



REQUEST FOR ACTION
CITY COUNCIL

Agenda Date: 10/15/2024
Agenda Section: Consent Agenda

Department Origination: Finance

Agenda Item: Approve Revision to the Hardship Deferral Criteria of the Special Assessment Policy

Approval Required: Simple Majority Vote

BACKGROUND

The attached proposed revision to the city’s current special assessment policy relates to the eligibility criteria for senior citizen, disability, or military active duty hardship deferral of special assessments for eligible individuals. In 2017 the policy was amended to base the estimated market value limit of the owner’s parcel to 150% of the median home value in the city. Tying the estimated market value limit to 150% of the median home value allowed for inflationary increases in valuations and was intended to eliminate the need to amend the policy in the future.

At the time it was not anticipated residential assessed values would increase as rapidly as they have. With the current median home value at \$245,700 per the U.S. Census Bureau, the 150% threshold equates to a limit of \$368,550. While the assessed values have been more immediate, there appears to be a lag in the U.S. Census Bureau’s median home value figures causing existing and potential hardship deferral applicants to be ineligible for the deferral program.

Amending the policy to increase the market value threshold of the homestead parcel to 200% of the median home value as determined by the U.S. Census Bureau would equate to a \$491,400 home value limit for the 2025 deferrals. The proposed change places less of an emphasis on the home’s value compared to the income limitations and assessment payment factors that influence the ability to pay or the hardship.

FINANCIAL IMPLICATIONS

The financial implications to the city related to the proposed changes are anticipated to be negligible. Finance will continue to monitor annually the debt service funds associated with the deferred special assessments and adjust future debt service levies, if necessary, to account for the deferred special assessments until they are collected.

STAFF RECOMMENDATIONS

Finance Director Vacinek recommends approving the special assessment policy revision as outlined in the attached excerpt of the policy.

COUNCIL ACTION REQUESTED

Approve Revision to the Special Assessment Policy