

**COUNCIL POLICY**

SUBJECT: ASSESSMENT DEFERRAL PROGRAM  
POLICY NO.: 800-09  
EFFECTIVE DATE: February 2, 1977

BACKGROUND:

General

As construction and land costs have increased, so have the amount of assessments for street improvements and open space. When the property being assessed is owned by an individual with low income, the payment of the assessment may become a financial hardship.

There is a need for a program permitting these individuals to defer payment of the assessment until the property is transferred or refinanced.

Definitions

Income - includes income from the sale or exchange of property; income from the operation of a farm or business; income from social security annuities and other retirement benefits; income from interest, dividends, capital gains, or rentals; income from welfare or insurance benefits; income from alimony or support payments; and income derived from gifts and inheritances.

Assets - includes stocks, bonds, saving accounts, and any real property owned in addition to the owner's own home and lot. Computation of assets always excludes the value of the home and land occupied by the deferral candidate.

PURPOSE:

To establish a policy regarding the implementation of an assessment deferral program.

POLICY:

I. General

It shall be the policy of the City of San Diego to offer an assessment deferral program to qualified low-income property owners.

- a. The City will pay the property owner's assessment and in turn will place a lien on the property.
- b. The collection of the assessment will be deferred until the property is transferred or refinanced.
- c. Interest equal to the bond interest will be charged on a per annum basis.

**COUNCIL POLICY****II. Eligibility Requirements**

All improvement and open space projects are eligible for deferred assessments. The criteria for certification to the assessment deferral program are as follows:

- a. The property must be owner-occupied. However, the Council will consider exceptions where some unusual circumstance precludes occupancy by the owner.
- b. There are no restrictions as to the age of the property owners.
- c. The owner's income must be within the guidelines for low income citizens and families set by the Department of Housing and Urban Development, Economic Marketing Analysis Division, as adjusted annually. (One person - \$5,000; two persons - \$5,600 etc.).
- d. The owner's assets must be limited to \$10,000 (this does not include the property being assessed).

**III. Information to Property Owners**

It is the policy of the City inform each property owner as to the nature and eligibility requirements of the assessment deferral program. Generally, the dissemination of information will consist of an explanation of the program included with the Notice of Public Hearing.

**IV. Funding**

The program will provide funding for trust deeds to be recorded against the property in the amount of the approved assessment plus any penalties incurred. The trust deed will bear simple interest at the same rate (currently at approximately 8% per annum) as other assessment bonds issued for the project. This simple rate shall apply for the same term (approximately 10 years) as other bonds issued for the project or until the trust deed is paid in full, whichever is sooner. Trust deeds which remain in effect after the bond life will pay simple interest at a rate commensurate with the interest earned by the City on its long-term deposit accounts (currently at approximately 6% per annum).

Upon sale or refinancing of the property, the City will take appropriate action to recover the principal and accrued interest on the trust deed. All monies thus recovered will be redeposited into the Assessment Deferral Account for reuse.

**HISTORY:**

Adopted by Resolution R-217635 02/02/1977