



METRO DENVER: DEVELOPMENT FEE STUDY

Analysis of building permit, use tax,
impact, and system development fees
assessed by municipalities in the
Denver Metro area

Introduction/Understanding Development Fees

The Denver metropolitan region, like many high-growth areas across the U.S., faces a worsening housing affordability crisis. Home prices have surged in recent years, driven by strong demand, limited supply, rising interest rates and construction costs. According to recent studies, Colorado needs tens of thousands of additional housing units to meet population growth—yet development has not kept pace. One often-overlooked factor exacerbating this shortage is the high cost of development fees on new construction.

As municipalities continue to grow with incoming developments, more infrastructure and resources must be provided to accommodate the growing population. Municipalities regularly impose development fees on home builders to fund the infrastructure to ensure new development pays its own way.

While the home building industry understands that development must pay for itself, these fees, set by local municipalities, directly increase the cost of building homes, which in turn drives up sale prices on aspiring homeowners. According to the NAHB, for every \$1,000 increase in median price, an additional 1,699 households are priced out of the market in the State of Colorado.



Development fees across municipalities range greatly, however there are some relative constants. Most municipalities will impose variations of permit fees, use taxes, impact fees, and system development fees.

Building permit fees are charges collected by a local government when a builder, developer, or homeowner applies for permission to begin construction or major renovation work.

Use tax, in building and construction, is a tax on materials and equipment that are purchased out-of-state (or sometimes from non-taxed sources) and then used, stored, or consumed within a city, county, or state. Typically, most municipalities will assume that half of the project's valuation is construction and will therefore impose the use tax on 50% of the valuation.

Impact fees are charges imposed by local governments on new or proposed developments to fund all or part of the public services required by that development. While impact fees help ensure that new developments contribute directly to infrastructure costs, they also shift a significant portion of the financial burden from the general public to a narrower group — primarily homebuilders and ultimately new homebuyers.

System development fees (also called **water tap fees**) are one-time fees that a builder or property owner pays to connect a new home to the local water system.

As Colorado grapples with its housing shortage, understanding the role of development fees is critical. The following sections provide a detailed breakdown of the development fees imposed by municipalities in the Denver Metro area and how they relate to the respective average home prices.

Methodology

This study analyzes government-imposed development fees assessed on single-family detached and attached housing across the 16 leading municipalities in the Denver Metro area, based on where the HBA of Metro Denver's builder members pulled the most building permits in 2024. Data for these fees was collected between November 2024 and April 2025. The top 16 municipalities are listed below:

1. Denver

2. Aurora

3. Douglas County

4. Longmont

5. Erie

6. Brighton

7. Commerce City

8. Lone Tree
9. Arapahoe County

10. Jefferson County

11. Parker

12. Castle Rock

13. Arvada

14. Elbert County

15. Adams County

16. Thornton

To minimize the variability across municipalities, this study focuses on assessing the following fees in each jurisdiction: Building Permit, Impact, Use Tax, and System Development (Water) fees.

For both single-family detached and attached homes, fees are evaluated based on homes with identical dimensions to provide as clear a one-to-one comparison as possible. The specific details for each home type are shown in Table 1 below.

Although several municipalities have confirmed the accuracy of the fees reported in this study, it is important to recognize that nuances remain in how these fees are assessed and collected. Building and development departments in each municipality may apply these fees — as well as additional charges — on a case-by-case basis. For example, certain projects may incur additional impact fees based on their specific location, while others may receive fee reductions for similar reasons.

Additionally, this study does not account for costs associated with land, school, or parkland dedication requirements. In some cases, rather than imposing higher impact fees, municipalities require builders to dedicate portions of land or make improvements to existing infrastructure as a condition of development approval. These requirements can represent a significant additional cost to the builder and vary widely between jurisdictions.

Many municipalities assess certain impact fees based on the specific location of a project. Homes built in different areas of a city may be required to pay more or less in fees depending on their proximity to key infrastructure or city resources. The same principle applies to use taxes.

Some municipalities span multiple counties, and the applicable use tax rate can vary depending on the county jurisdiction where a home is located. Additionally, many municipalities are served by multiple water districts, each with different system development fees based on location.

To account for these variations, we calculated averages where location-specific differences exist. For example, if a municipality is served by three different water districts — one charging \$20,000, another \$40,000, and the third \$60,000 — we summed the three amounts and divided by three to arrive at an average system development fee. In this case, the reported system development fee would be \$40,000.

Table 1

	Single-Family Detached (SFD):	Single-Family Attached (SFA):
Lot Size:	8,000 Square Feet (SF)	5,000 Square Feet (SF)
Bathroom Count:	3	2
Water Meter Size:	¾"	¾" (Except for Aurora)
Total Living Area:	2,400 SF	1,600 SF
Garage:	600 SF	500 SF
Porch/Patio Cover:	200 SF	0 SF
Finished Basement:	1,000 SF	500 SF

Municipality Rankings

After calculating the development fees for each municipality, we identified the top 10 most and least expensive jurisdictions based on total fees.

Table 4, which highlights the fees of single-family detached homes (SFD), shows that Castle Rock ranks as the most expensive, with development fees nearing \$95,000 per home. Erie and Brighton follow, with fees approaching \$87,000 and \$82,000, respectively.

Table 5 ranks the fees of single-family attached homes (SFA). The top four from Table 4 remain the same with slight variability to the order.

Table 4

Total Fees	SFD
Castle Rock	\$94,113.07
Erie	\$86,577.66
Brighton	\$81,633.74
Parker	\$80,322.44
Thornton	\$78,586.09
Longmont	\$75,315.30
Aurora	\$69,411.96
Commerce City	\$68,949.62
Arvada	\$60,997.60
Arapahoe Co.	\$57,032.05

Table 5

Total Fees	SFA
Castle Rock	\$85,773.63
Erie	\$75,634.35
Parker	\$69,591.66
Brighton	\$66,215.75
Douglas County	\$52,068.82
Longmont	\$49,331.08
Aurora	\$47,497.98
Lone Tree	\$46,487.64
Commerce City	\$46,470.66
Arvada	\$46,237.87

Denver Metro Averages

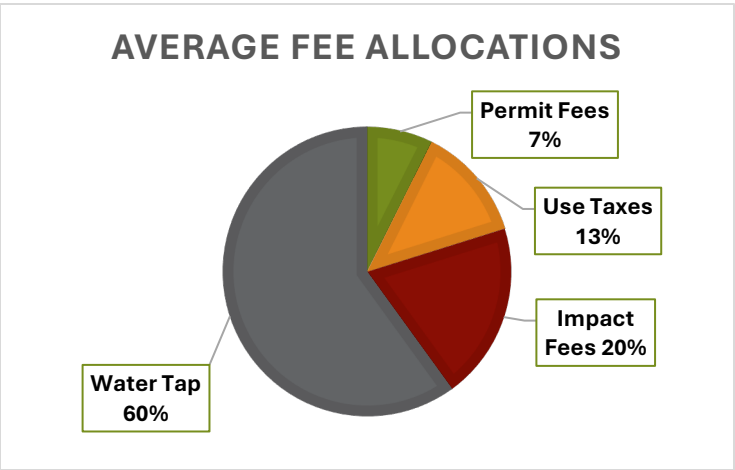
After compiling the data for each municipality within our scope, we calculated the average development fees for the Denver Metro Area. These figures represent the average cost a builder must pay in fees to a municipality, in addition to the separate costs of land, labor, and construction. As shown in Table 2, the average total fees paid per home are approximately \$68,000 for single-family detached homes and \$52,000 for single-family attached homes.

The pie chart (Table 3) provides a breakdown of how these fees are allocated, with the largest share attributed to system development fees, commonly referred to as water tap fees.

Table 2

Denver Metro Averages	SFD	SFA
Permit Fees	\$5,010.02	\$2,967.50
Use Taxes	\$8,686.38	\$5,565.55
Impact Fees	\$13,468.47	\$10,422.22
Water Tap	\$40,731.14	\$33,109.64
Total	\$67,896.01	\$52,064.91

Table 3



Tables 6 and 7 highlight the municipalities with the lowest development fees. Unincorporated areas, such as Adams and Jefferson counties, rank among the least expensive places to build based on these costs.

Table 6

Total Fees	SFD
Adams County	\$36,247.28
Jefferson County	\$40,039.07
Denver	\$47,134.49
Lone Tree	\$52,477.43
Douglas County	\$56,872.63
Arapahoe County	\$57,032.05
Arvada	\$60,997.60
Commerce City	\$68,949.62
Aurora	\$69,411.96
Longmont	\$75,315.30

Table 7

Total Fees	SFA
Adams County	\$24,259.53
Denver	\$33,008.79
Arapahoe County	\$33,688.68
Jefferson County	\$38,889.85
Thornton	\$44,674.92
Arvada	\$46,237.87
Commerce City	\$46,470.66
Lone Tree	\$46,487.64
Aurora	\$47,497.98
Longmont	\$49,331.08

Ranking: Individual Municipality Fees (SFD)

Below are the top five most and least expensive municipalities in each fee category: Building Permit, Use Tax, Impact Fees, and System Development (Water) Fees. These rankings highlight the significant differences in how municipalities assess development costs, offering insight into where builders may encounter higher or lower expenses depending on the specific type of fee. This section is looking specifically at single-family detached homes.

Highest Permit Fees

Permit fee	SFD
Thornton	\$9,868.85
Elbert County	\$9,149.58
Arapahoe Co.	\$8,594.88
Commerce City	\$7,477.68
Brighton	\$5,401.24

Lowest Permit Fees

Permit fee	SFD
Douglas County	\$2,854.03
Arvada	\$3,107.24
Parker	\$3,132.40
Erie	\$3,224.23
Castle Rock	\$3,334.93

Highest Use Taxes

Use Taxes	SFD
Commerce City	\$16,500.94
Castle Rock	\$12,309.14
Thornton	\$11,674.24
Longmont	\$11,490.36
Erie	\$9,922.43

Lowest Use Taxes

Use Taxes	SFD
Arapahoe Co.	\$539.17
Elbert County	\$2,933.10
Douglas County	\$3,858.60
Lone Tree	\$6,635.30
Aurora	\$8,601.96

Highest Impact Fees

Impact Fees	SFD
Castle Rock	\$30,979.00
Denver	\$27,333.00
Commerce City	\$17,534.00
Parker	\$17,392.00
Erie	\$15,881.00

Lowest Impact Fees

Impact Fees	SFD
Arvada	\$2,150.91
Arapahoe Co.	\$3,814.00
Adams County	\$4,665.00
Aurora	\$8,944.00
Jefferson County	\$9,017.67

Highest System Development (Water Tap) Fees

Water	SFD
Erie	\$57,550.00
Thornton	\$57,043.00
Brighton	\$53,307.16
Parker	\$50,160.00
Douglas County	\$48,825.00

Lowest System Development (Water Tap) Fees

Water	SFD
Denver	\$15,590.00
Jefferson County	\$27,167.00
Adams County	\$27,437.00
Commerce City	\$27,437.00
Lone Tree	\$41,623.00

Ranking: Individual Municipality Fees (SFA)

Below are the top five most and least expensive municipalities in each fee category: Building Permit, Use Tax, Impact Fees, and System Development (Water) Fees. This section is looking specifically at single-family attached homes.

Highest Permit Fees

Permit fee	SFA
Arapahoe Co.	\$5,619.60
Thornton	\$4,384.61
Elbert County	\$4,131.78
Commerce City	\$3,499.30
Lone Tree	\$3,021.70

Lowest Permit Fees

Permit fee	SFA
Douglas County	\$2,040.64
Castle Rock	\$2,195.36
Parker	\$2,220.92
Arvada	\$2,272.90
Erie	\$2,295.72

Highest Use Taxes

Use Taxes	SFA
Commerce City	\$10,387.36
Castle Rock	\$8,072.27
Longmont	\$7,536.39
Thornton	\$6,793.31
Erie	\$6,529.63

Lowest Use Taxes

Use Taxes	SFA
Arapahoe Co.	\$338.08
Elbert County	\$1,848.54
Douglas County	\$2,538.18
Lone Tree	\$4,367.44
Aurora	\$5,312.98

Highest Impact Fees

Impact Fees	SFA
Castle Rock	\$28,016.00
Denver	\$19,312.00
Commerce City	\$15,406.00
Brighton	\$13,205.00
Parker	\$10,828.00

Lowest Impact Fees

Impact Fees	SFA
Arvada	\$1,806.76
Arapahoe Co.	\$3,105.00
Adams County	\$4,143.00
Elbert County	\$6,338.00
Aurora	\$6,650.00

Highest System Development (Water Tap) Fees

Water	SFA
Erie	\$57,550.00
Parker	\$50,160.00
Douglas County	\$48,825.00
Castle Rock	\$47,490.00
Brighton	\$44,297.16

Lowest System Development (Water Tap) Fees

Water	SFA
Denver	\$10,840.00
Adams County	\$17,178.00
Commerce City	\$17,178.00
Arapahoe Co.	\$24,626.00
Jefferson County	\$27,167.00

Median Household Incomes

In addition to analyzing the fees assessed by each municipality, it is crucial to include the average household incomes (AHI). In localities where the AHI is higher, residents are able to bear the burden of higher development fees assessed on the average home prices more easily. Adversely, residents in municipalities with lower AHI's are considered more cost burdened and vulnerable to the added costs of development fees. Below the total fees assessed by single-family detached homes are compared to their respective municipality's AHI.

Municipality	Average Household Income*	Total SFD Fees	AHI/SFD Fees Ratio
Brighton	\$100,134	\$81,633	82%
Thornton	\$100,985	\$78,586	78%
Longmont	\$113,000	\$75,315	67%
Castle Rock	\$143,031	\$94,113	66%
Commerce City	\$106,756	\$68,949	65%
Aurora	\$108,000	\$69,411	64%
Parker	\$129,342	\$80,322	62%
Arvada	\$113,396	\$60,977	54%
Erie	\$163,164	\$86,577	53%
Lone Tree	\$125,699	\$52,477	42%
Denver	\$131,000	\$47,134	36%

* Source: United States Census Bureau

* Unincorporated Adams, Arapahoe, Douglas, Elbert, and Jefferson Counties were not included. Census data does not provide incomes for unincorporated counties.

Average Home Prices

Considering average home prices is essential to understanding the true impact of development fees. In higher-priced markets, these fees often make up a smaller share of the overall home cost and may be more easily absorbed. Conversely, in jurisdictions with lower average home prices, the same fees can represent a larger financial burden—potentially making new homes less attainable for buyers.

It's important for the general public to understand what drives the cost of a home, and this analysis helps clarify how much of a home's price is made up of development-related fees. The comparison below illustrates how total fees for single-family detached homes relate to average home prices across each municipality.

Municipality	2024 (Full Year) – Average Close Price (ACP)*	Total SFD Fees	ACP/SFD Fees Ratio
Brighton	\$556,242	\$81,633	14.7%
Longmont	\$681,449	\$75,315	11.1%
Erie	\$806,205	\$86,577	10.7%
Aurora	\$657,373	\$69,411	10.6%
Thornton	\$719,597	\$78,586	10.5%
Castle Rock	\$979,576	\$94,113	9.6%
Commerce City	\$719,597	\$68,949	9.6%
Parker	\$909,774	\$80,322	8.8%
Arvada	\$765,150	\$60,977	8.0%
Lone Tree	\$917,729	\$52,477	5.7%
Denver	\$1,321,095	\$47,134	3.5%

* Source: Peak ERC, County Assessors

* Unincorporated Adams, Arapahoe, Douglas, Elbert, and Jefferson Counties were not included.

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