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IMPACT FEES - ILLINOIS

Habdab, LLC v. County of Lake

Supreme Court of Illinois - November 21, 2024 - N.E.3d - 2024 IL 130323 - 2024 WL 4847454

Developer brought declaratory judgment action against county and village, seeking determination that it was not obligated to pay highway improvement fees under intergovernmental agreement between county and village as a condition of annexation, on basis that fees did not meet requirements set forth in Road Improvement Impact Fee Law.

The Circuit Court, Lake County granted county's motion for summary judgment and denied developer's cross-motion for summary judgment. Developer appealed. The Appellate Court affirmed. Developer petitioned for leave to appeal, which was granted.

The Supreme Court held that:

- Fees did not constitute "road improvement impact fees" that would be required to comply with Road Improvement Impact Fee Law;
- Essential nexus existed between intergovernmental agreement's fee condition, which allegedly burdened developer's rights under takings clause, and legitimate state interest of minimizing traffic congestion, supporting finding that condition did not violate the "unconstitutional conditions" doctrine; and
- Rough proportionality existed between alleged burden on developer's rights under takings clause and the harm sought to be remedied, and thus condition did not violate the "unconstitutional conditions" doctrine.

Highway improvement fees imposed by village on developer as condition of annexation of parcels in development project, on basis of intergovernmental agreement between county and village under which county agreed to design and construct road improvements in exchange for a portion of the construction costs being reimbursed by fees collected from developers within the area upon the occurrence of a triggering factor, including annexation, did not constitute "road improvement impact fee" that would be required to comply with Road Improvement Impact Fee Law; fees were imposed pursuant to a voluntary annexation, and Municipal Code specifically allowed municipalities to enter into annexation agreements and to have such agreements provide for contributions of monies to municipality.

Essential nexus existed between condition of agreement between county and village requiring village to impose highway improvement fees on developer upon annexation of development parcels into village, which allegedly burdened developer's rights under takings clause, and legitimate state interest of minimizing traffic congestion, supporting finding that condition did not violate the "unconstitutional conditions" doctrine; fees would provide for road improvements to ease that congestion.

Rough proportionality existed between burden allegedly imposed on developer's takings clause rights by condition of agreement between county and village, which required village to impose

highway improvement fees on developer upon annexation of development parcels into village, and the harm of traffic congestion that county sought to remedy via the condition, and thus condition did not violate the “unconstitutional conditions” doctrine; parcels were zoned agricultural before annexation but were reclassified as single family residential after annexation, and fees paid by developer would go to county’s design and construction of road improvements, with county paying for half of such improvements.

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