

TO: The Sycamore Plan Commission

FROM: Bill Nicklas  
City Administrator

DATE: September 3, 2003

RE: September 8, 2003 Plan Commission Meeting

The Plan Commission has two action items and one workshop item on its regular agenda, and the Commission will meet in joint session with the City Council at 7:30 p.m. to continue the discussion of local growth that was begun on September 2.

**I. Action Items**

**A. Consideration of a Petition From Ann Busse and James Tucker for a Rezoning of the Property at 1121 Somonauk Street.**

Ann Busse and Jim Tucker have requested a rezoning of the old single family structure that is surrounded by the planned townhouse development known as Somonauk Gardens at the corner of Somonauk Street and Borden Avenue. The Commission will recall that this house and lot, zoned "C-1" Neighborhood Commercial District, was purposely left out of the townhouse development approved in January, 2002 to preserve it for possible renovation at a later date.

The couple have purchased the parcel and are at work with the renovation. They have asked for a downzoning to "R-2" Two Family Residence District to permit some flexibility in the remodeling for a one or two-unit structure. A favorable Plan Commission recommendation is requested.

**B. Consideration of a Petition From John Kuna for a Special Use Permit for a Subdivision of the Property at 1515/1519 Willow Street to Permit the Sale of the Two Units in Fee Simple.**

As the Commission will recall, in July of 2002 the City Council, upon the recommendation of the Commission, established administrative authority to process certain limited resubdivisions of land, as in the creation of "zero" lot lines to allow for the individual sale of duplex or townhouse units. However, in the case of older neighborhoods where special use permits had not been established

for such purposes, the plat officer's administrative authority does not exist. Consequently, the Commission's review is needed with respect to the request of John Kuna for the legal subdivision of his Electric Park duplex.

Mr. Kuna has submitted the necessary declaration of cross easements, plat of subdivision, and findings of fact. A favorable Plan Commission recommendation is requested.

**II. Workshop Items**

**A. Consideration of a Concept Plan Submitted by Roncon Development for 41 Acres That Are Zoned R-3 at the Northwest Corner of Peace Road and IL Rt. 23.**

On November 20, 2000 the City Council annexed the 66.13-acre Ward property at the northwest corner of Peace Road and IL Rt. 23. About 20 of the acres along the Peace Road frontage were zoned "C-3" Highway Business and the balance was zoned "R-3" Multiple Family Residence District with a special use permit for attached townhouses. On December 18, 2000 the commercial zoning was re-platted as the Peace Road Commercial subdivision by the subsequent owner, DeKalb Associates. The commercial subdivision has eight lots, and a final plat for Lot 1 was approved with the preliminary commercial plat to allow for its conveyance. This lot has not yet been developed.

Ron Stonebreaker of Elgin has proposed a concept plan for the residentially zoned area behind the commercial subdivision and is seeking Commission direction.

The attached plan depicts the following features:

- A gross area of 41.12 acres.
- A gross density of 5.98 units per acre.
- A mix of single-family detached units (52) and attached townhouses (a total of 194 units).
- Guest parking for the attached housing in the ratio of about 2.5 spaces per unit.
- Shared access to Peace Road through the commercial subdivision at the entry approved on the Peace Road plan.
- A central park of under 1 acre.
- A large retention area to the northwest of the site.

Some questions for the developer would include:

1. What is the average size of the single family lots?
2. What is the anticipated asking price of the single-family detached housing?
3. Is the guest parking sufficient? Would the developer consider expanding the ratio to 2.75 spaces per unit?
4. Is the open space sufficient for the proposed population density?
5. How does one "connect" with other developing neighborhoods in the area on foot or on bicycle?

Plan Commission direction is requested.

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## **Special Meeting of the Plan Commission and City Council 7:30 P.M.**

### **A. Further Consideration of Planning Issues Opened in the Joint Meeting of the Plan Commission and City Council on September 2, 2003.**

The Council and Plan Commission met on September 2, 2003 to consider whether revisions to the recently-adopted Land Use Plan and Comprehensive Plan were merited, and to consider various options for the further regulation of new residential growth. At the meeting, the following questions were posed in the background materials to focus the discussion:

Question #1: What is the development area is question?

Question #2: Do the Commission and Council agree with the Land Use Map's designation of land uses, particularly in the northeast planning area?

Question #3: Do the Commission and Council believe the regulatory framework, approved on June 2, adequately restrains new residential growth within limits that local taxing bodies can absorb with projected operating revenues?

Question #4: Do the Commission and Council believe that new or higher developmental exactions are presently necessary?

No other general questions or propositions were posed by the Commissioners or Council during the meeting, though others might be asked and answered. With respect to these four general questions, the joint participants seemed to be in general agreement regarding the first two. A longer discussion ensued about the regulatory tools that might be appropriate to manage future growth, but there was no general agreement on questions #3 or #4 except that further review was in order. The Council and Plan Commission come together again to provide direction for the community, for the City staff, and for those who may wish to develop property in our community. In the spring of this year, the two bodies gave a sharper vision and asserted a more intrusive control over the pace of local residential development than at any time in the past. The approval of a growth boundary—a “green belt”—around the prime development area, coupled with the limiting sewer capacity for this development area, meant that present and future city planning could be unusually precise about ultimate population growth, and hence future service demands. The management of the pace of permit issuance in new subdivisions extended the City's control over future growth.

However, some unease has remained at the staff level, among the Commissioners and Council, and within the community at large about the large inventory of platted but unbuilt residential lots. Notwithstanding the recent and forceful initiatives in growth management, the relationship between the pace of the development of lots in this inventory and the pace of development of future platted lots had not been addressed in a regulatory manner. As a result, the overall pace of annual development could not be

reliably predicted or managed. In searching for a “bridge” to correlate the two sources of new residential growth, the staff could not find a ready model in Illinois. One may exist, but none had been discovered.

**Further Regulation of the Pace of New Housing Permits**

On September 2 the City Manager proposed a “Sycamore solution” and what is assumed to be a novel method of connecting the inventory with new development. The approach linked a reasonable reduction in the current inventory of lots on preliminary plans with new housing starts. In effect, a certain number of units in the city’s inventory would have to be permitted, built, and occupied before any final plats in newly annexed developments could be approved and recorded. The table below portrays this relationship. Two key assumptions inform this revised sliding scale: first, the City should never say “no” to development within its planning area, but should manage it carefully. This could mean agreeing to annexation agreements without permitting actual development for a prescribed period of time.

Second, it is assumed that some inventory is desirable from the standpoint of commercial and industrial interest in our community. Opinions will vary on what this level of inventory should be. The staff suggestion sets the base level at three years, and is based on two factors. First, the recent economic recession—the worst since the depression of the 1930’s—lasted about three years. The next bust cycle may not feature low interest rates. Second, the empirical evidence is that larger developments with significant fiscal impacts in the Sycamore area have tended to feature around 300 units, and that such a threshold represents around three years of single family home permits. Including the projected total for 2003, the City has averaged about 100 single family detached permits per year since 2001. It should be noted that the staff do not include multiple family permits as equally significant because the trend in multifamily starts is toward townhouses that are not generating school children or significant demands on public resources.

**Revised Residential Growth Control Regulation\***

<b>Number of Dwelling Units on the Preliminary Plan</b>	<b>Dwelling Units Permitted Per Year as a Percentage of the Total Lots on the Preliminary Plan</b>	<b>Time Limit Before New Building Permits Are Issued Following Annexation</b>
0 to 50 dwelling units	No Limit	No Time Limit
51 to 100 dwelling units	No More Than 35 per Year	One Year
101-200 dwelling units	25% or 40, whichever is <b>lower</b>	Two Years
201-300 dwelling units	20% or 50, whichever is <b>lower</b>	Three Years
301 to 400 dwelling units	18% or 60, whichever is <b>lower</b>	Four Years
401-500 dwelling units	15% or 70, whichever is <b>lower</b>	Five Years
Over 500 dwelling units	10% or 75, whichever is <b>lower</b>	Six Years

\*Please note that in the table above the word “lower” has replaced the word “greater.”

**Re-Assessing the Level of Impact Fees**

Finally, any sensible review of future growth prospects ought to include an assessment of the possible fiscal impact of that growth. When the City Council approved the Heron Creek annexation agreement in February of 1999, it required that the developer would

pay the fees “then in existence,” whether building permit fees, impact fees, or others. This insistence has continued to the present and the staff believes it should continue into the future to assure Council flexibility in meeting changing capital and operational costs. In April 2002 the City Council adopted revisions to the original impact fee system developed in the early 1990’s. As the Commission and the Council will recall, the School and Park fees are based on an assumption about the fair market value of an acre of improved land; the City sewer and water impact fees are based on the projected costs for specific capital improvements associated with new growth in the City’s planning area. As recommended by the Ad Hoc Committee on Impact Fees, the Council determined that the various impact fee systems should be reviewed at least every three years with the other taxing bodies, the building and development interests, and the public at large.

### School Fees

In the current land/cash ordinance, the fair market value of an acre of improved land is considered to be \$75,000. For discussion purposes, the staff recommend increasing this variable to \$110,000 per acre. The average cost of a ¼ acre lot is around \$55,000 at present. If we take the average asking price for a ¼ acre lot, extrapolate the price per acre (\$220,000), then discount that price by 50% for utilities and infrastructure, the effective price is \$110,000. With this in mind, the following School impact fees would be assessed (*present fees are in parentheses*):

	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom
Detached Single Family	\$634 (\$431)	\$2,282 (\$1,556)	\$4,210 (\$2,864)	\$3,009 (\$2,047)
Attached Single Family	\$831 (\$565)	\$1,264 (\$860)	\$2,489 (\$1,693)	
Apartment	\$623 (\$424)	\$1,783 (\$1,213)		

### Park Fees

The Park impact fees could also be revised to include the new assumption about the per acre price of improved land (\$110,000) with respect to neighborhood parks, although the calculation for the community park contribution might remain unchanged until a clear plan for expansion is developed by the board. The current exaction per person is \$262.50. The proposed Park fee is \$315 per person (+20%) and would spread as follows:

Single Family:            4 Bedroom = \$1,260 (presently \$1,050)  
                                      3 Bedroom = \$ 945 (presently \$788)

### City Fees

The City impact fees for water and sewer system improvements could likewise be increased, based on rising costs relevant to the fee formulas. As with the School and Park fee systems, these fees would have to be monitored for their fiscal impact as well as their impact on development. It should be axiomatic that the City reserves the right to periodically revise its system of impact fees, based on rational methods, over the course

of any development. The City staff recommend the following changes, subject to further review by all affected interests:

1. Water Impact Fee.

The present water impact fee is based on assumptions about the cost of a new elevated tank and a new well for the northeast quadrant. That fee is presently \$924 per unit. The new fee would be based on the following assumptions:

Well cost = \$2,000,000  
 Well capacity = 1,440,000 gals/day  
 Cost per gallon = \$1.39  
 Cost per 350 gals = \$487/home (EPA standard of 3.5 p.e./house x 100 gals/p.e./day)

Elevated Tank = \$3,200,000  
 Capacity = \$2,000,000 gallons  
 Cost per gallon = \$1.60  
 Cost per 350 gals = \$560 per home  
 Total Water Fee = **\$1,047** (presently \$924; an increase of 13.3%)

2. Sewer Impact Fee

The present sewer impact fee is \$1,478. The proposed fee would be \$1,750 and would be calculated as follows:

Cost of treatment = \$5/gallon  
 Cost per 350 gallons = **\$1,750** (+18.4%)

The combined increases for the School, Park and City that are described above would result in the following totals:

	Present	Proposed
3 Bedroom Detached SF	\$4,912	\$6,190 (+26%)
4 Bedroom Detached SF	\$6,482	\$8,433 (+30%)

By way of comparison, DeKalb's present fees are as follows:

	School	Park	City Water*	Total
3 Bedroom Detached SF	\$1,187.36	\$1,232.14	\$590	\$3,009.50
4 Bedroom Detached SF	\$1,928.75	\$1,570.39	\$590	\$4,089.14

The City of DeKalb does not operate a wastewater treatment facility.

How far afield should we go in the investigation of impact fees in other communities?

The comparison above is interesting, but in law the fee levels have to correlate with actual local costs, not what some community east or south or west or north of us has determined to be a fitting level of compensation for increased costs. The state statutes are very clear on this point. This mandate informed the work of the ad hoc committee in late 2001 and early 2002, and should inform any future staff work. In short, the grist for our analytical work is right in our hometown. The various boards will have to throw open

their budgets and capital plans to justify their cost estimates, in the same way that the City annually bares its budgetary and capital planning process.

Should we consult with the School Board, Park Board, and Library Board about possible changes in their impact fees? Absolutely, and with the same thoughtfulness that typified the process in 2002. The fee suggestions above are defensible and logical, but may not exhaust all options.

It bears repeating, however, that we can not arbitrarily set impact fees, whatever other taxing bodies may wish. Impact fees substantially in excess of the proportionate cost of proposed new capital facilities will not survive a court challenge. In addition, impact fees cannot be used to correct existing deficiencies or shortfalls, or for operational expenses. Moreover, monies collected for a specific capital purpose (e.g. traffic signals) cannot be used for other purposes (e.g. water distribution). Further, in Illinois, impact fee systems must show that the burden placed on a developer is “directly and uniquely attributable” to that development. This is the most rigid of all known tests. For instance, the City could only impose impact fees for road improvements made necessary by the additional traffic generated by a particular development, and not other tributary traffic. The difficulty in distinguishing between the two explains why road impact fees are so scarce.

What about “voluntary” developer contributions similar to what B&B Development has offered in the past? Such contributions can be used for operational purposes, but only if they can be distinguished from the system of exactions defined by ordinance. If this distinction cannot be made, they would be legally equated with impact fees and their use would be limited to capital projects that have a unique relationship to the particular development. The option here is to negotiate voluntary fees as part of individual annexation agreements.

## Summary

To date, the renewed interest in community planning sparked by the Council discussion of the B&B proposal in July has revealed some positive and negative strains in our political discourse. From a positive perspective, many more people have become aware of City policies than the number that attended the long months of public meetings and hearings in 2002 and early 2003. So long as these residents approach the process with open minds and rational thought, the work ahead promises to be a memorable exercise in democratic decision-making.

However, with participation comes responsibility. Much of the public comment thus far has been emotional, uninformed, and personally vindictive. If there are other answers to be found, their merit needs to be proven with the same attention to fact and the public record as those that have been prepared by dedicated public servants. Assumptions need to be proven and not simply repeated with zeal, as if that confirms their legitimacy. If this process is to remain democratic and something to remember with pride, participants need to stay for the finish, taking questions and criticism themselves, rather than hurling epithets and condemnations in a drive-by fashion.

Decisions also need to be made. If the introspective reflection of the past month was leading us to a review of unfamiliar territory, a lengthy deliberative process would seem to be in order. But this is not the case. What rocks were unturned in the planning process of the past year and a half? It is simply insincere for any public officials involved in that process to state that it is a surprise to see development interest in large tracts of land in our northeast planning area.

Finally, we should not diminish the advantage derived from the strong rapport between our taxing bodies. The City's Plan Commission is uniquely inclusive of representatives of other taxing bodies. There are also uniquely strong and congenial working relationships between the administrations of the School District, Park District, City and Library. These relationships routinely focus on developmental impacts. The rise of new public interest does not necessitate a duplicative structure of committees for our elected bodies to sort through the issues.

Plan Commission and City Council direction is needed. The joint meeting will be on the Commission's turf. Presumably the chairman of the Plan Commission will lead the discussion.