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[Builders looking for a break from impact fees](#)

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For The Courier-News

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Developers believe there is a demand for new home construction in the area — but are asking municipalities for some help in getting them built.

The builder of the proposed River Place townhomes at Sundown Road and Route 31 asked South Elgin this past week to consider waiving impact fees until a home closes — rather than requiring impact fees when building permits are approved.

And West Dundee has changed its impact fee schedule to reflect the housing market's new realities, Village Manager Joe Cavallaro said.

Elgin also has helped builders by allowing them to revise their zoning to better reflect buyers' needs, said Assistant City Manager Rick Kozal.

Impact fees are the set fees — based on land values — that developers pay for each new home constructed. Money goes to the village, school and library districts, park districts and other taxing bodies affected by additional residents.

It made sense for West Dundee to decrease its impact fee schedule because undeveloped land is selling at far less than it did a few years ago, at the height of the housing boom, Cavallaro said.

“The impact fees were tied to undeveloped residential land values,” Cavallaro said. “As the market was ticking up, land values were increasing. As it ticked down, the land value decreased. It was logical to decrease the original calculation for land values.”

In 2007, land in West Dundee was valued at \$154,000 an acre, he said. Now, in 2012, the same land is selling for about \$50,000 less — at \$105,000 an acre.

Building permit fees — in which impact fees are included — were correspondingly reduced, from \$23,149 to \$19,994. The village also chose to waive its portion of the impact fees to help a development progress.

The Aspen Hills subdivision developer approached the village about reducing impact fees in February 2011. That builder had 13 vacant single family lots on which to build — advertised as single-family homes priced in the \$280,000 range.

It also is the only development proposal West Dundee has seen since the housing bubble collapsed, Cavallaro said. Just one of those 13 homes has since been built since the 2011 request, he noted.

SE changes

Wyndham Deerpoint Developers of North Aurora approached Steve Super, South Elgin director of community development, about changing when those impact fees are due.

He ran the idea by the village board last week.

The builders want to add one or two more four-unit townhome buildings. Originally permitted to have 46 townhome units, the developer is advertising the units with a starting price of \$156,000, according to the company's website.

“They would build these on speculation,” Super said. “They are thinking they can find people to buy, but they are asking for relief on upfront costs.”

Rather than having the builder pay the impact fees when the building permits are applied for, the village is considering allowing them to be paid when the home sale closes.

South Elgin's impact fees — \$7,800 per unit — would cost a developer \$62,400 for eight units. That could make a big difference for a builder in the current economy, Super said.

“Staff supports this. We would like to see houses getting built in town again,” Super added.

He wasn't suggesting a permanent change to the code but agreed the village could consider that change “on a case-by-case basis,” Super said.

Elgin a leader

Elgin has not provided any economic incentives such as permit or planning fee reductions in the housing market decline, Kozal said. Elgin, he noted, “has consistently either led or has been near the top in Chicago metro area housing starts during the prolonged downturn.”

Some developers, however, have asked to modify the “land use entitlements” for residential developments that had previously been approved by the city “to provide a revised housing product mix that reflects current market conditions,” Kozal said.

“The city has generally approved such requests,” he added.

What villages are hearing, West Dundee's Cavallaro said, is that developers and builders are working against the availability of foreclosed or short-sale homes. “Developers, in their defense, are competing against those numbers,” Cavallaro said.

Nor do buyers want the McMansions of the housing boom.

“What I have heard, in order to compete in this market, smaller-square-footage homes are required, and reduction in ... municipal costs of development and impact fees,” he said.

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