

Rosy Millan

From: COB_mail
Subject: FW: SAHBA Comments on Proposed Street Facilities Development Impact Fee Increase – Agenda Item #70
Attachments: SAHBA Letter Impact Fees - 05.02.25.pdf

From: Brendan Lyons <Brendan@sahba.org>
Sent: Friday, May 2, 2025 3:05 PM
To: District1 <District1@pima.gov>
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Subject: SAHBA Comments on Proposed Street Facilities Development Impact Fee Increase – Agenda Item #70

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Chair Scott,

On behalf of the Southern Arizona Home Builders Association (SAHBA), please find the attached letter regarding Agenda Item #70 on the May 6, 2025 Board of Supervisors agenda.

Housing affordability remains one of the most urgent challenges facing Pima County. While we share the County's vision of investing in safe and efficient infrastructure to support a thriving community, that vision must be rooted in a clear commitment to addressing our housing crisis. As outlined in our letter, we are deeply concerned that the proposed 37% increase in residential impact fees will further exacerbate this issue.

We respectfully urge the Board to consider a more balanced approach—one that includes adopting a fee below the proposed amount, implementing a longer phase-in period of at least five years, and creating an incentive program that supports housing goals such as mixed-use projects, missing middle housing, and homes priced below the area median income.

We remain committed to working together in good faith to find a solution that supports both our infrastructure needs and the ability for working families to achieve homeownership.

BT Lyons


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The Community Builder     




TURN THE TABLES

MAY 22

EXHIBITION - 3:30PM
RECEPTION - 5:00PM

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DEVELOPMENT PARTNERS AT THIS EXHIBITION-STYLE EVENT



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Home Builders
Association**

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SENT VIA ELECTRONIC MAIL

May 2, 2025

The Honorable Rex Scott
Chair, Board of Supervisors
Pima County
130 W. Congress
Tucson, AZ 85701

***RE: 5.06.2025 Meeting Agenda, Item #70, Impact Fees Hearing - Street
Facilities Development Fee Study - Draft Report***

Chair Scott,

Housing affordability is one of the most urgent and consequential challenges facing Pima County today. According to the County's own Housing Needs Assessment¹, we must add 116,000 housing units by 2045 to meet the needs of our growing population. Yet, this goal becomes increasingly difficult when just 14% of County land is privately owned, and the cost of government regulation already contributes nearly \$94,000, roughly 24%², to the price of a new home.

At a time when housing is becoming increasingly out of reach for working families, the County's Draft Development Impact Fee Report proposes a 37% increase in residential impact fees—adding approximately \$3,131 to the cost of a new home. This comes on top of an already growing list of expanded policies and regulatory mandates including: floodplain related requirements, changes to Pima Prospers, proposed building code changes and more. These cumulative burdens are making homeownership unattainable for thousands of local families.

We recognize the importance of impact fees as a tool for funding infrastructure. But a tool that must be used with precision—not blunt force. A 37% increase undermines our shared goals of housing access

According to a National Association of Home Builders study (*see Appendix A*), every \$1,000 added to the cost of a new home prices out 444 families from being able to afford it. The proposed increase alone could disqualify over 1,200 households in our community. These are real families, with real needs, at a time when the market is already pulling back—permits are down over 30% year over year. If we are serious about confronting the housing crisis, then every policy—including infrastructure financing—must reflect that urgency. We must lower barriers to homeownership, not raise them.

¹ Eco Northwest. Pima County Housing Study, *Needs Assessment*. 4 Feb. 2025, <https://pima.legistar.com/View.ashx?M=F&ID=13739072&GUID=C427C0B3-569C-472E-80FC-208574E12DB8>. PPT.

² National Association of Home Builders. (2021, May). *Government regulation in the price of a new home*. <https://www.nahb.org/-/media/NAHB/news-and-economics/docs/housing-economics-plus/special-studies/2021/special-study-government-regulation-in-the-price-of-a-new-home-may-2021.pdf>

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To that end, we respectfully urge the Board to:

1. **Adopt a fee below the proposed amount.** Reducing the proposed fee would mitigate the impact on affordability while still supporting infrastructure needs.
2. **Longer phase-in period.** Given today's volatile housing environment, we strongly recommend a five-year implementation to soften the blow and allow the market to gradually adjust.
3. **Create an incentive program that supports housing goals.** The County should develop an impact fee waiver program for mixed-use projects, missing middle housing and a waiver program for homes priced below the area's median income, similar to Houston's model ³.
4. **Unresolved Legal and Procedural Concerns:** Several of our questions and comments from the Report/IIP remain, and the responses we received from staff merit further consideration. These issues, informed by our legal counsel, reflect ongoing concerns that we are working to address without escalating further action.
 - a. **Level of Service Concerns:** Many proposed improvements—such as roundabouts, shoulders, turn lanes, as well as pedestrian and bicycle infrastructure – represent a higher level of service than what exists today. According to A.R.S. § 11-1102(V)(7)(c), such improvements cannot be funded by development if they enhance existing service levels.
 - b. **Lack of Proportional Cost Allocation:** Several widening and intersection improvement projects are assigned 100% of their cost to new development, despite clearly benefiting existing residents. Arizona law requires proportionality.
 - c. **Non-Construction Cost Assumption:** Pima County uses a lane mile cost of \$4.5m as to determine the Cost Per Residential Unit. Of the \$4.5m, \$3m is “construction cost” and \$1.5m is “non-construction cost”. The non-construction costs include: Environmental Permitting, Right of Way, Planning and Design and Construction Management. The Study does not, however, provide detailed cost breakdowns for these items and instead relies on salary escalators, house price indexes or regional studies. Without this information, it impedes the ability to justify the 50% non-construction cost allocation. Furthermore, A.R.S. § 11-1102(B)(5)(f) clearly references that impact fees may not be used for “Administrative, maintenance or operating costs”. The aforementioned items appear to be consistent with administrative and operating costs.
 - d. **Inappropriate Use of the Consumption Model:** The application of the consumption-based methodology fails to align with statutory requirements. For example, the removal of three projects from the IIP without any fee reduction suggests the fees are not tied to projects reasonably necessary to serve specific new development. This approach implies that certain improvements would proceed regardless of growth, and it undermines the proportionality requirement by not clearly distinguishing between the needs of new development and existing users.

³ City of Houston. (2025, April 1). *Certification: Impact fee exemption for low and medium cost housing*. Houston Permitting Center. <https://www.houstonpermittingcenter.org/media/2346/download>

We share the County's vision of investing in safe, efficient infrastructure to support a thriving community. But that vision must be grounded in legal compliance, fiscal accountability, and a clear commitment to solving our housing crisis.

If adopted as proposed, this fee increase would have serious unintended consequences—fueling the very crisis we're trying to fix. We therefore urge the Board to delay final action and direct staff

to engage further with stakeholders to resolve the issues outlined above. We remain committed to working together in good faith to achieve a balanced solution that serves both our infrastructure and housing needs.

Thank you for your thoughtful consideration.

BT Lyons

Brendan Lyons, MPA
Director of Government Affairs
Southern Arizona Home Builders Association

APPENDIX A:

Tucson, AZ MSA Households Priced Out of the Market by Increases in House Prices, 2024

Area	Mortgage Rate	House Price	Monthly Mortgage Payment	Taxes and Insurance	Minimum Income Needed	Households That Can Afford House
Tucson, AZ	6.50%	\$423,000	\$2,592	\$313	\$124,476	100,356
Tucson, AZ	6.50%	\$424,000	\$2,598	\$313	\$124,770	99,912
Difference		\$1,000	\$6	\$1	\$294	-444

Calculations assume a 10% down payment and a 73 basis point fee for private mortgage insurance.

A Household Qualifies for a Mortgage if Mortgage Payments, Taxes, and Insurance are 28% of Income

Tucson, AZ MSA Household Income Distribution for 2024			
Income Range:		Households	Cumulative
\$0	to \$10,240	27,951	27,951
\$10,241	to \$15,361	16,897	44,848
\$15,362	to \$20,481	17,153	62,001
\$20,482	to \$25,602	18,142	80,143
\$25,603	to \$30,722	19,840	99,983
\$30,723	to \$35,843	22,604	122,586
\$35,844	to \$40,963	18,743	141,330
\$40,964	to \$46,084	17,455	158,784
\$46,085	to \$51,204	18,613	177,397
\$51,205	to \$61,445	32,738	210,136
\$61,446	to \$76,807	42,208	252,343
\$76,808	to \$102,409	57,194	309,537
\$102,410	to \$128,012	38,631	348,168
\$128,013	to \$153,614	28,225	376,393
\$153,615	to \$204,819	34,148	410,541
\$204,820	to More	32,647	443,188