

Posted on Sun, Nov. 20, 2005

Developers concerned about impact fees

They help schools, but debate centers on housing impact

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News-Democrat

Although O'Fallon, Fairview Heights and Shiloh school districts are in the early stages of considering impact fees to offset growth costs, local leaders and developers already are expressing concerns.

About 2,250 students attend O'Fallon High School, which has a capacity of only 1,900 students. In five to 10 years, enrollment could grow to as much as 10,400 students, according to a study commissioned by the schools.

In five years, enrollments in kindergarten through 12 grade in O'Fallon and Shiloh are projected to increase by as much as 22 percent, or 3,000 students, from new housing expected in the next five years, according to a study commissioned by the schools.

Shiloh Elementary School District 85 Superintendent Jennifer Filyaw said the schools have looked at a variety of options for funding to accommodate the growth, including lobbying legislators. In April, voters rejected a referendum to allow for financing of a second high school.

"Impact fees are another way to help schools get the money that we need to build schools," Filyaw said.

Under a proposal O'Fallon High School District 203 submitted earlier this month, developers who build new homes and apartments in the Shiloh-O'Fallon area would be charged a fee ranging from \$281.66 for a one-bedroom apartment to \$3,504.51 for a five-bedroom, single-family detached home in lieu of a land contribution. The district has not released the amount it projects the fees will bring in.

The money would go to pay for new school sites and construction as well as expansion of current buildings.

"The reason for their fees is understandable," said Chad Doyle, president of the Belleville Area Association of Realtors. "They would start to receive money when the family moves rather than wait a year for the collection of property tax. We, along with the Illinois Association of Realtors have been fighting impact fees. But if it's going to better a community, then why fight it? Our concern is that they keep costs down as much as they can."

But Jerry Rombach, executive director of Southwestern Illinois Homebuilders Association, said the fees unfairly target home buyers, who ultimately will pay.

"I understand the schools are in a tough spot, but it isn't fair to target the new home buyers," he said. "It ignores the basic problem with the flaw in how area schools are funded. The state has to stand up to its constitutional obligation.

"If the impact fee is say, \$3,000 to \$4,000, when the homeowner finances that, that becomes \$10,000 to \$11,000," he added.

Rombach also argues impact fees will stem the growth that has economically benefited the area.

"It gives a competitive advantage to their (developer's) competition, who are developing areas in other markets where there aren't fees," he said. "When a community adopts impact fees, study after study has shown that (the building of) new homes start to decline."

O'Fallon City Administrator Walter Denton said he doesn't know whether impact fees would stem growth. There are differing opinions. There also is a concern that if growth slows, the city may lose more property tax revenue than would be gained through impact fees.

"Our approach to growth and development is we can't stop it but to make it manageable and high-quality," Denton said. "The idea is for development to pay for itself so residents aren't subsidizing new growth. Our primary estimates show that we lose money with every new home that's built."

Edwardsville recently adopted a school impact fee, and has seen property values increase. District 7 leaders estimated that the district's 2004 equalized assessed valuation of \$821 million will have increased this year by 15 percent.

Schools in Naperville, Ill., have benefited from an impact fee in place since the 1970s, and it has not slowed growth, Mayor A. George Pradel said.

"We did have a lot of people at first who resisted the idea," Pradel said. "In the long run, it's so established that people know that if you're going to do business in Naperville, you're going to have to pay these fees."

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