WHY A TWO-TIER ASSESSMENT IS FAIR

Many residents have questioned whether a two-tier assessment is fair because, from their perspective, it appears they are being asked to bear too much of the Village's financial load. They say the owners of the unimproved lots need to have some "skin in the game." That's reasonable, so let's look at who has how much skin in the game.

In 2013, the owners of unimproved lots paid more than 2/3 of all assessment revenue collected by the POA. Those assessment dollars paid for our fire and police protection, roads, water and sewer repairs and construction, repairs to POA buildings, storm damage recovery, staff salaries, and many other facilities and services that we who live here depend on every day. But the owners of unimproved lots who don't live here don't get much from those facilities and services. Many of them rarely visit the Village and, when they do, it is to use amenities for which they pay fees -- just as the residents do. In short, the owners of unimproved lots are subsidizing our quality of life. They really have more skin in the game than the residents and get far less for it.

An equal assessment increase on all property owners may kill the goose that lays golden eggs for us. In 2010, we raised the assessment $4 per month across the board and lost assessment revenue by 2013. We had a brief rise in assessment revenue that year before many unimproved lot owners said they had had enough and abandoned their lots. Since the assessment increase passed in 2009, over 1,900 lots have been abandoned and placed in POA inventory – an average of 32 per month in 2014 alone (through May). To replace most of the lost assessment revenue by applying an increase that is equal for all property owners, we would need to raise the assessment by about $13 per month and hope no more lots are abandoned.

Some have suggested basing the assessment on the value of the property (ad valorem). There has been no legal test of an ad valorem assessment in Arkansas for communities of our structure; therefore, we would risk a long legal process to defend against any challenge to this approach. Although all resident members benefit equally from the POA's facilities and services, they would be paying vastly different assessments, and the unimproved lot owners would still have the lowest rates.

The Future Financial Task Force and the POA Board have considered many conceivable options for increasing assessment revenue and have not found another with any legal precedent that has any chance of being successful. Although the two-tier assessment is not perfect, it is the only feasible way to avoid a very challenging financial future.

Visit www.hsvpoa.org/governance/investing-in-our-future/ to read a comprehensive white paper addressing the legality, fairness, and alternatives to a two-tier assessment, as well as a discussion on a comparison of HSV with Bella Vista.

Sign up to receive assessment information notifications on www.hsvpoa.org/e-news-signup/.