

Development Impact Fee (DIF) waiver request for the Phase I of the Orland Park Project (CHIP)

City Staff Analysis -- August 2024

The proposed project (Orland Park Phase I) is anticipated to generate the following new service demands:

- Population: 179 persons (2.8 persons per household * 64 lots) = 2% population growth
- Total DIF Fees for project (est.): +/- \$1.178 million (64 dwelling units * \$18,408/du)

Notes:

- 1) DIF fees are collected to account for the need for the acquisition of new capital equipment and assets resulting from new population growth. Development of the proposed project would be anticipated to result in the following:
 - New law enforcement service calls
 - New fire / EMS calls
 - Additional demand and impacts to existing parks and recreation services and facilities
 - Additional demand and impacts to Library facilities
 - Additional usage of water and wastewater services
- 2) Construction of new single family houses typically draws both existing local residents and new residents from outside the city. Even when self-help housing draws substantially from existing local multi-family housing residents, those multi-family residences are then backfilled in many cases by new residents to the locale.

Summary: The addition of new housing will add *new* population which will increase the demand for services, thus resulting in the increase in the need for new capital infrastructure, equipment and land assets to the City.

- 3) DIF are collected for the following service areas:
 - Park land acquisition
 - Park equipment
 - Community Recreation Facilities
 - Public Safety Facilities
 - Library Facilities
 - City Hall Facilities
 - Roads/Transportation
 - Sewer
 - Water
- 4) Waiver of the DIF on the project would result in the forfeiture of funds totaling over \$1.15 million dollars. Reduction of DIF fees per the request of \$10,000 per house would result in an approximate 55% (54.5%) loss of revenue (approximately \$642,000).

- 5) Reduction of the DIF on the project as requested would result in the loss of fees as follows:

Fee:	Amount:	Potential Revenue Loss w/ Reduction (54.5%):
Park Land Acquisition Fee	\$5,011.41 per DU	\$174,797.98
Park Equipment Fee	\$40.18 per DU	\$1,401.48
Comm. Recreation Fee	\$2,036.92 per DU	\$71,047.77
Public Safety Fee	\$2,697.83 per DU	\$94,100.31
Library Fee	\$1,356.07 per DU	\$47,299.72
City Hall Facilities Fee	\$405 per DU	\$14,126.40
Roads/Transportation Fee	\$1,736.41 per DU	\$60,565.98
Sewer Fee	\$2,657.82 per DU	\$92,704.76
Water Fee	\$2,465.82 per DU	\$86,007.80
Total DIF Amount:	\$8,375.39 per DU (vs. \$18,408 per du)	\$642,052.20

- 6) Reduction or waiver of DIF's where a service demand is not present or where a service/facility is provided as part of the development is acceptable and common.
- 7) Reduction or waiver of DIF's for new development results in the reduction or elimination of funding for new capital expenses for services demanded by the new population thus transferring the costs for new service demands to the existing population.
- 8) Page 11-4 of the City's DIF program report (dated: August 26, 2019) describes the circumstances under which it would be permissible for the City to waive or credit projects for improvements provided by developers, and establishes the parameters for exemptions, reductions and waivers. Please note the last sentence of last paragraph on the page that addresses the ramification of fee exemption, reduction or waiver:
 "Such a waiver or reduction may not result in increased costs to other development projects, so the effect [of] such policies is that the lost revenue must be made up from other fund sources."

<https://www.cityoforland.com/wp-content/uploads/2021/06/draftfinaldifstudy.pdf>

Summary:

- Reduction of DIF's for the project would result in the loss of substantial fees required for new services demanded by a new service population.
- DIF exemption, reduction or waiver is allowable per action by the City Council.
- The City could consider a fee reduction based on the estimated number of existing City residents currently demanding a City service who may be possibly residing in the project (thus, no new service demand generated).