



CALIFORNIA BUILDER SERVICES

DRE & HOA Fee Increases

Presented by: **Scott Ford & Angel Brune**



CALIFORNIA BUILDER SERVICES

 Headquarters- **Clovis, CA**



 Sacramento, CA

 Huntington Beach, CA

About California Builder Services

California Builder Services is a consulting firm that guides Developers, Builders, and Homeowner Associations throughout California. We assist with the creation of new Associations and prepare Start-up HOA Budgets for our Builder clients and Reserve Studies for our HOA clients. ***In 2023, we completed more than 750 new Reports and filings.***

**DRE PUBLIC
REPORTS**

**HOA
BUDGETING**

**RESERVE
STUDIES**



About the Speakers



Scott Ford, *President*

- **Certified Reserve Specialist**
- **Licensed General Contractor**
- **CBIA's DRE Committee Chair**



Angel Brune, *Director of Operations*

- **Oversees 500+ DRE Filings annually**
- **Active in both DRE & Budget Preparation**



DRE Budget Fees Increase of 2023

- In May 2023, the DRE increased its mandatory **budget costs by 25%** for all items.
- Approved budgets were not affected under a 24-month approval window.



DRE Budget Fees Increase of 2023

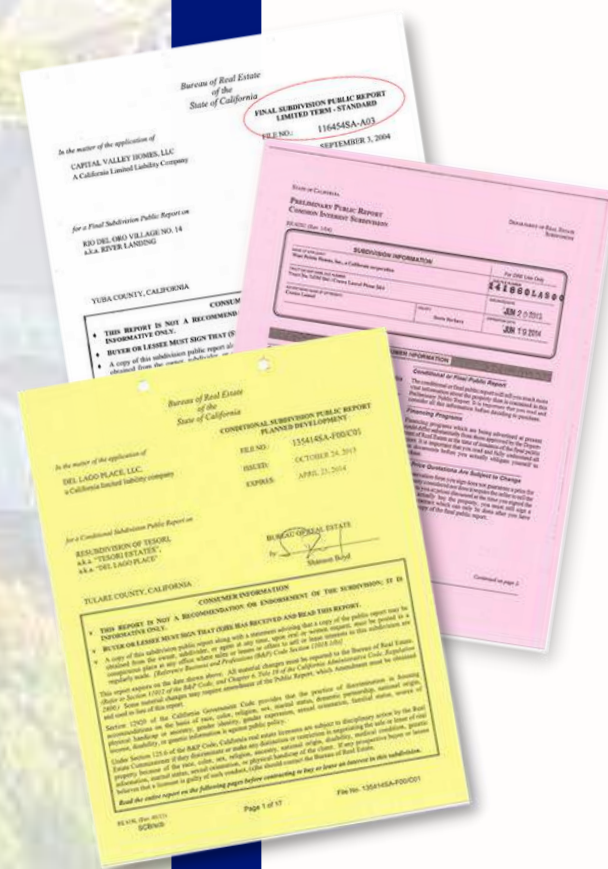
Continued

- You must provide **2 quotes** or a **signed contract** for all costs below the minimum, except for Insurance and Property Management.
- They will average the two quotes and possibly use the higher one.
- For existing improvements or operating HOAs, a **Reserve Study** done by a certified *Reserve Specialist* will be accepted.



DRE Filing Fee Increase of 2024

- **Existing Fees**
Lot Fees: \$10 per lot/unit



Interest

Final/White

Preliminary/Pink

Conditional/Yellow

Renewals

MAXIMUM FEES:

**Standard
Subdivision**

**Common
Interest**

\$600

\$1,700

\$500

\$500

\$500

\$500

\$600

\$600

\$4,100

\$7,600



DRE Filing Fee Increase of 2024

Lot Fees: **\$15** per lot/unit

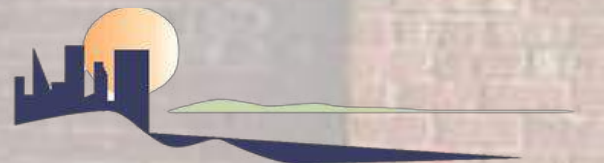
	Standard Subdivision	Common Interest	PROPOSED	
<i>Interest</i>				
Final/White	\$600	\$1,700	\$600	\$3,000
Preliminary/Pink	\$500	\$500	\$500	\$500
Conditional/Yellow	\$500	\$500	\$1,000	\$1,000
Renewals	\$600	\$600	\$1,000	\$1,500
MAXIMUM FEES:	\$4,100	\$7,600	No Change	



DRE Filing Fee Increase

When Will it Go into Effect?

- When signed – We are projecting it'll be **July 1st** when the new state budget takes effect.
- They may offer a grace period – they have done **90 days** for policy changes, but since this is statutory, it might not happen.



DRE Filing Fee Increase

Recommendations:

1

If you have a DRE filing in Place Now, get all your Public Reports.

- Your public reports are valid for 5 years, but your budget is only valid for 2.
- You will have to bond for assessments for longer, but that might be worth the cost of not having to amend public reports due to budget increases and new fees.



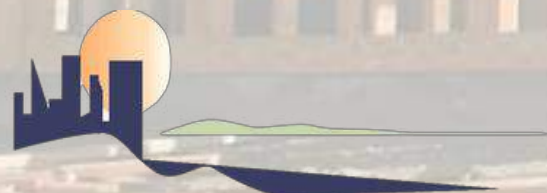
DRE Filing Fee Increase

Recommendations:

2

If you have local agency approval, **file your reports now** or in subsequent phases **before July**. Even if you need to file an incomplete package and get a deficiency notice, you'll still be under the old fees.

******It's unknown yet, but we hope they'll grandfather those filings that were submitted under the old rates.***



Change In Marketing Phases

Phase Predictor Tool
Available on our website for free!

Because each Marketing Phase is now more expensive, you may need to evaluate your phasing.

\$1,700 Reports = **11 phases**

\$3,000 Reports = **8 phases**
3 fewer phases, yet **costs are up \$12,000**

Phase Predictor

Public Report Costs per Phase
\$1,700

Average Monthly HOA Assessment
\$150

Project Consultant Fee - 1st Phase
\$0

Project Consultant Fee - All Other Phases
\$0

Total # of Lots
100

Homes/Lots Sold per Month
4.00

Results

Total Costs	Total HOA Dues	Total DRE	Total Consultant
\$36,850	\$18,150	\$18,700	\$0

Recommended Number of Phases
11

Number of phases
11

Phase Predictor

Public Report Costs per Phase
\$3,000

Average Monthly HOA Assessment
\$150

Project Consultant Fee - 1st Phase
\$0

Project Consultant Fee - All Other Phases
\$0

Total # of Lots
100

Homes/Lots Sold per Month
4.00

Results

Total Costs	Total HOA Dues	Total DRE	Total Consultant
\$48,600	\$24,600	\$24,000	\$0

Recommended Number of Phases
8

Number of phases
8



Costs are going up,

But your Assessments don't have to.

Change In Building Configuration

Duplex

Treated as an SFR from an HOA standpoint.
No increase in HOA assessments.

*****Ask us about Row-Townhomes**



Vs

Triplex

HOA must provide Exterior Maintenance

- Roof Replacement
- Exterior Painting
- Pest Control
- Building/Fire Insurance



Change In Materials

Higher HOA Dues

- **Asphalt:** \$0.25 sf/yr
- **Tubular Steel Fence:** \$5.00 lf/yr
- **Wrought Iron:** \$7.50 lf/yr
- **Wood/Hardie Siding:** \$0.50 sf/yr
- **Comp Shingle Roof:** \$0.38 sf/yr
- **Artificial Turf:** \$1.00 sf/yr



Vs

Lower HOA Dues

- **Concrete:** \$0.06 sf/yr
- **Split Face Concrete Block:** \$0.31 sf/yr
- **Rock Veneer:** \$0.00
- **Stucco:** \$0.31 sf/yr
- **Concrete Shingle:** \$0.24 sf/yr
- **Pavers:** \$0.06 sf/yr



Change In Mapping

Large C.A Lots

- Causes a spike in dues
- Usually has to be maintained by Builder until more homes are sold.
- Causes Subsidy or Maintenance Agreements
 - *Buyers qualify on un-subsidized amount.*
 - *Maintenance agreements require bonds and paying reserves on common areas.*

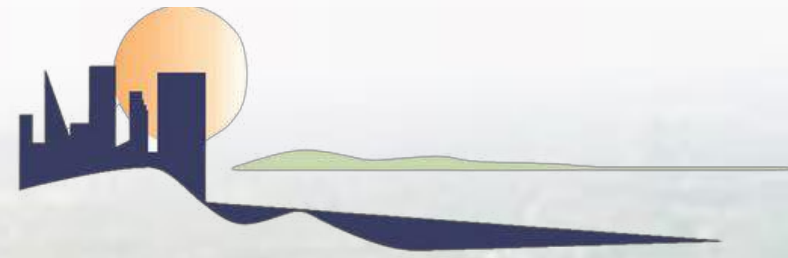


Vs

Multiple/Smaller C.A Lots

- Turned over incrementally
- Keeps dues more even and level through the selling process
- Can be completed in phases/not all at once.





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Thank You!
Questions?

