

RESOLUTION NO. 75-64

RESOLUTION RELATING TO DEFERMENT  
OF SPECIAL ASSESSMENTS  
FOR PERSONS 65 YEARS OF AGE OR OLDER  
AND ESTABLISHING AN INTEREST RATE

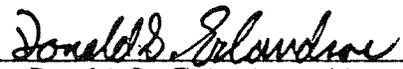
WHEREAS, Minnesota Statutes §444.22 through .24 authorize the City of Coon Rapids, upon proper application, to defer the payment of special assessments against any homestead property owned by a person 65 years of age or older for whom it would be a hardship to make the payments, and

WHEREAS, Section 444.23 authorizes the municipality to establish an interest rate to be added to the deferred assessment which shall be payable in addition to the deferred assessment, and

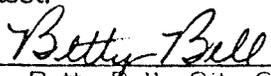
WHEREAS, the City Council has determined that the deferral of assessments should be granted to any person otherwise qualified who shall file with the County an application claiming that the payment of the annual installments of the assessment would be a hardship to him.

NOW THEREFORE BE IT RESOLVED by the City Council of the City of Coon Rapids that assessments against any homestead property owned by a person 65 years of age or older for whom it would be a hardship to make the payments be deferred upon the submission of an appropriate application signed by the qualified person.

BE IT FURTHER RESOLVED that interest at the rate of 6 % per annum shall be added to the deferred assessment and shall be payable in accordance with the terms and provisions of Minnesota Statutes §444.24.  
Adopted the 13th day of May, 1975.

  
\_\_\_\_\_  
Donald G. Erlandson, Mayor

Attest:

  
\_\_\_\_\_  
Betty Bell, City Clerk

city of   
coon rapids

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City Manager, Mayor, and  
to: City Council date: April 25, 1975  
from: Finance Director  
subject: Deferment of Special Assessments for  
Senior Citizens

Resolution No. 75-22, January 1975, directed staff to look into the development of guidelines for the determination of hardship, insofar as Senior Citizen Special Assessment Deferral is concerned. Chapter 206 of the Session Laws of 1974 sets forth the procedure for application and filing the deferral, but leaves the subject of hardship determination up to the municipality. Before making any recommendation to Council on this subject, it was felt that the magnitude of the problem had to be determined—how many people and dollars are involved.

In order to make projections as to what the potential effect would be upon the cash flow of the special assessment fund, assistance was sought from the County of Anoka. In January of 1975, senior citizens were asked to identify themselves in conjunction with filing for the homestead classification. Gordon Harvey, of the County Data Processing Section, furnished to us a listing by plat and parcel of some 137 parcels of property, owned by 131 families, of which one or more of the principal owners are over 65 years of age.

87 parcels out of the total 137 senior citizen-owned homesteaded parcels have one or more special assessments being collected along with their annual real estate taxes. A more detailed study of those 87 parcels revealed the following:

<u>Princ. Bal.</u> <u>after 1975</u> <u>installment</u>	<u>1976</u> <u>Principal</u>	<u>1976</u> <u>Interest</u>	<u>1976</u> <u>Total assessment</u>	<u>Principal</u> <u>remaining after</u> <u>1976 installment</u>
\$202,153	\$13,039	\$13,952	\$26,991	\$189,113

At this point, we can now see that if all senior citizens chose to have their assessments deferred in 1976, the cash flow loss would be \$26,991. This represents 1.3% of the 1974 collections of \$2,070,580. (See page 31 of the 1974 Financial Reports.)

Criteria for Deferment

- I. In an attempt to seek out information and suggestions regarding guidelines for deferral, the following groups were either visited at a regular meeting, or one or more of their officers or appointed officials were contacted as the case might be:

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- A. Coon Rapids Federated Women's Club
  - B. Anoka County Council on Aging
  - C. Governor's Citizen's Council on Aging
  - D. Anoka County Volunteer Services
  - E. City of Minneapolis Mayor's Senior Citizens Committee
  - F. League of Minnesota Municipalities Reference Bureau
  - G. State of Minnesota Department of Revenue

II. Varying disposable income levels were found to determine hardship and thereby public welfare. Federal income levels are different from the State, etc. No one could give any reasonable suggestion as to what asset level should be used to declare a hardship. The members of the Anoka County Council on Aging suggested that uniform criteria for hardship would be near impossible to define. A person with a \$10,000 income may have fixed expenses for maintenance, etc., on his property and have a hardship. Yet others might not find the \$10,000 income a hardship, but rather a luxury.

III. The staff then proceeded to estimate what it would cost to investigate each application for deferment if hardship levels could be measured by either income level, asset value, or a combination of both. Our best estimate is somewhere between \$15 and \$25 per request. In addition, the senior citizen would likely be forced to bring in some type of balance sheet, his income tax papers, or other supporting evidence. I fear that setting hardship criteria would be costly to administer and probably deter those who perhaps need the deferment most from applying, thereby defeating the purpose of the 1974 enabling legislation.

### Conclusion

The state law provides for the accumulation of interest on deferred assessments. In addition, the option to defer the payment of special assessments shall terminate and all amounts accumulated, plus applicable interest, shall become due upon the occurrence of any of the following events:

- A. The death of the owner, provided that the spouse is otherwise not eligible for the benefits hereunder; or
- B. The sale, transfer, or subdivision of the property or any part thereof; or
- C. If the property should for any reason lose its homestead status; or
- D. The City were to determine that there would be no hardship to require immediate or partial payment.

Restated then in a little different manner, in the short run, there will be a relatively small decrease in the special assessment cash flow; however, with the interest accumulating at the rate of 6%, one of the preceding conditions is bound to happen, and amounts owing will be due and payable as a first lien on the property.

Recommendation

The recommendation is made that all senior citizens be allowed to determine whether or not he or she has a hardship and that the Council approve all requests that are received from the County on the basis of the statement by the senior citizen.

The interest rate on deferred assessments should be set at 6%. In addition, a letter should be sent to all senior citizens explaining the deferment interest rates, and the reasons that deferment would terminate.

Respectfully,



Lyle Haney  
Finance Director