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# THE SPECIAL ASSESSMENT PROCESS FOR THE CITY OF ANN ARBOR

## FREQUENTLY ASKED QUESTIONS (FAQ)

### What is a special assessment?

On occasion, City plans identify the need for new additional infrastructure items to be constructed to serve the homes and businesses in our community. Specific examples of these infrastructure items include sidewalks, curb and gutter, road and drive approach pavement, and storm sewer. To pay for these projects, it is the City's policy (from City Code chapters 12 and 13) to distribute the costs on a "fair share" basis to those properties that benefit from the improvements. These costs are charged to a property owner through a *special assessment* placed on the property as part of a *special assessment district*.

Sanitary sewer and water mains serving single- and two-family residential parcels are charged based on the current fixed improvement charges for those items.

### How does the special assessment process work?

The Ann Arbor City Council may authorize charges through a **special assessment process**. To do this, the City Code outlines a process that includes the following steps:

- Resolution 1 – City Council votes to authorize City staff to prepare plans and specifications for the improvements and develop an estimate of the costs, including how much of the cost should be covered by special assessments. Resolution #1 is necessary to obligate funds to complete the City Code Chapter 13.1:284 –Preliminary proceedings.
- Administrative Hearing – City staff hosts an informational meeting with the owners of properties that are proposed to be included in the special assessment district. Although not specified in code, the Administrative Hearing is conducted to inform and engage the impacted property owners. At this meeting specific information about the proposed improvements to be constructed, estimated assessment amounts, project specific details, and other related information is shared with the meeting attendees.
- Resolution 2 – City Council votes to approve the proposed special assessment district and the estimated amount(s) of costs to be assessed. Resolution #2 fulfills Chapter 13.1:286 - Council determination.
- Resolution 3 - City Council votes to direct the City Clerk to mail a notice of the public hearing on the proposed special assessment district to the owners of the properties in the district, and to publish this notice on the City Website. These notices are to be mailed at least 10 days prior to the public hearing. Resolution #3 fulfills Chapter 13: 1:289 - Determination and notice of public hearing.
- Public Hearing – A formal public hearing on the proposed district is held at a regular City Council meeting.
- Resolution 4 – City Council votes to confirm the assessment roll for the special assessment district.
- Resolution 5 – After construction the final cost of the improvement is determined and City Council may adjust the assessments based on that final cost. If the final project costs are greater than assessment roll approved at Resolution 4 by 0 – 15%, then City Council may elect to revise the original assessment(s) or they may elect to have the City absorb the increase in cost. If the costs are greater than 15% of the originally assessed amount another public hearing regarding the assessment(s) is held and City Council must re-approve Resolution No. 4.

## **What is the legal basis for the special assessment process?**

The Ann Arbor Code of Ordinances, which is adopted by City Council, contains Chapter 12: **Financing Local Public Improvements** and Chapter 13: **Special Assessments**. These codes may be found at [www.a2.gov.org](http://www.a2.gov.org) by selecting "City Codes" under the Online Services tab.

## **Can special assessments be paid off in installments?**

Depending on the size of the special assessment, the charges may be paid to the City in yearly installment payments over an established period of time. If an owner chooses to pay the special assessment over a period of time, each installment will include an amount for interest charged on the balance due. The City treats the special assessments as a simple-interest loan. Consequently the amount of interest that is payable drops each year as the principal balance is reduced as payments are made. The interest rate is generally 1% above the average interest rate the City pays for bonds to finance the construction of the improvements. The City Assessor recommends a minimum yearly payment of \$1200/year, but City Council can extend the pay-off period or direct a new minimum amount owed. Staff can incorporate this language in Resolution 4 if this option is requested by affected property owners.

A property owner also has the option of paying all or part of the charges up front.

## **When do I pay my special assessment bill?**

The first payment for the special assessment is due on the date included in Resolution No. 4 described earlier. This is generally July 1<sup>st</sup> following the completion of construction. For example, if construction was completed in August 2021, then the first payment would be due July 1<sup>st</sup>, 2022. The subsequent installments are due on July 1<sup>st</sup> of each year thereafter. The City Treasurer's Office sends out the bills for these subsequent installments at the same time they send out the summer tax bills.

## **So, is the special assessment part of my taxes?**

No, the special assessment bill is included with the summer tax bill, but it is not a part of a property's taxes.

## **Are there hardship provisions for people who may have difficulty making the payments for a special assessment?**

Under Public Act 225 of 1976, a special assessment may be deferred until 1 year after death or the property is sold for a person who is:

1. 65 years of age or older (age requirement is waived if you or your spouse are totally and permanently disabled)
2. A US citizen
3. Has total income less than \$23,118 (for the year 2018), and
4. The property has been their homestead for 5 or more years

This is a state program. An interested individual in applying would complete form 2748 from the State Department of Treasury, [www.michigan.gov/treasury](http://www.michigan.gov/treasury). Instructions, forms, and frequently asked questions can be found specifically here: [https://www.michigan.gov/taxes/0,4676,7-238-43535\\_55602-233204--,00.html](https://www.michigan.gov/taxes/0,4676,7-238-43535_55602-233204--,00.html).

With this program, the State will pay the special assessment and place a lien on the property, and the lien will be subject to 0.5% interest per month (6 percent per year) until the special assessment amount plus interest is repaid to the State.

### **What impact does a special assessment have on my property?**

Special assessments become a lien on the property.

### **Does my special assessment have to be paid off before I sell my property?**

The City does not require early payment of any special assessments owing on a property. If a purchaser is getting a mortgage through a lending institution, the lender may require that the improvement charge be paid off to remove the lien from the property before the mortgage is approved.

### **What if I don't want the proposed improvement?**

If you object to the special assessment or the necessity of the proposed improvement, you may send your objections, in writing, to the City Clerk before the close of the public hearing. The written objections shall specify in what respect the person believes him or herself aggrieved. You may also appear in person before City Council at the time of the public hearing. An affirmative vote of 8 members of the Council is required if written objections to the proposed improvement have been filed by the owners of property which will be required to bear over 50% of the amount of the special assessment.

### **Whom do I contact if I have further questions?**

You may contact the City Assessors Office at:

Location: Guy C. Larcom Municipal Building (City Hall) – Fifth Floor  
301 East Huron Street  
Ann Arbor, MI 48107

Phone: (734) 794-6530  
E-mail: [assessor@a2gov.org](mailto:assessor@a2gov.org)

And if you have questions regarding a specific special assessment project, you may contact the City's Engineering Unit at:

Location: Guy C. Larcom Municipal Building (City Hall) – Fourth Floor  
301 East Huron Street  
Ann Arbor, MI 48107

Phone: (734) 794-6410 ext. 43678 (Jane Allen, P.E.)  
E-mail: [jallen2@a2gov.org](mailto:jallen2@a2gov.org)