

Toll Brothers

AMERICA'S LUXURY HOME BUILDER®

January 11, 2023

City of Reno
City Council
1 East First Street
P.O. Box 1900
Reno, Nevada 89505

Re: Public Comment – Items D.1, D.2, & D.3 – Increased Sewer Connection Fees



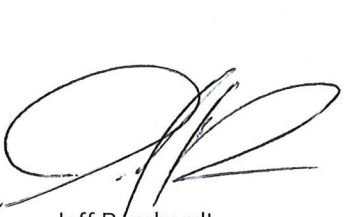
Dear Madame Mayor and Members of the City Council:

Toll Brothers is one of the largest home builders within the City of Reno and we have built hundreds of miles of infrastructure over the last decade. We completely understand the need to invest in our sewer infrastructure to accommodate planned growth over the next decade and are *very* aware of the costs associated with such infrastructure. We believe this proposal will help achieve needs that align with both the City's Master Plan policies and the Truckee Meadows Regional Plan's regional land tiers. Growth is needed to accommodate the increasing housing demand in the area, infrastructure is needed to support that growth, and based on our concurrency structure, new growth is required to pay for new growth.

It is important to note, however, that from 2020 until present, significant inflationary pressures have increased the cost of labor and materials, land prices have increased dramatically as land supply dwindles, the timelines for permitting and utility coordination have doubled leading to increased carrying costs, and other entities like TMWA and RTC have also increased impact fees. All of this have had a cumulative impact to the added cost in housing. When combined with the most rapid increase in interest rates in our Country's history, we are now in the middle of a housing recession. Doubling the connection fees so suddenly would have an even greater impact to the cost of housing. The market is sorting out the supply and demand imbalance that impacted every industry post-covid. That will take time to adjust, as will the prices of land, goods, and services. With that said, we are not advocating denying this sewer impact fee increase. Instead, we are advocating for the stepped alternative that Mr. Flansberg presented. It allows us to adjust our project financial models more gradually and is more aligned with economic recovery forecasts.

The City of Reno is short on housing and housing is very difficult to build in the current economic environment. We ask the Council to help us choose the stepped alternative, which both helps the City of Reno achieve its sewer infrastructure needs while also not contributing such a shock to the existing housing affordability issues.

Sincerely,

			
Gary Mayo Group President Toll Brothers	Donna O'Connell Division President Toll Brothers	Kelly Winner VP, Land Development Toll Brothers	Jeff Borchardt Land Entitlement Manager Toll Brothers