SAHBA
the community builder
Southern Arizona Home Builders Association

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May 15, 2026

The Honorable Regina Romero
Mayor, City of Tucson
255 W. Alameda
Tucson, AZ 85701

RE: Planning & Development Services, Department of Transportation and Mobility, and Tucson Water Fee Proposals, Mayor & Council Agenda, May 19, 2026.

Dear Mayor Romero:

On behalf of the members of the Southern Arizona Home Builders Association (SAHBA), I write to you regarding the fee increases proposed by Planning & Development Services, Tucson Water and Department of Transportation & Mobility.

SAHBA member businesses drive Tucson's home building, home improvement, and land development industry. They help create the vibrant communities we call home. Their work is essential for supplying high-quality and affordable homes necessary to meet the needs of future generations of Tucsonans.

We share the Council's desire to have highly functioning City departments that provide high-quality services to support customers, businesses and residents. We support safe and reliable water service and system investments. We support minimizing impacts of road construction on the traveling public and local businesses. We support hiring the personnel and optimizing the services our members receive when going through the development review and approval process.

The fees, paid by our members, are necessary to advance these priorities. It's also necessary to maintain a careful balance to ensure progress with the Council's other goals related to housing supply and affordability. As currently proposed, we are concerned some of the fees are out of alignment with those goals. The cumulative effect could be significant. We believe it's possible to have appropriate fees while also mitigating impacts on construction costs and ultimately, home buyers.

The following key points and recommendations are our ideas for how this can be achieved:

PDSD Fees – If approved, this will be the third consecutive year fees have been increased. In Fiscal Year 2025, fees were increased based on the Berry Dunn cost of service study. Stakeholders were assured the resulting revenue would ensure appropriate staffing levels and improve service delivery. At that time, while we expressed concerns, we also recognized the correlation between staffing and service delivery and further requested specific process improvements and benchmarks for service delivery. While there have been improvements, we hear from our members there remain additional opportunities for improvement.

Now, several new fees are being proposed, non-valuation-based fees are increasing 5% and valuation-based fees are increasing 12%. Based on input we have received, the valuation-based fee increase alone will result in fees going up $200-$300 for the average home.

We recognize the goal of cost recovery and have asked several questions related to the specific cost of providing service to process single-family residential applications and for any supporting analysis like the Berry Dunn study that supports the specific fee changes. Without an opportunity to discuss with staff, it is difficult to assess the reasonableness of the fees or where adjustments can be made to ensure they are "right-sized."

We offer the following for the Council's consideration:

1. Forgo implementing the valuation-based fee increase.
2. Updated the ICC Building Valuation table annually but cap the increase at 5% in any one year.
3. Implement an annual standard across the board increase of 2% (that could be adjusted should there be extreme market conditions) in-lieu of the proposed changes.
4. Waive all fee increases/new fees for affordable housing projects, projects in the Infill Incentive District, projects using the Community Corridors Tool, ADU's and Missing Middle projects all which align with Council goals of producing more affordable housing.

Tucson Water Fees – Our members have benefited from the fact the Miscellaneous Fee Study has not been updated in more than a decade, yet it is important to note fees, on average will go up over 75%. We understand this Study needs to be updated and appreciate the efforts of staff to adjust the water line inspection fee and phase-in many of the fees to mitigate cost impacts.

We offer the following for the Council's consideration:

1. At the end of the phase-in, consider an annual index of 2% to avoid large increases.
2. Encourage staff to continue working with stakeholders to improve efficiencies in the development review and approval process.
3. Implement a similar waiver provision for certain housing project types.

DTM Fees – These fees are the hardest to quantify the effect and the hardest for our members to understand the purpose, intent, and use. There are several uncertainties that warrant more dialogue with department officials and fee payers. Looking at ways to expedite road construction and helping offset impacts to travelers and businesses are worthwhile and warrant City and private sector collaboration.

Many of the strategies and tactics being suggested appear sound, however, it appears there are no specific cost estimates, plans for accounting and details about how the funds will be used. Again, knowing this information will help ensure the fees are "right-sized." One builder estimated the new fees would have added $169,000 in cost had they been in place for a recent road project.

1. Continue the item for 90 days for further study and stakeholder engagement.
2. Reduce the proposed fees 50% (and consider an annual index).
3. Provide a credit against the fee when the project creates benefits that improve road conditions.
4. Exempt time attributable to work that is caused by a City or County utility or related to improvements to those systems.
5. Exempt Loss-of-Value / Pavement Degradation Fees and Pavement Cut Base Fees on roads that are at or below average rated condition.

6. Establish a cap on the total amount for one project ($15,000 for residential and $50,000 for commercial).
7. Implement a similar waiver provision for certain housing project types.

Last year, the City experienced a decrease in single family permitting activity of 60%. No one wins when this happens.

We see an opportunity for our members to partner with the City of Tucson to keep producing the homes our community needs. Together, we can accomplish City goals while maintaining the desirability and affordability of Tucson for builders and buyers and look for your support on Tuesday evening.

Respectfully,



David M. Godlewski
President & CEO

cc: Honorable Council Members, Manager Thomure, Assistant Manager Swallow, Director Manning, Director Credio, Deputy Director Thoothaker, Deputy Director DeGrood, Director Kmiec, Deputy Director Schladweiler, Ms. Stoller.