
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.
- Administrative Hearing – City staff hosts an informational meeting with the owners of properties that are proposed to be included in the special assessment district.
- Resolution 2 – City Council votes to approve the proposed special assessment district and the estimated amount of costs to be assessed.
- 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.
- 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.

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 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 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. So, the amount of interest that is due drops each year as there is a smaller balance due on the special assessment 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 of \$1200/year, but City Council can extend the pay off period or direct a new minimum. 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 1st following the complete construction. For example, if construction was complete in August 2021, then the first payment would be due July 1st, 2022. The subsequent installments are due on July 1st 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 state law MCL 211.763, 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 \$19,584 (for the year 2006), and
4. The property has been their homestead for 5 or more years

This is a state program someone interested in applying would complete form 2748 from the State Department of Treasury, 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.

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

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

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

Phone: (734) 794-6410 ex 43678
E-mail: jallen2@a2gov.org