THE CITY OF LAKE FOREST

ORDINANCE NO. 06-01

AN ORDINANCE AMENDING CHAPTER 39 OF THE LAKE FOREST CITY CODE TO ADOPT A DEMOLITION TAX

WHEREAS, The City of Lake Forest ("City") is a home rule municipality that is substantially developed; and

WHEREAS, the number of demolitions of existing dwellings has increased in recent years; and

WHEREAS, the permit fees relating to demolitions cover costs for the regulatory programs affecting demolition but do not address other externalities of demolition; and

WHEREAS, demolitions do present many adverse impacts on the City and its facilities, including interruptions of traffic flows on residential streets, debris within the City, impacts on the forested character of the community, and unanticipated stress on infrastructure including without limitation roadways and storm water management facilities, which impacts are not otherwise recovered through permit fees; and

WHEREAS, in order to address the externality costs relating to demolition, the City has determined that it is necessary and appropriate and in the best interests of the City and its residents to impose a tax on the activity of demolition; and
WHEREAS, in addition, demolitions have exacerbated the conversion of existing affordable housing units in the City into more expensive units, which has placed additional pressures on the availability of affordable housing in the City; and

WHEREAS, the limited availability of affordable housing units in the City Housing increases the direct and indirect cost to the City and its residents of providing and obtaining needed services; and

WHEREAS, the imposition of a demolition tax will offset in part the costs to the City and its residents arising from the reduction of affordable housing units in the City; and

WHEREAS, such demolition tax is authorized under the City’s home rule powers pursuant to Article VII, Section 6(a) of the Illinois Constitution, as well as the Illinois Municipal Code, 65 ILCS 5/1-1-1 et seq. (particularly Section 11-42-1 of the Illinois Municipal Code, 65 ILCS 5/11-42-1); and

WHEREAS, the Mayor and City Council of The City of Lake Forest have determined it to be in the best interests of the City and its residents to amend Chapter 39 of the City Code to impose a demolition tax;

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF LAKE FOREST, COUNTY OF LAKE, STATE OF ILLINOIS, as follows:

SECTION ONE: Recitals. The foregoing recitals are by this reference incorporated into and made a part of this Ordinance as if fully set forth.
SECTION TWO:  Amendment to Chapter 39 of the City Code. Chapter 39, entitled "Taxation," of the Lake Forest City Code shall be and is hereby amended by adding a new Article IX-A to be entitled “Demolition Tax,” which new article shall hereafter be and read as follows:

ARTICLE IX-A

DEMOLITION TAX

Sec. 39-75.  DEMOLITION TAX IMPOSED. A tax is hereby imposed upon the activity of demolition of dwellings within the City. Any person granted a permit for demolition (a “Demolition Permit”) as provided in the City of Lake Forest Building Code for a principal structure as defined by the City of Lake Forest Zoning Code shall pay a demolition tax for the demolition of any single family dwelling or other building in which a dwelling unit (as defined in the City’s Zoning Code) is located (a “Demolition Building”). The demolition tax shall be at a rate of not less than:

(a)  $10,000.00 per Demolition Permit for any single-family dwelling or two-family dwelling that is a Demolition Building;

(b)  for any other Demolition Building, $5,000.00 times the number of dwelling units in such Demolition Building, but not less than $10,000.00; or

(c)  such greater amount as may be established from time-to-time in the City’s annual fee ordinance.

The tax imposed pursuant to this Article shall be in addition to any Demolition Permit fee authorized in connection with the City's Building Code or any other applicable fees and charges. Payment of the demolition tax shall be due prior to issuance of a Demolition Permit by the City. The funds received by the City for the amount imposed pursuant to this Article shall be deposited as follows: (i) 50% in the City’s general fund and/or road fund; and (ii) 50% in a special fund to be established for affordable housing.

Sec. 39-76.  SPECIAL APPLICABILITY RULES; APPEALS.
(a) Notwithstanding the general requirement set forth in Section 39-75, the demolition tax shall not apply under the following circumstances upon filing of an application on a form provided and prepared by the City; provided however, that this Section shall not affect an applicant's obligation to pay any fee authorized under the City's Building Code for a Demolition Permit.

(1) If the applicant and the City enter into an agreement for consideration regarding the demolition tax (e.g., an agreement relating to the provision of new or additional affordable housing units), which agreement expressly waives or abates, in whole or in part, the demolition tax. Any such agreement shall specifically set forth the applicability of this Subsection with regard to the demolition tax otherwise required under this Article.

(2) If the applicant has been the record title or beneficial interest owner and occupant of the property on which the Demolition Building is located for all of the three years immediately preceding the date of the application ("Pre-Permit Period"), and remains the record title or beneficial interest owner and occupant of such property at all times after the pre-permit period until the date that is three years immediately after the date on which the certificate of occupancy for a new single-family dwelling on such property (the "Replacement Building") is issued ("Post-Permit Period"). To qualify under this Subsection, the applicant shall pay the applicable demolition tax to the City and notify the City at the time of such payment of applicant's intent to seek a rebate; the applicant may thereafter apply for a rebate of such tax after the Post-Permit Period has elapsed. Such application for rebate shall include title documents establishing the applicant's ownership during the entire Pre-Permit Period, as well as applicant's ownership and occupancy of the property for the entire Post-Permit Period. Any application for rebate shall be on forms prepared and provided by the City.

(3) If the applicant establishes to the satisfaction of the City Manager that structural measures that qualify as a "demolition" under the City's Building Code are required due to extensive damage to the Demolition Building caused by Force Majeure. For purposes of this Subsection, Force Majeure shall mean acts of God, or other factors beyond the owner's reasonable control and reasonable ability to remedy; provided, however, that for
purposes of this Subparagraph Force Majeure shall not include damage caused by the owner, an agent or employee of the owner, or a third party in privity with the owner.

(b) Any person who shall be subject to the tax pursuant to this Article, or any applicant for relief under Section 39-76(a), who disputes the imposition of or amount of the demolition tax imposed pursuant to this Article or a determination under Section 39-76(a) may seek a review of such imposition or amount of the demolition tax or determination under Section 39-76(a) by filing with the City Manager, within 30 days after the notification of the demolition tax amount or the determination on a request for relief under Section 39-76(a), a request for review. The request for review shall set forth in detail the basis for the dispute of the imposition, amount, or determination relating to the demolition tax. The City Manager shall thereafter consider the request for review, determine whether the demolition tax should be waiver or reduced, and provide a written determination thereof. If such person seeks further review of the imposition or amount of the demolition tax or determination under Section 39-76(a), such person shall file a request to appeal the determination of the City Manager with the City Clerk within 30 days after mailing of the determination by the City Manager; such appeal shall be considered by the Personnel, Compensation, and Administration Committee of the City Council based on the relevant facts available regarding the Demolition Building, the demolition tax, materials presented in connection with the request for relief under Section 39-76(a), and materials presented in connection with the Manager’s review provided under this Section 39-76(b). The determination of the Personnel, Compensation, and Administration Committee shall be final. In connection with any review or appeal under this Section 39-76(b), a Demolition Permit may be issued upon paying the demolition tax, but any such tax payment shall not prevent a person from pursuing such review or appeal.

Sec. 39-77. GENERAL APPLICABILITY. Imposition of the tax imposed pursuant to this Article IX-A shall not apply to any demolition for which a complete and proper application for the demolition permit was on file with the City on or before 15 February 2006, being the effective date of this Article.
SECTION THREE:  Filing with the Department of Revenue. The City Manager is hereby authorized and directed to file with the Department of Revenue a certified copy of this Ordinance.

SECTION FOUR:  Effective Date. This Ordinance shall be in full force and effect from and after its passage, approval, and publication in pamphlet form in the manner provided by law.

PASSED THIS 6th DAY OF FEBRUARY, 2006.

AYES:   (7) Aldermen Burns, Grumhaus, Looby, Mohr, Reynolds, Swarthout, Widman

NAYS:   (0)

ABSENT: (1) Alderman Cowhey

APPROVED THIS 6th DAY OF February, 2006.

_________________________
Mayor

ATTEST:

_________________________
City Clerk

# 3396157_v5
THE CITY OF LAKE FOREST

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TO ADOPT A DEMOLITION TAX

Adopted by the Mayor and City Council of
The City of Lake Forest
this 6th day of February, 2006

Published in pamphlet form by direction and
authority of the City Council of The City of Lake Forest,
Lake County, Illinois
this 6th day of February, 2006