ORDINANCE 2017-032        PASSED: JULY 10, 2017

AUTHORIZING THE IMPLEMENTATION OF IMPACT FEE WAIVERS FOR NEW CONSTRUCTION PERMITS IN THE KNOLLS, RIVERMIST, DEVONAIRE, WINEBERRY, SUMMIT ENCLAVE, SOUTH POINTE GREENS, MEADOW RIDGE, AND HIDDEN GROVE SUBDIVISIONS.

WHEREAS, there have been few construction permits issued for new residential development in the last five years; and

WHEREAS, the City of DeKalb wishes to update its policies on impact fees and developer contributions for the first one-hundred (100) construction permits on existing vacant lots in the Knolls, Rivermist, Devonaire, Wineberry, Summit Enclave, South Pointe Greens, Meadow Ridge, and Hidden Grove subdivisions in an effort to provide incentives to new residential construction; and

WHEREAS, on November 28, 2005, the City of DeKalb approved Resolution 2005-090, setting policies that established impact fees; and

WHEREAS, the City wishes to waive all impact fees except those fees payable to the DeKalb Park District and DeKalb Community Unit School District Number 428, as regulated in Article 8 “Development Impact Fees” of Chapter 23 “Unified Development Ordinance” of the Municipal Code.

WHEREAS, certain City impact fees are set forth in various sections of the Municipal Code and may be referenced in City materials; and

WHEREAS, the City of DeKalb is a home rule unit of government which may exercise any power and perform any function pertaining to its government and affairs not otherwise prohibited or limited by law.

THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL of the City of DeKalb, Illinois, as follows:

Section 1. The recitals set forth in the preamble are hereby incorporated herein by reference and made a part of this Ordinance.

Section 2. The City Council of the City of DeKalb hereby authorizes a waiver of City water, roadway contribution, transportation fee, and public building impact fees for the first one-hundred (100) new construction permits issued for single-family, detached, residential lots existing as of January 1, 2017, in the Knolls, Rivermist, Devonaire, Wineberry, Summit Enclave, South Pointe Greens, Meadow Ridge, and Hidden Grove subdivisions. Impact fees payable to the DeKalb Park District and DeKalb Community Unit School District Number 428, as regulated in Article 8 “Development Impact Fees” of Chapter 23 “Unified Development Ordinance” of the Municipal Code, are specifically excluded from this waiver.
Section 3. That City staff is directed to provide annual reports on the number of permits issued pursuant to this Ordinance as part of the annual budget process.


ATTEST:

[Signed]

SUSANNA HERRMANN, City Clerk

JERRY SMITH, Mayor
RESOLUTION 05-90  Passed: November 28, 2005

ADOPTING AS POLICY AND AUTHORIZING
THE IMPLEMENTATION OF DEVELOPMENT
IMPACT FEES AND DEVELOPER
CONTRIBUTIONS FOR NEW RESIDENTIAL
DEVELOPMENTS.

WHEREAS, the City of DeKalb wishes to update its policies on impact fees and developer contributions for new residential development; and,

WHEREAS, the annexation of additional real property to the City of DeKalb for residential purposes and the resulting development thereof causes and imposes an increased and excessive impact and demand upon public facilities, infrastructure and services of the City of DeKalb and other governmental units, said impact and demand being specifically and uniquely attributable to said development; and,

WHEREAS, the City of DeKalb has studied many fees and developer contributions and has developed formulas and strategies for reasonably offsetting the impacts of new residential developments; and,

WHEREAS, the City of DeKalb finds and determines that the annexation of real property for residential purposes and the resulting development thereof necessitate the imposition of a SCHOOL CAPITAL CONTRIBUTION from said development, as outlined in Exhibit A, that such school capital contribution is in the best interests of the citizens of the City of DeKalb, is equitable and does not impose an unfair burden upon such development, and shall be used for the acquisition, development and construction of school land, buildings and facilities; and,

WHEREAS, the City of DeKalb finds and determines that the annexation of real property for residential purposes and the resulting development thereof necessitate the imposition of a SCHOOL TRANSITION CONTRIBUTION from said development, as outlined in Exhibit B, that such school transition contribution is in the best interests of the citizens of the City of DeKalb, is equitable and does not impose an unfair burden upon such development, and shall be used to defray school district expenses, consistent with State law, that are incurred until such property is fully and completely taxed; and,

WHEREAS, the City of DeKalb finds and determines that the annexation of real property for residential purposes and the resulting development thereof necessitate the imposition of an increase in the PARK LAND/CASH FEE from said development, as outlined in Exhibit C, that such increase in park land/cash fee is in the best interests of the citizens of the City of DeKalb, is equitable and does not impose an unfair burden upon such development, and accurately describes the usage of park district property and the average value of such lands; and,

WHEREAS, the City of DeKalb finds and determines that the annexation of real property for
residential purposes and the resulting development thereof necessitate the imposition of a ROADWAY CONTRIBUTION from said development, as outlined in Exhibit D, that such roadway contribution is in the best interests of the citizens of the City of DeKalb, is equitable and does not impose an unfair burden upon such development, and shall be used to defray the costs of the acquisition, construction, improvement and development of the roadway system throughout the City of DeKalb; and,

WHEREAS, the City of DeKalb finds and determines that the annexation of real property for residential purposes and the resulting development thereof necessitate the imposition of a PUBLIC BUILDING CONTRIBUTION from said development, as outlined in Exhibit E, that such public building contribution is in the best interests of the citizens of the City of DeKalb, is equitable and does not impose an unfair burden upon such development, and shall be used for the acquisition, development and construction of public land, buildings and facilities for the City of DeKalb; and,

WHEREAS, the City of DeKalb finds and determines that the annexation of real property for residential purposes and the resulting development thereof necessitate the imposition of a ANNEXATION FEE from said development, that such annexation fee is in the best interests of the citizens of the City of DeKalb, is equitable and does not impose an unfair burden upon such development, and shall be used for defray the costs inherent in the review and planning for the annexation and development of residential properties within the City of DeKalb; and,

WHEREAS, the Plan Commission held public hearings on the proposed impact fees and developer contributions and recommended approval by a vote of 3-1; and,

WHEREAS, the City of DeKalb is a home rule unit of government which may exercise any power and perform any function pertaining to its government and affairs not otherwise prohibited or limited by law; now,

THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL of the City of DeKalb, Illinois as follows:

Section 1. That it shall be the policy of the City of DeKalb to collect, on behalf of DeKalb Community Unit School District Number 428U, a SCHOOL CAPITAL CONTRIBUTION in the amount of One Thousand Eight Hundred Dollars ($1,800.00) per bedroom of each residential dwelling unit. It shall further be the policy that said contribution shall be paid at the time of building permit, unless otherwise negotiated and agreed to by the School District and the City.

Section 2. That it shall be the policy of the City of DeKalb to collect, on behalf of DeKalb Community Unit School District Number 428U, a SCHOOL TRANSITION CONTRIBUTION in the amount of One Thousand Dollars ($1,000.00) per residential dwelling unit. It shall further be the policy of the City of DeKalb that said contribution shall be paid at the time of building permit unless otherwise negotiated and agreed to by the School District and the City.

Section 3. That it shall be the policy of the City of DeKalb, on behalf of the DeKalb Park District, to adjust the PARK LAND/CASH IMPACT FEE for all new residential developments to provide for
eleven and one-half (11.5) acres per thousand persons of expected population, with an improved land value of One Hundred Thousand Dollars ($100,000.00) per acre. It shall further be the policy that all other terms of Article 8.02 of the Unified Development Ordinance shall apply.

Section 4. That it shall be the policy of the City of DeKalb to collect a ROADWAY CONTRIBUTION in the amount of One Thousand Two Hundred Dollars ($1,200.00) per residential dwelling unit. It shall further be the policy of the City of DeKalb that said contribution shall be paid at the time of building permit.

Section 5. That it shall be the policy of the City of DeKalb to collect a PUBLIC BUILDING CONTRIBUTION in the amount of One Thousand Dollars ($1,000.00) per residential dwelling unit. It shall further be the policy of the City of DeKalb that said contribution shall be paid at the time of building permit.

Section 6. That it shall be the policy of the City of DeKalb to collect an ANNEXATION FEE in the amount of One Thousand Dollars ($1,000) per gross acre of land annexed. It shall further be the policy of the City of DeKalb that said fee shall be paid at the time of annexation of any property to the City of DeKalb.

Section 7. That City Staff is hereby authorized and directed to include these fees and contributions as part of the negotiation of any draft Annexation Agreement for new developments that include residential components.

Section 8. That it is hereby declared the policy of the City of DeKalb that no property shall be rezoned from a commercial or industrial zoning district, to any zoning district that allows for residential uses, unless accompanied by a Development Agreement which incorporates the above fees and contributions. City Staff is hereby authorized and directed to include these fees and contributions, except for the annexation fee, as part of the negotiation of any Development Agreement for property that has been previously annexed and zoned commercial or industrial, that is proposed to be rezoned to any district that includes residential components. The above fees shall not apply to any proposed rezoning for residential uses on property that was annexed prior to 1990, is currently zoned “GC” General Commercial, for which a residential plan has been submitted to City Staff, provided that the rezoning is approved by the City Council and a final plat is filed and approved by the City Council on or before July 1, 2006.

Section 9. That the above fees and contributions shall be adjusted annually, on the first day of January, beginning January 1, 2007, in accordance with the then current Consumer Price Index (CPI) Adjustment Rate for the Chicago, Gary and Lake County Region. The adjustments shall be rounded up to the nearest whole dollar. At no point shall the fees or contributions be less than those listed above.

Section 10. That City Staff is hereby authorized and directed to negotiate an agreement with the School District, the Village of Malta, and the Town of Cortland, to prepare a draft intergovernmental agreement pertaining to the collection, use and administration of the proposed contributions for the School District.
Section 11. That City Staff is hereby authorized and directed to proceed with processing an amendment to Article 8.02 of the Unified Development Ordinance, to codify the adjustments to the Park Land/Cash Ordinance, with an allowance for existing, approved projects to build out under the current regulations.

Section 12. That City Staff is hereby authorized and directed to negotiate an agreement with the Park District to prepare a draft intergovernmental agreement pertaining to the collection, use and administration of the proposed contributions for the Park District.

Section 13. That City Staff is directed to continue to review the City’s demographics and proceed with processing updates to the population chart in Article 8 and/or reviewing these fees and contributions as may be required, subject to City Council review and approval of any amendments.

Section 14. That City Staff is directed, as part of the preparation of the 2007 Budget, to create a special fund targeted to the reinvestment and redevelopment in the existing community, into which the above annexation fee proceeds shall be deposited.

Section 15. That any proposed development that was exempted from Resolution 05-49 shall now be subject to the fees and contributions contained herein, unless it had been approved prior to the adoption of this Resolution, or otherwise exempted per Section 8, above.

Section 16. That the stay on residential developments adopted by Resolution 05-49 and extended by Resolution 05-80, is hereby lifted, subject to the terms herein.

Section 17. That every Annexation Agreement and Development Agreement negotiated hereunder shall include an agreement that the parties to such Agreements and any heir, successors, or assigns, shall not sue the City nor join in any litigation related to these fees and/or contributions.

PASSED BY THE CITY COUNCIL of the City of DeKalb, Illinois, at a regular meeting thereof held on the 28th day of November, 2005 and approved by me as Mayor on the same day. Voice vote 5-2.

ATTEST:

DONNA S. JOHNSON, City Clerk

FRANK VAN BUER, Mayor
Exhibit A

School Capital Contribution Calculation

Data:
(from School District)

<table>
<thead>
<tr>
<th>Building Type</th>
<th>Total Cost</th>
<th>Students per School</th>
<th>Cost Per Student</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elementary Building</td>
<td>$6,675,000</td>
<td>600</td>
<td>$11,125</td>
</tr>
<tr>
<td>Middle School</td>
<td>$15,200,000</td>
<td>900</td>
<td>$16,889</td>
</tr>
<tr>
<td>High School</td>
<td>$40,000,000</td>
<td>2000</td>
<td>$20,000</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(from Growth Summit)

Dwellings in Pipeline = 750 Single Family Detached (375 3-bedroom and 375 4-bedroom) plus 350 Townhomes (Single Family Attached, 175 2-bedroom and 175 3-bedroom), **1100 dwelling units total**

(from UDO Article 8 – Impact Fees)

The above housing would result in **324** elementary students, **254** middle school students, and **186** high school students;

322 elementary students times $11,125/student = $3,582,250.00
253 middle school students x $16,889/student = $4,272,917.00
185 high school students time $20,000/student = $3,700,000.00

Total capital necessary to service these units = $11,555,167.00

Apply 50% residential EAV factor = $5,777,583.50

Half of the units are 3 bedrooms so $2,888,791.75 divided by 550 units = $5252.35 per unit / 3 bedrooms = $1,750.78 per bedroom, say **$1,800.00 per bedroom**.

The resulting fees would be such, regardless of the type of unit:

<table>
<thead>
<tr>
<th>Number of rooms</th>
<th>Capital Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Bedroom</td>
<td>$1,800</td>
</tr>
<tr>
<td>2 Bedroom</td>
<td>$3,600</td>
</tr>
<tr>
<td>3 Bedroom</td>
<td>$5,400</td>
</tr>
<tr>
<td>4 Bedroom</td>
<td>$7,200</td>
</tr>
</tbody>
</table>
Exhibit B

School Transition Contribution Calculation

Data:

Special Census 2004: 1244 new dwelling units constructed between April 2000 and January 31, 2004. Of that, there were 3,561 new total residents and 540 persons between the ages of 5 and 19.

That calculates to 0.434 school age children per new household.

The School District provided an annual net educational expenses (gross expenses less fixed costs not related to enrollment such as administration, bond payments, etc.) of $22,295,346.

Approximately 60% of the annual property taxes are generated by residential uses, with 40% generated from non-residential uses. Residential taxes result in a net of $13,377,207.60.

Average daily attendance is 4,884 students.

The net annual educational cost per student, paid by residential uses, is $2,738.99.

Assumptions:

Assume most homes lapse 12 months (one year) from time of occupancy to time tax revenue begins to be paid.

Calculation:

Students/Unit times Cost/Student = Cost per Unit

0.434 Students per Unit times $2738.99 per Student equals $1,188.72 (say $1200.00) per Unit.
Exhibit C

Park Impact Fee Adjustment

Summary Chart

Note: Calculations and populations based upon Article 8.02 of the UDO. Charted numbers include the following:

- Current park fee by housing type, with 5.5 acres per 1000 population, based upon $75,000 per acre land value;
- Proposed new fee, keeping land value the same but increasing dedication requirements to 11.5 acres per 1000 population;
- Proposed new fee at 11.5 acres per thousand with land value increased to $100,000 per acre

<table>
<thead>
<tr>
<th>Housing Type HH Pop</th>
<th>Total</th>
<th>Current</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detached SF</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 BR</td>
<td>1.989</td>
<td>820.46</td>
<td>2287.35</td>
</tr>
<tr>
<td>3 BR</td>
<td>2.987</td>
<td>1232.14</td>
<td>3435.05</td>
</tr>
<tr>
<td>4 BR</td>
<td>3.807</td>
<td>1570.39</td>
<td>4378.05</td>
</tr>
<tr>
<td>5 BR</td>
<td>4.419</td>
<td>1822.84</td>
<td>5081.85</td>
</tr>
<tr>
<td>Attached SF</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 BR</td>
<td>1.050</td>
<td>433.13</td>
<td>1207.50</td>
</tr>
<tr>
<td>2 BR</td>
<td>1.899</td>
<td>783.34</td>
<td>2183.85</td>
</tr>
<tr>
<td>3 BR</td>
<td>2.277</td>
<td>939.26</td>
<td>2618.55</td>
</tr>
<tr>
<td>4 BR</td>
<td>3.328</td>
<td>1372.80</td>
<td>3827.20</td>
</tr>
<tr>
<td>Apartments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Efficiency</td>
<td>1.000</td>
<td>412.50</td>
<td>1150.00</td>
</tr>
<tr>
<td>1 BR</td>
<td>1.190</td>
<td>490.88</td>
<td>1368.50</td>
</tr>
<tr>
<td>2 BR</td>
<td>1.659</td>
<td>684.34</td>
<td>1907.85</td>
</tr>
<tr>
<td>3 BR</td>
<td>2.814</td>
<td>1160.78</td>
<td>3236.10</td>
</tr>
<tr>
<td>4 BR</td>
<td>4.004</td>
<td>1651.65</td>
<td>4604.60</td>
</tr>
</tbody>
</table>
Exhibit D

Roadway Contribution

Data:

Arterials:

West Arterial Construction cost, Twombly to I 88 = $ 7.6 million
Annie Glidden Expansion, Ashley to I 88 = $ 3.1 million
Peace Road Expansion, IL 38 to I 88 = $ 4.1 million

(above source: DSATS LRTP)

Bethany Road Expansion, 2 lanes to 4 lanes = $ 1.5 million

Major Collectors:

Twombly Expansion, AGR to West Arterial = $ 1.05 million
Dresser Expansion, AGR to First Street = $ 1.85 million
Rich Road Expansion, AGR to First Street = $ 2.1 million
South Malta Road Expansion, AGR to West Arterial = $ 1.3 million

Total Road Upgrades required to service Urban Services Area = $ 22.6 million
  Arterial Upgrades = $ 16.3 million
  Collector Upgrades = $ 6.3 million

Factor Collector Upgrades by 50% to reflect improvements made by adjacent developments = $ 3.15 million net

Total Net Road Upgrades = $ 19.45 million

Apply 60% net residential factor times 19.45 million = $ 11,670,000

Divide by 10,000 new units in USA = $ 1167.00 per unit (say $1200 per new unit)
Exhibit E

City Public Building Contribution

Data:

Residential area in Urban Services Area:
2925 Acres Low Density Residential (at 3 units/acre) = 8775 units
51 Acres Medium Density Residential (at 7 units/acre) = 357 units
54 Acres High Density Residential (at 10 units/acre) = 540 units

Total Units = 9672 Units (say 10,000 new units in USA)

Space Needs:

17,500 sq.ft. Police Station (Expansion)
17,500 sq.ft. City Hall (Expansion)
14,000 sq.ft. Fire Stations (7,000 sq.ft. Fire Station x 2)
7,000 sq.ft. Storage and Miscellaneous
56,000 sq.ft. Total

56,000 sq.ft. times $300.00 per sq.ft. construction cost = $16,800,000.00

Assume 60% of costs attributed to residential development = $10,080,000.00

Divided by 10,000 new units = $1008.00/unit (say $1,000)
Community Development Memo CDD142-05

DATE: November 23, 2005

TO: Mayor
City Council

FROM: Mark Biernacki, City Manager
Russell Farnum, AICP, Acting Director of Community Development

SUBJECT: Resolution Adopting a Policy on Impact Fees and Developer Contributions for Residential Development

STRATEGIC GOALS: Ensure a Financially Stable City Government

➢ Adequately cover the costs for services
➢ Maintain adequate resources and revenues for City services and capital improvements

Promote Balanced and Quality Community & Economic Development

➢ Regularly assess the impact of growth and development on municipal and other governmental services

I. Summary

On June 13 the City Council passed a resolution placing a hold on all new residential annexation and development agreements until a series of policy changes could be prepared and discussed related to residential development. These policies included adoption of design and quality standards as well as discussions of new impact fees and developer contributions. On June 27, Council directed Staff to prepare an outline for various new impact fees and developer contributions.

The draft fees and developer contributions are outlined and discussed below. An initial proposal was presented to serve as a basis for public discussion on the contributions. As public input was collected on the draft proposal, some of the considerations were adjusted to meet the needs of the community.
The new proposal for fees and developer contributions include the following:

A. Per the request of the School District, a School Capital Fee of $1800 per bedroom and a Transition Fee of $1200 per dwelling unit is proposed. The transition fee was initially proposed for broad use by the School District, but Staff is now aware of Constitutional limitations on the use of that money. Consequently, the spending of the transition fee will be restricted. Also per the request of the School District, the Land/Cash Fee is proposed remain the same, until July of 2007, at which point the land value will be reviewed and adjusted if necessary.

B. Per the request of the Park District, the Land/Cash is proposed to be adjusted to include a park dedication requirement of 11.5 acres per thousand persons of expected population (the current requirement is 5.5 acres per thousand), which matches the current land ratio provided in the City of DeKalb. The Park Board had requested review of the land value as well, and has requested an adjustment to $100,000 per acre. The net resulting land cash fee for a 4 bedroom home would be $4,378.05, up from the current level of $1,570.39.

C. The City Council directed Staff to evaluate the traffic (roadway) contribution, proposed to be $1,200 per dwelling unit, add a public building contribution, proposed to be $1,000 per dwelling unit, and review the re-establishment of the $1,000 per acre annexation fee.

The proposed new fees, for a 4-bedroom single family detached home, are summarized in the chart below:

<table>
<thead>
<tr>
<th>Type</th>
<th>Existing</th>
<th>Proposed Increase</th>
<th>Total (4-br home)</th>
</tr>
</thead>
<tbody>
<tr>
<td>School Land Cash</td>
<td>$ 1,928.75</td>
<td>0</td>
<td>$ 1,928.75</td>
</tr>
<tr>
<td>4-bedroom home</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Park Land Cash</td>
<td>$ 1,570.39</td>
<td>$ 2,807.66</td>
<td>$ 4,378.05</td>
</tr>
<tr>
<td>4 bedroom home</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Capital Fee</td>
<td>$ 1,050.00</td>
<td>0</td>
<td>$ 1,050.00</td>
</tr>
<tr>
<td>Annexation Fee</td>
<td>0</td>
<td>$ 1,000.00 / acre</td>
<td>$ 333.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(assumed 3 units/ac)</td>
</tr>
<tr>
<td>School Capital Fee</td>
<td>0</td>
<td>$ 1,800 / bedroom</td>
<td>$ 7,200.00</td>
</tr>
<tr>
<td>4 bedroom home</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>School Transition Fee</td>
<td>0</td>
<td>$ 1,200.00 / unit</td>
<td>$ 1,200.00</td>
</tr>
<tr>
<td>Road Contribution</td>
<td>$ 250.00</td>
<td>$ 990.00</td>
<td>$ 1,240.00</td>
</tr>
<tr>
<td>Public Building Contribution</td>
<td>0</td>
<td>$ 1,000.00</td>
<td>$ 1,000.00</td>
</tr>
<tr>
<td>Total 4-Bedroom Home</td>
<td>$ 4,799.14</td>
<td>$ 13,530.66</td>
<td>$ 18,329.80</td>
</tr>
</tbody>
</table>

* Assumes developer pays cash instead of providing land. If land is provided, these fees would not apply, and the resulting impact to a 4 bedroom home is $12,023.00.
The attached Resolution would adopt these fees and contributions as standard City policy for annexation and development agreements.

II. Background

As noted above, Council directed Staff to evaluate and propose said fees and contributions in June, 2005. Since that time, Staff has prepared the initial proposal for public review, which has been thoroughly digested and discussed by the public. The City Council reviewed the proposal again as a consideration item at the regular meeting of November 14, 2005, and voted 6-1 to direct staff to proceed with the policy resolution on this item.

Substantial information on the basis and justification for the fees and contributions is found in the accompanying backup materials.

III. Community Group/Interested Parties Contacted

This item was first heard at the August 10 Plan Commission meeting as a worksession item, and was the subject of follow up public hearings held August 24, September 14, October 12 and October 26. Staff met with the Park Board on August 11, the School District on August 17 and October 25, and shared this proposal with the City Council in worksession on August 15, and as a consideration item on November 14. In addition, Staff held several meetings individually with School District and Park District Staff members, as well as a committee of the DeKalb County Building and Development Association.

The Plan Commission recommended approval of the fees, with the City Council to determine the dollar amount, by a vote of 3 to 1 (Guio opposed, Davis absent). Commissioner Guio felt that impact fees were a political issue that should be determined by the City Council.

IV. Legal Impact

This issue is a policy issue to be debated and ultimately decided by the City Council. Council discussion on this issue as a consideration item has no legal impact. Forthcoming actions on the adoption of this issue will have impact. Staff feel that this proposal is sound, has solid legal backing (please see City Attorney memo 05-CA-27).

V. Financial Impact

The cumulative impact of the proposed fees and contributions are in line with the total fees being collected by other communities. While this is a large increase for this community, it will have little, if any, impact on the regional housing growth and market demand.

Because DeKalb has not been collecting for capital needs that other communities have been collecting, this community is possibly short changing itself for future capital needs, particularly in relation to other communities. This puts this community at a competitive
disadvantage, correction of which will come at the cost of the existing taxpayer and will result in increased property taxes in the long term, in turn increasing the competitive disadvantage.

These fees and contributions are critical to provide for major capital improvement demands that are created by new residential development. The accompanying map shows properties which have annexation potential, for which either owners or developers have begun serious conversations with City Staff about development. If this policy is not adopted, the Staff has no guidelines by which to negotiate contributions as these development projects move forward.

VI. Alternatives

City Council may affirm, modify or deny the request, or refer the matter back to the Plan Commission for further hearing.

VII. Recommendation

The attached Resolution was prepared in response to Council input and direction at the November 14 meeting. Approval is recommended.

Respectfully submitted for City Council consideration,

Reviewed By:

Linda Wiggins
Assistant City Manager

Approved By:

Mark Biernacki
City Manager
Pursuant to your request, I have reviewed the proposed impact fees and contributions and the applicable statutory and case law with regard to their applicability and legality. It is my opinion that the school capital land/cash contribution, the park district capital land/cash contribution, the school transition contribution, the public building contribution, the roadway contribution, and the annexation fee are permitted under statutory and case law and are legally defensible, if structured properly.

Municipalities are the sole determiners of how and when their boundaries are extended. This task can be accomplished by involuntary annexation or voluntary annexation, both of which are monitored and ultimately overseen by court proceedings, or the favored method of utilizing an annexation agreement, which is a contract negotiated between the parties for consideration—the municipality receives the benefit of an added tax base of land and improvements, control of the land’s development, reimbursement for governmental services likely to be generated by the land’s development and the ability to determine its own boundaries; while the developer receives the benefit of municipal infrastructure, municipal police and fire protection, and oftentimes, concessions on specific land development issues and property taxes. Both sides benefit from such annexation agreements and the courts are loathe to disturb them.

The legislature has authorized the exaction of land and cash contributions to municipalities and other local governmental units which have authority over the property to be annexed in such annexation agreements. (65 ILCS 5/11-15.1-2) This could include land/cash contributions for not only school districts and park districts, but also sanitary districts, library districts, roadway districts and the like, in addition to contributions for the impact on the municipality’s own services in the areas of roadways and municipal facilities. This permits the adoption of a City policy requiring land/cash contributions to the school district and park district, contributions to a roadway/transportation impact fund for the City, contributions to a public facilities fund for the City and an annexation fee to defray the costs of staff and official time and expenses in the development, review and consideration of annexation agreements.

These agreements may also contain “any other matter not inconsistent with this Code, nor forbidden by law.” Arguably, this would encompass the proposed transition fee for school districts, if structured to address the issues raised by the construction of Article VII, Sec. 9(a) of the Constitution, which requires that fees not be used to pay either the salaries of public officers and
employees or office expenses. Should the school district utilize these contributions for capital improvements, which could include equipment and furnishings, payment on debt service, maintenance, transportation or areas other than the education fund, which is generally dedicated to the payment of salaries and operating expenses, I see no violation of that Constitutional stricture.

A review of the case law in this area shows that this provision of the 1970 Constitution came about to address the long-held practice of counties imposing a surcharge on their collection of tax revenues, with that money held by the respective treasurers and not passed through to taxing bodies or the operating budget of the counties. This method of "fee-for-service" was struck down as it deprived taxpayers of a true picture of what tax dollars were generated and their disposition. (Century Community Unit School District No. 100 v. McClellan, 27 Ill.App.3d 255 (5th Dist. 1975; City of Joliet v. Bosworth, 64 Ill.2d 516 (1976)). A 1981 case struck down the Cook County sheriff's imposition of a surcharge for the redemption of properties sold at sheriff's sales, holding such a practice violative of that constitutional provision. (DeBrey v. Elrod, 84 Ill.2d 128 (1981)). Interestingly, more recent cases seem to have liberalized their approach to this provision, holding that the automated records storage fee mandated by both state statute and Cook County ordinance did not violate Article VII, Sec. 9(a) since such fees passed through the Recorder's office and were deposited in the general fund. See, Gadzik v. Yourell, 169 Ill.App.3d 1033 (1st Dist. 1988). Another case of similar ilk is Gross v. Washington, 171 Ill.App.3d 213 (1st Dist. 1988), which held that the imposition of a 50 cent surcharge on the purchase of tickets for Taste of Chicago was for itemized expenses for cultural events in the City of Chicago and did not include office expenses. An enlightening statement, indicating the leanings of the Appellate Court in Chicago, although it would most certainly be considered dicta and not have any precedential value, was this: "Today, under Section 9(a), all local officials are compensated on a salaried basis, independent of the amount of money handled by their offices."

With regard to the enactment of a City policy requiring school transition fees to be paid as part of an annexation agreement, I would suggest that the policy reflect the Constitutional requirement that such funds not be used to pay for salaries or office expenses of the school district. Thus, no argument could be made that they are violative of the Constitution. I would also suggest that such language be included in an intergovernmental agreement between the City and the school district, as well as a requirement for indemnification, a duty to defend and a hold harmless clause from the school district to the City, in the event that such contributions are challenged in court.

Further, the Supreme Court has specifically approved an alternative method of the imposition of school and park district land/cash contributions, without the benefit of an annexation agreement, in the case of Krugoff v. City of Naperville, 68 Ill.2d 352 (1977). That case upheld the statutory authority conferred in 65 ILCS 5/11-12-8, permitting a municipality to require land/cash contributions for school districts, park districts and other public land as a condition for accepting a plat of subdivision. This encompasses not only school and park contributions, but also land/cash contributions for roadways and public building uses, among other things. The Naperville case found that the required contribution were "uniquely attributable to" and fairly proportioned to the need for such public facilities created by the proposed development. Thus, not only are required school and park district land/cash contributions valid, contributions for roadway improvements or public buildings, such as municipal centers, police stations, fire stations or libraries, are also valid.
You can see then, that contributions for school district, park district, roadway improvement or impact and public buildings are all permitted exactions under state statute and can be imposed via City ordinance, without the benefit of an annexation agreement.

However, the method of parties amicably agreeing between themselves via annexation agreements is favored by the courts, as an arms-length transaction. Contractually, developers can bind themselves to contributions that might not meet the "uniquely attributable" test approved in the Naperville case because they are also receiving benefits that a municipality is not otherwise obligated to grant to them. The DeKalb County Builders and Developers Association have raised issues that might be of some consideration if all of these contributions were being mandated by ordinance as a precursor to the issuance of a final plat. However, as policy considerations that would be part and parcel of negotiated annexation agreements, the members of the Association and other developers are free to negotiate the best deal possible, tailored to their own projects, recognizing that they are not obligated to annex their property to the City of DeKalb, and that the City of DeKalb is not obligated to extend its boundaries to encompass their respective projects.
TO: Mayor and Council
Plan Commission
DeKalb School Board
DeKalb Park District
DeKalb County Building and Development Association

FROM: Russ Farnum, AICP, Acting Director of Community Development

DATE: August 5, 2005

RE: Proposed Impact Fee and Developer Contributions:
Draft for Public Input and Discussion

Summary

On June 13 the City Council passed a resolution placing a hold on new residential developments until a series of policy changes could be prepared and discussed related to residential development. These policies included adoption of design and quality standards as well as discussions of new impact fees and developer contributions.

The draft fees and developer contributions are outlined and discussed below. This initial proposal is intended to serve as a basis for public discussion on these contributions. As public input is collected on these draft fees, the amounts and/or calculations may be adjusted as such input warrants.

The new draft fees and developer contributions proposed for public discussion include the following:

A. Per the request of the School District, a School Capital Fee and a Transition Fee is proposed. Also per the request of the School District, the Land/Cash Fee is proposed remain the same, until July of 2007, at which point the land value will be reviewed and adjusted if necessary.

B. Per the request of the Park District, the Land/Cash is proposed to be adjusted to include a park dedication requirement of 10 acres per thousand persons of expected population (the current requirement is 5.5 acres per thousand). The Park Board had requested review of the land value as well, but land values have not yet been established. Appendix iii shows how the fee may change if different land values are adopted.

C. The City Council directed Staff to evaluate the traffic (roadway) contribution, add a public building contribution, and review the re-establishment of the $1,000 per acre annexation fee. The water capital fee is proposed to remain the same.
The intent is that these new fees and contributions would apply to developments approved after September, 2005. The existing fees, and proposed new fees and contributions, are summarized in the chart below.

Further, only residential developments were evaluated at this time. Some of these fees may be applicable to commercial and industrial development, which will be considered for adoption at a later date.

All of these fees and contributions are subject to revisions and/or amendments as this proposal proceeds and is reviewed by the various entities involved in this process, and with the general public.

<table>
<thead>
<tr>
<th>Type</th>
<th>Existing</th>
<th>Proposed Increase</th>
<th>Total (4-br home)</th>
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</thead>
<tbody>
<tr>
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<td>$1,928.75</td>
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<tr>
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<td>$1,284.00 to (may vary if land value is changed)</td>
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<td>$1,050.00</td>
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<td>$1,000.00 / acre</td>
<td>$333.00</td>
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<td></td>
<td>(assumed 3 units/ac)</td>
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</tr>
<tr>
<td>School Capital Fee</td>
<td>0</td>
<td>$1,800 / bedroom</td>
<td>$7,200.00</td>
</tr>
<tr>
<td>School Transition Fee</td>
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<td>$1,200.00 / unit</td>
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<tr>
<td>Road Contribution</td>
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<td>$990.00</td>
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<tr>
<td>Public Building Contribution</td>
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<td>$1,000.00</td>
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<tr>
<td>Total 4-Bedroom Home</td>
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<td>$12,007.00</td>
<td>$16,806.14</td>
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</table>

**Background**

Impact fees are charges placed upon developments which are intended to offset direct costs related to those developments. Typical "standard" impact fees commonly collected include land dedications (or cash in lieu of land) for parks and school sites (commonly called land/cash ordinances), water and sewer connection charges, and traffic impact fees. There must be a "Rational Nexus", or a direct connection, between the amount of the fee charged and the actual impact.

Impact fees differ from service charges in that they are intended to pay for capital improvements and/or recapture expenditures that are necessary for the development and directly attributable to the development, such as the cost of extending water mains and streets to the project. Services provided to the development (such as building inspections and snowplowing) cannot be subject to an impact fee, but instead are recaptured through service charges (building permit fees) and/or through annual tax levies (snowplowing).
In addition, many communities consider levying additional charges for off-site or on-site improvements that benefit the development and the community as a whole. These are typically referred to as "developer contributions". Examples include off-site traffic fees for regional improvements, school building/construction fees, and transition fees. These additional charges are typically negotiated through annexation or development agreements, and because they are part of a contract between the City and the developer, are not required to prove the "rational nexus" linkage between the charge and the impact. However, the contributions must be reasonable, and still somewhat defensible, or the developer would not agree to pay the fee.

The City of DeKalb has the following existing impact fees in place, and/or has used the following fees:

A. Water Capital Fees

This fee pays for water infrastructure and system improvements through a connection charge. A typical connection charge is $1,050 (for a one inch standard single family home service) which goes into a dedicated fund for system improvements. This fee has not been updated since adoption in 1998, when this fee replaced the City's $1,000 per acre annexation charge.

This fee has generated substantial capital revenue for the City's water system, no changes are recommended at this time.

B. School Fees

Current school impact fees are found in Article 8.01 of the Unified Development Ordinance, and consist of a standard land/cash ordinance (a developer can dedicate land for a future school site, or may pay a fee-per-house in lieu of the land dedication). The City's code follows the "Naperville model" which includes a complex calculation between the number of expected students per housing type, the different grade configurations, and the acreage of land needed per type of school, in order to obtain a total acreage of land that a developer is expected to dedicate for school sites within the development. The the cash-in-lieu payment is calculated by using a price-per-acre land value for improved land and dividing in proportionally between the proposed housing types.

The original land value established in 1998 was $50,000 per acre. That amount was amended to $75,000 per acre in 2002 by Ordinance 02-68. By that same Ordinance, the school and park districts agreed not to request any changes to the land value until after July 1, 2007. The fee for a 4-bedroom single family home fee is $1,928.75. The fee is paid at the time a building permit is issued for home construction.

One of the shortfalls of a land/cash ordinance is that it simply secures sites for future construction, and/or cash that could be used to acquire sites. While the money can be
used for other capital expenses, a school land/cash ordinance rarely generates enough capital to actually build schools on the sites, nor does it provide for any operating revenues. To make up for these shortcomings, a capital fee is proposed to provide cash for constructing new schools, and a transition fee is proposed to “cover the gap” between the time a home is occupied, and the time the tax revenue begins to be paid.

C. Park Fees

Current park impact fees are found in Article 8.02 of the Unified Development Ordinance, and consist of a standard land/cash ordinance (similar to the school land/cash, a developer can dedicate land for a park site, or may pay a fee-per-house in lieu of the land dedication). This ordinance also follows the Naperville model, as described above. The original land value established in 2000 was $50,000 per acre. That amount was amended to $75,000 per acre in 2002 by Ordinance 02-68. By that same Ordinance, the school and park districts agreed not to request any changes to the land value until after July 1, 2007.

The current fee for a 4-bedroom single family home fee is $1,570.39. The fee is paid at the time a final plat is recorded for a subdivision.

There are some distinctions between the school fees and park fees which need to be highlighted. First, the park fee is often higher than the school fee, as it uses the total number of expected persons per household instead of simply the number of school-age persons per household. This is because parks service everyone in the household, where schools only service the student age population.

Second, the park fees are paid at the time of final plat because the park is necessary from the day the first person moves into the subdivision. Because of their more regional aspects, the schools are more flexible, and a school may not be necessary in a subdivision until several hundred homes are constructed.

D. Traffic Fees

Current development codes require development to also provide improvements to adjacent roadways. Often this requirement isn’t feasible, particularly in cases when the development is only on one side of existing township or county roads, in which case the City collects money in lieu of those improvements. However, the requirement does not address needed regional improvements (signalization, Bethany Road and arterial extensions etc.), which are necessary to service the long term development of the entire community.

Currently the City does not have a formal traffic impact fee ordinance, but has negotiated fees on a case-by-case basis through annexation agreements and/or Planned Development approvals. The typical fee currently charged is $250 per dwelling unit. This fee was established as an offshoot for off-site improvement requirements with the Devonaire Farms project, and has been continued with other developments since that time. The fee
was based upon long-term improvements necessary for South Malta Road and a pro-rata share of the intersection improvements at Annie Glidden and Taylor.

Possible New Fees and other Developer Contributions

A. School Contributions

The current land/cash ordinance, following the Naperville model, is solidly based and has a long history of being legally defensible. If desired, Council could direct Staff to investigate changing acreage ratios or the population charts, but those changes would require substantial research and would have the same net effect as adjusting the land value from time to time. It is recommended that the Council direct Staff to leave the current ordinance alone, but Staff will return with reviewed and updated land value recommendation in 2007.

However, several new fees can be considered to supplement the land/cash ordinance which is already on the books:

1. **Capital Contribution** (See Appendix i): A capital contribution provides cash to build the schools on sites required by developer dedication through the land/cash ordinance. The fee would be based upon average building costs for new schools, which would be pro-rated and varies by age group common to various types of housing and the size of school.

   The methodology would use the household population charts in Article 8 to calculate anticipated age cohorts and demographics for new construction, and a per-household fee would be determined based upon the construction costs of the facilities necessary to service that household. The populations in Article 8 represent the average household demographics over the lifetime of the home. Using that information assures that the schools constructed will have sufficient capacity to service that home over its lifetime.

   An idea that has been discussed between Staff and the District is a flat “per bedroom” fee, which would not vary between household types, but would simply be paid at the time of building permit. This would also make for very simple and efficient administration of this fee.

   The capital contribution proposed for adoption is $1,800 per bedroom, and the calculation is summarized in Appendix i.

   The communities of Malta and Cortland have indicated agreement with the above fee, in order to provide continuity between all three communities within the District.

2. **Transition Contribution** (See Appendix ii): A transition contribution offsets service costs incurred between the time a home is occupied and the time the revenue stream begins. This is often referred to as the “tax lag”, as a home occupied this year does not pay taxes until the following calendar year.
Such a fee would use a per-student cost based upon actual experienced enrollments for new construction. This is different from the population charts in Article 8, which reflect the average over the lifetime of the home. New construction in DeKalb tends to have fewer elementary age children, as new construction is often the “move-up” home for families who have gotten older and built equity in the “first home” in order to move to a larger, newer home.

The Transition Contribution proposed is $1,200.00 per dwelling unit, and the calculation is summarized in Appendix ii.

B. Park Fees
(See Appendix iii)

As noted above, the existing land/cash ordinance (Article 8.02) follows the Naperville model, and the land value cannot be changed until 2007. However, the national standard for park lands is ten (10) acres per thousand people of expected population. When the park fees were adopted in 2000, the standard adopted by the ordinance was five and one-half (5.5) acres per thousand — at the request of the Park District (City Staff had initially proposed 10 acres per thousand).

A potential change from the current park land/cash ordinance would be amending that standard from 5.5 acres per 1000 persons to 10 acres per thousand persons. This would almost, but not quite, double the existing land/cash fees. Should the Park Board maintain their request to update the land value as well, some additional calculations based upon land values of $100,000 and $125,000 per acre are demonstrated in Appendix iii.

C. City/Public Building Contribution
(see Appendix iv)

This fee would create a fund which would allow the City to build capital facilities necessary to service the community. These could include not only fire and police stations, but City Hall, the Public Works buildings, cold storage building, and similar facilities. Because the City services not only residential population, but also industry and commerce, the fee should eventually apply to all land development, not just housing.

This fee proposal is based upon the value of new buildings needed to service the new development in the City, pro-rated by residential and non-residential, and divided up by new households being served by City. It is recommended that such a fee be calculated on a per-household basis for residential projects.

As with the school contributions, a flat per-unit amount is easiest to calculate and administer. The proposed Public Building Contribution is $1,000 per dwelling unit, and the calculations are summarized in Appendix iv. The public building contribution for non-residential development will be considered as part of a future project.
D. City Roadway Contribution  
(see Appendix v)

A formal traffic impact fee structure typically is very complex. A standard structure includes definitions of various traffic shed areas through a region, and assignment of proportional shares of regional traffic improvements including signalization and other intersection improvements, road widening, addition of turn lanes, and construction of arterial roadways. However, adoption of such an impact fee is necessary to provide capital money for such improvements as the Annie Glidden Road project, the Bethany Road extension (which will eventually need to be widened to 4 lanes) and continual improvements to Peace Road and other major arterials and collectors, as well as continued signalization of major intersections.

Upgrade costs were estimated for Arterials and Major Collectors, and netted based upon residential/non-residential land use ratios (60% residential, 40% non-residential). Additionally, Major Collector costs were reduced to provide the pro-rata share of improvements that developers are already expected to provide when building adjacent to these roadways (curb, gutter, sidewalk, right turn lanes, etc.).

Because this study focuses upon policies for residential development, and most of the future residential development is planned for the north and west sides of DeKalb, major collectors and arterials that focus primarily upon commercial and industrial areas, such as Barber Greene Road, Pleasant Street east of Peace, and Gurler Road, were excluded. It is anticipated that eventually this fee will apply to all development, not just housing. The roadway contributions for non-residential development will be considered as part of a future project.

As with the other contributions, a flat per-unit fee is easiest to administer. The proposed roadway contribution is $1,200 per dwelling unit, and the calculations are summarized in Appendix v.

E. Annexation Fee

An annexation fee is a flat per-acre fee that is intended to help recoup the expenses of capital and manpower that a municipality needs to service the additional land added to the City. Formerly the City had a $1,000 per acre fee found in Article 10 of the Unified Development Ordinance, which was deleted when the Water Capital fee was adopted in 1998.

Because annexation is a discretionary action on the part of the City, this fee can be set at any reasonable level, and since it only would apply to new annexations, it can be adopted by Ordinance. Typically it is paid at the time the property is annexed.

For reference, the DeKalb Sanitary District charges an annexation fee of $3,000 per acre. Through experience, this fee has been paid reluctantly by residential developers, and in
particular has been subject of continuous waiver requests by commercial and industrial developers, due to the large up-front expense.

The proposed annexation fee is recommended for reinstatement at $1,000 per acre.

The revenue generated by this fee could be used as a capital fund for redevelopment of the older areas of the City, or for similar neighborhood planning efforts. Not only would this focus offset arguments that new development does not have a positive benefit to the City, but also, this would set up a revenue fund to enhance the rehabilitation and/or construction of affordable housing and provide additional economic development funds for revitalization of areas such as East Lincoln Highway.

If this annexation fee is adopted, the City Council should adopt a policy on how the proceeds are to be spent. This revenue should also be placed in a special-purpose fund earmarked specifically for such purposes, and should not be co-mingled with other general City revenues.

Implementation

It is recommended that these fees, once approved by the various bodies and adopted by the Council as a Policy Resolution, be implemented by incorporation into annexation agreements and development agreements.

It is further recommended that, as part of the Policy Resolution, the Council makes it clear that these fees would apply to all new lands annexed for residential development, as well as any land converted from a commercial and/or industrial zoning classification to allow for the construction of residential units. Further, it is recommended that no such rezoning be allowed without an accompanying development agreement, which would, among other things, set forth said fees.

The City, the School District and the Park District should enter into intergovernmental agreements setting forth how, when, and who is going to collect the fees, what they should be used for, how they shall be accounted for, and similar details.

Discussion of updates to the Park Land/Cash Ordinance, and how that affects existing developments and the School Land/Cash Ordinance, need to be held to help clarify if that change is to be made to Article 8, or by policy resolution, and when that change is to be implemented.

Schedule of Public Review and Discussion

City Staff have, thus far, set out the following meetings at which these proposed new fees will be discussed with various groups and entities. Additional meetings may be added to allow for a thorough public discussion of this proposal.

August 10, Plan Commission Worksession, 7:00 pm, City Council Chambers
August 11, Park District Study Study Session, 6:00 pm, Hopkins Park
August 12, DeKalb County Building and Development Association (tbd)
August 15, City Council Workshop, 7:00 pm, City Council Chambers
August 17, School Board Meeting, 7:00 pm, School Administration Center
August 24, Plan Commission, 7:00 pm

September 12, City Council Meeting, Anticipated approval of policy resolution

Again, all of these fees and contributions are subject to revisions and/or amendments as this proposal proceeds and is reviewed by the various entities involved in this process, and with the general public.

If you have any questions, or feel you need further information on any of these items, please do not hesitate to contact Russ Parnum, Acting Community Development Director, at the Community Development Department.
Appendix I

School Capital Fee Calculation

Data:
(from School District)

<table>
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<tr>
<th>Building Type</th>
<th>Total Cost</th>
<th>Students per School</th>
<th>Cost Per Student</th>
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<tbody>
<tr>
<td>Elementary Building</td>
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<tr>
<td>Middle School</td>
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<tr>
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(from Growth Summit)

Dwellings in Pipeline = 750 Single Family Detached (375 3-bedroom and 375 4-bedroom) plus 350 Townhomes (Single Family Attached, 175 2-bedroom and 175 3-bedroom), 1100 dwelling units total

(from UDO Article 8 - Impact Fees)

The above housing would result in 324 elementary students, 254 middle school students, and 186 high school students;

322 elementary students times $11,125/student = $3,582,250.00
253 middle school students x $16,889/student = $4,272,917.00
185 high school students times $20,000/student = $3,700,000.00

Total capital necessary to service these units = $11,555,167.00

Apply 50% residential EAV factor = $5,777,583.50

Half of the units are 3 bedrooms so $2,888,791.75 divided by 550 units = $5252.35 per unit / 3 bedrooms = $1,750.78 per bedroom, say $1,800.00 per bedroom.

The resulting fees would be such, regardless of the type of unit:

<table>
<thead>
<tr>
<th>Number of rooms</th>
<th>Capital Fee</th>
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<tbody>
<tr>
<td>1 Bedroom</td>
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<tr>
<td>2 Bedroom</td>
<td>$3,600</td>
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<tr>
<td>3 Bedroom</td>
<td>$5,400</td>
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<td>4 Bedroom</td>
<td>$7,200</td>
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</table>

This fee is very similar (in financial levels) to the fee schedule prepared in the report by Roger Dahlstrom for the school district, but will be simpler to calculate and easier to administer.
Appendix ii

School Transition Fee Calculation

Data:

Special Census 2004: 1244 new dwelling units constructed between April 2000 and January 31, 2004. Of that, there were 3,561 new total residents and 540 persons between the ages of 5 and 19.

That calculates to 0.434 school age children per new household.

The School District provided annual net educational expenses (gross expenses less fixed costs not related to enrollment such as administration, bond payments, etc.) of $22,295,346.

Approximately 60% of the annual property taxes are generated by residential uses, with 40% generated from non-residential uses. Residential taxes result in a net of $13,377,207.60.

Average daily attendance is 4,884 students.

The net annual educational cost per student, paid by residential uses, is $2,738.99.

Assumptions:

Assume most homes lapse 12 months (one year) from time of occupancy to time tax revenue begins to be paid.

Calculation:

Students/Unit times Cost/Student = Cost per Unit

0.434 Students per Unit times $2738.99 per Student equals $1,188.72 (say $1200.00) per Unit.
## Appendix iii

### Park Impact Fee Adjustment

#### Summary Chart

Note: Calculations and populations based upon Article 8.02 of the UDO. Charted numbers include the following:

- Current park fee by housing type, with 5.5 acres per 1000 population, based upon $75,000 per acre land value;
- Proposed new fee, keeping land value the same but increasing dedication requirements to 10 acres per 1000 population;
- Proposed new fee at 10 acres per thousand with land value increased to $100,000 per acre
- Proposed new fee at 10 acres per thousand with land value increased to $125,000 per acre

<table>
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<tr>
<th>Housing Type</th>
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<td>2 BR</td>
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<td>783.34</td>
<td>1424.25</td>
</tr>
<tr>
<td>3 BR</td>
<td>2.277</td>
<td>939.26</td>
<td>1707.75</td>
</tr>
<tr>
<td>4 BR</td>
<td>3.328</td>
<td>1372.80</td>
<td>2496.00</td>
</tr>
<tr>
<td>Apartments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Efficiency</td>
<td>1.000</td>
<td>412.50</td>
<td>750.00</td>
</tr>
<tr>
<td>1 BR</td>
<td>1.190</td>
<td>490.88</td>
<td>892.50</td>
</tr>
<tr>
<td>2 BR</td>
<td>1.659</td>
<td>684.34</td>
<td>1244.25</td>
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<tr>
<td>3 BR</td>
<td>2.814</td>
<td>1160.78</td>
<td>2110.50</td>
</tr>
<tr>
<td>4 BR</td>
<td>4.004</td>
<td>1651.65</td>
<td>3003.00</td>
</tr>
</tbody>
</table>
Appendix iv

City/Public Building Contribution

Data:

Residential area in Urban Services Area:
2925 Acres Low Density Residential (at 3 units/acre) = 8775 units
51 Acres Medium Density Residential (at 7 units/acre) = 357 units
54 Acres High Density Residential (at 10 units/acre) = 540 units

Total Units = 9672 Units (say 10,000 new units in USA)

Space Needs:

17,500 sq.ft. Police Station (Expansion)
17,500 sq.ft. City Hall (Expansion)
14,000 sq.ft. Fire Stations (7,000 sq.ft. Fire Station x 2)
7,000 sq.ft. Storage and Miscellaneous
56,000 sq.ft. Total

56,000 sq.ft. times $300.00 per sq.ft. construction cost = $16,800,000.00

Assume 60% of costs attributed to residential development = $10,080,000.00

Divided by 10,000 new units = $1008.00/unit (say $1,000)
Appendix V

Roadway Contribution

Data:

Arterials:

West Arterial Construction cost, Twombly to I 88 = $ 7.6 million
Annie Glidden Expansion, Ashley to I 88 = $ 3.1 million
Peace Road Expansion, IL 38 to I 88 = $ 4.1 million

(above source: DSATS LRTP)

Bethany Road Expansion, 2 lanes to 4 lanes = $ 1.5 million

Major Collectors:

Twombly Expansion, AGR to West Arterial = $ 1.05 million
Dresser Expansion, AGR to First Street = $ 1.85 million
Rich Road Expansion, AGR to First Street = $ 2.1 million
South Malta Road Expansion, AGR to West Arterial = $ 1.3 million

Total Road Upgrades required to service Urban Services Area = $ 22.6 million
Arterial Upgrades = $ 16.3 million
Collector Upgrades = $ 6.3 million

Factor Collector Upgrades by 50% to reflect improvements made by adjacent developments = $ 3.15 million net

Total Net Road Upgrades = $ 19.45 million

Apply 60% net residential factor times 19.45 million = $ 11,670,000

Divide by 10,000 new units in USA = $ 1167.00 per unit (say $1200 per new unit)
**Appendix vi**

**Fees from Other Communities**

<table>
<thead>
<tr>
<th>Community</th>
<th>Type of Fee</th>
<th>Amount</th>
<th>Total (4-bedroom)</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algonquin</td>
<td>Annexation</td>
<td>$1,000/ac</td>
<td>$333 (assume 3/ac)</td>
<td>$500/acre for commercial and industrial land, based on gross acres</td>
</tr>
<tr>
<td></td>
<td>Park Fee</td>
<td>$5,928</td>
<td></td>
<td>10 ac/1000, $157,500/ac value</td>
</tr>
<tr>
<td></td>
<td>School Fee</td>
<td>$5,860</td>
<td></td>
<td>Same value as above</td>
</tr>
<tr>
<td></td>
<td>School Trans</td>
<td>$3,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>City Trans</td>
<td>$2,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fire Trans</td>
<td>$185</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Library Trans</td>
<td>$85</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Water/San Fee</td>
<td>$6,000/du</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Public Bldg.</td>
<td>$400/du</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td>$29,791.00</td>
<td></td>
</tr>
<tr>
<td>Aurora</td>
<td>Public Works</td>
<td>$1.25 per</td>
<td>$100.00</td>
<td>Assume 80 foot wide lot</td>
</tr>
<tr>
<td></td>
<td>Fire Fee</td>
<td>$575</td>
<td></td>
<td>$325 per acre plus $250 per unit</td>
</tr>
<tr>
<td></td>
<td>School Capital</td>
<td>$3,500</td>
<td></td>
<td>Assumed, actual amounts</td>
</tr>
<tr>
<td></td>
<td>School L/C</td>
<td>$2,000</td>
<td></td>
<td>not provided</td>
</tr>
<tr>
<td></td>
<td>Park L/C</td>
<td>$2,000</td>
<td></td>
<td>May vary depending upon L/C</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td>$8,175.00</td>
<td></td>
</tr>
<tr>
<td>Elburn</td>
<td>Williams Ridge</td>
<td>$900/du</td>
<td>$900/du</td>
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<tr>
<td></td>
<td>Blackberry Creek</td>
<td>$1,823/du</td>
<td>$1,823/du</td>
<td>Fee varies based upon market value</td>
</tr>
<tr>
<td></td>
<td>Kaneland Schools</td>
<td>$6,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td>$6900 - $7823</td>
<td></td>
</tr>
<tr>
<td>Elgin</td>
<td>10 different fees</td>
<td></td>
<td></td>
<td>$17,111.00</td>
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<tr>
<td>Genoa</td>
<td>13 different fees</td>
<td></td>
<td></td>
<td>$18,050.73</td>
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<tr>
<td>Lake in the Hills</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>------------------</td>
<td>----------</td>
<td>----------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fire Impact Fee</td>
<td>$ 600.00</td>
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<td></td>
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<tr>
<td>Library Fee</td>
<td>$ 250.00</td>
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</tr>
<tr>
<td>Park Fee</td>
<td>$ 5,928.30</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Public Building</td>
<td>$ 500.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Road Fee</td>
<td>$ 500.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>School Fee</td>
<td>$ 8,071.41</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$ 15,849.71</strong></td>
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</table>

<table>
<thead>
<tr>
<th>North Aurora</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Road Fee</td>
<td>$ 1,800.00</td>
<td></td>
</tr>
<tr>
<td>Public Building</td>
<td>$ 1,073.00</td>
<td></td>
</tr>
<tr>
<td>Public Works</td>
<td>$ 285.00</td>
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<tr>
<td>Fire protection</td>
<td>$ 285.00</td>
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<tr>
<td>Library Capital</td>
<td>$ 120.00</td>
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</tr>
<tr>
<td>School L/C</td>
<td>$ 1,506.29</td>
<td><strong>$ 60,000 per acre land value</strong></td>
</tr>
<tr>
<td>Park L/C</td>
<td>$ 2,203.80</td>
<td><strong>No transition fees</strong></td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$ 7,273.09</strong></td>
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<table>
<thead>
<tr>
<th>Sycamore</th>
<th></th>
<th></th>
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<tr>
<td>Park</td>
<td>$ 913.00</td>
<td></td>
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<tr>
<td>School</td>
<td>$ 5,013.00</td>
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<tr>
<td>Voluntary School</td>
<td>$ 3,000.00</td>
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<tr>
<td>Water Capital</td>
<td>$ 1,047.00</td>
<td></td>
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<tr>
<td>Annexation</td>
<td>$ 3,000.00</td>
<td><strong>$ 1,000.00</strong></td>
</tr>
<tr>
<td>Library</td>
<td>$ 164.50</td>
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<td><strong>Total</strong></td>
<td></td>
<td><strong>$ 11,137.50</strong></td>
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<table>
<thead>
<tr>
<th>Sugar Grove</th>
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<tr>
<td>Water Capital</td>
<td>$ 4,638.00</td>
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</tr>
<tr>
<td>School (L/C)</td>
<td>$ 3,523.00</td>
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<tr>
<td>Park (L/C)</td>
<td>$ 3,011.00</td>
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<tr>
<td>Capital</td>
<td>$ 2,226.00</td>
<td></td>
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<tr>
<td>Road</td>
<td>$ 1,000.00</td>
<td></td>
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<tr>
<td>Public Safety</td>
<td>$ 486.00</td>
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</tr>
<tr>
<td>Fire Transition Fee</td>
<td>$ 486.00</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$ 15,370.00</strong></td>
</tr>
</tbody>
</table>
Due to staff constraints and timelines for printing the backup materials, this memo and the additional backup could not be included with the stapled "packet".

This memo outlines and addresses some of the concerns presented by the DeKalb County Building and Development Association pertaining to the proposed new fees and contributions.

Affordability:

Impact fees and additional contributions will raise the cost of new housing. However, those fees and contributions are directly related to the costs to service those new households. Consequently, either the cost for those new services is paid up-front in cash (through the fee) or paid over time through the increased property taxes. Further, if those fees and contributions are collected up-front and paid by those homeowners demanding new services, it eases the tax burdens on the existing community.

Increased impact fees do not generally result in increased taxes for existing homes. Property taxes are based upon the levy set forth by the various taxing bodies each year. The levy is the expected amount necessary to cover costs for the coming year. As property values rise, the tax levy is spread over those higher values — assuming the levy remains the same, the rate decreases, and the total amount paid would remain about the same.

Generally increasing the cost of new housing does, in turn, raise the cost of existing housing stock. This relationship is complex and relies upon a number of factors including supply and demand, interest rates, amenities, and a slew of other market factors. However, DeKalb’s existing housing stock still remains affordable, and DeKalb has proportionally more affordable housing than our neighboring communities (as reflected by a lower median cost). Additionally, part of the new fees include an annexation fee, which is targeted to reinvestment in our existing neighborhoods, which is where DeKalb’s affordable housing stock exists. In this manner, new development is helping to improve the existing community, and is assisting with affordable housing needs.
City Staff is currently examining the need for affordable housing in DeKalb. At this point it appears that sufficient affordable housing is already provided. For example in 2004, DeKalb Township had 689 total residential units sold. Of those, 271, or 40%, sold for $140,000 or less. Evaluation of the rental housing market is underway.

City Staff also examined popular housing set-aside programs. The truth of such programs is that they only work in situations where hyper-inflation exists. In our market, there is little need or justification for such a program. An examination of these programs is attached.

Also attached is a letter from Roger Dahlstrom, from the NIU Center for Governmental Studies, to the DeKalb School District, dated April 15, 2005. Please note two important topics discussed on Page 2, Regressive Nature and Affordable Housing. These two issues as discussed by a leading guru on impact fees, reinforce Staff’s opinions on these matters.

Lastly, Staff would remind Commissioners that no one has an entitlement to a newly-constructed home. While new single family detached homes remain the American Dream, the truth is that affordable housing needs need to be met through a variety of means, including townhomes and rental housing. Affordable housing does not mean new single family home construction.

Transfer Tax:

The Transfer Tax was presented as an option in lieu of the proposed new fees and contributions. A transfer tax can only be approved by referendum, placing reliance upon its approval on the next election.

In order to recapture the full amount of the proposed new fees and contributions, the transfer tax would be approximately $5.00 per hundred of valuation. That means a new $250,000 home would have to pay $12,500.00 in transfer tax, and an “affordable” $140,000 home would have to pay $7,000.

Sycamore’s proposed transfer tax is intended to offset an expected $8 million operating deficit for their school district. It is not intended to assist with capital needs, for which impact fees and developer contributions are intended.

While it can be easily recognized that this is not an option for collecting the “full freight” of the proposed new fees and contributions, it may be an alternative to help offset some of the fees. In particular, Staff’s recommendation would be that, if a Transfer Tax is approved by referendum, that money could be used to offset other contributions recommended herein. Staff will make this a part of the forthcoming policy resolution.
Constitutionality/Legality:

The DCBDA advises that the proposed transition contribution is unconstitutional, as it will be used to offset operating costs. While that could be true if adopted as a local ordinance, this contribution (which is not technically a fee) is recommended for implementation through annexation agreements. This is a common approach used by other communities throughout Illinois, and is growing in popularity.

Staff is confident that this contribution, as with the other portions of this proposal, are legal and defensible.

Demographics:

As Commissioners and others that have been involved in this project are aware, the population ratios in Article 8 of the Unified Development Ordinance have been used to calculate projected capital needs for schools and parks. If the DCBDA is concerned about the demographic numbers in Article 8, they may appeal and hire a firm to provide more updated demographics. The 2004 special census does not provide adequate data for this purpose. Community Development Staff is currently exploring ways to find more detailed and current data. Such a project may be a monumental task and will not be completed on the timeframe for this policy initiative. Staff maintains that the data provided, while somewhat outdated, is accurate for providing a sufficient basis for the proposed calculations, and more recent data may not result in a substantial change in the amount of the contributions.

Conclusions:

Staff recognizes that the proposed fees and contributions are not ideal in a philosophical sense, and are not a panacea for solving all problems related to capital and/or social needs. However, given the existing state of government and funding sources, the proposed fees and developer contributions are the best tool for the purpose.

Impact fees improve or maintain affordability of existing homes by transferring costs for new services to new the new housing demanding the services. The proposed annexation fee will assist the City in improving existing neighborhoods.

If a transfer tax is approved by referendum, is could be used to offset a portion of the fees or contributions found herein.

Updated data sources are being explored but will not be prepared in the timeline necessary for this policy initiative. While population data may change the fees somewhat, it is doubtful that a substantial reduction in the fees would occur.

Staff is confident that the proposal is legal and defensible.

Approval of the proposal is recommended.
### Comparison of Housing Values
City of DeKalb and Surrounding Areas

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>1990 Census Data</th>
<th>2000 Census Data</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percentage</td>
</tr>
<tr>
<td>City of DeKalb</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Median Home Value</td>
<td>$78,700</td>
<td></td>
</tr>
<tr>
<td>Total Housing Units</td>
<td>10,915</td>
<td>36.1%</td>
</tr>
<tr>
<td>Owner Occupied Units</td>
<td>3,942</td>
<td>2.3%</td>
</tr>
<tr>
<td>Housing Values</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than $50,000</td>
<td>483</td>
<td>12.3%</td>
</tr>
<tr>
<td>$50,000 to $99,999</td>
<td>2,327</td>
<td>59.0%</td>
</tr>
<tr>
<td>$100,000 to $149,999</td>
<td>803</td>
<td>6.0%</td>
</tr>
<tr>
<td>$150,000 to $199,999</td>
<td>237</td>
<td>0.3%</td>
</tr>
<tr>
<td>$200,000 to $299,999</td>
<td>81</td>
<td>2.1%</td>
</tr>
<tr>
<td>$300,000 or Greater</td>
<td>11</td>
<td>0.3%</td>
</tr>
</tbody>
</table>

| City of Sycamore   |         |            |        |            |
| Median Home Value  | $77,300 |           | $128,300 |           |
| Total Housing Units| 3,935  | 51.6%      | 3,247 | 65.9%      |
| Owner Occupied Units| 2,032 | 6.9%      | 68    | 2.1%       |
| Housing Values     |         |            |        |            |
| Less than $50,000  | 288    | 14.2%      | 225   | 17.5%      |
| $50,000 to $99,999 | 1,263  | 62.2%      | 587   | 43.0%      |
| $100,000 to $149,999 | 371 | 18.3%       | 1,397 | 20.3%      |
| $150,000 to $199,999 | 83  | 4.1%       | 659   | 10.2%      |
| $200,000 to $299,999 | 20  | 0.3%       | 331   | 2.1%       |
| $300,000 or Greater | 7     |            | 68    |            |

| Town of Cortland   |         |            |        |            |
| Median Home Value  | $80,500 |           | $134,600 |           |
| Total Housing Units| 366    | 62.8%      | 723   | 70.0%      |
| Owner Occupied Units| 230  | 0.4%       | 0     |            |
| Housing Values     |         |            |        |            |
| Less than $50,000  | 31     | 13.5%      | 2     | 12.1%      |
| $50,000 to $99,999 | 158    | 68.7%      | 61    | 63.8%      |
| $100,000 to $149,999 | 33 | 14.3%       | 323   | 20.8%      |
| $150,000 to $199,999 | 6   | 2.6%       | 105   | 3.0%       |
| $200,000 to $299,999 | 2   | 0.9%       | 15    | 0.0%       |
| $300,000 or Greater | 0     | 0.0%       | 0     | 0.0%       |

1990 Census data are from SF1, SF3.
2000 Census data are from SF1, SF3.
Housing values are for specified owner occupied units.
To: DeKalb Plan Commission  
Re: Flawed Methodology Used to Determine Proposed Impact Fees and Contributions  
Date: Wednesday, October 12, 2005

School Capital Fee:

The DCBDA’s objection to the School Capital Contribution is based on the flawed methodology used. The household population charts in Article 8 (DeKalb UDO) are outdated and grossly overestimate the number of school aged children in new construction. City Staff’s acknowledgement of this erroneous formula is revealed in their attempt to state that the populations in Article 8 represent the average household demographics over the lifetime of the home. (Memo PC112-05; pgs 5-6) According to John Larsen, author of the ICIS (Naperville formula) study that the formula contained in Article 8 is derived from, those population charts reflected actual experienced enrollments in Naperville at the time of the study and NOT over the lifetime of a home. City staff has acknowledged this error in meeting with the DCBDA but the back-up material given to the Commissioners still contain this error.

<table>
<thead>
<tr>
<th></th>
<th>Households</th>
<th>Proj. Students</th>
<th>Students/Hshld</th>
</tr>
</thead>
<tbody>
<tr>
<td>Naperville Formula (Article 8)</td>
<td>1100</td>
<td>764</td>
<td>0.695</td>
</tr>
<tr>
<td>Special Census 2004</td>
<td>1244</td>
<td>540</td>
<td>0.434</td>
</tr>
</tbody>
</table>

The above chart compares Article 8 projections versus actual experienced enrollment figures. See page 6 of memo PC112-05 and Appendix iii of that same memo.

While Article 8 does say that the DCBDA, or any builder, developer or citizen, may request an appeal and hire a firm to provide more updated demographics it is clear that the U.S. Census Bureau data shows gross overestimating. The Special Census may not provide a breakdown of elementary, middle and high school students, it also does not show private or home-schooled children. It does, however, show that new construction generated 200 less children aged 5-19 than the Article 8 population charts projected – in 1244 as opposed to 1100 new homes.

The methodology for the Capital Contribution is clearly flawed.
School Transition Fee:

The DCBDA strongly disagrees with City Staff's position that the proposed School Transition Fee are legal and defensible.

While memo PC132-05 refers to the proposed transition fee as a "contribution," memo PC112-05 clearly named them as impact fees. The change in wording came after Staff was presented with Article 7, Section 9 of the Illinois State Constitution:

Compensation of officers and employees and the office expenses of units of local government shall not be paid from fees collected. Fees may be collected as provided by law and by ordinance and shall be deposited upon receipt with the treasurer of the unit. Fees shall not be based upon funds disbursed or collected, nor upon the levy or extension of taxes. (b) An increase or decrease in the salary of an elected officer of any unit of local government shall not take effect during the term for which that officer is elected. (Source: Illinois Constitution.)

The DCBDA is firm in its position that the use of one time fees for salaries and operating expenses is ill-advised and illegal.

Park Fees:

- Proposed increase will make it more likely that the park district will opt for cash versus land donations.
- Cyclical effect places a higher burden on all park district taxpayers through the inflation of land prices.

City/Public Building Contribution:

From memo PC-112-05:

- 17,500 sq.ft. Police Station (Expansion)
- 17,500 sq.ft. City Hall (Expansion)
- 14,000 sq.ft. Fire Stations (7,000 sq.ft. Fire Station x 2)
- 7,000 sq.ft. Storage and Miscellaneous
- 56,000 sq.ft. Total
- 55,000 sq.ft. times $300.00 per sq.ft. construction cost = $ 16,800,000.00
- Assume 60% of costs attributed to residential development = $ 10,080,000.00
- Divided by 10,000 new units = $1008.00/unit (say $1,000)

The DCBDA strongly disagrees with the notion that 60% of the costs and need for the above named capital improvements are attributed to residential development. We request that City Staff prepare a report that would indicate how much of the aforementioned items are attributed to servicing the needs of Northern Illinois University. We also point out that to reach the projected revenue goals, the City of DeKalb would be required to approve 10,000 new units.
City Roadway Contribution:

From memo PC-112-05:

Data:
- Arterials:
  - West Arterial Construction cost, Twombly to IL 88 = $7.6 million
  - Annie Glidden Expansion, Ashley to IL 88 = $3.1 million
  - Peace Road Expansion, IL 38 to IL 88 = $4.1 million
    (above source: DSATS LRTP)
  - Bethany Road Expansion, 2 lanes to 4 lanes = $1.5 million
- Major Collectors:
  - Twombly Expansion, AGR to West Arterial = $1.05 million
  - Dresser Expansion, AGR to First Street = $1.85 million
  - Rich Road Expansion, AGR to First Street = $2.1 million
  - South Malta Road Expansion, AGR to West Arterial = $1.3 million
  - Total Road Upgrades required to service Urban Services Area = $22.6 million
  - Arterial Upgrades = $16.3 million
  - Collector Upgrades = $6.3 million
  - Factor Collector Upgrades by 50% to reflect improvements made by adjacent developments = $3.15 million net
  - Total Net Road Upgrades = $19.45 million
  - Apply 60% net residential factor times $19.45 million = $11,670,000
  - Divide by 10,000 new units in USA = $1,167.00 per unit (say $1200 per new unit)

The DCBDA strongly disagrees with the notion that 60% of the costs and need for the above named west side road expansions and improvements are attributed to residential development. We request that City Staff prepare a report that would indicate how much of the aforementioned items are attributed to servicing the needs of Northern Illinois University. We also point out that to reach the projected revenue goals, the City of DeKalb would be required to approve 10,000 new units.

Annexation Fee:

The DCBDA strongly believes that the proposed Annexation Fee is illegal in that it does not meet either the "rational nexus" or the "uniquely attributable" requirements.

Paragraph 1 of memo PC112-05 states: An annexation fee is a flat per-acre fee that is intended to help re-coup the expenses of capital and manpower that a municipality needs to service the additional land added to the City.

Paragraph 5 of memo PC112-05 states: The revenue generated by this fee could be used as a capital fund for redevelopment of the older areas of the City, or for similar neighborhood planning efforts. Not only would this focus offset arguments that new development does not have a positive
benefit to the City, but also, this would set up a revenue fund to enhance the rehabilitation and/or construction of affordable housing and provide additional economic development funds for revitalization of areas such as East Lincoln Highway.

This clearly shows that the revenue generated by this fee would not be used as intended or within legal boundaries.

Affordable Housing:

Proposed fees will increase the cost of a new 4-bedroom home by $12,007 (plus interest)
Total fees for a new 4-bedroom home in DeKalb will exceed $21,000

- Several studies show that every $1 in impact fees raises the price of new and existing homes by $1.40 to $1.60.
- The cyclical effect of the inflationary pressure on housing costs created by impact fees results in higher property taxes for all citizens.
- According to the Suburban Caucus of Mayors, impact fees are a major obstacle in the way of affordable housing.

Who is getting priced out of their homes?

- Average DeKalb Teacher Salary: $53,000
- Affordable Mortgage Payment (30% factor): $1,340
- Affordable Home, (factored to include taxes): $164,000

What is the impact of these fees on a new home?

- Current Average New Single Family Home Price (DeKalb): $230,000
- w/Impact Fee Factor: $242,000*

*This does not include increased construction costs due to proposed building and design guidelines, which are substantial.

The price of a new construction home in DeKalb, including taxes already stretches the affordability range for DeKalb's rank and file teachers, policemen, firefighters, nurses and city staff members.
Community Development Staff have reviewed the DeKalb County Building and Development Association comments on the proposed impact fee and developer contributions and have the responses outlined below. However, Staff thinks that several key issues need to be highlighted and reiterated before responding:

1. The Illinois Statutes, Article 65 ILCS 5/11-15.1-2, subparagraph d, pertaining to annexation agreements, states that contributions may be part of an annexation agreement, to wit:

   (d) Contributions of either land or monies, or both, to any municipality and to other units of local government having jurisdiction over all or part of land that is the subject matter of any annexation agreement entered into under the provisions of this Section shall be deemed valid when made and shall survive the expiration date of any such annexation agreement with respect to all or any part of the land that was the subject matter of the annexation agreement.

   Because of this language, the proposed fees and contributions are not required to have a "rational nexus" or be "uniquely attributable" to individual developments. Despite that, Staff has proposed fees and contributions that have various reductions "netting out" non-residential impacts, in order to remove those impacts from the contributions, and all are fair, reasonable, and justified. None of the fees or contributions proposed are illegal if implemented as proposed, with the modifications noted herein.

2. The cumulative impact of the proposed fees and contributions are in line with the total fees being collected by other communities. While this is a large increase for this community, it will have little, if any, impact on the regional housing growth and market demand;

3. Because DeKalb has not been collecting for capital needs that other communities have been collecting, this community is possibly short changing itself for future capital needs,
particularly in relation to other communities. This puts this community at a competitive
disadvantage, correction of which will come at the cost of the existing taxpayer and will
result in increased property taxes in the long term, in turn increasing the competitive
disadvantage;

4. Additional fees and contributions may increase housing costs overall, but will not
directly result in higher taxes, because of the way the tax levy mechanism works. Each
taxing body levies the amount of money it needs for each fiscal year, which is spread
over the Assessed Valuation, resulting in the rate for the year. Increased value, assuming
it is spread evenly over the tax base, results in no change in taxes paid if the levy remains
the same. Increased levies are more likely to be caused by increased service demands
created by additional development. Therefore, additional development is more likely to
create increased taxes, not an overall increase in property values. In fact, these fees and
contributions are likely to lower taxes by offsetting future capital needs necessary to
service this additional development.

School Capital Fee:

DCBDA asserts that the capital contribution uses flawed methodology and that the age
breakdowns in Article 8 are “...outdated and grossly overestimate the number of school
aged children in new construction.”

Staff recognize that the Article 8 numbers are slightly outdated, but still are the most
comprehensive data currently available. A recalculation of Article 8 population charts
was planned for the 2007 update to the Land Cash Ordinance. This is an intensive
process that is best left to a consulting firm such as Ehlers, and the cost of which is not
programmed into the current budget. Again, the DCBDA is welcome to pay for such a
study if it is so dramatically concerned about the data.

Given that, based upon the age breakdowns in the 2004 Special Census, the capital fees
were recalculated for comparison. The attached spreadsheet shows raw capital costs for
current Article 8, the special census raw data, and a more-recent Ehlers population chart.
The community for which the Ehlers chart was prepared is unknown – that community
may have a substantially different population distribution that our own. Regardless, it is
useful for comparison.

The Special Census information shows fewer children per household, but those children
are also older, creating a higher burden on the more-expensive middle and high school
facilities. Because those facilities cost more, using the Special Census to calculate the
capital fee would increase the capital fee by approximately 24% over the initial
proposal.

It should also be noted that the fifty percent (50%) factor need not be applied to this
calculation, since all students are directly attributable to residential development.
Transition Contribution:

The transition contribution is becoming common in other communities and is being implemented through annexation agreement. To avoid the Constitutional complications, the City Attorney reviewed other communities and discussed the implementation with Tony Ficarrelli, the School District Attorney. They concurred that there are constitutional implications, and have recommended that the transition fee be dedicated to funding capital, equipment expenditures, maintenance or transportation, instead of staffing expenditures (Please see attached memo 05-CA-27).

This restriction will be memorialized in the intergovernmental agreement with the School District and in individual agreements.

Park Fees:

The Park District is on record as desiring to increase the land dedication in order to obtain another large regional park, and also to maintain their per-capita ratio of park land. Suggesting that an increase will make the District more likely to opt for cash is unfounded, and use of that cash is already limited to acquisition of land or capital improvements to existing parks.

Further, the Park Board is an elected body, and is responsible to their constituency in the same fashion as the School Board or City Council. If poor decision making or greed is experienced, the leadership will be changed by the Public. Lastly, the implementation will include an intergovernmental agreement between the City and Park District. It is anticipated that the intent of using this increase in land dedication requirement would be focused upon the acquisition of property and/or improvements that service the developments that provided funding.

City Building Contribution:

The DCBDA disagrees that 60% of the need for these capital improvements are attributed to residential development, and asked Staff to prepare a report indicating how much of the additional need is attributable to servicing Northern Illinois University.

While intriguing, the above questions are somewhat immaterial. Currently 60% of the tax base in DeKalb is residential. If tax payers were asked to pay for the improvements, 60% of the amount would be paid for by residential tax payers, and the expense would increase property taxes for the entire community.

The same holds true with Northern Illinois University. Because NIU is tax exempt, no property tax revenue is generated to offset the service demands of the University. By "netting out" this additional capital demand, Staff would be undercounting future capital needs, which would simply have to be paid for by taxpayers at some point anyway (sixty percent of which would be paid for by residential taxpayers). By netting out additional
reductions due to the existing 60% residential and 40% commercial/industrial tax base, the Staff proposal attributed a proportional cost to these improvements.

Further, with NIU expecting stable enrollment, existing demand for public capital construction needs should stabilize, resulting in little additional demand for these facilities. Therefore, very little of the capital needs can be attributed to NIU.

Staff concurs that to meet the projected goals, 10,000 dwelling units would have to be approved. The capital needs outlined in the original proposal are needed to service those 10,000 units. A smaller number of units would create a smaller service demand and less capital need, and also allow for incremental implementation of the improvements as homes are constructed.

City Roadway Contribution:

The DCBDA disagrees that 60% of the cost and needs for the roadway improvements outlined in Staff's proposal are attributable to residential development. Further, they have asked for a report on how much is attributable to NIU.

As with the public building contribution discussed above, the NIU impact is a burden that must be shouldered by the community as a whole. As with the City Building Contribution, the improvements will be constructed incrementally over time.

And yes, Staff agrees that not all traffic is attributable to residential development. There is no doubt that commercial and industrial traffic uses all local roadways. For that reason, no future commercial or industrial collectors (such as Gurler, Fairview, County Farm Road) were included in the overall calculations at all. Only a small portion of Peace was included, from Route 38 to Interstate 88, which is an important connection to the Tollway for all residents.

Even with these other industrial and commercial roadways removed, most of the other roadways are almost entirely attributable to residential development. Despite that, Staff still attributed a 60% share of the overall costs to residential development, resulting in a overall reduction in the costs to the developers. If desired, the strictly residential roadways could be recalculated with full cost attributed to residential development.

Annexation Fee:

The annexation fee is entirely discretionary on the part of the City. This is the "cost of entry" into the community and the community may do with the money what it wishes.

The initial Staff proposal, with the money going into a redevelopment fund for older areas of the City, was intended to offset the argument that new development does not contribute to the existing community. Further, the use of that money for construction of affordable housing was intended to offset the concerns that these new fees and contributions would detract from the availability of affordable housing.

PCI40-05
The City does not have to use the money as proposed, and if the Council desires, may deposit that money into any other fund which does not otherwise create the same constitutional objection as the School Transition Fee.

Recommendation:

The original proposal was sound and reasonable. The methodology was logical and Staff stands by its original proposal, and recommends approval, with one change: That the Transition Fee and Annexation Fee not be used for salaries.

If you have any questions or need any further information, please contact the Community Development Department.
# School Capital Impact Fee Comparison

Same Methodology as PG12-05 - Alternate Data

<table>
<thead>
<tr>
<th>Buildout</th>
<th>Article 8 (ISCS 1996)</th>
<th>K-4</th>
<th>5-8</th>
<th>9-12</th>
<th>K-5</th>
<th>6-8</th>
<th>9-12</th>
<th>K-4</th>
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<td>375 3-br SFD</td>
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<td>117.38</td>
<td>218.63</td>
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<tr>
<td>175 3-br TH</td>
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<td>10.0</td>
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<td>11.9</td>
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<tr>
<td>175 2-br TH</td>
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<td>5.08</td>
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<td>1100 Homes Total</td>
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<td>253.35</td>
<td>184.73</td>
<td>439.92</td>
<td>148.66</td>
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<td>272.00</td>
<td>268.00</td>
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<td>School Capital Cost (total)</td>
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<td>Cost per Bedroom (3500 br)</td>
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<td>$12,567,110.00</td>
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<td>$14,894,110.00</td>
<td>$2,510,718.74</td>
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<td>$4,526,252.00</td>
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<th>less 50% EAV factor</th>
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<td>Net Fee per Bedroom</td>
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<td>$1,800.00</td>
<td>$1,800.00</td>
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<td>$1,483.51</td>
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<td>$2,236.04</td>
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School Capital Fees Comparison
Community Development Memo CDD128-05

DATE: March 23, 2005

TO: Mayor
City Council

FROM: Mark Biernacki, City Manager
Russell Farnum, AICP, Acting Director of Community Development

SUBJECT: Consideration of New Impact Fees and Developer Contributions for Residential Development

STRATEGIC GOALS: Ensure a Financially Stable City Government

> Adequately cover the costs for services
> Maintain adequate resources and revenues for City services and capital improvements

Promote Balanced and Quality Community & Economic Development

> Regularly assess the impact of growth and development on municipal and other governmental services

I. Summary

On June 13 the City Council passed a resolution placing a hold on new residential developments until a series of policy changes could be prepared and discussed related to residential development. These policies included adoption of design and quality standards as well as discussions of new impact fees and developer contributions. On June 27, Council directed Staff to prepare an outline for various new impact fees and developer contributions.

The draft fees and developer contributions are outlined and discussed below. An initial proposal was presented to serve as a basis for public discussion on the contributions. As public input was collected on the draft proposal, some of the considerations were adjusted to meet the needs of the community.
The new proposal for fees and developer contributions include the following:

A. Per the request of the School District, a School Capital Fee of $1800 per bedroom and a Transition Fee of $1200 per dwelling unit is proposed. The transition fee was initially proposed for broad use by the School District, but Staff is now aware of Constitutional limitations on the use of that money. Consequently, the spending of the transition fee will be restricted. Also per the request of the School District, the Land/Cash Fee is proposed remain the same, until July of 2007, at which point the land value will be reviewed and adjusted if necessary.

B. Per the request of the Park District, the Land/Cash is proposed to be adjusted to include a park dedication requirement of 11.5 acres per thousand persons of expected population (the current requirement is 5.5 acres per thousand), which matches the current land ratio provided in the City of DeKalb. The Park Board had requested review of the land value as well, and has requested an adjustment to $100,000 per acre. The net resulting land/cash fee for a 4 bedroom home would be $4,378.05, up from the current level of $1,570.39.

C. The City Council directed Staff to evaluate the traffic (roadway) contribution, proposed to be $1,200 per dwelling unit, add a public building contribution, proposed to be $1,000 per dwelling unit, and review the re-establishment of the $1,000 per acre annexation fee.

Council consideration of these fees and contributions, as well as some of the issues identified for further Council direction, is requested.

II. Background

As noted above, Council directed Staff to evaluate and propose said fees and contributions in June, 2005. Since that time, Staff has prepared the initial proposal for public review, which has been thoroughly digested and discussed by the public.

As it stands, Staff stands by its initial proposal which is outlined in the original Plan Commission Memo PC112-05, with some modifications, revisions, or items for further discussion and input from the Council, as outlined below:

1. The school transition contribution cannot be used for salaries. This restriction will be included in a forthcoming intergovernmental agreement between the City and the School District pertaining to the administration of these new fees and contributions. Council input on other important issues that should be addressed in the intergovernmental agreement is welcome. Further it should be noted that, in a recent School District meeting on the proposed new school contributions, both Malta and Cortland representatives indicated that their respective communities were close to adopting the same contributions for new developments, and also that both communities were not approving any additional annexations until those contributions were adopted.

CDD126-05
2. The Park District has formalized their increase to the park land/cash fee ordinance at 11.5 acres per thousand and a land value of $100,000 per acre. This will allow the Park District to maintain their current level of park lands. This change will be followed with an intergovernmental agreement, and also an update to Article 8 of the UDO.

3. Expenditure of the annexation fee is subject to the discretion of the City Council, however, that money may not be used for salaries. Staff stands by the original recommendation of targeting that capital to redevelopment in the older parts of the City, thereby allowing new development to contribute to the revitalization of the existing community. Council may wish to formalize this position by establishing a special fund in the forthcoming FY07 budget.

4. The DCBDA and Staff disagree on the use of the population distribution data from Article 8 of the UDO. From Staff’s standpoint, just because this data is old does not mean it is inaccurate, and the data still provides a reasonable range of impact from development projects. Staff believes that the data is reliable and provides a fair assessment of the community. The DCBDA believes that Article 8 overstates students generated by new construction, and updated data must be provided in order to provide more accurate numbers. DCBDA is currently examining additional data, however, no recent word of the DCBDA’s work has been received. Staff and DCBDA agreed to continue to cooperate on preparing more updated information, and also agreed to review these proposed fees and contributions upon conclusion of the demographic studies.

5. As part of the anticipated Policy Resolution, Staff had recommended that the Council makes it clear that these fees would apply to all new lands annexed for residential development, as well as any land converted from a commercial and/or industrial zoning classification to allow for the construction of residential units. Further, it is recommended that no such rezoning be allowed without an accompanying development agreement, which would, among other things, set forth said fees.

Recently, a local developer asked that his ongoing project (portions of which are not yet zoned residential, but are proposed to be zoned for townhomes) be exempted from these new fees. In this case the property is already annexed, so the annexation fee would not apply, but the other developer contributions could be exacted. The issue of grandfathering ongoing, existing, or proposed developments is one that the Council will need to provide direction to Staff.

Much more information and discussion is found in the accompanying backup materials.

III. Community Group/Interested Parties Contacted

This item was first heard at the August 10 Plan Commission meeting as worksession item, and was the subject of follow up public hearings held August 24, September 14, October 12 and October 26. Staff met with the Park Board on August 11, the School District on August 17 and October 25, and shared this proposal with the City Council in
works on August 15. In addition, Staff held several meetings individually with School District and Park District Staff members, as well as a committee of the DeKalb County Building and Development Association.

IV. Legal Impact

This issue is a policy issue to be debated and ultimately decided by the City Council. Council discussion on this issue as a consideration item has no legal impact. Forthcoming actions on the adoption of this issue will have impact. Staff feel that this proposal is sound, has solid legal backing (please see City Attorney memo 05-CA-27).

V. Financial Impact

The cumulative impact of the proposed fees and contributions are in line with the total fees being collected by other communities. While this is a large increase for this community, it will have little, if any, impact on the regional housing growth and market demand.

Because DeKalb has not been collecting for capital needs that other communities have been collecting, this community is possibly short changing itself for future capital needs, particularly in relation to other communities. This puts this community at a competitive disadvantage, correction of which will come at the cost of the existing taxpayer and will result in increased property taxes in the long term, in turn increasing the competitive disadvantage.

Lastly, additional fees and contributions may increase housing costs overall, but will not directly result in higher taxes, because of the way the tax levy mechanism works. Each taxing body levies the amount of money it needs for each fiscal year, which is spread over the Assessed Valuation, resulting in the rate for the year. Increased value, assuming it is spread evenly over the tax base, results in no change in taxes paid if the levy remains the same. Increased levies are more likely to be caused by increased service demands created by additional development. Therefore, additional development is more likely to create increased taxes, not an overall increase in property values. In fact, these fees and contributions are likely to lower taxes by offsetting future capital needs necessary to service this additional development.

These fees and contributions are critical to provide for major capital improvement demands that are created by new residential development. The accompanying map shows properties which have annexation potential, for which either owners or developers have begun serious conversations with City Staff about development. If this policy is not adopted, the Staff has no guidelines by which to negotiate contributions as these development projects move forward.
VI. Alternatives

City Council may affirm, modify or deny the request, or refer the matter back to the Plan Commission for further hearing.

VII. Recommendation

No Council action is requested at this time, although Council input and direction on a number of items is requested. These items include the following:

1. Are there any specific issues which should be addressed in forthcoming intergovernmental agreements with the School District and/or the Park District;
2. Does the Council wish to formally earmark the annexation fee for a particular purpose, and if so, what purpose;
3. Does the Council wish to postpone adoption of the new fee and contribution policy until the DCBDA finishes its demographic study, and if not, is the Council willing to review the fees upon completion;
4. What level of grandfathering for existing, zoned land that is proposed for residential development should apply?

Respectfully submitted for City Council consideration,

Reviewed By:                           Approved By:

Linda Wiggins                        Mark Biernacki
Assistant City Manager               City Manager
Preface
At the June 13th meeting of the DeKalb City Council, resolution 05-19 was passed imposing a moratorium on the approval of new residential annexations and development agreements until September 30, 2005. The purpose of the moratorium was to provide City staff with sufficient time to develop new policies regarding impact fees and to draft design guidelines for residential development. The draft fee policy and the residential guidelines have been reviewed by various interest groups, including those concerned with housing affordability. In response to the concerns of the latter group, a report on residential set-aside has been prepared.

Background
Residential set-asides (also know as inclusionary zoning) requires developers to maintain a portion of new or rehabilitated housing units to be affordable for people with low and moderate incomes. Communities that have implemented this policy have done so for social reasons such as preventing families from becoming homeless, and for economic reasons such as creating quality housing for a local workforce. Set-asides are most often implemented in communities suffering from hyper-inflation; which are communities where housing for key populations is difficult, if not impossible to find due to rapidly rising housing costs. These populations include teachers, firefighters, policemen, child-care workers, janitors, entry-level manufacturing workers, technical workers and so forth.

Typically to be eligible for a set-aside program, an individual or family must have an income at least 20% lower than the median family income for the area. In many areas of the east and west coasts these thresholds can be extraordinary high in comparison to the Midwest. For example, the City of Emeryville, California’s set-aside program considers a family of four with an annual income of $98,650 in 2005 to be a moderate income family and therefore eligible for the set-aside program.

<table>
<thead>
<tr>
<th>Household Size</th>
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<th>2</th>
<th>3</th>
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<tr>
<td>Moderate Income</td>
<td>$69,050</td>
<td>$78,900</td>
<td>$88,800</td>
<td>$98,650</td>
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<tr>
<td>Low Income</td>
<td>$46,350</td>
<td>$53,000</td>
<td>$59,600</td>
<td>$66,250</td>
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</table>

Source: Lewis and Neiman (2000).

The idea of set-asides was born in Montgomery County, Maryland nearly three decades ago presently set-asides are implemented by policy or by ordinance in a in a fairly large number of communities on the east and west coasts. Until the late 1990s, no large major
U.S. city had adopted a mandatory citywide inclusionary zoning law or set-aside policy. Recently, that has changed with large cities such as Boston, Denver, Sacramento, San Diego, and San Francisco. These communities have adopted mandatory set aside laws in response to the rapid increase in housing costs. Some California communities use set-asides as part of their overall growth management effort (see Table 2).

**Table 2**
Adoption of Residential Growth-Management Policies by Cities in California’s Three Major Regions

<table>
<thead>
<tr>
<th>Policy</th>
<th>% of Cities with Policy</th>
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<tr>
<td>Design review standards</td>
<td>83</td>
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<tr>
<td>Projects must include affordable housing component</td>
<td>31</td>
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<tr>
<td>City has experienced a moratorium</td>
<td>28</td>
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<tr>
<td>Encourage growth in built-up areas only</td>
<td>27</td>
</tr>
<tr>
<td>Satisfy traffic standards before allowing development</td>
<td>14</td>
</tr>
<tr>
<td>Use capital improvements to control rate or location of growth</td>
<td>13</td>
</tr>
<tr>
<td>Official population ceiling</td>
<td>9</td>
</tr>
<tr>
<td>Annual limit on housing units constructed</td>
<td>6</td>
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<tr>
<td>Annual limit on building permits</td>
<td>6</td>
</tr>
<tr>
<td>Restrict growth to built-up areas only</td>
<td>5</td>
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<tr>
<td>Formula for allowable annual growth</td>
<td>5</td>
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<tr>
<td>Ranking of proposed residential projects</td>
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<tr>
<td>Annual limit on multifamily dwellings</td>
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<td>Annual limit on water connections</td>
<td>3</td>
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<td>Popular vote required for sewer capacity increase</td>
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<tr>
<td>Recent reduction in residential zoning</td>
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</table>

Source: Lewis and Neiman (2000)

**Set-asides Implementation**

Denver, Colorado’s set-aside policy is illustrative of those used in other communities. It applies to all residential development over nine units in “new growth areas,” (i.e. large undeveloped areas of land at the city’s margins, newly annexed area, and large interior redevelopment project areas.) A minimum of 10% of the total units in the development must comply with the definition of affordable, and the affordable. The must remain affordable for a period of not less than 30 years from initial occupancy enforced through a land lease and/or deed restriction.

Denver also provides a cash subsidy to developers for the affordable units. Developers of for-sale units can receive $5,000 reimbursement for each affordable unit produced, up to 50% of the total units in the development. Further, developers of rental units can receive a $10,000 reimbursement per affordable unit if the units are priced for households making 50% the area’s average median income.

Some city set-aside programs allow a developer to provide an option of payment in lieu of constructing the affordable units within a development. These payments may support a dedicated fund such as a housing trust fund that would finance future affordable units to be built outside of the development providing the payment. Other programs include
incentives such as density bonuses, which allow a developer to create more units on a parcel of land. The relaxation of development regulations, or the reduction or waiver of fees to encourage more affordable housing than the minimum percentage mandated are other options as well.

All set-aside programs face the challenge of maintaining affordability after the affordable home has been sold by the original owner. A strategy used by several communities for mitigating this problem is to grant a right-of-first refusal to non-profits and housing authorities allowing them to purchase the units once the affordable price regulations expire.

**Voluntary or Required**
Most of the set-aside programs reviewed for this paper are voluntary rather than mandatory. Voluntary programs appear to be less susceptible to court challenge, but they generally require incentives such as density bonuses to be successful. Incentives help the developer offset the cost of providing below market rate housing in a market rate development. Mandatory programs obviously are easier to enforce, but are generally not politically popular. However, evidence supports that they produce more units than voluntary programs.

Other provisions taken into consideration by some set-aside programs include strict design regulations or the creation of “granny flats” as a way of providing affordable housing within a single family home subdivision. Design regulations would seem beneficial for the community if the affordable units are compatible and similar to market rate design construction in the community. Special siting factors such as proximity to employment and other public services, such as public transit, have been made a part of the criteria in some locales.

**Recommendations**
While DeKalb, Illinois does not have the kind of hyper-inflation that has led other communities to create a set-aside program, the set-aside concept may help the City provide an adequate supply of housing for individuals employed manufacturing and logistics. A voluntary program might appeal to local developers with properly crafted incentives such as the granting density bonuses. Another program that could be utilized would call for selected variations in subdivision design standards that offset costs that can be passed on to the home buyer or renter. If the City chooses to develop a policy allowing set-asides, it is strongly recommended that design requirements be stipulated to ensure any affordable housing built blends in with other nearby market rate housing.

Finally, if DeKalb were to embark on a set-aside policy, one way to implement it is by including provisions in all residential annexation agreements that require a percentage of homes within the subdivision to be smaller than the average home in the subdivision. This approach would allow the market forces to maintain affordability, rather than by imposing complex regulations ensure affordability over time.
April 15, 2005

Ms. Meri Ann Besonen
Assistant Superintendent for Business & Finance
DeKalb C.U.S.D. #428
901 S. Fourth Street
DeKalb, IL 60115

Subject: School District Capital Improvement Development Impact Fees Study

Dear Ms. Besonen:

I recently received a copy of the correspondence from Mark Biernacki regarding the school district capital improvement development impact fee proposal. It seems that the concerns fall into three basic categories: regressive nature, affordable housing, and implications for other existing or potential development impact fees. I offer comments as follows:

General Information

The development impact fee program submitted to you is based on a methodology that is demand, cost, and revenue sensitive. Variations in amounts among housing types and values reflect sensitivity to those factors. That basic methodology supports a number of development impact fee programs throughout the nation.

Similar school district capital improvement development impact fee studies have been conducted for approximately 20 public school districts in the State of Illinois. To date, no one has challenged the program based on methodology or on fair housing implications. However, as I mentioned in my first correspondence, given the lack of specific, comprehensive statutory guidance for development impact fees, no one can provide any assurance that a formal challenge will never occur.
Regressive Nature

Fees should be designed for cost recovery while taxes represent a means of revenue generation. Fees, as opposed to taxes, should be based on the net cost of providing a service or facility - no more or less. As a result, a development impact fee program should be based on relative impact rather than ability to pay. Therefore, the test of a defensible fee program is the extent to which it represents a proportionate-share assignment of cost. For a given level of demand (student generation) and capital cost, a home with a higher valuation will contribute more revenue toward the retirement of debt incurred to support capital improvements. This accounts for the “sliding scale” nature of calculated development impact fees.

I am not in a position to question political perceptions in the DeKalb community, but a real alternative producing a progressive stream of revenue would likely be some form of taxation. A general increase in property taxes would be an alternative but may not be politically acceptable.

Approximately four years ago, I was involved in research with the City of Naperville regarding a development excise tax program, but I am unaware of any specific statutory authority for a “new development tax”. An exaction program is also an alternative, but might be limited to annexation agreements due to case law decisions in Illinois based on the “specifically and uniquely attributable” standard.

Affordable Housing

New residential development rarely represents the affordable housing stock in the community. In most communities, the real affordable housing is located in established neighborhoods. As a result, if the school district capital improvement costs for supporting new residential development are distributed throughout the community in the form of increased property taxes, costs of occupancy are increased for the “real” affordable housing units in existing neighborhoods. Properly designed development impact fee programs can protect real affordable housing by assigning capital costs to the new housing units that generate the demand for new facilities.

Other Impact Fees

The decision to impose any development impact fees, individually or in combination, is a matter of local policy and beyond the scope of the study.
Please contact me at 815.753.0932 if there are any questions or comments regarding this material.

Sincerely,

[Signature]
Roger K. Dahlstrom, AICP

cc: Bob Glæeson, CGS
    Carol Zar, CGS
Impact Fees

As a student of urban affairs, I find almost all taxes that are placed on personal residences problematic, as peoples' ability to pay changes over the life course. I felt strongly enough about the matter that in the last few years I joined others to lobby for state legislation relieving localities of some of the school tax burden. As you know that legislation failed. What disappointed me is that the local development community did not join in the battle to support that legislation.

That being said, we do depend on exactions on property for both capital and operating expenses in local government. As such I fully endorse having impact fees on new housing to cover the incremental costs caused by development. In fact, I wish the list of those on the proposed document was even more extensive covering, for instance, a share of the regional open space needs that become necessary as growth spurts.

What about the amounts? They should be fair but realistic. The use of the service area as a base to estimate appropriate fees seems both sensible and fair. If anything it underestimates true costs of new development, omitting the negative effects to the older parts of the city. To handle these, some localities add linkage fees through which developers who build new projects participate in the restoration of the older parts of the impacted city.

When I first joined the plan commission 8 or so years ago the literature estimated that the fiscal impact of a new suburban home was about $30,000 or so. That figure is a bit high as it included costs that legally cannot be placed on a home by a locality such as street repairs on roads that are impacted but are away from the new subdivision. More recent literature shows impact fees ranging from nothing on up to about $48,000 in some scary place in California.
I strongly support having impact fees that cover the additional costs to schools and local government of the development. I applaud the methodology that was used in their calculation. And support their adoption.

Let me address two other issues;

Affordability.

I am a very strong advocate of affordable housing. Professionally I study affordable housing and recently have been participating in the DeKalb County Affordable Housing Action Coalition.

At first blush, impact fees seem to make housing less affordable. Yet, some studies show that when impact fees are used in lieu of a building moratorium (that occurs because localities cannot afford to build the needed infrastructure so stop development in its entirety) housing costs in the older part of town do NOT necessarily increase because impact fees enable supply to increase.

Second, impact fees are not what make homes unaffordable in comparison to the escalation of land and building costs. A family with an income of about 50 thousand (the median in the county I believe) cannot afford either a 250,000 home without impact fees of a 270,000 with. Why blame impact fees rather than on those who speculate in land?

To provide affordable housing requires intentional policies and the funding to bring it about. As the Chair of the Commission knows I am encouraging the council and commission to sponsor workshops to learn how to provide affordable housing. Affordable housing comes about when government working with both for profit and nonprofit builders takes advantage of state and federal subsidy programs, adopts clever modern design standards and encourages mixed income development.

Another approach to increasing the supply of affordable homes is called inclusionary housing. In this case, builders are allowed to build more homes per acre so long as a certain percentage of homes are priced to be affordable yet built to high standards. The developer profits from the extra homes with some of the extra profit used to reduce the price of other homes. If interested, later I can provide details on how such inclusionary housing programs work.
Real estate transfer taxes.

Real estate transfer taxes are paid when homes are sold and cash is available; they are meant as a way of paying back the community for benefits already received. However, using transfer taxes in lieu of impact fees means that people again for ame schools and roads that they purchased with their prior taxes. This to me is patently unfair. I oppose the substitution of transfer taxes for impact fees.

However, if we were to have a real estate transfer tax, and I am not sure we should, I would suggest putting that money into an Affordable Housing Trust Fund, that then could be used to help reduce the costs of homes for working people living in the community who are now priced out of the market.

Let me illustrate. I believe I paid about $80-90,000 for my home. According to my tax and insurance bills the home is worth much more than that now. If I were to sell it, part of the profit would be from inflation, part to pay for the sun room and deck we added, and part would reflect luck for living in an area in which home prices are increasing. I would think it fair if some of this profit, and mean just some, due to luck would be set aside to help bring down the costs to working people seeking to enter the housing market. Doing so seems to me a social responsibility, perhaps almost a religious obligation, to which I do not object. If there is interest in this matter I will gladly elaborate at a later time.

Thank you for listening.
June 17, 2005

Mr. Mark Biernacki, City Manager  
City of DeKalb  
200 South Fourth St.  
DeKalb, IL  60115

Dear Mr. Biernacki:

Thank you for making me aware of the City’s intent to review its current Impact Fee regulations. We appreciate being given the opportunity to share our ideas, suggestions, and comments concerning potential revisions of the document.

As you know, the park district’s interest in this matter is great. Aggressive residential development presents significant challenges to the park district in meeting the park and recreational needs of its residents. I strongly believe if the approach to the revision process is a cooperative effort between the governmental agencies that receive impact fees that the best possible result can be achieved for DeKalb residents.

Foremost is our desire to be directly involved in the process as an ongoing participant. We would like to be included in discussions relating to park and recreation matters and be given the opportunity to review drafts of revisions that are being considered.

We would like to see an increase in the ratio of donated land to the projected population of a development. Additionally, we would also like to see an increase in the fair market value of an acre of land to a level that more accurately reflects the rising land values in the area.

In another matter, we greatly value our cooperative working relationship with the City of DeKalb, and want to enhance it in every way possible. However, it is also important to us that the park district have final authority, after City input, on where parks are developed and propose that language be included to clarify this. We would also like to have greater flexibility on how cash payments can be used, either within the
development for which the payment was required, or within community and regional parks that also service the development or in other parks in the City as needed.

The park district's philosophy toward the acceptance of stormwater retention ponds has changed and therefore we would like to see this issue addressed. We would like to see monetary contributions considered as a supplement to land donations to help cover ongoing maintenance for these properties.

Finally, there are a few additional minor elements in the current impact fee regulations that we would like to see clarified or revised and can cover these points when you begin the process.

I am interested in knowing how the process will move forward. Do you anticipate staff to staff discussion? When do you expect to begin to meet together? What do you view as a timeline to complete the revisions? What are the City's prominent concerns in undergoing a revision process?

My staff and I are available to meet with you or your representatives to cover the above considerations in greater detail. Please let me know what the next step will be. Again, thank you for bringing this to my attention and giving the park district the opportunity for input.

Sincerely,

Dave Mogle
Executive Director
CALL TO ORDER

ROLL CALL

Present were Commissioners Guio, Frye, Welsh, and Chair Fassig. Also present were Russ Farnum, Community Development Director; Patty Ralph, Secretary; and members of the press.

APPROVAL OF AGENDA

A motion was made by Chair Fassig to approve the October 26, 2005 agenda. Seconded by Guio and approved by voice vote.

APPROVAL OF MINUTES

A motion was made by Guio to approve the October 12, 2005 minutes. Seconded by Welsh and approved by voice vote.

OLD BUSINESS

1. CONTINUED PUBLIC HEARING on new Residential Development Policies: Impact Fee and Developer Contribution proposals

Farnum reviewed that the original proposal was sound and reasonable. The methodology was logical and Staff stands by its original proposal, and recommends approval, with one change: That the Transition Fee is not used for salaries. Farnum committed to working with developers to update the Article 8 population charts prior to 2007 update to Article 8 of the Unified Development Ordinance.

Chair Fassig opened the Public Hearing offering an invitation to speak.

George Stratton, 733 Haish, stated that he did not support the proposal. Stratton suggested detailed conversation about what the problems were with the DeKalb School District and then a business approach to make a list of the problems, prioritize them and then raise money to solve the problems. If impact fees are needed, then impose impact fees, but learn what the problems are before imposing the impact fees. Stratton said it took 4-1/2 years to get his development called South Pointe Greens going and now he feels that the development is the only existing development that is being singled out to have to pay additional fees to downzone annexed property from commercial to residential zoning. This will add millions to the project.

Farnum stated that the additional fees to downzone annexed property from commercial to residential werea part of the proposal from the beginning. It was intended to include developments that would affect the school district such as residential. As far as issuing a grandfather clause that would ultimately be the decision of the City Council.

Michael Coglin, Attorney in Sycamore and member of the DeKalb County Building & Development Association, 1203 South Second Street, referred to the document requested relating to the special census data. Coglin referred to Community Development Memos dated October 19, 2005 and October 7, 2005. Coglin said that the "DCBDA," DeKalb County Building & Development Association was supportive of the DeKalb School District and the bottom line was that they wanted real numbers and avoid estimates as they have proven to be considerably higher than actual. This would be researachable. Coglin suggested a door to door survey asking people how many bedrooms they have and what schools do they occupy living there. Coglin said he was not asking the Plan Commission to post pone any further, rather to give a neutral or negative recommendation to the City Council.
Mac McIntyre, 126 Oak Street, Executive Officer of the DeKalb County Building & Development Association, stated that he objected the proposal based on the methodology used to come up with the fee amounts. McIntyre said he was told by City Staff that they needed to do a counter proposal if they believed the methodology was flawed. McIntyre felt this would be a waiver of due process. McIntyre has attempted to work with City Staff and has been cooperative although he disagreed with the method used. McIntyre stated he respected the City and School District Staff and wanted to continue to work toward accurate numbers prior to implementation of new fees.

Brian Grainger, 1474 Stonefield, understood that the goal was to generate money for the school district but felt that the increase of fees was too high and that our market can not afford the increase as it will be passed on to the consumer. Is this also an attempt to slow growth? Grainger said it costs him approximately $1,000 per day to develop and currently development is a big part of our community. Grainger felt that changing the dynamics so drastically would not be a good thing and was not in agreement with the current proposal.

Herb Rubin, 131 East Alden Place, felt that new development should pay for itself and if the developer does not agree with this maybe the City of DeKalb should consider extending the moratorium on residential development until an agreement has been made or until we have more commercial to increase our tax base. Rubin felt that the developers have gotten off cheap for a great many years and the impact fees have been a long time coming and if they were increased long ago the school district would not likely be in the predicament they are in now in terms of lack of space and funding. Rubin said all tax payers have to pay taxes for increased police, fire, street workers when new development requires more workers to get the job done. Rubin felt that our mistake was we did not slow housing development to allow business development to catch up. Rubin liked the idea of revisiting or including a sunset clause to review numbers and limit the amount of time a developer has to finish a development under a certain fee scale. Rubin felt that the increase in value of housing from for example: a home that cost $209,000 now sells for $276,000 asking where does the profit go and questioned whether it went directly to the developer and exclaimed that the profit should some how be shared with the school district through impact fees.

Sal Bonanno, 3131 North First Street, Director of Development for DeKalb Associates, thought that Rubin heard something he didn’t, as the DeKalb County Builders & Development Association was not opposed to an increase of fees, they just did not agree with the methodology in which the fees were created as it was not accurate. Developers want to support the school district. Bonanno also said that the difference of $209,000 to 276,000 does not go into the developer’s pocket!

Jim Schneider, 1139 South State Street, stated that School Referendum very clearly stated how growth needed to pay for itself. Schneider stated that he attends meetings for Cortland and Malta and they look to us for example so we need to show leadership. Schneider mentioned the increase in population would affect the DeKalb School District and that we need to all get on the same page soon to work on the issues of impact fees and how development can start paying for itself in terms of increased needs for schools, police, fire and street maintenance.

Andy Small, 300 Heatherfield, President of District 428, stated that he appreciated all the work by City Staff and felt that Stratton put a negative spin on Community Development and the statement that the school district and the developers/builders were against each other and Small expressed they do appreciate the developers/builders. The City of DeKalb was considering using the current model other surrounding communities have used and they have not gotten negative feedback and hoped the Plan Commission would give a positive recommendation to the City Council.

With no one else coming forward to speak, Chair Fassig closed the Public Hearing.

Fassig questioned whether they should revisit in a few months after a new population table has been created and reconsider then.
Welsh felt this was a political decision and struggled with whether the Plan Commission should be giving recommendations on the amount of the impact fee increase. Welsh felt that the City Council should make that decision.

Frye asked the same question as Welsh, "Why is the Plan Commission determining dollar amounts?" Frye felt that the City of DeKalb needed to determine what our critical needs are and address them first and gave examples of the School District needing more funding to pay for more schools the Police and Fire Departments needing more room/employees to care for our expanding city and the Park District getting more funding for more parks and the maintenance of them. What is more critical at this time, we need to decide. Frye asked if we can put a dollar amount on that.

Farnum said it would not be easy to put a dollar amount on the increase this evening but that it could be done, accountability has been a question as well. We are dealing with elected officials for the School and Park Districts and there needs are both valid, the DeKalb School District needs buildings to house the increase of children and future increase of children going to DeKalb Schools and the DeKalb Park District also have needs for updated equipment to maintain our parkland and building, large enough to house the equipment.

Guio agreed with Welsh and Frye and felt no recommendation to the City Council was appropriate and let the City Council decide on a dollar amount.

A motion was made by Guio to make no recommendation to the City Council and allow the City Council to determine the amount the impact fees should be. The vote lacked a second; therefore, the motion failed.

A motion was made by Welsh to recommend the increase of Impact Fees for the new Residential Development Policies: Impact Fee and Developer Contribution proposals and increased amount would be determined by the City Council. Seconded by Frye and a roll call was taken: Guio, no; Frye, yes; Welsh, yes; Chair Fassig, yes. Motion passed 3-1.

**NEW BUSINESS**

None

**CONSIDERATIONS**

None

**REPORTS**

None

**ADJOURNMENT**

A motion was made by Chair Fassig to adjourn at 8:20 p.m. Seconded by Frye and approved by voice vote.

Respectfully Submitted,

Patty Raia, Secretary
CALL TO ORDER

ROLL CALL

Present were Commissioners Guio, Frye, Welsh, and Chair Fassig. Also present were Russ Farnum, Community Development Director; Ray Keller, City Planner; Patty Raih, Secretary; Dave Baker, Sixth Ward Alderman, Mark Biernacki, City Manager, Joel Maurer, City Engineer, Laurie Hokkanen, Transportation Planner, Steve Kapitan, Third Ward Alderman, Pat Conboy, Fifth Ward Alderman, and members of the press.

APPROVAL OF AGENDA

A motion was made by Guio to approve the October 12, 2005 agenda. Seconded by Frye and approved by voice vote.

APPROVAL OF MINUTES

A motion was made by Chair Fassig to approve the September 14, 2005 minutes. Seconded by Guio and approved by voice vote.

OLD BUSINESS

1. CONTINUED PUBLIC HEARING on new Residential Development Policies
   a. Design Guidelines
   b. Impact Fee and Developer Contribution proposals

Farnum reviewed Economic Development Memo EDC168-05 for Rasmussen in his absence. Rasmussen recommended the Adoption of these design guidelines as a way of clarifying the City of DeKalb's development goals as they apply to new residential development.

Farnum reviewed Community Development Memo PC138-05. Staff recognizes that the proposed fees and contributions are not ideal in a philosophical sense, and are not a panacea for solving all problems related to capital and/or social needs. However, given the existing state of government and funding sources, the proposed fees and developer contributions are the best tool for the purpose. Impact fees improve or maintain affordability of existing homes by transferring costs for new services to new the new housing demanding the services. The proposed annexation fee will assist the City in improving existing neighborhoods. If a transfer tax is approved by referendum, is could be used to offset a portion of the fees or contributions found herein. Updated data sources are being explored but will not be prepared in the timeline necessary for this policy initiative. While population data may change the fees somewhat, it is doubtful that a substantial reduction in the fees would occur. Staff is confident that the proposal is legal and defensible. Approval of the proposal was recommended.

It was decided to vote on "a. Design Guidelines" separate from "b. Impact Fee and Developer Contribution proposals."

Chair Fassig opened the Public Hearing, offering an invitation to speak.

Frye referred to EDC166-05, Objective 2.4, and recommended using a minimum diameter of four (4) inches for all trees planted in new developments.

Guio asked how many of the standards must be met by a developer.

Farnum stated it depended on the magnitude of the development and the location of the development. Farnum stated it was preferred to meet as many of the design guidelines as economically possible.

Guio asked for the cost of these standards to the developer.

Farnum compared that question with how you attribute the cost of housing. Farnum said it was difficult to determine that as the same answer for every development situation as they can differ greatly.
Fassig thought there would be a trade off to the developer to balance the new proposed design guidelines.

Farnum confirmed that was correct and depending on the development, the trade offs would vary and could be for example approving narrower streets and cul-de-sacs in new developments.

Frye thought the design guidelines were recommendations and not rules and that the developers were be aware of whether their project has any or enough guidelines to be approved by City Staff.

Farnum confirmed that the guidelines were recommendations and not rules.

Chair Fassig opened the Public Hearing offering an invitation to speak.

**Herb Rubin, 131 E. Alden Place**, expressed that he had real hope for DeKalb and commending City Staff on the text in the backup and the white paper on inclusionary housing. Rubin noted the conflicting language in Objective 5.4 that sounds like it was mandatory to following those guidelines. If these are recommendations the language should reflect this or more language stating that the following are required.

Farnum noted that it followed the policy of the Comprehensive Plan.

Rubin just felt that there should be a consistency in the language used so that there would not be any confusion. Rubin thought that developers should assign a liaison to attend work sessions to answer questions like Gulo was asking in relation to cost to developer to comply with the new proposed design guidelines. Rubin expressed he did not think it was a good time to mandate inclusionary housing.

With no one else coming forward to speak, Chair Fassig closed the Public Hearing.

A motion was made by Chair Fassig to approve the New Residential Development Policies. As amended, to add a minimum of four (4) inch tree diameter.

Seconded by Welsh and a roll call was taken: Gulo, no; Frye, yes; Welsh, yes; Chair Fassig, yes. Motion passed 3-1.

1. CONTINUED PUBLIC HEARING on new Residential Development Policies

   b. Impact Fee and Developer Contribution proposals

Frye asked if there would be a sunset clause on existing lots.

Farnum stated that would be hard to do as some of the fees, except for the land/cash, are not supported by an ordinance.

**Michael Coglin, Attorney in Sycamore and a member of the DeKalb County Building & Development Association**, quoted a newspaper article stating that impact fees were going to triple. Coglin respectfully recommended that the Plan Commission consider postponing action and table the Public Hearing to a future meeting to allow time to communicate with the developers with accurate information.

**Dave Mogle, Director for DeKalb Park District**, stated that the City of DeKalb notified the Park District about the consideration of increasing impact fees for new development and was asked for input. Mogle stated the Park District have attended meetings and workshops with the Park Board to provide input to the City of DeKalb. The DeKalb Park District is in support of the City proposal to increase impact fees.

Gulo asked for confirmation that the DeKalb Park District former required acreage was 5.5 acres per thousand people, to 10 acres per thousand people, and now 11.5 per thousand people.

Mogle said that was correct and the increase to help maintain current park land at 11.5 acres per thousand, and stated that the national standard was 10 acres per thousand people.

**Andy Small, President of District 428, 300 Heatherfield Lane**, stated that there have been joint meetings with DeKalb, Cortland and Malta speaking to the needs of District 428.
CALL TO ORDER

ROLL CALL

Present were Commissioners Guio, Welsh, and Chair Fassig. Also present were Russ Farnum, Community Development Director; Ray Keller, City Planner; Patty Rail, Secretary; Mark Biernacki, City Manager; Kris Povlsen, Second Ward Alderson; Pat Conboy, Fifth Ward Alderman; Bob Pritchard, State of Illinois Representative; and members of the press.

APPROVAL OF AGENDA

Farnum suggested moving item number four (4) to position number three (3) as item number three (3) will likely take longer to cover.

A motion was made by Chair Fassig to approve the September 14, 2005 agenda as amended. Seconded by Welsh and approved by voice vote.

APPROVAL OF MINUTES

A motion was made by Chair Fassig to approve the August 24, 2005 minutes. Seconded by Welsh and approved by voice vote.

OLD BUSINESS

1. PUBLIC HEARING on new Residential Development Policies
   a. Design Guidelines
   b. Impact Fee and Developer Contribution proposals

No new backup was provided. Builder’s comments are due Thursday, September 22, 2005 with follow up meeting on Thursday, September 29, 2005 and recommended continuing to Wednesday, October 12, 2005.

Chair Fassig opened the Public Hearing, offering an invitation to speak.

Andy Small, 300 Heatherfield Lane, President of District 428 School Board, referred to the last meeting on Wednesday, August 24, 2005 where Commissioner Frye suggested a sunset provision to limit the amount of time a developer has to develop a property under Impact Fees charged at the time of approval for the development by City Council and when it would then change to current Impact Fees bring charged.

Tom Teresinski, 109 Illehamwood, District 428 School Board Member, provided copies to the Plan Commission and City Staff of the School District 428 “Position Statement” and proceeded to read before the citizens attending the meeting.

With no one else coming forward to speak, Chair Fassig closed the Public Hearing.

A motion was made by Chair Fassig to continue the Public Hearing to Wednesday, October 12, 2005 to allow adequate time to prepare for a formal proposal on the new Residential Development Policies. Seconded by Welsh and a roll call was taken: Guio, yes; Welsh, yes; Chair Fassig, yes. Motion passed 3-0.

NEW BUSINESS

2. PUBLIC HEARING on a request by Nick Boscarino Living Trust for the following actions on property commonly known as 201 Harvestore Drive:
   a. Annexation of approximately 7.7 acres;
   b. Rezoning of that 7.7 acres to “HI,” Heavy Industrial;
   c. Approval of Preliminary Plat and Final Plat for the entire 14.5 acre tract

Keller reviewed Community Development Memo PC128-05.

PC132-05
CALL TO ORDER

ROLL CALL

Present were Commissioners Frye, Welsh, and Chair Fassig. Davis and Guio were absent. Also present were Russ Farnum, Acting Community Development Director; Patty Raih, Secretary; and members of the press.

APPROVAL OF AGENDA

A motion was made by Chair Fassig to approve the August 24, 2005 agenda. Seconded by Frye and approved by voice vote.

APPROVAL OF MINUTES

A motion was made by Chair Fassig to approve the August 10, 2005 minutes. Seconded by Frye and approved by voice vote.

OLD BUSINESS

None

NEW BUSINESS

1. PUBLIC HEARING on new Residential Development Policies

Farnum reviewed Community Development Memo PC112-05. It is recommended that these fees, once approved by the various bodies and adopted by the Council as a Policy Resolution, be implemented by incorporation into annexation agreements and development agreements. It is further recommended that, as part of the Policy Resolution, the Council makes it clear that these fees would apply to all new lands annexed for residential development, as well as any land converted from a commercial and/or industrial zoning classification to allow for the construction of residential units. Further, it is recommended that no such rezoning be allowed without an accompanying development agreement, which would, among other things, set forth said fees. The City, the School District and the Park District should enter into intergovernmental agreements setting forth how, when, and who is going to collect the fees, what they should be used for, how they shall be accounted for, and similar details. Discussion of updates to the Park Land/Cash Ordinance, and how that affects existing developments and the School Land/Cash Ordinance, need to be held to help clarify if that change is to be made to Article 8, or by policy resolution, and when that change is to be implemented.

Schedule of Public Review and Discussion

City Staff have, thus far, set out the following meetings at which these proposed new fees will be discussed with various groups and entities. Additional meetings may be added to allow for a thorough public discussion of this proposal.

August 10, Plan Commission Workseshion, 7:00 pm, City Council Chambers
August 11, Park District Study Study Session, 6:00 pm, Hopkins Park
August 12, DeKalb County Building and Development Association (tbd)
August 15, City Council Workshop, 7:00 pm, City Council Chambers
August 17, School Board Meeting, 7:00 pm, School Administration Center
August 24, Plan Commission, 7:00 pm
September 12, City Council Meeting, Anticipated approval of policy resolution

Again, all of these fees and contributions are subject to revisions and/or amendments as this proposal proceeds and is reviewed by the various entities involved in this process, and with the general public.
Farnum noted that City Staff and the Builder’s Association met last Friday, August 19, 2005 to discuss as a separate group their comments/concerns and their was not a lot of resistance to increasing impact fees. Farnum said that he would like to open the Public Hearing and hear what comments this evening and continue to the next regularly scheduled meeting on Wednesday, September 14, 2005.

Chair Fassig opened the Public Hearing offering an invitation to speak.

Herb Rubin, 131 East Alden Place, expressed his concerns as follows:

- All taxes on "personal residences" problematic, as peoples’ ability to pay changes over life course;
- City of DeKalb should join in the battle to support the legislation relieving localities of some of the school tax burden;
- In favor of increasing “impact fees” to cover new development and consider using some of the increase of “impact fees” to cover a share of the regional open space that become necessary as growth occurs;
- An “SSA,” Special Service Area as a base to estimate appropriate fees seems both sensible and fair, by underestimating true cost of new development and omitting the negative effects to the older parts of the City of DeKalb;
- Linkage fees through which developers who build new projects participate in the restoration of the older parts of the impacted City of DeKalb;
- Approximately eight (8) years ago literature estimated that the fiscal impact of a new suburban home was about $30,000 or so, that figure is a bit high as it included costs that legally can not be placed on a home by a locality such as street repairs on roads that are impacted but are away from the new subdivision;
- More recent literature shows “impact fees” ranging from nothing on up to about $48,000 in some areas of California;
- As a very strong advocate of “affordable” housing and having participated in the “DeKalb County Affordable Housing Action Coalition,” said that at first the idea of increased “impact fees” seemed like it would make housing “less” affordable. Yet some studies show that when impact fees are used in lieu of a building moratorium (that occurs because localities can not afford to build the needed infrastructure and in turn stop development in its entirety) housing costs in the older parts of town do NOT necessarily increase because “impact fees” enable supply to increase;
- “Impact fees” are not what make home unaffordable in comparison to the escalation of land and building costs. A family with an income of $50,000 can not afford either a $250,000 home(without impact fees) or a $270,000 home with the fees;
- As a “Chair” of a Commission he encourages the Plan Commission and City Council to sponsor workshops to learn how to provide affordable housing. Affordable housing comes about when government working with both for profit and non-profit builders takes advantage of state and federal subsidy programs, adopts clever modern design standards and encourages a mixed income development;
- Another approach to increase the supply of affordable housing is called “inclusionary housing.” In this case, builders are allowed to build more homes per acre so long as a certain percentage of the homes are priced to be affordable yet built to high standards. The developer profits from the extra homes with some of the extra profit used to reduce the price of the other homes;
- Real estate transfer taxes are paid when homes are sold and cash available. They are meant as a way of paying back the community for benefits already received. If transfer taxes were a method the City of DeKalb were inclined to consider using (in addition to the Increase of “impact fees”) it would be suggested to put the money from the transfer taxes into an “Affordable Housing Trust Fund,” that then could be used to help reduce the costs of homes for working people living in the community who are now priced out of the market.

Steve Irving, 4 Arrowhead Lane, stated that is was in favor of increasing the “impact fees” for new development and the sooner the better as the City of DeKalb has approximately 1,000 currently platted and to be built over a period of five (5) to seven (7) years will not be effected by an increase of “impact fees.” Postponing the increase will only put the DeKalb School District farther behind in terms of updating our current school needs. Irving felt the impact fees needed to be tripled. Irving felt that the option of a real estate transfer tax should go out to the citizens for a vote. Irving said that an impact fee is a one time tax and a real estate transfer tax would occur every time the house sells. Irving stated he was in favor of a real estate transfer tax.

With no one coming forward to speak, Chair Fassig closed the Public Hearing.
Frye was in agreement that schools are very important and that people are not only looking for a nice house but excellent schools to send their children to.

A motion was made by Chair Fassig to continue the Public Hearing on the new Residential Development Policies. Seconded by Frye and a voice vote was taken: Frye, yes; Welsh, yes; Chair Fassig, yes. Motion passed 3-0.

CONSIDERATIONS

2. WORKSESSION with Gerard Keating et al on proposed DeKalb Logistics Center

Farnum reviewed Community Development Memo PC120-05.

Gerard Keating, Keating Resources, 719 Shady Avenue, Geneva, Illinois 60134, provided a brief overview of the proposed project located in the area of Route 23 to the west, Crego Road to the East, I88 to the North and Gurler Road to the South. Keating provided an exhibit for the Plan Commission to view during the worksession.

William Bohne, PE, Project Manager, Jacob Hefner Associates PC, storm water on the proposed property drains east to west to a drainage ditch on the southeast corner where there will be a dual elliptical pipe. The 12x7 foot culvert drains along ditch taking all the water changing from northwest reducing the release rate.

The following were comments/concerns discussed during the worksession:

- The proposed project is compatible with the Comprehensive Plan and current zoning;
- An asset would be that there will be that there will be an access to the DeKalb Oasis without accessing I88;
- Large detention area that will not only hold stormwater from the proposed site but will also aid the neighboring homes that have previously experienced flooding across route 23;
- A path for people to walk or ride bikes on and access the DeKalb Oasis and park area;
- This side of I88 is limited on utilities; therefore, the developer will be completely responsible to extend and update to accommodate the proposed project;
- Spent time walking down Route 23 talking to citizens and informing them of what is being proposed for the property adjacent to them, some were receptive and others were just thankful to being informed and not necessarily on board;
- There will be large berms with lots of landscaping to soften the effects of the large project along all roads;
- Traffic study revealed that truck traffic would go to Peace Road to access I88, no reason to go to Route 23 as there will be a full interchange available on site;
- There will be some smaller lots available for example some semi-truck sales, no rezoning required for this type of use as language will be added to the annexation agreement and built into the zoning to allow that type of use, there will also be a list of prohibited uses such as ones that would create pollutants;
- Does the developer need to contact the Park District – not anticipating involvement with the DeKalb Park District as there will be an "SSA," Special Service Area to cover the costs of maintaining the detention ponds in case the Property Owner’s Association did not take care of things. There will not be any recreational parks for the public, only for the employees that work there;
- It was recommended that a lot of trees be planted along the perimeter of the proposed to soften the appearance of such a large industrial development;
- The proposed building and parking setbacks will be from the property lines are set forth in the agreement.

Farnum said the Revised Annexation Agreement will go before the Plan Commission at the next regularly scheduled meeting on Wednesday, September 14, 2005.

REPORTS

None