



**Staff Report**

For Special City Council Meeting of 4/19/2022

***Subject - Ordinances/Resolutions - Ordinance #933 Adoption of a Tax Relief Program***

**Synopsis:** At the April City Council meeting, a discussion was held regarding the possibility of implementing a program to help offset the tax burden of the fire / police station bond. Council shared ideas and Councilor Warren drafted possible program guidelines. City Attorney Peter Watts used the feedback and information to draft the attached ordinance, which would adopt the tax relief program and grant Council and City Staff approval to implement it.

***Council Options:***

- 1) Motion to approve the attached ordinance reading once by title only;
- 2) Make changes and motion to approve as amended;
- 3) Do nothing. (table for further discussion)

**Recommended Motion:** Staff has no recommendation. If a motion passes, Ordinance #933 will be read by title only again next month, taking effect 30 days later.

**Legal Analysis:** N/A

**Financial Analysis:** N/A

Respectfully Submitted,

A handwritten signature in blue ink, appearing to be "Chad", is written over the name "Chad" which is printed below it.

Chad



**ORDINANCE NO. 933**

**AN ORDINANCE ADOPTING A TAX RELIEF PROGRAM.**

**WHEREAS**, Gearhart recognizes that residents on fixed income can be negatively impacted by increased property taxes; and

**WHEREAS**, Gearhart wants those modest means residents protected from unexpected tax increases associated with levies and bonds.

**NOW, THEREFORE**, the City of Gearhart adopts the Property Tax & Rental Assistance Program embedded in this Ordinance 933 as follows:

**GEARHART PROPERTY TAX & RENTAL ASSISTANCE PROGRAM**

**Eligibility:**

Gearhart households earning 80% of the Clatsop County Area Median Income (AMI) or less (adjusted for household size) would be eligible for assistance. Eligibility income levels will be updated annually based on U.S. Census estimates.

<u>1 Person</u>	<u>2 Person</u>	<u>3 Person</u>	<u>4 Person</u>	<u>5 Person</u>	<u>6 Person</u>	<u>7 Person</u>	<u>8 Person</u>
<b>Low Income - 60% AMI</b>							
\$30,660	\$35,040	\$39,420	\$43,740	\$47,280	\$50,760	\$54,240	\$57,780
<b>Moderate Income - 80% AMI</b>							
\$40,880	\$46,720	\$52,560	\$58,320	\$63,040	\$67,680	\$72,320	\$77,040

**Application Process:**

Eligible applicants will need to submit a written application form and provide supporting income documentation. The application process could be administered by City staff or by a 3<sup>rd</sup> party nonprofit organization (to be determined later) for approval. The application period would begin upon publication of Clatsop County Property Tax Statements and continue until the allocated program funds are exhausted. An application form would need to include the following information on the application below.

## **Program Funding:**

The City is fortunate to have an unbudgeted infusion of cannabis tax money this year. With the opening of a second cannabis store within the city limits, the tax revenue is expected to grow. I propose allocating \$30,000 in the next budget year to fund this assistance program.

## **Program Details:**

Once residency and income guidelines have been verified, the amount of the assistance will be calculated. Those with total household incomes of 60% of AMI or less will be issued a grant check for the full amount of the tax increase associated with the Fire/Police Station Bond amount or an estimate of rent increase attributable to the bond amount. Those households with incomes of 80% of AMI or less but greater than 60% of AMI will be issued a grant check for 75% of the tax increase associated with the Fire/Police Station bond. Homeowners participating in the State of Oregon's Senior, Disabled and Veteran Property Tax Deferral program may not participate in Gearhart's Assistance Program.

For example:

- A 2-person household with a tax increase of \$250 as a result of the Fire/Police bond and an income of \$30,000 would be considered low income and qualify for a grant for the full \$250.
- A 4-person household with a tax increase of \$350 as a result of the Fire/Police bond and an income of \$55,000 would be considered moderate income and qualify for a grant of \$262.50 (75% of the bond amount).
- A 1-person household with an income of \$20,000 who rents a home and gets a \$25 per month rent increase as a result of the Fire/Police Bond. The person would be considered low income and qualify for a grant up to lesser of the full amount of the property Fire/Police Bond payment or the rent increase. Let's say the home had an initial bond payment of \$200, the person would qualify for \$200 in assistance. If the home was part of a multifamily apartment building, they would qualify for a pro rata share of the total Fire/Police bond payment on the whole complex. A 4-plex with a Fire/Police Bond payment of \$600 would have a pro rata bond share of \$150 allocated to each unit.

Applications will be evaluated and funded in the order received. Applications will be date stamped upon delivery or receipt by City Hall Staff. When the allocated funding is exhausted, the program will terminate unless additional funds are designated.

## **Estimate of Households Helped:**

It is anticipated most of the eligible households will fall within the \$200,000-\$300,000 assessed value range, which equates to bond payments ranging from approximately \$250 to \$350. Assuming an average of \$300 bond payments, even with all of the households assumed to be at 60% or less of AMI receiving full bond payment assistance, this would benefit about 100 households. If some households were in the 60% to 80% of AMI range and received less than the full bond payment assistance, then the program would help additional households.

**Q & As:**

**1) *Why not just take the funding and apply it towards the cost of the Police/Fire Station and reduce the amount of the money the city borrows?***

The amount of the program funding would be negligible in the total construction and financing budgets. The City recognizes that many individuals and families are on very tight budgets and we want to reduce that financial stress for those who really need it.

**2) *What about the tax issues of granting money and issuing IRS 1099 misc tax forms?***

Tax forms and reporting of payments is only required when the disbursement is greater than \$600. It is very unlikely that anyone would receive assistance approaching this amount.

**APPLICATION FOR CITY OF GEARHART PROPERTY  
TAX/RENT INCREASE ASSISTANCE PROGRAM**

Application Date: \_\_\_\_\_

Applicant Name: \_\_\_\_\_

Total Household Size: \_\_\_\_\_

Total Household Gross Income Reported on Last Year's Federal Tax Returns:

\$ \_\_\_\_\_

Resident of Gearhart:  Yes  No

Street Address:

\_\_\_\_\_

Homeowner

Current Home Tax Assessed Value: \$ \_\_\_\_\_

Police / Fire Station Bond Amount from County Tax Statement: \$ \_\_\_\_\_

*Please attach a copy of your Clatsop County Tax Statement and Federal Income Tax Return*

Renter

Current Monthly Home Rent: \$ \_\_\_\_\_

Date of Last Rent Increase: \_\_\_\_\_

Amount of Last Rent Increase: \$ \_\_\_\_\_

*Please attach copy of your rent increase notification and Federal Income Tax Return*

X \_\_\_\_\_

*Applicant Signature*

***I certify that the above information is true and accurate.***

Passed by the City Council of Gearhart this \_\_\_\_ day of \_\_\_\_\_, 2022.

Yeas: \_\_\_\_\_

Nays: \_\_\_\_\_

Absent: \_\_\_\_\_

Abstain: \_\_\_\_\_

Approved and signed by the Mayor of Gearhart this \_\_\_\_ day of \_\_\_\_\_, 2022.

\_\_\_\_\_  
Mayor Paulina Cockrum

ATTEST:

\_\_\_\_\_  
City Administrator, Chad Sweet