Utility Fee \$14	Loveland Fire Rescue Authority \$1,187
Mechanical \$125	Inspection \$200	Subtotal \$3,159
Electrical \$114	Subtotal \$214	City Fees \$15,017
Plumbing \$124	Electric	Water and Power Fees \$29,724
Subtotal \$1,700	PIF \$1,755	Larimer County Fees \$3,159
Plan Review¹ \$869	Installation \$410	Subtotal \$47,900
Capital Expansion Fees (CEF)	Subtotal \$2,165	Building Value \$527,400
Law Enforcement \$1,104	Raw Water	Loveland Construction Use Tax
General Government \$1,370	Impact Fee \$1,736	50% of Dev. Value @ 3% \$7,911
Library \$913	Indoor CIL per Acre-Feet (AF) ² \$9,020	Larimer Co. Construction Use Tax
Cultural Services \$762	Outdoor CIL per Acre Feet (AF) ² \$6,226	50% of Dev. Value @ 0.8% \$2,110
Parks \$4,529	Subtotal \$16,982	Total Cost \$57,920
Recreation \$1,987	Water Tap, 1.5-inch \$259	As % of Construction Costs 10.98%
Trails \$666	Water System Impact Fee \$6,660	
Open Lands \$1,117	Wastewater	
Subtotal \$12,448	Impact Fee \$3,060	
City Total \$15,017	Wet Tap, 4-inch Standard \$385	
	Subtotal \$3,445	
	Water and Power Total \$29,724	

¹Reflective of 2021 IBC Code IA Structure Fee.

²Not always paid at the time of Building Permit.

Source: City of Loveland; Larimer County; Economic & Planning Systems

Small SFD

A small SFD unit in the City of Loveland is classified as a unit with 1,150 square feet on a 3,200 square foot lot for the purpose of this study. As shown in **Table 5**, a small SFD unit is estimated to pay \$15,017 directly to the City of Loveland, \$21,151 to the City of Loveland's Department of Water and Power, and \$3,159 to Larimer County. In addition, a small SFD unit, based on a building value of \$336,950, would pay a construction use tax of \$5,504 to the City of Loveland and \$1,348 to Larimer County. In total, the estimated fees would cost \$45,728, which would account for 13.57 percent of total construction costs, based on an estimated per foot cost of \$293 multiplied by 1,150 square feet.

Table 5. Fee Breakdown – Small Single Family

Description		Description		Description	
City of Loveland Fees		City of Loveland Fees		Larimer County Fees	
City		Water and Power		Community Parks	\$590
Permits		Stormwater		Thompson School District	\$1,382
Building ¹	\$1,336	Utility Fee	\$11	Loveland Fire Rescue Authority	\$1,187
Mechanical	\$125	Inspection	\$200	Subtotal	\$3,159
Electrical	\$114	Subtotal	\$211	City Fees	\$15,017
Plumbing	\$124	Electric		Water and Power Fees	\$21,151
Subtotal	\$1,700	PIF	\$1,755	Larimer County Fees	\$3,159
Plan Review¹	\$869	Installation	\$410	Subtotal	\$39,326
Capital Expansion Fees (CEF)		Subtotal	\$2,165	Building Value	\$336,950
Law Enforcement	\$1,104	Raw Water		Loveland Construction Use Tax	
General Government	\$1,370	Impact Fee	\$1,736	50% of Dev. Value @ 3%	\$5,054
Library	\$913	Indoor CIL per Acre-Feet (AF) ²	\$6,560	Larimer Co. Construction Use Tax	
Cultural Services	\$762	Outdoor CIL per Acre Feet (AF) ²	\$3,916	50% of Dev. Value @ 0.8%	\$1,348
Parks	\$4,529	Subtotal	\$12,212	Total Cost	\$45,728
Recreation	\$1,987	Water Tap, 1.5-inch	\$259	As % of Construction Costs	13.57%
Trails	\$666	Water System Impact Fee	\$3,220		
Open Lands	\$1,117	Wastewater			
Subtotal	\$12,448	Impact Fee	\$2,700		
		Wet Tap, 4-inch Standard	\$385		
		Subtotal	\$3,085		
City Total	\$15,017	Water and Power Total	\$21,151		

¹Reflective of 2021 IBC Code IA Structure Fee.²Not always paid at the time of Building Permit.

Source: City of Loveland; Larimer County; Economic & Planning Systems

Townhouse Single-Family Attached

A townhouse single-family attached (SFA) unit in the City of Loveland is classified as a unit with 1,150 square feet on a 1,760 square foot lot for the purpose of this study. As shown in **Table 6**, a townhouse SFA unit is estimated to pay \$15,017 directly to the City of Loveland, \$21,035 to the City of Loveland's Department of Water and Power, and \$3,029 to Larimer County. In addition, a townhouse SFA unit, based on a building value of \$336,950, would pay a construction use tax of \$5,054 to the City of Loveland and \$1,348 to Larimer County. In total, the estimated fees would cost \$45,482, which would account for 13.5 percent of total construction costs, based on an estimated per foot cost of \$293 multiplied by 1,150 square feet.

Table 6. Fee Breakdown – Townhouse

Description	Description	Description
City of Loveland Fees	City of Loveland Fees	Larimer County Fees
City	Water and Power	Community Parks \$460
Permits	Stormwater	Thompson School District \$1,382
Building ¹ \$1,336	Utility Fee \$11	Loveland Fire Rescue Authority \$1,187
Mechanical \$125	Inspection \$200	Subtotal \$3,029
Electrical \$114	Subtotal \$211	City Fees \$15,017
Plumbing \$124	Electric	Water and Power Fees \$21,035
Subtotal \$1,700	PIF \$1,755	Larimer County Fees \$3,029
Plan Review¹ \$869	Installation \$410	Subtotal \$39,080
Capital Expansion Fees (CEF)	Subtotal \$2,165	Building Value \$336,950
Law Enforcement \$1,104	Raw Water	Loveland Construction Use Tax
General Government \$1,370	Impact Fee \$756	50% of Dev. Value @ 3% \$5,054
Library \$913	Indoor CIL per Acre-Feet (AF) ² \$9,020	Larimer Co. Construction Use Tax
Cultural Services \$762	Outdoor CIL per Acre Feet (AF) ² \$2,319	50% of Dev. Value @ 0.8% \$1,348
Parks \$4,529	Subtotal \$12,095	Total Cost \$45,482
Recreation \$1,987	Water Tap, 1.5-inch \$259	As % of Construction Costs 13.50%
Trails \$666	Water System Impact Fee \$3,220	
Open Lands \$1,117	Wastewater	
Subtotal \$12,448	Impact Fee \$2,700	
	Wet Tap, 4-inch Standard \$385	
	Subtotal \$3,085	
City Total \$15,017	Water and Power Total \$21,035	

¹Reflective of 2021 IBC Code IA Structure Fee.

²Not always paid at the time of Building Permit.

Source: City of Loveland; Larimer County; Economic & Planning Systems

Condo Multifamily Detached

For this study, a condo multifamily detached (MFD) unit in the City of Loveland is classified as a unit with 950 square feet on a lot with 20 units for a total improved size of 19,000 square feet. The overall lot totals 29,040 square feet. As shown in **Table 7**, a condo project with 20 units is estimated to pay \$189,151 directly to the City of Loveland, \$328,905 to the City of Loveland's Department of Water and Power, and \$53,300 to Larimer County. In addition, a condo project with 20 units, based on a building value of \$5.78 million, would pay a construction use tax of \$86,640 to the City of Loveland and \$23,104 to Larimer County. In total, the estimated fees would cost \$681,100, which would account for 11.79 percent of total construction costs, based on an estimated per foot cost of \$304 multiplied by 950 square feet per unit.

Table 7. Fee Breakdown – Condo

Description		Description		Description	
City of Loveland Fees		City of Loveland Fees		Larimer County Fees	
City		Water and Power		Community Parks	\$6,660
Permits		Stormwater		Thompson School District	\$27,640
Building ¹	\$4,235	Utility Fee	\$541	Loveland Fire Rescue Authority	\$19,000
Mechanical	\$2,500	Inspection	\$700	Subtotal	\$53,300
Electrical	\$2,290	Subtotal	\$1,241	City Fees	\$189,151
Plumbing	\$2,480	Electric		Water and Power Fees	\$328,905
Subtotal	\$11,505	PIF	\$35,100	Larimer County Fees	\$53,300
Plan Review¹	\$2,753	Installation	\$8,200	Subtotal	\$571,356
Capital Expansion Fees (CEF)		Subtotal	\$43,300	Building Value	\$5,776,000
Law Enforcement	\$15,380	Raw Water		Loveland Construction Use Tax	
General Government	\$19,060	Impact Fee	\$10,760	50% of Dev. Value @ 3%	\$86,640
Library	\$12,680	Indoor CIL per Acre-Feet (AF) ²	\$131,200	Larimer Co. Construction Use Tax	
Cultural Services	\$10,600	Outdoor CIL per Acre Feet (AF) ²	\$35,533	50% of Dev. Value @ 0.8%	\$23,104
Parks	\$62,000	Subtotal	\$177,493	Total Cost	\$681,100
Recreation	\$27,600	Water Tap, 1.5-inch	\$5,170	As % of Construction Costs	11.79%
Trails	\$9,280	Water System Impact Fee	\$49,800		
Open Lands	\$15,540	Wastewater			
Subtotal	\$174,893	Impact Fee	\$44,200		
		Wet Tap, 4-inch Standard	\$7,700		
		Subtotal	\$51,900		
City Total	\$189,151	Water and Power Total	\$328,905		

¹Reflective of 2021 IBC Code IA Structure Fee.

²Not always paid at the time of Building Permit.

Source: City of Loveland; Larimer County; Economic & Planning Systems

3. Proposed Fee Scenarios

The purpose of this chapter is to generate prototypical fee structures that could be adopted that account for home size and the corresponding household size. The rationale is that smaller houses attract smaller households, which generate lower fiscal burdens on the City. This chapter provides a fee scenario for CEFs and those related to water, each of which have the potential to reduce the burden of housing fee costs on small units developed in the City of Loveland.

CEF Structure

Current Impact

The current residential capital expansion fee (CEF) structure is based on dwelling unit types, single family or multifamily. The City recently completed a Capital Expansion Fee Study in 2023 by consultant TischlerBise. Implementation is anticipated in 2024. As shown in **Table 8**, the total CEFs in 2023 were \$12,448 for single family and \$8,607 for multifamily. After the update, fees for 2024 were reduced to a total of \$11,570 for single family and \$7,907 for multifamily. It is important to note that the industry standard across the nation for many years has been to create impact fee structures based on type (SF or MF). A more innovative approach is to move to a structure based on size, which this analysis provides the basis for.

Table 8. Capital Expansion Fees, 2023-2024

Description	2023 Cost per Unit	2024 Cost per Unit
Residential Single Family		
Law Enforcement	\$1,104	\$487
General Government	\$1,370	\$943
Library	\$913	\$440
Cultural Services	\$762	\$158
Parks	\$4,529	\$6,251
Recreation	\$1,987	\$1,253
Trails	\$666	\$967
Open Lands	\$1,117	\$1,071
Total	\$12,448	\$11,570
Residential Multifamily		
Law Enforcement	\$769	\$333
General Government	\$953	\$644
Library	\$634	\$301
Cultural Services	\$530	\$108
Parks	\$3,100	\$4,272
Recreation	\$1,380	\$856
Trails	\$464	\$661
Open Lands	\$777	\$732
Total	\$8,607	\$7,907

Source: TischlerBise; City of Loveland; Economic & Planning Systems

Fee Structure Recommendation

The proposed fee structure, provided in **Table 9**, has been structured to reflect household size, in proportion to home size, with a calibration as to impact and total fee burden. This square footage approach provides relief for smaller products, regardless of type, and shifts some cost burden toward larger units.

The proposed total fees would range from \$8,272 for units up to 1,150 square feet to \$13,470 for units greater than 2,500 square feet. Details by fee category, and the calculations made to derive the new graduated schedule, can be found in the **Appendix**.

Table 9. Proposed Capital Expansion Fee Structure

Land Use Type	Parks	Recreation	Trails	Open Space	Cultural Services	Library	Law Enforcement	General Government	Proposed Total	Current Total: SF	Current Total: MF
Residential (per dwelling)											
Up to 1,150 sq. ft.	\$4,418	\$886	\$683	\$758	\$112	\$311	\$439	\$666	\$8,272	\$11,570	\$7,907
1,151 to 1,800 sq. ft.	\$5,697	\$1,142	\$880	\$977	\$144	\$401	\$566	\$859	\$10,667	\$11,570	\$7,907
1,801 to 2,500 sq. ft.	\$6,228	\$1,249	\$962	\$1,068	\$157	\$439	\$619	\$939	\$11,662	\$11,570	\$7,907
2,501 sq. ft. or more	\$7,194	\$1,442	\$1,112	\$1,234	\$182	\$507	\$715	\$1,085	\$13,470	\$11,570	\$7,907

Source: TischlerBise; City of Loveland; Economic & Planning Systems

Raw Water Costs

Current Impact

Raw water fees in the City of Loveland currently fall into two categories: a housing unit below 1,150 square feet and above 1,150 square feet. The required cash-in-lieu (CIL) for a unit above 1,150 square feet is 0.22 acre-feet (AF) per dwelling unit for indoor water rights, and 1.4 AF per acre required multiplied by the net lot acreage for outdoor water rights. For a unit below 1,150 square feet, it is 0.16 AF per dwelling unit for indoor water rights, and 1.3 AF per acre required multiplied by the net lot acreage for outdoor water rights. Any lot that exceeds 15,000 square feet is subject to additional requirements (i.e., 1.6 to 1.7 AF for outdoor water rights).

Methodology

Raw water usage data from 2020 to 2022 was collected from the City of Loveland and divided into usage by similar product types described in this report. The data collected was filtered using three steps, as described below.

1. Usage was filtered using City of Loveland Assessor occupancy codes. Single-Family Residential, Duplexes, Townhouses, and Condo units were included. All other uses, such as commercial uses, were not included. This reduced the total number of records from 24,006 to 23,618, which is a reduction of 388 records.

2. Any record from 2020 to 2022 with 0 gallons or a negative amount of annual water usage was removed. This reduced the total number of records from 23,618 records to 22,544 records, which is a reduction of 1,074 records.
3. Any record from 2020 to 2022 with over 1 million gallons of annual water usage was removed. This reduced the total number of records from 22,544 records to 22,503 records, which is a reduction of 31 records. By way of explanation, the average consumption of a home in Loveland is 94,271 gallons of water annually, and 50 percent of homes use between 48,000 and 109,000 gallons of water annually.

Through this filtering process, EPS was able to isolate the most accurate and relevant annual water data for this study.

Raw Water Usage

For residential products, average annual water usage by gallon decreased from 2020 to 2022, from 100,851 gallons to 94,271 gallons (**Table 10**). Water usage in smaller units decreased more compared to larger units. For example, units below 1,150 square feet decreased their water usage by 4.9 percent annually, whereas units above 2,500 square feet only decreased their water usage by 2.2 percent annually. The reduction in consumption was found in each category, reflecting trends in more efficient kitchen appliances, bathroom fixtures, and landscape irrigation methods.

Table 10. Annual Raw Water Usage – Residential, 2020-2022

Description	2020	2021	2022	2020-2022		
				Total	Ann. #	Ann. %
Residential (per dwelling)						
Up to 1,150 sq. ft.	70,407	66,106	63,626	-6,781	-3,391	-4.9%
1,151 to 1,800 sq. ft.	85,390	80,264	78,828	-6,562	-3,281	-3.9%
1,801 to 2,500 sq. ft.	109,091	102,114	102,103	-6,988	-3,494	-3.3%
2,501 sq. ft. or more	138,514	131,778	132,528	-5,986	-2,993	-2.2%
Average	100,851	95,066	94,271	-6,579	-3,290	-3.3%
Water Consumption compared to Average						
Up to 1,150 sq. ft.	69.8%	69.5%	67.5%	--	--	--
1,151 to 1,800 sq. ft.	84.7%	84.4%	83.6%	--	--	--
1,801 to 2,500 sq. ft.	108.2%	107.4%	108.3%	--	--	--
2,501 sq. ft. or more	137.3%	138.6%	140.6%	--	--	--

Source: City of Loveland; Economic & Planning Systems

In 2022, residential units up to 1,150 square feet only used 67.5 percent of water usage compared to average, whereas units above 2,500 square feet used 140.6 percent of water usage compared to average, as shown in **Table 10**. Notwithstanding a gradual reduction of water usage across the City, larger residential units consistently require more water than smaller units.

The current raw water fee structure accounts for differing water usage patterns between a unit below 1,150 square feet and any unit above 1,150 square feet, which does alleviate some fee burden on smaller units. Other related water fees, including the water system impact fee and raw water impact fee, are differentiated by dwelling unit type; thus, there is currently no accounting for unit size and a reduced consumption in two of the three subtypes of water fees. The current fee breakdown is shown in **Table 11**.

Table 11. Current Raw Water Fee Schedule

Description	Cost per Unit	Notes
1. Water System Impact Fee		
Detached Single Family	\$6,660	No Irrigation Tap
Attached Single Family	\$3,220	
Attached Single Family	\$3,220	
Cottage	\$3,220	
Micro	\$3,220	2-8 DU/Meter
Multifamily	\$3,220	
Multifamily	\$2,490	
Multifamily	\$2,490	9-24 DU/Meter
Multifamily	\$2,490	25 or more DU/Meter
2. Raw Water Impact Fee		
Detached Single Family	\$1,736	No Irrigation Tap
Attached Single Family	\$1,248	
Attached Single Family	\$756	
Cottage	\$756	
Micro	\$756	2-8 DU/Meter
Multifamily	\$756	
Multifamily	\$756	
Multifamily	\$756	9-24 DU/Meter
Multifamily	\$538	25 or more DU/Meter

Source: City of Loveland; Economic & Planning Systems

To clarify how the proposed changes will affect the community, a summary of current costs applied to the prototypes used in this study are provided below in **Table 12**.

Table 12. Current Raw Water Fees

Description	Imp. Sq. Ft.	Net Lot Size	Water System Impact Fee	Raw Water Impact Fee	Raw Water CIL	Total Fee
Product						
Condo	950	1,452	\$2,490	\$538	\$8,448	\$11,476
Townhouse	1,150	1,760	\$3,220	\$756	\$8,848	\$12,824
SFD-Small	1,150	3,200	\$3,220	\$1,736	\$10,720	\$15,676
SFD-Medium	1,800	4,725	\$6,660	\$1,736	\$15,635	\$24,031
SFD-Large	2,500	6,600	\$6,660	\$1,736	\$18,260	\$26,656
SFD-Estate	4,000	10,000	\$6,660	\$1,736	\$23,020	\$31,416

Source: City of Loveland; Economic & Planning Systems

One of the key changes sought from this analysis is to migrate to a system that charges fees based on consumption (i.e., structure size) rather than structure type, given the significant difference in annual water usage between these housing products. For example, units ranging from 1,151 to 1,800 square feet averaged 78,828 gallons of water used in 2022 and units above 2,500 square feet averaged 132,528 gallons of water used in 2022 (**Table 10**), yet are charged the same raw water CIL given the same acre-feet metrics.

Fee Structure Recommendation

Consistent with the direction of the committee to create graduated fee structures that align consumption with payments, the raw water fee can be restructured to be tiered into four categories based on square footage. This would be consistent with a potential restructuring of the capital expansion fees, which is discussed in the next section. Based on the current average raw water fees, an example of a tiered approach to raw water is provided in **Table 13**. The proposed estimated fees are calculated based on annual water usage in 2022, as previously shown in **Table 10**.

Using the same product types described in this study, a 950 square foot condo would see an estimated fee reduction of \$2,482, or 21.6 percent, as shown in **Table 13**. A 1,150 square foot attached townhouse would see an estimated fee reduction of \$3,831, or 29.9 percent. A 1,150 square foot detached single-family home would see an estimated fee reduction of \$6,683, or 42.6 percent. An 1,800 square foot single-family home would see an estimated fee reduction of \$3,937, or 16.4 percent. A 2,500 square foot single-family home would see an estimated fee increase of \$2,215, or 8.3 percent. A 4,000 square foot single-family home (estate) would see an estimated fee increase of \$9,403, or 29.9 percent.

Table 13. Proposed Raw Water Fees

Description	Water System Impact Fee	Raw Water Impact Fee	Raw Water CIL	Proposed Estimated Fee	Current Estimated Fee	\$ Diff.	% Diff.
Factor	A	B	C	A + B + C = D			
Residential (per dwelling)							
Up to 1,150 sq. ft.	\$2,009	\$682	\$6,303	\$8,993	--	--	--
1,151 to 1,800 sq. ft.	\$5,569	\$1,452	\$13,074	\$20,094	--	--	--
1,801 to 2,500 sq. ft.	\$7,213	\$1,880	\$19,777	\$28,871	--	--	--
2,501 sq. ft. or more	\$9,363	\$2,440	\$29,016	\$40,819	--	--	--
Housing Product							
Condo	\$2,009	\$682	\$6,303	\$8,993	\$11,476	-\$2,482	-21.6%
Townhouse	\$2,009	\$682	\$6,303	\$8,993	\$12,824	-\$3,831	-29.9%
SFD-Small	\$2,009	\$682	\$6,303	\$8,993	\$15,676	-\$6,683	-42.6%
SFD-Medium	\$5,569	\$1,452	\$13,074	\$20,094	\$24,031	-\$3,937	-16.4%
SFD-Large	\$7,213	\$1,880	\$19,777	\$28,871	\$26,656	\$2,215	8.3%
SFD-Estate	\$9,363	\$2,440	\$29,016	\$40,819	\$31,416	\$9,403	29.9%

Source: City of Loveland; Economic & Planning Systems

As shown in **Table 14**, when the proposed CEFs and water fees are combined, a condo product would pay \$2,118 less, a townhouse would pay \$3,466 less, a small SFD would pay \$9,981 less, a medium SFD would pay \$4,839 less, a large SFD would pay \$2,306 more, and an estate SFD would pay \$11,303 more.

Table 14. Total Proposed Fees by Product Type

Description	Proposed Water Fees	Proposed CEFs	Total Proposed Fee	Current Estimated Fee	\$ Diff.	% Diff.
Housing Product						
Condo	\$8,993	\$8,272	\$17,265	\$19,383	-\$2,118	-10.9%
Townhouse	\$8,993	\$8,272	\$17,265	\$20,731	-\$3,466	-16.7%
SFD-Small	\$8,993	\$8,272	\$17,265	\$27,246	-\$9,981	-36.6%
SFD-Medium	\$20,094	\$10,667	\$30,762	\$35,601	-\$4,839	-13.6%
SFD-Large	\$28,871	\$11,662	\$40,532	\$38,226	\$2,306	6.0%
SFD-Estate	\$40,819	\$13,470	\$54,289	\$42,986	\$11,303	26.3%

Source: City of Loveland; Economic & Planning Systems

Fee Waiver Program

Current Impact

The current City of Loveland fee structure puts a disproportionately higher cost burden on smaller units. Given land constraints and the rising costs to construct housing, this has challenged the City's ability to increase its attainable housing supply.

To assess a reduced fee program, the City has recently taken on a pilot project in conjunction with Aspen Homes home builder. The program reduces the fees on every four units so that the fifth unit constructed can be sold at 70% AMI. The program has been beneficial for both the City, the developer, and residents of the newly created affordable housing.

Recommendation

It is recommended that the City adopt a fee waiver program that incentivizes the development of smaller product types that are affordable at 70% AMI. The structure of the program would need to be determined by the City and can be based on findings from the Calculator model included under a separate deliverable. The current pilot program and its successes and challenges would serve as a strong baseline to establishing such a program.



Appendix: Capital Expansion Fees (CEFs)

Capital Expansion Fees by Category

Table A-1. City of Loveland, Proposed Parks CEF

Description	Avg. HH Size	Updated Fee <i>per unit</i>	Current Fee <i>per unit</i>
Cost per Residential Population	\$2,414		
Residential			
Up to 1,150 sq. ft.	1.83	\$4,418	Single-Family \$6,251
1,151 to 1,800 sq. ft.	2.36	\$5,697	
1,801 to 2,500 sq. ft.	2.58	\$6,228	Multifamily \$4,272
2,501 sq. ft. or more	2.98	\$7,194	

Source: TischlerBise; Economic & Planning Systems

Table A-2. City of Loveland, Proposed Recreation CEF

Description	Avg. HH Size	Updated Fee <i>per unit</i>	Current Fee <i>per unit</i>
Cost per Residential Population	\$484		
Residential			
Up to 1,150 sq. ft.	1.83	\$886	Single-Family \$1,253
1,151 to 1,800 sq. ft.	2.36	\$1,142	
1,801 to 2,500 sq. ft.	2.58	\$1,249	Multifamily \$856
2,501 sq. ft. or more	2.98	\$1,442	

Source: TischlerBise; Economic & Planning Systems

Table A-3. City of Loveland, Proposed Trails CEF

Description	Avg. HH Size	Updated Fee <i>per unit</i>	Current Fee <i>per unit</i>
Cost per Residential Population	\$373		
Residential			
Up to 1,150 sq. ft.	1.83	\$683	Single-Family \$967
1,151 to 1,800 sq. ft.	2.36	\$880	
1,801 to 2,500 sq. ft.	2.58	\$962	Multifamily \$661
2,501 sq. ft. or more	2.98	\$1,112	

Source: TischlerBise; Economic & Planning Systems

Table A-4. City of Loveland, Proposed Open Space CEF

Description	Avg. HH Size	Updated Fee <i>per unit</i>	Current Fee <i>per unit</i>
Cost per Residential Population	\$414		
Residential			
Up to 1,150 sq. ft.	1.83	\$758	Single-Family \$1,071
1,151 to 1,800 sq. ft.	2.36	\$977	
1,801 to 2,500 sq. ft.	2.58	\$1,068	Multifamily \$732
2,501 sq. ft. or more	2.98	\$1,234	

Source: TischlerBise; Economic & Planning Systems

Table A-5. City of Loveland, Proposed Cultural Services CEF

Description	Avg. HH Size	Updated Fee <i>per unit</i>	Current Fee <i>per unit</i>
Cost per Residential Population	\$61		
Residential			
Up to 1,150 sq. ft.	1.83	\$112	Single-Family \$158
1,151 to 1,800 sq. ft.	2.36	\$144	
1,801 to 2,500 sq. ft.	2.58	\$157	Multifamily \$108
2,501 sq. ft. or more	2.98	\$182	

Source: TischlerBise; Economic & Planning Systems

Table A-6. City of Loveland, Proposed Library CEF

Description	Avg. HH Size	Updated Fee <i>per unit</i>	Current Fee <i>per unit</i>
Cost per Residential Population	\$170		
Residential			
Up to 1,150 sq. ft.	1.83	\$311	Single-Family \$440
1,151 to 1,800 sq. ft.	2.36	\$401	
1,801 to 2,500 sq. ft.	2.58	\$439	Multifamily \$301
2,501 sq. ft. or more	2.98	\$507	

Source: TischlerBise; Economic & Planning Systems

Table A-7. City of Loveland, Proposed Law Enforcement CEF

Description	Avg. HH Size	Updated Fee <i>per unit</i>	Current Fee <i>per unit</i>
Cost per Residential Population	\$240		
Residential			Single-Family
Up to 1,150 sq. ft.	1.83	\$439	\$487
1,151 to 1,800 sq. ft.	2.36	\$566	
1,801 to 2,500 sq. ft.	2.58	\$619	Multifamily
2,501 sq. ft. or more	2.98	\$715	\$333

Source: TischlerBise; Economic & Planning Systems

Table A-8. City of Loveland, Proposed General Government CEF

Description	Avg. HH Size	Updated Fee <i>per unit</i>	Current Fee <i>per unit</i>
Cost per Residential Population	\$364		
Residential			Single-Family
Up to 1,150 sq. ft.	1.83	\$666	\$943
1,151 to 1,800 sq. ft.	2.36	\$859	
1,801 to 2,500 sq. ft.	2.58	\$939	Multifamily
2,501 sq. ft. or more	2.98	\$1,085	\$644

Source: TischlerBise; Economic & Planning Systems