



Special Service Areas (SSA) General Fact Sheet

Special Service Areas: This financing technique allows the cost of a subdivision's **continuing maintenance costs** to be borne by the subdivision itself (rather than the Village as a whole or the Homeowner's Association). The amount is added to each property's tax bill and is **only for the cost of the maintenance** of the subdivision's public areas (examples: Stormwater basins, landscaping, etc.)

All new Montgomery neighborhoods will have a Special Service Area (SSA) established that simply provides for maintenance of common stormwater basin areas as specified with the original approval of the development plans. In certain instances, maintenance may include monument areas, landscape buffers, etc. By ordinance, the Village has established SSA's for each new neighborhood.

Activation of an SSA will take place once the Village has adequate certainty that the development will be ready for acceptance within the next calendar year, or in the case of a Backup SSA if the responsible party for maintenance fails. Once accepted,

Developer/HOA discontinues maintenance responsibility of the stormwater basins which is then transferred to the Village. Until that time, those areas will remain the responsibility of the developer or the HOA, depending on the HOA provisions. Once a subdivision's basins are near acceptance, it is the Village's intent to activate the Special Service Area and collect fees from residents **on their tax bills**. When an SSA is activated for a development, the tax the residents pay toward the SSA will **only** be used for that SSA and any surplus will be put in a reserve fund for future use for that neighborhood **only**.

For example, residents that live in *Fieldstone Place* will **only** pay for the *Fieldstone Place* SSA and those funds will **only** be used for maintaining specified common areas in that neighborhood. While fees collected **could** amount up to \$1.10 per \$100 of Equalized Assessed Value (EAV), **the Village estimates that the actual tax would be between 1/3 to 1/2 of that amount.**

SSA Estimate Formula Example

$\$300,000$ (Home/Property Market Price) \times $1/3$ = Equalized Assessed Value (EAV) of $\$100,000$
 $\$100,000 \times .003$ (\$.30 (SSA levied rate) per \$100 of EAV) = $\$300$ **Anticipated** annual SSA payment

What happens to the Homeowners Association fees when the SSA is activated?

Homeowners Association fees are determined by the Developer and, later, by the residents. There may be items not covered by the SSA that cause a property to have both the SSA and a Homeowners Association Fee. The decision to have a Homeowners Association fee (and what amount that fee is) rests solely with the Developer/Residents, and the Village has no control over that issue.

Disclaimer

The information contained in this document is intended as general educational and background information only and is not intended to apply to any specific situation nor may it be relied upon for any situation. Any resident or prospective resident should consult the actual ordinances and documents that apply to the property in question and consult competent legal counsel to interpret the impact of any of these items and other issues on the property. The Village reserves the right to change its policies and procedures at any time in accordance with law.