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DATE: SEPTEMBER 8, 2021

TO: CITY OF JOLIET LAND USE & LEGISLATIVE COMMITTEE

FROM: DEREK CONLEY, ECONOMIC DEVELOPMENT DIRECTOR

SUBJECT: AN ORDINANCE AMENDING CHAPTER 23 : ARTICLE III : SEC. 23-62 –
AMOUNT OF FEE OF THE JOLIET CODE OF ORDINANCES

DISCUSSION

Over the past year, the City of Joliet has received complaints from small property owners and developers regarding the cost of the City Development Impact Fees for commercial development projects. A Development Impact (DI) fee is a one-time fee levied during the permitting process for construction projects. The funds are collected to offset offsite capital improvement projects due to increase development within the City limits. Development Impact fees are very common for home-rule communities in Illinois. The current City of Joliet DI fee schedule is below:

(c) Non-residential structures.

(4) On and after January 1, 2010, the amount of the Development Impact fee imposed upon the construction or alteration of a commercial, industrial, governmental or other structure not primarily designed for use as a permanent dwelling unit shall be as follows:

TOTAL VALUATION	DI FEE
\$0—50,000.00	\$3,100.00
50,001.00—80,000.00	5,200.00
80,001.00—100,000.00	5,400.00
100,001.00—150,000.00	5,600.00
150,001.00—200,000.00	5,800.00
200,001.00—250,000.00	6,000.00
250,001.00—300,000.00	6,200.00
Over 300,000.00	6,400.00 plus 100.00 per 50,000.00 over 300,000.00

Due to the number of complaints staff determined a review of the current DI was warranted. Staff used 2020 data to conduct research. Below is a table detailing fees for three example projects at varying levels of investment:

Project	Estimated Construction Costs	DI Fee	Fee Percentage of Construction Costs
Project #1	\$25,000	\$3,100	12.4 %
Project #2	\$1,500,000	\$8,800	.5 %
Project #3	\$28,606,112	\$63,012.22	.2 %

Upon review, staff found that relatively small projects have large DI fees when compared too much larger projects. For example, Project #2 is approximately 58 times larger an investment project, however the DI fee for Project #2 is only three times larger than Project #1, resulting in a disproportionate fee for the estimated construction cost. Staff also determined the fee percentage of construction was too high for smaller projects and was either deterring small investment projects or causing developers to avoid the permitting process.

Therefore, staff created a new DI fee schedule with the following goals:

- 1) Reduce the DI fee for smaller projects
- 2) Correct the disparity in DI fee amount between projects varying in investment size
- 3) Increase the total fee amount for larger projects which have larger impacts of the community

The proposed new DI fee schedule which achieves these goals is below:

TOTAL VALUATION	DI FEE
0—20,000.00	\$ 1,000.00
20,001.00—40,000.00	\$ 1,500.00
40,001.00—60,000.00	\$ 2,000.00
60,001.00—80,000.00	\$ 2,500.00
80,001.00—100,000.00	\$ 3,000.00
100,001.00—150,000.00	\$ 4,000.00
150,001.00—200,000.00	\$ 5,000.00
200,001.00—250,000.00	\$ 6,000.00
250,001.00—300,000.00	\$ 6,500.00
Over 300,000.00	7,000.00 plus 175.00 per 50,000.00 over 300,000.00

Under the proposed new DI fee schedule the fees for the example projects are below:

Project	Estimated Construction Costs	DI Fee	Fee Percentage of Construction Costs
Project #1	\$25,000	\$1,500	6.0 %
Project #2	\$1,500,000	\$11,200	.7 %
Project #3	\$28,606,112	\$106,050	.3 %

The new DI fee schedule will not only reduce total fee amount for small development projects but also should increase overall revenue for City overall, depending on project mix. For example, if the proposed new DI fee schedule was used in 2020, the total amount generated by development impact fees would increase from \$572,463.78 to \$780,175.00, an increase of \$207,711.22.

It is also important to note that the City of Joliet has not increased DI fees since 2009. If the proposed new DI fee schedule is approved it would take effect January 1, 2022.

RECOMMENDATIONS

It is recommended Land Use and Legislative committee recommend approval of an Ordinance Amending Chapter 23 : Article iii : sec. 23-62 – amount of fee of the Joliet Code of Ordinances.

Respectfully submitted,

Derek Conley
Economic Development Director

ORDINANCE NO: _____

AN ORDINANCE AMENDING CHAPTER 23 : ARTICLE III : SEC. 23-62 – AMOUNT OF FEE OF THE JOLIET CODE OF ORDINANCES

WHEREAS, the Mayor and City Council of the City of Joliet, Illinois (City) has authority to adopt ordinances and to promulgate rules and regulations that pertain to its government and affairs and protect the public health, safety, and welfare of its citizens; and

WHEREAS, the City is a home rule unit of government pursuant to Article VII, Section 6(a) of the Illinois Constitution of 1970 and may exercise any power and perform any function pertaining to its government and affairs; and

WHEREAS, the Mayor and City Council of the City of Joliet has not evaluated or changed development impact fee amounts schedule since 2010;

WHEREAS, the Mayor and City Council hereby find and determine that the changes to the developer impact fee schedule will materially contribute to the economic development of the City of Joliet and preserve a suitable tax base; and

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF JOLIET, ILLINOIS, PURSUANT TO ITS STATUTORY AND HOME RULE AUTHORITY, as follows:

SECTION 1: The Mayor and City Council hereby find that the recitals contained in this Ordinance are true, correct and complete and are hereby incorporated into this Section by reference.

SECTION 2: CHAPTER 23:***ARTICLE III : SEC. 23-62*** of THE CITY OF JOLIET CODE OF ORDINANCES shall be amended and revised to the following:

Sec. 23-62. Amount of fee.

(a) *Single family residences.*

- (1) On and after January 1, 2010, the amount of the development impact fee imposed upon the construction of a new building designed for use as a single-family residence shall be as follows:

<i>TOTAL VALUATION</i>	<i>DEVELOPMENT IMPACT FEE</i>
\$0—50,000.00	\$3,500.00
50,001.00—80,000.00	3,600.00
80,001.00—100,000.00	3,700.00
100,001.00—150,000.00	3,800.00
150,001.00—200,000.00	3,900.00
200,001.00—250,000.00	4,000.00
250,001.00—300,000.00	4,100.00
Over 300,000.00	4,200.00 plus 100.00 per 50,000.00 over 300,000.00

(b) *Duplexes and multi-family residences.*

- (1) On and after January 1, 2010, the amount of the development impact fee imposed upon the construction of a new building designed for use as a two-family residence or a multi-family residence shall be as follows:

<i>TOTAL VALUATION</i>	<i>DEVELOPMENT IMPACT FEE PER UNIT</i>
\$0—50,000.00	\$3,500.00
50,001.00—80,000.00	3,600.00
80,001.00—100,000.00	3,700.00
100,001.00—150,000.00	3,800.00
150,001.00—200,000.00	3,900.00
200,001.00—250,000.00	4,000.00
250,001.00—300,000.00	4,100.00
Over 300,000.00	4,200.00 plus 100.00 per 50,000.00 over 300,000.00

(c) *Non-residential structures.*

- (1) In 2009, and until December 31, 2021, the amount of the development impact fee imposed upon the construction or alteration of a commercial, industrial, governmental or other structure not primarily designed for use as a permanent dwelling unit shall be as follows:

<i>TOTAL VALUATION</i>	<i>DEVELOPMENT IMPACT FEE</i>
\$0—50,000.00	\$3,100.00
50,001.00—80,000.00	4,600.00
80,001.00—100,000.00	4,800.00
100,001.00—150,000.00	5,000.00
150,001.00—200,000.00	5,200.00
200,001.00—250,000.00	5,400.00
250,001.00—300,000.00	5,600.00
Over 300,000.00	5,800.00 PLUS 100.00 PER 50,000.00 OVER 300,000.00

- (2) On and after January 1, 2022, the amount of the development impact fee imposed upon the construction or alteration of a commercial, industrial, governmental, or other structure not primarily designed for use as a permanent dwelling unit shall be as follows:

<i>TOTAL VALUATION</i>	<i>DEVELOPMENT IMPACT FEE</i>
\$0—20,000.00	\$1,000.00
\$20,001.00— \$40,000.00	\$1,500.00
\$40,001.00— \$60,000.00	\$2,000.00
\$60,001.00— \$80,000.00	\$2,500.00
\$80,001.00— \$100,000.00	\$3,000.00
\$100,001.00— \$150,000.00	\$4,000.00
\$150,001.00— \$200,000.00	\$5,000.00
\$200,001.00— \$250,000.00	\$6,000.00
\$250,001.00— \$300,000.00	\$6,500.00
Over \$300,000.00	\$7,000.00 plus \$175.00 per \$50,000.00 over 300,000.00

- (d) *Mixed-use facilities.* The amount of the development impact fee for a commercial or industrial structure containing dwelling units shall be determined based on the proportionate share of construction or alteration costs of the residential and non-residential components of the structure.
- (e) *Other fees.* The development impact fee shall be in addition to any other fee, tax or charge levies or imposed by the city. For the purposes of this section, an exemption or waiver in connection with permit fees shall not be considered in calculating the development impact fee. An exemption from the payment of other fees or taxes shall not apply to the payment of a development impact fee.
- (f) *Use of collected fees.*
 - (1) Revenue collected from the development impact fee, and all expenditures thereof, shall be accounted for in a separate fund.
 - (2) Revenue collected from the development impact fee shall be used to fund expenditures for constructing, modifying or otherwise providing buildings, grounds and equipment for fire protection and fire suppression services, police services, emergency medical services and other related public safety services that directly and specifically benefit new development. This shall include, but shall not be limited to, the cost of land, buildings, equipment, site improvements and related professional fees and expenses. Revenue collected from the development impact fee may also be used to offset the cost of personnel and other operating expenses to adequately staff, supervise and operate public safety and other municipal facilities serving new development.
 - (3) Revenue collected from the development impact fee may be reasonably accumulated for the benefit of new development in order to implement a capital improvement plan contained in an annual budget, annual appropriation ordinance, levy ordinance or other instrument recognized by the mayor and city council.
 - (4) Revenue collected from the development impact fee may not be used in a manner or for any purpose duly prohibited by law or in violation of laws limiting the authority of the city to impose impact fees, including but not limited to, the Road Improvement Impact Fee Law (605 ILCS 5/5-901).

(Ord. No. 14068, § 1, 12-3-02; Ord. No. 14931, § 1, 12-20-04; Ord. No. 15454, § 1, 2-21-06; Ord. No. 15788, § 1, 2-6-07)

SECTION 3: In the event that any provision or provisions, or portion or portions of this Ordinance shall be declared to be invalid or unenforceable by Court of competent jurisdiction, such adjudication shall in no way affect or impair the validity or enforceability of any of the remaining provisions or portions of this Ordinance that may be given effect without such invalid or unenforceable provision or provisions, portion or portions.

SECTION 4: All ordinances directly in conflict with the terms of this Ordinance are hereby repealed to the extent of such conflict.

SECTION 5: This Ordinance shall be deemed severable and the invalidity of any portion hereof shall not invalidate the remainder.

SECTION 6: This Ordinance shall be in full force and effect from and after its passage, approval and publication as provided by law.

PASSED this _____ day of _____, 2021.

MAYOR

CITY CLERK

VOTING YES:_____

VOTING NO:_____

NOT VOTING:_____