



| *Building Homes, Enriching Communities*

June 25, 2025

Cleveland Utilities
Attn: Tim O. Henderson, President/CEO
2450 Guthrie Ave. NW
P.O. Box 2730
Cleveland, TN 37320

Dear Mr. Henderson:

The National Association of Home Builders (NAHB) regrets to oppose and is strongly concerned about the recent notice of increased water and sewer access fees scheduled to take effect on July 1, 2025. Raising access fees will continue to place a strain on housing affordability in the county and the State of Tennessee.

NAHB estimates that over 100.5 million American households are already unable to afford the median-priced new home of \$459,826 under the 6.5% mortgage interest rate. Increasing the price of a home by \$1,000 will price out over 115,593 U.S. households. In the State of Tennessee, a \$1,000 increase in the price of a median-priced new home is estimated to price out 3,456 households out of the market.¹

These are hardworking Tennesseans who want to achieve the American Dream of homeownership. This sudden increase in doubling tap fees to \$2,200 for both water and sewer will affect the residential construction industry in the county and its surrounding areas. Regulations account for more than \$93,000 of the average price of a new home, and any fee increase will hinder housing affordability and attainability.²

Less housing development means fewer housing opportunities for individuals who live in the county. A shortage of housing options may negatively impact the local labor market. Bradley County is home to manufacturing, retail trade, and health care industries, which compete to recruit and retain labor. In many cases, housing shortages in the county can affect worker retention in the long run. When housing production is underway, community members and the local economy benefit.

Today, we ask that you postpone the fee rate increases and work with stakeholders like us to determine an appropriate number for fee increases. NAHB regularly works with stakeholders and

¹ <https://www.nahb.org/news-and-economics/housing-economics/housings-economic-impact/households-priced-out-by-higher-house-prices-and-interest-rates>

² <https://eyeonhousing.org/2021/05/regulation-now-accounts-for-93870-of-the-average-new-home-price/>



elected officials across the U.S. to increase housing access. When comparing Cleveland, Tenn. to its neighboring counties, Hamilton County WWTA has a sewer tap fee of \$800, Tennessee American Water charges \$25 for water taps and rebates builders for the cost of water line installation, and EPB installs and provides electric services at little to no charge to builders which helps alleviate some of the costs that are passed down to consumers. Doubling fees on water and sewer access will hinder housing development and limit housing stock in the community, which in turn will increase the cost of housing.

Finally, postponing the rate increase will show good faith by the Cleveland Utilities, since no public notice of the increase was posted before the fee increase took effect. This action will support good business practices and transparency to the Bradley County public.

For these reasons, NAHB asks that you consider postponing the fee increases on water and sewer access.

Thank you,

A handwritten signature in black ink, appearing to read 'LW'.

Lily Weatherby
Director, State and Local Government Affairs
The National Association of Home Builders (NAHB)

CC:

Kevin Brooks, Mayor, City of Cleveland
Dan Howell, 22nd District, Tennessee State Representative
Mark Hall, 24th District, Tennessee State Representative
Mike Bell, 9th District, Tennessee State Senate
Todd Gardenhire, 10th District, Tennessee State Senate