

**City of Sedgwick
City Council Meeting
March 20, 2024**

TO: Mayor and City Council

SUBJECT: Special Assessment Hardship Deferral Program

INITIATED BY: Administration

AGENDA: New Business

Background: The special assessment hardship deferral program was developed to alleviate the financial burden of special assessments, to qualifying households that reside within the boundaries of the East Side Paving Project. This program is an income-based program in which households would be required to provide documentation that they were within the income restrictions of HUD's very low-income level based upon the actual median income for the city. This program is developed for existing property owners and is not transferrable.

Staff has developed the program to work in two ways for council's consideration. The program would have a limit of 10 qualifying households that it could support. Approval of applications would be on a first-come-first-serve basis.

Option 1: If chosen, would require property owners to sign a lien acknowledgement allowing for the city to place a lien on the property in the amount of the deferred special assessments. Once the property owner either a) does not qualify for the program or b) the property changes hands, the special assessment amount is made payable annually from that point on until sunset (20 years). The payable amount is doable regardless of the payoff date of the bond. I.e. if someone qualifies for the deferral program for all 20 years, then sells the property, the new property owner would be responsible for paying the deferred assessments for the next 20 years. This option would allow the city to recoup the financial costs of fronting the deferred half of the special assessments.

Option 2: If chosen, would **NOT** require property owners to sign a lien acknowledgement. The deferred half of the special assessments would be a sunk cost to the cost. Property owners would still be required to qualify annually. If the property sold during the deferral of the special assessments, the new owner would accept the full amount of the special assessments and the deferral program for that property would be null and void.

Financial Considerations: The current estimated cost of special assessments per property owner per month is \$76.28 or \$915.36 annually. If approved, this program would decrease qualifying property owner's monthly obligation to \$38.14 or \$457.68 annually. If approved, the city's annual debt payment for the paving portion of the project would increase from \$111,773.63 to \$116,392.37. This increase is still within the ½ cent sales tax supported payment threshold and has no effect on the mill levy for the 2025 budget.

Recommendations/Actions: Approve the program based upon the governing body's recommendation.

Attachment: Program Application



City Hall – 520 N. Commercial Ave. Sedgwick, KS 67135
T (316) 772-5151: cityofsedgwick.org

DEFERRAL PROGRAM

You may be eligible for the Special Assessment Deferral Program.

At the time of application, you must submit a copy of your Income Tax Form for the most current year and proof of social security and/or disability payments. In order to qualify, you must meet ALL of the requirements as listed.

1. The applicant must own the property to be assessed or is purchasing it under a valid land sales contract.
2. The applicant must reside at the property to be assessed.
3. The property for which a deferral is sought must be located within the East Side Paving Project benefit district, used for residential purposes only and should not exceed two acres in size.
4. Applicant's family's adjusted gross annual income shall not exceed the U.S. Department of Housing and Urban Development's median income family limits, very low-income level, based on the actual median income for the city. The annual principal and interest on the assessment must be in excess of one percent (1.0%) of the owners' adjusted gross annual income as reported for federal income tax purposes.
5. The appraised value of the property for which the deferral is being sought cannot exceed the average home value for existing homes within the Wichita MSA (metropolitan statistical area). This amount shall be obtained from the Wichita State University Center for Real Estate by city staff at the time of application.
6. An Applicant who meets the eligibility requirements and is granted a deferral of payment of special assessments shall consent to the filing of a lien against the property in the amount of the special assessment deferred. The applicant will be required to pay the cost of the filing and subsequent release of the lien. The fee for such filing and release shall be determined by the Register of Deeds and is subject to change. No deferrals are granted for delinquent special assessments.

This information is meant as a guideline only. If you think you meet the eligibility requirements, please call City Hall at (316) 772-5151 with questions or to obtain an application for deferral. Qualification of the program is on an annual basis. Approved applicants agree to provide the required information annually to prove eligibility.



City Hall – 520 N. Commercial Ave. Sedgwick, KS 67135
T (316) 772-5151: cityofsedgwick.org

Attached is an application for hardship deferral. Please fill out the application, lien acknowledgment, and a copy of your Statement Letter for this special assessment, along with the following items to the above address.

1. A copy of the recorded deed or purchase contract for the property where you reside (tax information, register of deeds or title company).
2. A copy of a current utility bill in your name at the address where you reside (water bill or gas/electric bill).
3. A copy of a handicapped sticker with the number visible, or a doctor's statement verifying that you are disabled (if applicable).
4. A copy of a picture ID (driver's license) or birth certificate.
5. A copy of your current year's Income Tax Statement and the signed Request for copy or Transcript of Tax Form #4506. This form must be signed and returned even if you do not file income taxes. It is part of the application.
6. A copy of your current year's Social Security Benefit Statement.

If you qualify for the deferral, you will be notified and filing fees for recording the lien will be due. Once these recording fees are paid, the lien will be placed on your property for the amount of the assessment. Your file will be reviewed annually. If at any time your status changes, the special assessment will go on the tax roll. If the property is sold, the special assessment becomes due and payable including all principal and interest. Please call (316) 772-5151 if you have questions.

APPLICATION FOR HARDSHIP DEFERRAL
OF SPECIAL ASSESSMENTS

Today's Date:

Your Name:

Age:

Disabled:

Social Security Number:

Spouse's Name:

Age:

Disabled:

Social Security Number:

Address of property being assessed:

Total Number of Household Members:

(see attached page to list all additional household members)

Is this your permanent residence?

Telephone Number:

Please answer the following questions and attached the requested information to determine if you are eligible for deferral of the special assessments on your property:

1. Do you own this property? Yes No
2. Do you live at this property? Yes No
3. Is this property within the Sedgwick City Limits? Yes No
4. Is this property used for residential purposes only? Yes No
5. Is the property a single building site and less than two (2) acres? Yes No
6. Please attach income verification (most recent income tax return).
7. Please attach copy of the Statement of Assessment.
8. No deferrals are granted for delinquent special assessments.

APPLICATION FOR HARDSHIP DEFERRAL
OF SPECIAL ASSESSMENT

PIN Number: _____

Geo Code Number: _____

Address of property being assessed: _____

Please provide the name, date of birth, and employment status of every person, starting with yourself, including children, residing at the above-listed address.

Full Name	Date of Birth	Employment Status (please check all applicable)	
		_____ Employed Full Time	_____ Dependent Child
(Self)		_____ Employed Part Time	_____ Receiving Unemployment Benefits
		_____ Unemployed	_____ Receiving Social Security Benefits
		_____ Employed Full Time	_____ Dependent Child
		_____ Employed Part Time	_____ Receiving Unemployment Benefits
		_____ Unemployed	_____ Receiving Social Security Benefits
		_____ Employed Full Time	_____ Dependent Child
		_____ Employed Part Time	_____ Receiving Unemployment Benefits
		_____ Unemployed	_____ Receiving Social Security Benefits
		_____ Employed Full Time	_____ Dependent Child
		_____ Employed Part Time	_____ Receiving Unemployment Benefits
		_____ Unemployed	_____ Receiving Social Security Benefits
		_____ Employed Full Time	_____ Dependent Child
		_____ Employed Part Time	_____ Receiving Unemployment Benefits
		_____ Unemployed	_____ Receiving Social Security Benefits
		_____ Employed Full Time	_____ Dependent Child
		_____ Employed Part Time	_____ Receiving Unemployment Benefits
		_____ Unemployed	_____ Receiving Social Security Benefits
		_____ Employed Full Time	_____ Dependent Child
		_____ Employed Part Time	_____ Receiving Unemployment Benefits
		_____ Unemployed	_____ Receiving Social Security Benefits
		_____ Employed Full Time	_____ Dependent Child
		_____ Employed Part Time	_____ Receiving Unemployment Benefits
		_____ Unemployed	_____ Receiving Social Security Benefits
		_____ Employed Full Time	_____ Dependent Child
		_____ Employed Part Time	_____ Receiving Unemployment Benefits
		_____ Unemployed	_____ Receiving Social Security Benefits
		_____ Employed Full Time	_____ Dependent Child
		_____ Employed Part Time	_____ Receiving Unemployment Benefits
		_____ Unemployed	_____ Receiving Social Security Benefits
		_____ Employed Full Time	_____ Dependent Child
		_____ Employed Part Time	_____ Receiving Unemployment Benefits
		_____ Unemployed	_____ Receiving Social Security Benefits
		_____ Employed Full Time	_____ Dependent Child

Please attach another sheet if more than eight people reside at the above listed address.

Please include documentation of any and all wages, interest accrued, pensions, annuities, rental property income, farm income, social security benefits, etc. for each independent adult listed above. No additional documentation is required for dependent children with no income.

Signature(s) of Owner(s)

Date

LIEN ACKNOWLEDGMENT

I, _____, ACKNOWLEDGE AND CONSENT TO THE FILING OF A LIEN AGAINST MY PROPERTY IDENTIFIED BY PIN NUMBER _____, GEO CODE NUMBER _____, ON WHICH THE CITY OF SEDGWICK HAS GRANTED THE SPECIAL ASSESSMENT DEFERRAL ON:

EAST SIDE PAVING PROJECT

THE PRINCIPAL AMOUNT OF \$_____ (PLUS INTEREST OF BOND SERIES _____) ORDINANCE NO. _____. TOTAL AMOUNT DEFERRED \$_____.

DATED THIS _____ DAY OF _____, 20_____, IN ACCORDANCE WITH ORDINANCE NO. _____.

Owner of Record

Owner of Record

Mailing Address