



CITY OF ORLAND STAFF REPORT

MEETING DATE: August 20, 2024

TO: Honorable Mayor and Councilmembers

FROM: Pete Carr, City Manager

SUBJECT: **Request from CHIP for Developer Impact Fee Reduction**
(Discussion/Action)

BACKGROUND:

Developer Impact Fees (DIF) are a common and critical tool used by cities and many counties to help offset the cost to existing residents of having new residents arrive demanding new impacts on services and facilities. The fees are collected from the developer and then typically passed on, in whole or in part, as part of the sales price of the new home.

Revenue from developer fees collected is segregated from other funds and used only for new capital projects to meet the demands of a growing population. DIF funds are an important resource for meeting the City's public safety, streets, parks, library, water, sewer and administration capital expenses. In recent years DIF funds have been utilized to improve streets (like the Commerce & Newville intersection); build new parks (like Heartland and Linwood) and new playgrounds (Lollipop Land and Lely Park); make facility improvements to the library, pool and recreation center; and, add new quality-of-life amenities (like the splashpad, pickleball courts and a dog park), and plan for future police and fire station needs.

ANALYSIS:

Community Housing Improvement Program (CHIP) is requesting a reduction in fees for the 64 new single-family homes planned for the Orland Park I subdivision, to improve financial feasibility of the project and to recognize that many of the subdivision residents will be drawn from existing Orland households. Although land is set aside for a future park at Orland Park II subdivision, no park land or other public space is designated as part of Orland Park I.

City Staff is providing data analysis of this request for consideration by the City Council.

A portion of DIF was reduced for Purpose Place phase 1, upon making findings of special circumstances in that case. The City has not waived or reduced fees for any other projects, and rarely receives such requests.

Attachments (2):

1. CHIP request for reduction of fees
2. City Staff analysis

RECOMMENDATION:

Staff does not recommend reducing DIF for new development in Orland Park I subdivision.

The Council may choose to reduce fees as requested (\$10,000 per house) or some other rate, or to not reduce fees at all.

FISCAL IMPACT OF RECOMMENDATION:

None. Granting the requested \$10,000 per house fee reduction would be expected to result in a loss of a potential \$640,000 to the City DIF fund, allocated to each of the DIF fund categories.