

# Special Assessment frequently asked questions



## 1. What do property taxes pay for?

Property taxes pay for City services including Fire and Police Departments, 911 communication, street maintenance including snow plowing and pothole patching, bridge maintenance, street light operation, traffic signage, public health services, planning, zoning, inspections, and parks and recreation. Property taxes also support State, County, School District and special districts like Metro Transit and Watershed Districts.

## 2. Why are we being assessed (when others who do not own property near the project use this infrastructure)?

Property owners are assessed to pay a portion of the cost of improvements that benefit the property. State law and City Ordinance allow assessments when a property benefits from a capital improvement. Adjacent property owners pay only a portion of the project cost. The remaining cost is paid by selling city-wide property tax supported net debt bonds (and sometimes other funding sources). Without assessments, the City would either raise other revenue like property taxes, or be unable to fund the amount of capital improvements needed to replace deteriorating infrastructure.

## 3. Why am I assessed when my property does not front the street(s) being redone?

You are assessed because a portion of your property is within the project influence area. Some properties are within the influence area of more than one street (see influence area assessment method diagram). You may be assessed for more than one project. However, for each type of project, the influence area will not overlap. Therefore, properties near multiple paving projects are not assessed more than other properties. There are videos on the Special assessment webpage illustrating this.

## 4. How are assessments calculated?

Assessments for paving projects are based on the square footage of the property within the influence area multiplied by a uniform assessment rate that is set each year. There are videos on the Special Assessments webpage illustrating this.

## 5. Why is my assessment amount so much?

One factor in our assessment calculations is the rate. The assessment rate is based on the type of project and whether the property is residential or non-residential. (see question 12)

The other factor is the size of the property and more specifically, the size of the property within the influence area of the project. Generally, the larger the property area, the higher the amount of the assessment for a street or alley improvement. (Again, that generality can vary by project type, property type, and as a function of the influence area).

## 6. Am I paying more for bike lanes, native plantings, or other features on the project?

No. Assessments are calculated using uniform assessment rates, not project costs, so property owners are not being assessed based on the design features in any given project.

## 7. Does the City assess for projects led by other agencies? (County, State, Metro Transit, etc.)

If the lead agency has a cost participation policy that requires the City to contribute to the street paving project, then the City assesses property owners to help fund the City's contribution. The uniform rate and method apply (see question 4).

## 8. Why charge interest by default?

Property taxes pay for City services including Fire and Police Departments, 911 communication, street maintenance including snow plowing and pothole patching, bridge maintenance, street light operation, traffic signage, public health services, planning, zoning, inspections, and parks and recreation. Property taxes also support State, County, School District and special districts like Metro Transit and Watershed Districts.

## 9. What is interest?

Interest is the cost of financing expenses over time. All resources, including money, have time value. Interest reflects the value of money over time. It is not a penalty that the City profits from. It is the cost of financing improvements. Property owners pay interest because the City pays interest on the bonds it sells to finance capital project expenses.

## 10. How is the interest rate determined?

The interest rate is set annually by the Finance Department. Each December, the Finance Department sets interest rates in consultation with a public finance advisor after reviewing bond sale data.

## 11. Why is non-residential property assessed at a higher rate than residential property?

Non-residential properties tend to generate more and heavier traffic than residential property.

## 12. I can't afford to pay an assessment.

Assessments are spread over a 5, 10 or 20-year term (depending on the project) and collected through property taxes, typically beginning the year after the project is constructed.

## 13. I can't afford to pay an assessment. (senior or disabled and assessment is \$750 or more)

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## 14. When can I pay this?

By default, assessments are paid in annual installments with interest through property taxes. You can pay the full amount plus accrued interest at any time. To pay no interest at all, you may prepay the full amount before November 15 of the year before collection begins. This information is also in the assessment notices along with contact information for the special assessments office.

## 15. What is an Areaway? Why send a separate notice?

An areaway is a below-grade extension of the building into the public right-of-way (typically under the sidewalk). The existence of areaways is sometimes unknown. The areaway notice and public hearing are part of a process to prepare for the possibility of encountering areaways during the project. A second hearing is held if removal is required.