



# **Special Assessment Policy Proposed Amendments**

November 22, 2021

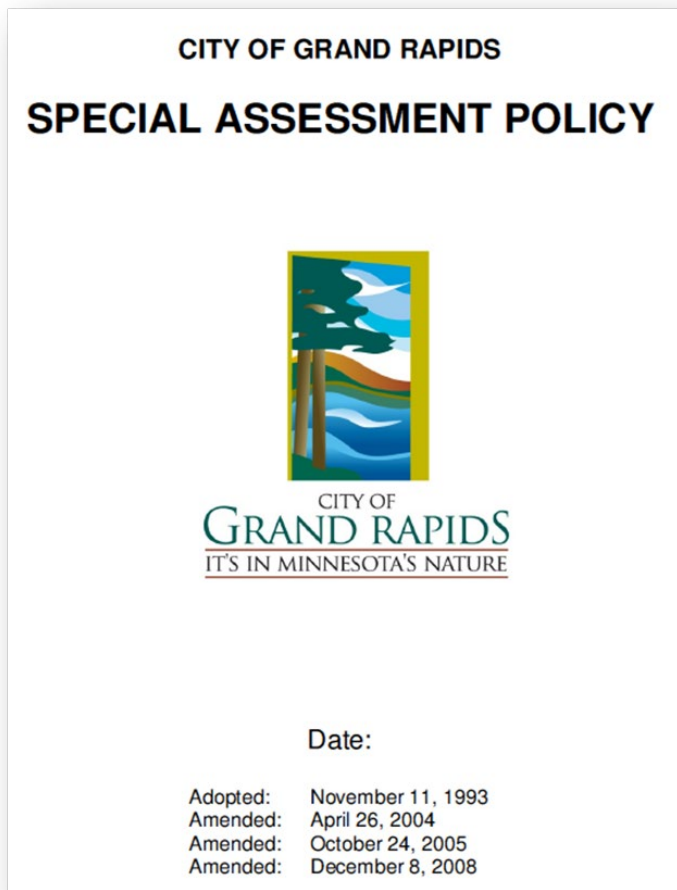
GRAND RAPIDS  
IT'S IN MINNESOTA'S NATURE



# Special Assessment Policy Proposed Amendments November 22, 2021

## Background

- Policy was originally adopted in 1993
- Amended 3 times since
- Policy has been used for street reconstruction, overlay and new construction projects





Special Assessment Policy  
Proposed Amendments  
November 22, 2021

## Legal

- MN State Statute requires a levied special assessment increase the value of the property by the same amount
- This has become more and more difficult in recent years and appeals are becoming more common
- St. Paul is currently in court over appealed mill/overlay assessments from 2019 and 2020



# Special Assessment Policy Proposed Amendments November 22, 2021

## Recent History

| Year | Project                          | Total Construction Cost | Residential Reconstruction |            | Residential Overlay |            | Commercial Reconstruction |            |
|------|----------------------------------|-------------------------|----------------------------|------------|---------------------|------------|---------------------------|------------|
|      |                                  |                         | Amount Assessed            | % assessed | Amount Assessed     | % assessed | Amount Assessed           | % assessed |
| 2022 | 21st Street Southwest            | \$1,920,595             | \$18,791                   | 0.98%      |                     |            |                           |            |
| 2021 | 5th Street Southwest             | \$277,800               | \$19,666                   | 7.08%      |                     |            |                           |            |
| 2020 | 2019 Street Improvements         | \$2,440,796             | \$94,935                   | 3.89%      |                     |            |                           |            |
| 2018 | 2018 NE Improvements             | \$2,149,000             | \$120,561                  | 5.61%      | \$19,436            | 0.90%      | \$185,763                 | 8.64%      |
| 2017 | 2017 Infrastructure Improvements | \$2,219,424             | \$184,787                  | 8.33%      |                     |            |                           |            |
| 2016 | 5th Street / 8th Avenue NE       | \$3,179,000             |                            | 0.00%      | \$37,156            | 1.17%      | \$95,570                  | 3.01%      |
| 2016 | Crystal Lake Blvd                | \$1,946,085             | \$153,212                  | 7.87%      | \$20,317            | 1.04%      |                           |            |
| 2015 | 7th Avenue NW                    | \$485,722               | \$37,554                   | 7.73%      |                     |            |                           |            |

Average Residential Reconstruction – 5.19% of project funding

Average Residential Overlay – 1.04% of project funding

Average Commercial Reconstruction – 5.83% of project funding



Special Assessment Policy  
Proposed Amendments  
November 22, 2021

## Recommendations

- Eliminate assessments for street reconstruction and overlay projects
- Assessments would still remain for NEW construction



Special Assessment Policy  
Proposed Amendments  
November 22, 2021

## Justification

- It is difficult to justify the increase in property values
- Eliminates tracking payments for Finance Department
- Funding portion of special assessments is very small
- Eliminates the need to conduct special assessment hearings



Special Assessment Policy  
Proposed Amendments  
November 22, 2021

## Next Steps

- Redlined version with markups
- Final draft
- With council support, amended policy will be brought to December 6 meeting



# Special Assessment Policy Proposed Amendments November 22, 2021

Questions?

