

City council discusses developer impact fees

Developers would help pay for capital improvements related to city's growth

By Diana Thorn-Roemer, The Journal-Standard

FREEPORT - Developer impact fees, a sometimes controversial tool to help pay for city growth without taxing citizens, is being discussed at City Hall.

The topic was presented by Community Development Director Shelly Griswold at the Jan. 17 Committee of the Whole meeting. The intent was to inform and no vote was taken.

An impact fee is a charge to developers that helps pay for capital improvements in the city the developer is building in. For example, if 100 new homes are built, the sanitary sewer system may need to be expanded or schools may need to be built.

Griswold referred to the city of Elgin's impact fee standard and said such fees would help if Freeport needed to add capital improvements as it grows, such as a new fire station or improving the city's sanitary sewer system due to development.

"Obviously, in our current budget, we don't have a lot of reserves to help with these things," Griswold said.

Despite the initial discussion, however, Mayor George Gaulrapp said impact fees aren't on the city's radar.

"This administration has no interest in impact fees," said Gaulrapp, saying that the discussion at City Hall was in response to questions about the idea rather than any desire to place the concept on a future agenda.

In communities with depleted reserves, such fees are sometimes the only way to immediately come up with funds to expand services for new homes because tax revenue from the homes is delayed, according to a study of impact fees conducted by Roselle Library Director Dianne Lueder, and others.

The study, published in the 1996 periodical "Illinois Libraries," was distributed by Griswold for informational purposes.

Impact fees have been hotly debated in fast-growing Pecatonica and parts of Winnebago county, which has seen considerable residential development in recent years. The fee idea

was vehemently opposed by developers and builders who said such fees discouraged additional development and placed communities at an economic disadvantage in competing for projects that would expand the tax base.

Griswold, though, said impact fees are merely one way to pay for costs associated with development.

Such fees are also commonly known as capital recovery, mitigation, or expansion fees. They first became popular in California, New Jersey and Massachusetts following taxpayer revolts in the 1970s and are a means for cities to collect money from new commercial and industrial development to provide for affordable housing.

Lueder's research reports 60 percent of all cities with more than 25,000 residents and nearly 40 percent of all metropolitan counties use some form of impact fee. Typically, they are part of the development approval process; the fee may be assessed by local authorities but are often limited to basic services such as water, wastewater, roads and drainage. Fees are typically paid at the building permit phase and must be spent within a particular time frame.

Second Ward Alderwoman Nickee Bender took an immediate position against such fees, saying they would discourage growth at least until the city is "booming."

"We're begging people to come to Freeport," Bender said.

But surveys say they facilitate growth by expediting development approvals as they add predictability to the development approval process.

Griswold said there are not pending actions on impact fees in Freeport.

"It was just informational for aldermen," Griswold said.