



Auburn Hills
CAMPUSES

← Entrance

The image shows a white sign with a green border. At the top, it says 'Auburn Hills' in a serif font, with 'CAMPUSES' in a smaller font below it. Below that, there is a green arrow pointing left and the word 'Entrance' in a bold, sans-serif font. The sign is set against a background of green trees and yellow flowers.

CITY ASSESSOR



The Department's Role
on the City's Team

The background of the slide is a photograph of a large, modern building with a mix of brick and white siding. The building has several large arched windows and a prominent entrance. In the foreground, there is a paved area and some landscaping with rocks and small plants. A white car is partially visible on the right side of the image.

August 21, 2013

City Hall

Who we are...



Micheal Lohmeier
City Assessor (2012)

(Commercial Appraiser 1998-2005, Assr. 2010-12)

Administration and supervision, Commercial and Industrial Assessments, Personal Property, Michigan Tax Tribunal, Industrial Facility Abatements, budget, assist public.



Marie Collias
Commercial Appraiser (2011)

Property inspection, data collection and analysis, land value analysis, building permit review, property sales review, Commercial/Industrial Michigan Tax Tribunal Small Claims appeals, assist public.



Victor Bennett
Consultant (Former Assessor, 1986-2012)

Commercial and Industrial Assessments, Personal Property, Michigan Tax Tribunal, Industrial Facility Abatements, budget.



Ron Prat
Residential Appraiser (2013)

Property inspection, data collection and analysis, land value analysis, building permit review, property sales review, Residential Michigan Tax Tribunal Small Claims appeals, assist public.



Karen Blinkilde
Deputy Assessor (2005)

Administration and supervision, Residential Property Assessments, Tax Roll balancing, Oversee PRE and PTA programs, Poverty Exemptions, Board of Review, Oversee Residential Michigan Tax Tribunal Appeals, budget, Website, GIS, Pictometry and SIRE implementation, assist public.

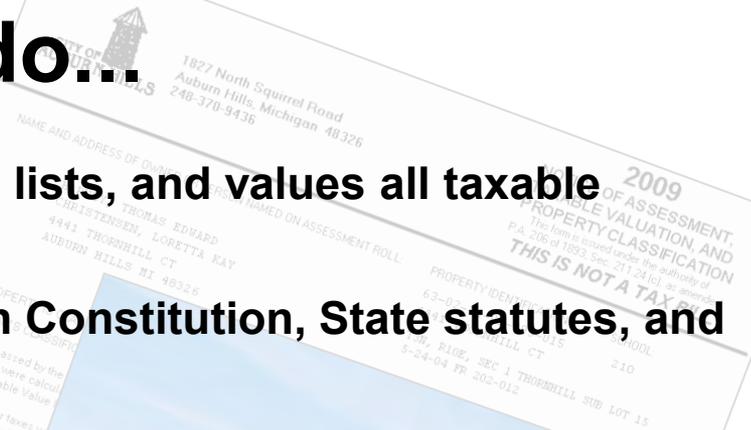


Carol Little
Assessing Clerk (2001)

Administrative assistant, name changes, principal residence exemptions, ownership transfers, data entry, information management, Board of Review, assist public.

What we do...

-  The Assessor's office annually discovers, lists, and values all taxable property within the City of Auburn Hills.
-  The authority is derived from the Michigan Constitution, State statutes, and the City Charter
-  The primary responsibility of the assessor is to develop the true cash value (market value) of property so that in proportion to this value, taxpayers may contribute a fair share of support for the community services received.
-  The assessor and other staff members review and verify sales data from many sources (including the Register of Deeds office, Property Transfer Affidavits, Real Estate websites), for determining market value. Qualified sales are "arms-length transactions" where the buyer and seller are unrelated, knowledgeable, acting in their own best interests and are free from duress.
-  The assessor supervises the preparation of all regular and special assessment rolls for the City.
-  Personal property in possession of local businesses is reviewed and appropriate assessments are assigned. (Auburn Hills contracts with Oakland County Equalization for personal property services)



Residential Building 1 of 1 Parcel Number: 63-02-14-01-203-015 Printed on 05/07/2008

Category	Description	Value	Category	Description	Value
Basement	3		Basement	1	
1st Floor	1		1st Floor	1	
2nd Floor	1		2nd Floor	1	
Bedrooms	3		Bedrooms	3	
Exterior	1		Exterior	1	
Wood/Shingl	1		Wood/Shingl	1	
Roof	1		Roof	1	
Foundation	1		Foundation	1	
Interior	1		Interior	1	
Garage	1		Garage	1	
Deck	1		Deck	1	
Pool	1		Pool	1	
Other	1		Other	1	

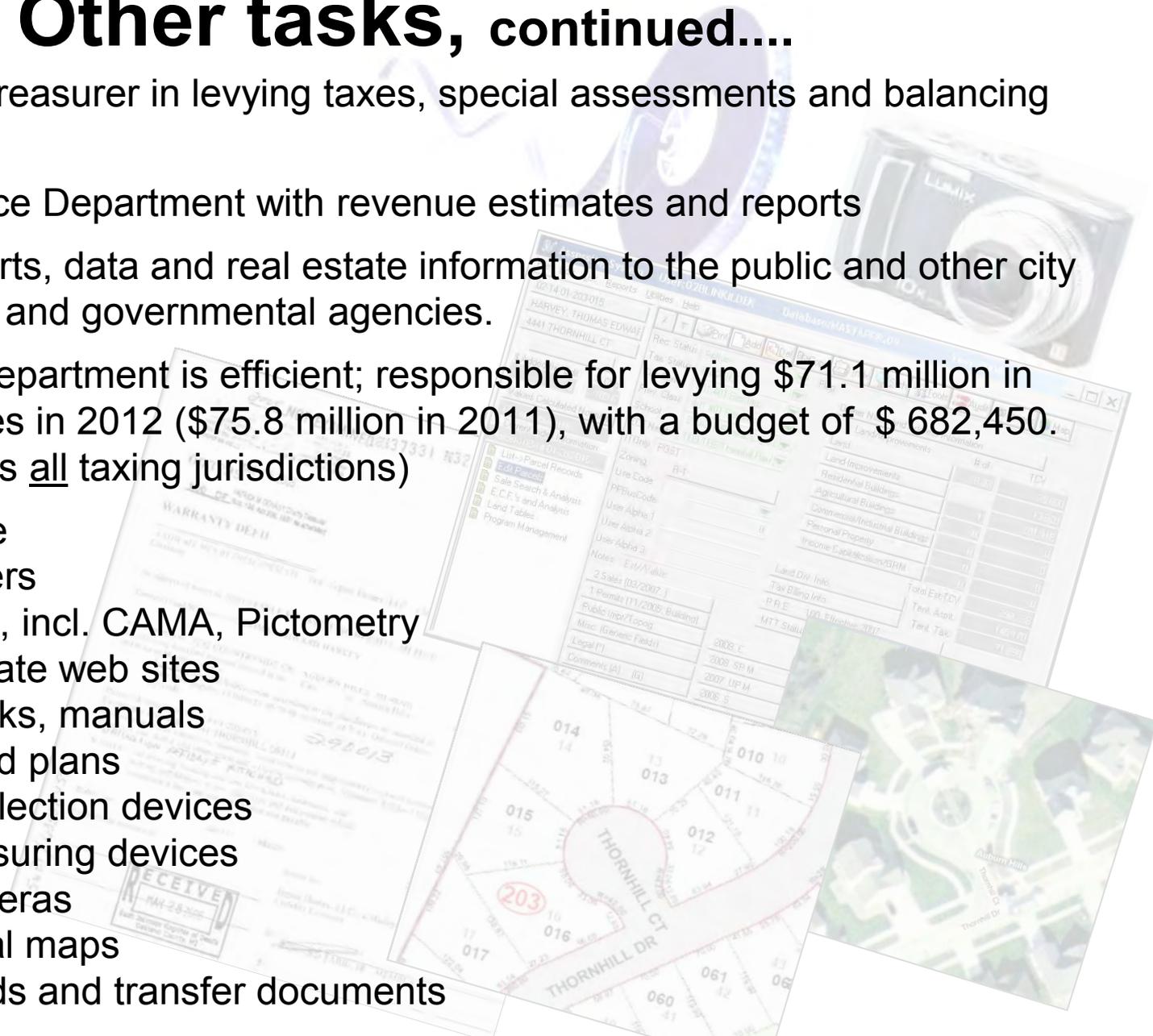
Other tasks....

-  Administer the Principal Residence Exemption Affidavit program (formerly known as Homestead Exemptions) that allow properties that are owned and occupied as a principal residence to pay a lower tax rate.
-  Review and process Property Transfer Affidavits that a new property owner must file within 45 days of ownership to avoid penalties.
-  Aid residents with financial hardships who seek assistance in reducing their tax burden. (Poverty Exemption program administered by the Board of Review)
-  Assessment Appeals
 -  Board of Review
 -  Michigan Tax Tribunal
 -  Michigan Court of Appeals
-  Review and process land divisions and combinations in conjunction with the Oakland County Equalization Division, Land Descriptions section.
-  Administer Property Tax Incentives (PA 198, PA 328)
 -  Review applications and provide assistance to businesses
 -  Provide application review and policy input for TIRC and City Council



Other tasks, continued....

- 🏠 Assist City Treasurer in levying taxes, special assessments and balancing tax rolls
- 🏠 Assist Finance Department with revenue estimates and reports
- 🏠 Provide reports, data and real estate information to the public and other city departments and governmental agencies.
- 🏠 Assessing Department is efficient; responsible for levying \$71.1 million in property taxes in 2012 (\$75.8 million in 2011), with a budget of \$ 682,450. (This includes all taxing jurisdictions)
- 🏠 Tools we use
 - 🏠 Computers
 - 🏠 Software, incl. CAMA, Pictometry
 - 🏠 Real Estate web sites
 - 🏠 Text books, manuals
 - 🏠 Maps and plans
 - 🏠 Data Collection devices
 - 🏠 Measuring devices
 - 🏠 Cameras
 - 🏠 Aerial maps
 - 🏠 Deeds and transfer documents



GLOSSARY OF TERMS

-  **True Cash Value (TCV):** Market Value (also referred to as “usual selling price”)
 -  Note: An individual sale price may or may not reflect Market Value, depending on the conditions of the sale.
-  **Assessed Value (AV):** Half of the True Cash Value
-  **State Equalized Value (SEV):** County and State Equalization studies are performed after the local municipalities have finalized their assessment rolls which results in a factor applied to the assessed values. Historically, for Auburn Hills, this factor has been 1.000 which means that the SEV and the Assessed Values have been the same.
-  **Capped Value (CAP):** Last year's taxable value, less losses, increased by the amount of the Consumer Price Index (CPI) or 5 percent, whichever is lower, plus the value of new construction.
-  **Taxable Value (TV):** The lesser of the SEV and the CAPPED Value. Property taxes are determined by multiplying the taxable value by the millage rate.
-  **Consumer Price Index (CPI):** Determined by the US Bureau of Labor Statistics. Also referred to as the Inflation Rate Multiplier (IRM) for assessment purposes .

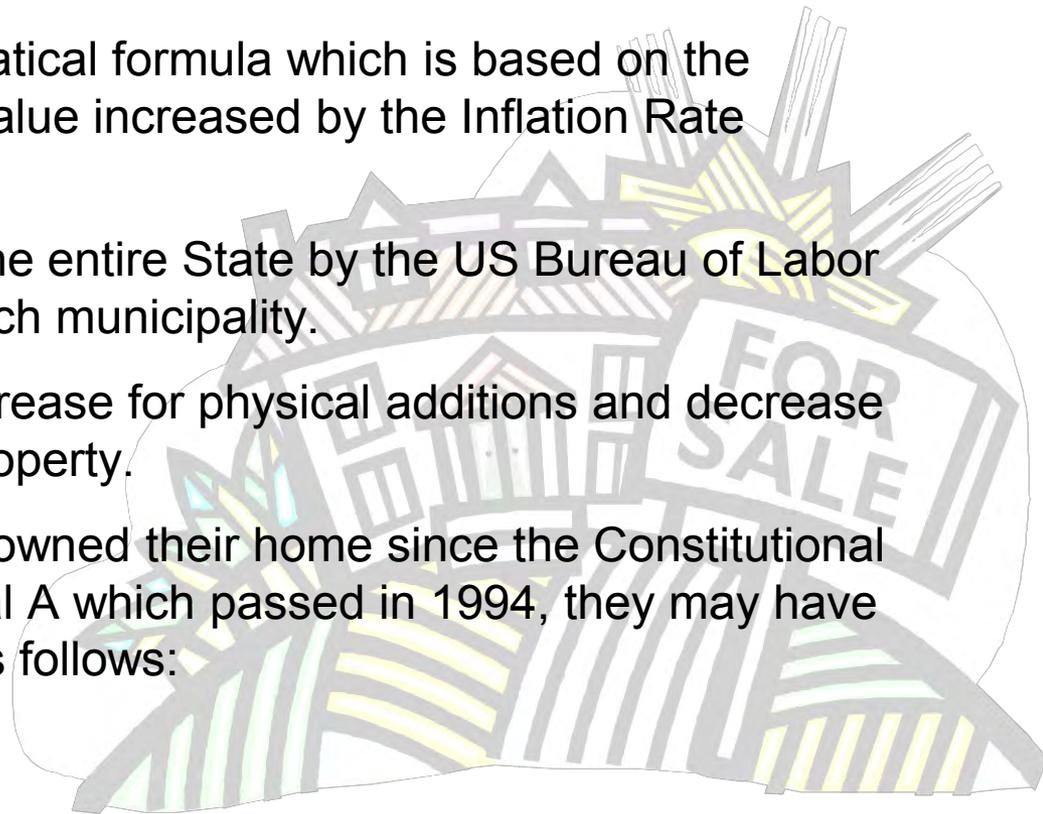
Property Tax in Declining Market

Over the past few years, most properties have experienced a significant decline in value due to economic conditions.

However, some property owners may still see a difference between the amount of their Assessed Values and Taxable Values.

- 🏠 Assessed Values represent 50% of the estimated property value in a **Mass Appraisal Process**.
- 🏠 Capped Value is a mathematical formula which is based on the preceding year's Taxable Value increased by the Inflation Rate Multiplier (IRM). (or CPI)
- 🏠 The CPI is determined for the entire State by the US Bureau of Labor Statistics and applied by each municipality.
- 🏠 Taxable Value may also increase for physical additions and decrease for physical losses to the property.

Therefore, if a homeowner has owned their home since the Constitutional Amendment, known as Proposal A which passed in 1994, they may have received 2011 & 2012 values as follows:



Property Tax in Declining Market, (continued)...

- Note:
- For the year for 2013, the IRM has been determined to be 2.4%.
 - Taxable Value will NEVER exceed the Assessed Value.

Example #1: No change in Market Value, Taxable Value still increases

	<u>Assessed Value</u>	<u>Taxable Value</u>
2012	\$ 200,000	\$ 160,000
2013	\$ 200,000	\$ 163,840 (Increase of 2.4% IRM)

This example shows that the Assessed Values can remain the same, while Taxable Values show an increase. This is a function of the statute. Taxable Value may increase from year to year, until its ceiling of Assessed Value is reached.

Example #2: No change in Market Value, Taxable Value equal to AV

	<u>Assessed Value</u>	<u>Taxable Value</u>
2012	\$ 200,000	\$ 198,000
2013	\$ 200,000	\$ 200,000

In the example above, the 2012 Taxable value of \$ 198,000 would increase to \$202,750 if the 2.4% IRM is applied. However, since the 2012 Assessed Value is only \$200,000, and the Taxable Value cannot exceed Assessed Value, the Taxable value now equals the Assessed Value.

Property Tax in Declining Market, (continued)...

Example #3: No change in Market Value, property sold in prior year

	<u>Assessed Value</u>	<u>Taxable Value</u>
2012	\$ 200,000	\$ 160,000
2013	\$ 200,000	\$ 200,000

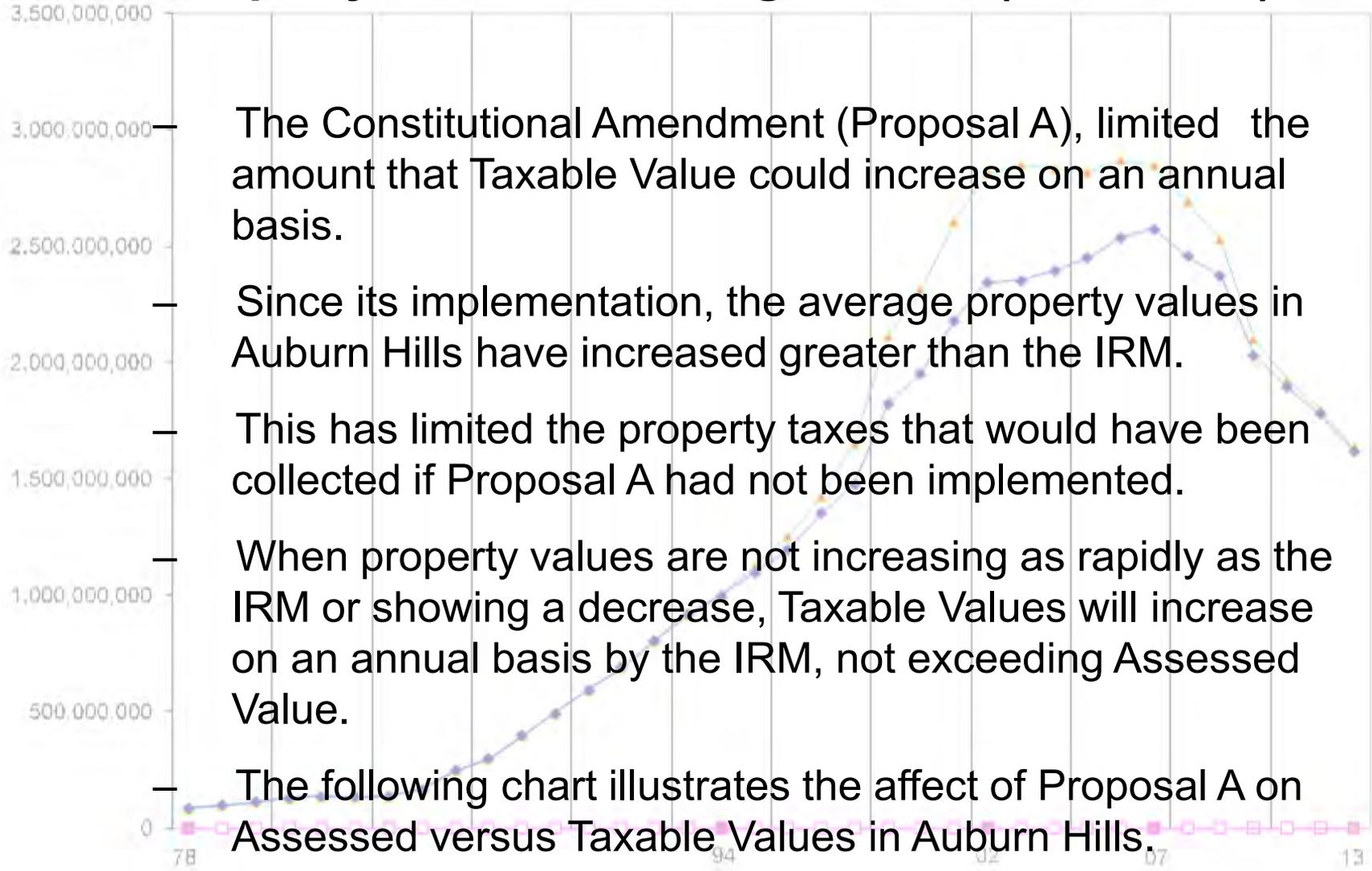
When a property transfers ownership, the Taxable Value is set at the State Equalized Value (Assessed Value) the following year. In this example, the property sold in 2012 so the Taxable Value was “uncapped” for 2013. (Had no sale occurred, the Taxable Value would have been \$163,840 (increase of 2.4% from 2012))

Example #4: Market Value decreases, Taxable Value increases by the IRM.

	<u>Assessed Value</u>	<u>Taxable Value</u>
2012	\$ 200,000	\$ 180,000
2013	\$ 190,000	\$ 184,320 (increase of 2.4% IRM)

This example illustrates a property demonstrating a reduction in property value in the marketplace while Taxable Value increases.

Property Tax in Declining Market, (continued)...



The Constitutional Amendment (Proposal A), limited the amount that Taxable Value could increase on an annual basis.

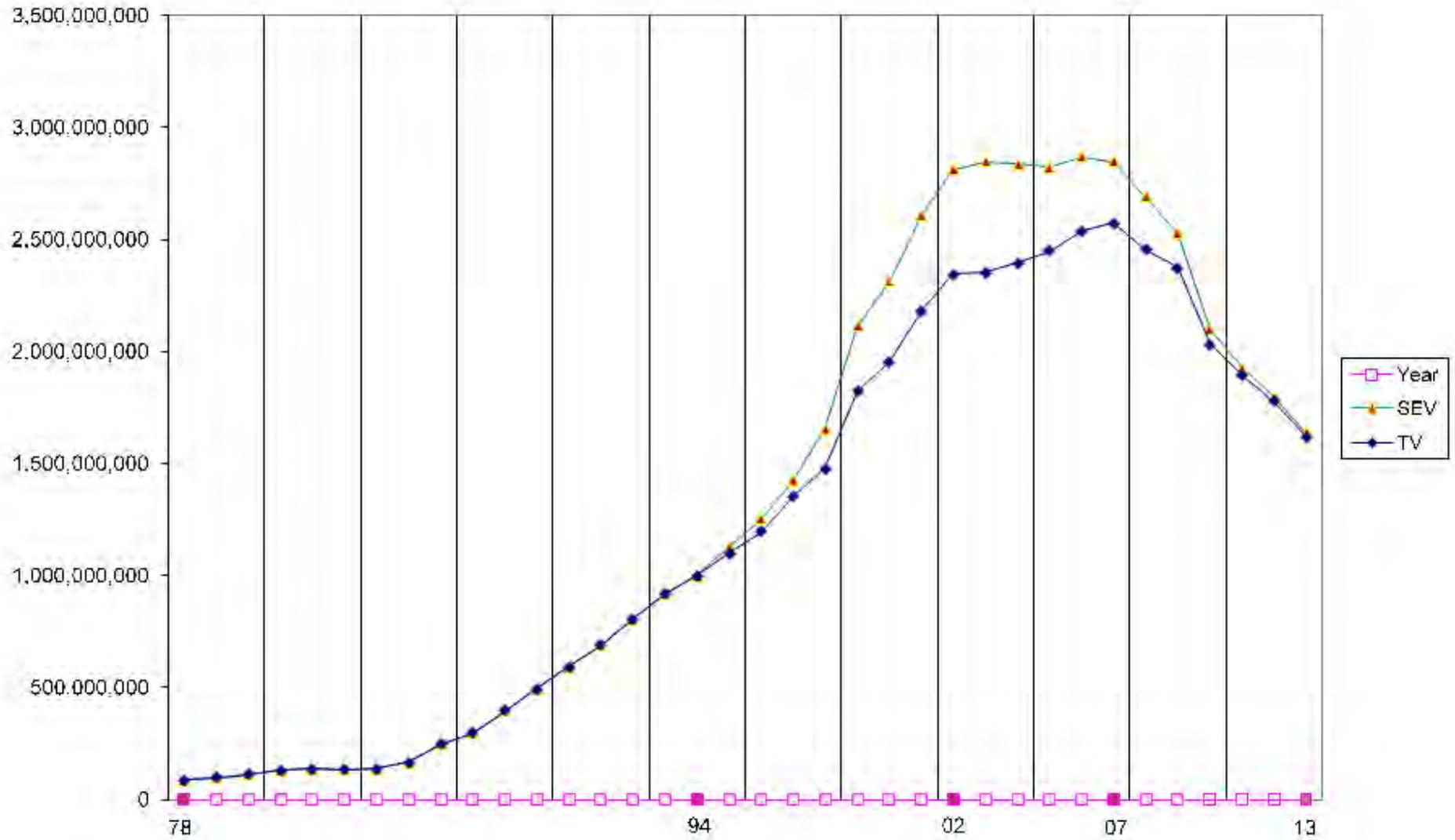
Since its implementation, the average property values in Auburn Hills have increased greater than the IRM.

This has limited the property taxes that would have been collected if Proposal A had not been implemented.

When property values are not increasing as rapidly as the IRM or showing a decrease, Taxable Values will increase on an annual basis by the IRM, not exceeding Assessed Value.

The following chart illustrates the affect of Proposal A on Assessed versus Taxable Values in Auburn Hills.

City of Auburn Hills Tax Base Years 1978 - 2013



Mass Appraisal...What is it?

- Real estate appraisers value a single property at a time, using one of three traditional methods.



Sales Comparison Approach - value in exchange



Income Valuation Approach - capitalize rental income



Cost Approach = [land value + (building value – depreciation)]

- Assessors employ a mass appraisal process



Defined as “Valuation of many properties as of a given date, using standard procedures and statistical testing.” (IAAO)

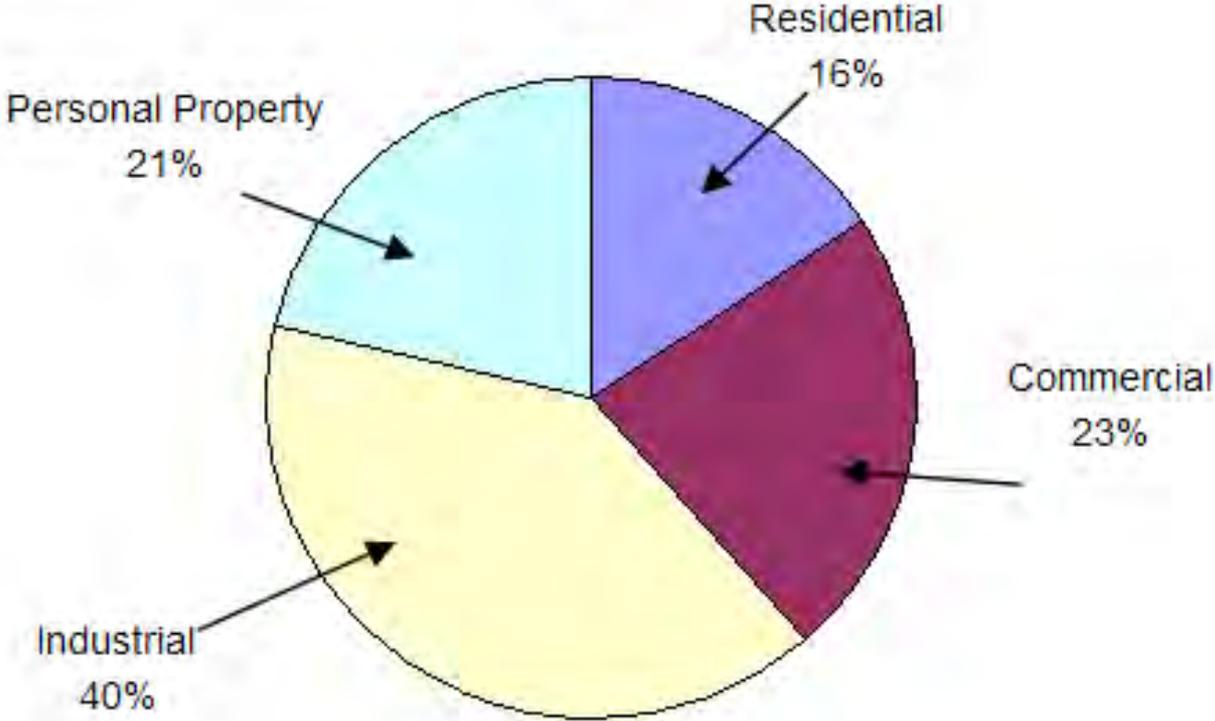


Mass Appraisal is typically a hybrid of the three approaches to value with emphasis on the cost approach.



The goal of mass appraisal is to spread the tax burden fairly between the parcels in the city according to their relative value.

**Percentage of Total Taxes Billed *
(for all taxing entities)
by Property Class**

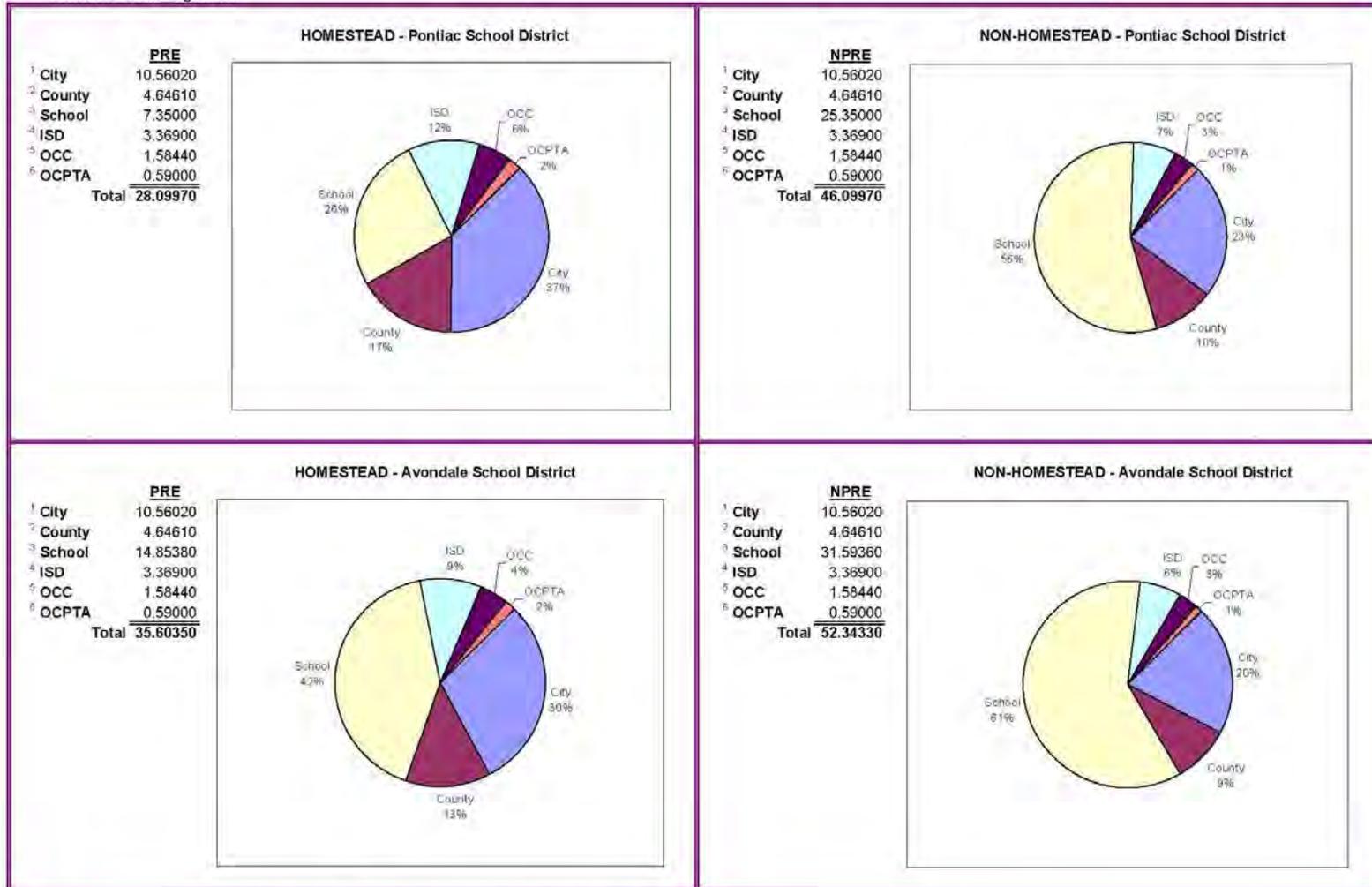


* Based on 2007 taxes billed

Where do my tax dollars go?

Tax Distribution for Properties in Pontiac and Avondale School Districts

* Based on 2007 millage rates



¹ City includes Police, Fire, Library and General Operating millages

² County includes Parks and Rec, Huron-Clinton Metropark and General Operating millages

³ School includes SET (State Education Tax), School Operating (Non-Homestead Only), Hold Harmless (Avondale Schools Only) and School Debt millages

⁴ Oakland Intermediate School District

⁵ Oakland Community College

⁶ Oakland County Public Transportation Authority