



Assessing Department

City of Traverse City

March 2017

City Assessor Web page

www.traversecitymi.gov/assessor.asp

Contact us:

231-922-4450

tcassessor@traversecitymi.gov

Office Hours:

Monday - Friday

8:00 a.m. - 5:00 p.m.

Excluding most
Federal Holidays

City of Traverse City Tax Parcel Viewer link:

<https://tcgis.traversecitymi.gov/TaxParcelViewer/s2.html?app=apps2/Finder>

Assessing Department staffed by:

Polly (Watson) Cairns, City Assessor * MMAO & Certified General Real Est. Appraiser
David Brown, Deputy Assessor * MAAO
Erik Sandy, Senior Assessor * MCAO
Dan Tollefson, Assessment Clerk/Appraiser I * MCAO



Left to right – Dave, Polly, Erik, & Dan

Mission Statement: To provide professional assessment services in compliance with local and state laws and in accordance with the standards established by the State Tax Commission.

The City Assessing Department is entrusted with the responsibility of maintaining the City's assessment rolls for all assessable property, both real and personal, located within the City limits for Grand Traverse & Leelanau Counties.

Assessment and taxable value determinations are made in accordance with the requirements of Chapter 211 of the Michigan Compiled Laws (MCL), otherwise known as the "General Property Tax Act" (often referred to as the GPTA).

City Assessing Department is responsible for the inventory of all property within the City and for valuation and maintaining property record information of all property both real property (land and buildings) and personal (tangible). Operating under the requirements of the General Property Tax Law, which was originally P.A. 206 of 1893; Statutes can be found under MCL 211.1 through MCL 211.157.

We are primarily responsible for performing and maintaining property assessments

for the equitable distribution of property tax burden.

Department compiles the annual assessment roll on which taxes will be levied; maintaining property tax descriptions and maps, processes personal property statements, and conducts field audits of both existing properties and new construction located within the City of Traverse City. In addition, providing the City Treasurer with taxable value on all City properties, used to produce annual tax bills.

- ✓ Establish legal assessment roll and annually site visit 20% property
- ✓ Review and evaluate commercial and industrial property
- ✓ Site visit and review all new construction
- ✓ Continue public education in areas such as non-consideration forms, homestead applications, property transfers and personal property tax law and enhance and increase the understanding of and compliance of the Michigan property tax system as established by State law and City Charter

Local governments receive revenue from a variety of sources including property taxes, permit fees, user charges, and voted millages. Including receiving funding from the federal government in the form of grants and from state government in the form of revenue sharing and grants. Property taxes are the largest revenue stream for local government.

Purpose:

Purpose is to appraise all real and personal property within the City of Traverse City as prescribed by the City Charter and State Law. General Property Tax Act [MCL211.1] requires assessments annually of all real and personal property located within each township or city by a certified assessing officer. City of Traverse City requires certification by a Michigan Master Assessing Officer (MMAO – aka Level IV)

City Assessing Department is responsible for maintaining inventory of all property located within the jurisdiction of City of Traverse City. Annually establishing all assessable and taxable property at a legally mandated uniform percentage of market value each year, within 49-50%, for each class of property, as well as Special Act parcels, overall the Department manages approximately 10,000 parcels annually, exchanging combination, split, and new parcels.

Annually staff physically inspects and reviews properties for new construction, sold properties, including maintaining record card data, and updating photos, sketches, and other pertinent property information.

Our goal is to maintain and enhance the public understanding of the taxation process as well as the public dissemination of property data, property tax forms, and the values associated with each parcel. We are continually increasing the availability and ease of on-line information through the City's web site and the tax parcel viewer application.

Process:

Sales analysis and mapping are created in order to establish area value trends. Vacant land and improved property sales are reviewed to establish area value trends. Sales are also reviewed to establish current economic condition factors (ECF's), a/k/a/ market adjustment modifiers, for all real property classes - residential, commercial, and industrial properties. Current values are generated for

**Inflation Rate
Multipliers since
implementation of
Proposal A:**

- 1995 1.026
- 1996 1.028
- 1997 1.028
- 1998 1.027
- 1999 1.016
- 2000 1.019
- 2001 1.032
- 2002 1.032
- 2003 1.015
- 2004 1.023
- 2005 1.023
- 2006 1.033
- 2007 1.037
- 2008 1.023
- 2009 1.044
- 2010 0.997
- 2011 1.017
- 2012 1.027
- 2013 1.024
- 2014 1.016
- 2015 1.016
- 2016 1.003
- 2017 1.009

each parcel of property. These values are utilized as the base to generate revenue for Grand Traverse County, Leelanau County, City of Traverse City, TCAPS, TBAISD, Northwestern Michigan College, BATA, the Recreation Authority, the Library, the County Road Commission, and any other authorized millages.

Additionally, Department must meet educational requirements as prescribed by policies of the State Tax Commission, State law, and City Charter as well. Some of these include:

- Meets/exceeds annual state certification educational requirements
- Physically inspects and records all new construction
- Processing of deeds/transfers of ownerships, property transfer affidavits, principal residence exemptions/rescinds, boundary line adjustments/splits, verification of tax/legal descriptions,
- Staff Board of Review meetings
- Defend property assessment appeals

General Property Tax Act

General Property Tax Act [MCL211.1]

SEV represents 50% of the "True Cash Value" of a property in the State of Michigan. It is called an equalized value because the assessor has prepared the value based on sales within the city, the county equalization board has made certain that each city and township have assessed the properties at an equal level, and Michigan State Tax Commission has studied and equalized all the counties within the state to ensure equity between them. The end result each year is that all properties across the state have the same level of assessment regardless of location. This does not mean that all carry the same SEV, only that the SEV of each property is to be at fifty percent of what the usual selling price is expected to be.

Until the 1994 passage of the property tax reform ballot proposal, the SEV was the basis of tax bills. Proposal A of 1994 created a new value called the "Taxable Value" for each property. This value reflects the annual "cap" on assessment increases to five percent or the consumer price index-whichever is lower. While the SEV must continue to reflect the actual market, the TV is mathematically determined by the capped value, less the taxable value of any demolition, plus the true cash value of any construction, omitted property, contamination remediation, or any of the other changes as defined in current state laws.

Taxable Value

Taxable value refers to a percentage of the assessment according to state-prescribed formula,

For 2017 the capped value formula is as follows:

$$2017 \text{ CAPPED VALUE} = (2016 \text{ Taxable Value} - \text{LOSSES}) \times 1.009 + \text{ADDITIONS}$$

General Overview of Assessment Analysis

General Assessment Process

The Assessing Department is responsible for discovering, listing, and assigning value to every property within the jurisdiction. By law, the assessor is required to reassess each property in the city annually. Our office monitors all sales and analyzes the local real estate market relative to economic conditions, supply and demand factors, and other influences that affect value. The Assessor's Office has a property record card indicating ownership and sale information as well as property characteristics of every parcel in the city. The assessor uses the characteristics of your property in connection with the analysis of the real estate market to estimate a market value, then an assessed and taxable value for your property.

Guidelines:

“True cash value,” as defined in Michigan Compiled Law (MCL) 211.21(1), is the “usual selling price” of the property based on an assessment-sales study. State Tax Commission Assessment-Sales Study Guidelines stipulate the general considerations for properties exhibiting a “usual selling price” stating, for example, “sales will not be excluded ... because it is alleged the buyer paid too much or perhaps was not fully informed.”

Market Price vs. Market Value

Most of us are aware of the differences in ‘price’ and ‘value’ in the context of following sales, in that one price does not equal true cash value. However, here we are focusing on additional differences between ‘price’ and ‘value’. Many believe that before a sale may be used as an indicator of market value, it must meet the following criteria:

- An open market sale.
- Neither party may enter into the sale under duress.
- A reasonable time must be allowed for selling the property (i.e., exposure on the open market).
- Both buyer and seller must be reasonably knowledgeable.
- Consideration should be in cash or its equivalent.

While we agree that, these are certainly desirable characteristics for any sale. However, these are the ‘presumed’ or ‘normative’ characteristics of ‘market value’, not ‘market price’, and may be absent from a sale or ‘market price’.

Equalization of Assessed Values

December 31, 2016 is tax day for 2017 assessments and is the date on which the assessable status of property is determined. The Equalization Department of each County is required to study the assessments in each separately equalized classification of property in each Township and City. Equalization studies for real property may be conducted utilizing a Sales Study, an Appraisal Study, or a combination of the two.

The formula for the state equalized valuation multiplier is: the state equalized valuation (SEV) of the classification of real property for the Township (or City)

divided by the assessed valuation of the class of real property for the Township (or City) equals the S.E.V. multiplier for that classification. The assessed valuation of one parcel of property classified residential (for example, \$20,000) multiplied by the S.E.V. multiplier for residential (for example, 1.2500) produces the new year's S.E.V. (For example, \$25,000) for that parcel for that classification. The S.E.V. is entered on the tax roll and tax bill.

Regardless of the procedure used, the goal remains the same: to determine an assessment to market value ratio which is then used to compute county equalization. There is no defined minimum sales data necessary, but there must be enough to provide a sufficient representative sampling of comparable sales. The results of these equalization studies are given to each assessor and to the State Tax Commission by December 31 of each year.

Sales Studies & Timeframes:

Two-Year Study: October 1, 2014 through September 30, 2016

Single Year Study: October 1, 2015 through September 30, 2016

More information may be found on at the Michigan Department of Treasury - State Tax Commission webpage: www.michigan.gov/treasury/0,4679,7-121-1751_2228---,00.html

Another part of the assessment equation is the County Multipliers published each April/May each year by the State Tax Commission, which can increase/decrease a property's value based on construction type.

Measuring of Assessments

The most commonly used statistical measure of assessment uniformity in a ratio study is the COEFFICIENT OF DISPERSION (COD).

COD provides a measure of the variation of individual assessment ratios around the median level of assessment. The lower the rate of dispersion, assessments are more uniform and fair, to put it another way, there should be some uniformity in the assessment of all the homes in your neighborhood, even if they don't look exactly like yours. How fair is your assessment as compared to your neighbors? This is a calculated variation on a citywide basis, neighborhood by neighborhood.

COD measures that uniformity; or lack of uniformity in statistical terms. After calculating the median, the variations from the median can be determined.

What is Median Level of Assessment? Per State Statute, assessed valuation of each property class, i.e. Residential-400, Commercial-200, or Industrial-300, must establish assessments to be within 49-50.00% of the usual selling price a/k/a fair market value, for each annual assessment cycle.

Usual selling price can only be determined by a sale. All the sales for the sales period are listed, and then each sales price is divided by the Assessed Valuation (S.E.V.) to see how close they all came to 50.00%. How wide are the variations from the median, or middle? How "uniform" are the assessments? What is the Coefficient of Dispersion? To put it another way - what is the average deviation? Assessors strive for a low COD. The lower the COD, the smaller the average deviation, the better developed the assessment.

Reasons To Work With Your Assessor

- ✓ Assistance in navigating a complicated process. Buying or selling a home usually requires disclosure forms, inspection reports, mortgage documents, insurance policies, deeds, and multipage settlement statements. A knowledgeable expert will help you prepare the best deal, and avoid delays or costly mistakes.
- ✓ Information and opinions. Assessors are able to provide local community information on utilities, zoning, schools, and more. They will also be able to provide objective information about each property. A professional will be able to help you answer these two important questions: Will the property provide the environment I want for a home or investment? Second, will the property have resale value when I am ready to sell?
- ✓ Help finding the best property out there. Sometimes the property you are seeking is available but not actively advertised in the market, and it will take some investigation by your Assessor to research comparable properties.
- ✓ Negotiating skills. There are many negotiating factors, including but not limited to price, financing, terms, date of possession, and inclusion or exclusion of repairs, furnishings, or equipment. In addition, the purchase agreement should provide a period of time for you to complete appropriate inspections and investigations of the property before you are bound to complete the purchase. Your agent can advise you as to which investigations and inspections are recommended or required.
- ✓ Property marketing power. Real estate does not sell due to advertising alone. In fact, a large share of real estate sales comes as the result of a practitioner's contacts through previous clients, referrals, friends, and family.
- ✓ Someone who speaks the language. If you do not know what a PRE is from a PTA, from a RPS, you can understand why it is important to work with a professional who is immersed in the industry and knows the real estate language.
- ✓ Experience. Most people buy and sell only a few homes in a lifetime, usually with quite a few years in between each purchase. Even if you have done it before, laws and regulations change. Assessors, on the other deal with hundreds or thousands of real estate transactions over the course of their career. Having an expert is critical.
- ✓ Objective voice. A home often symbolizes family, rest, and security — it is not just four walls and a roof. Because of this, home buying and selling can be an emotional undertaking. In addition, for most people, a home is the biggest purchase they will every make. Having a concerned, but objective, third party helps you stay focused on both the emotional and financial issues most important to you.

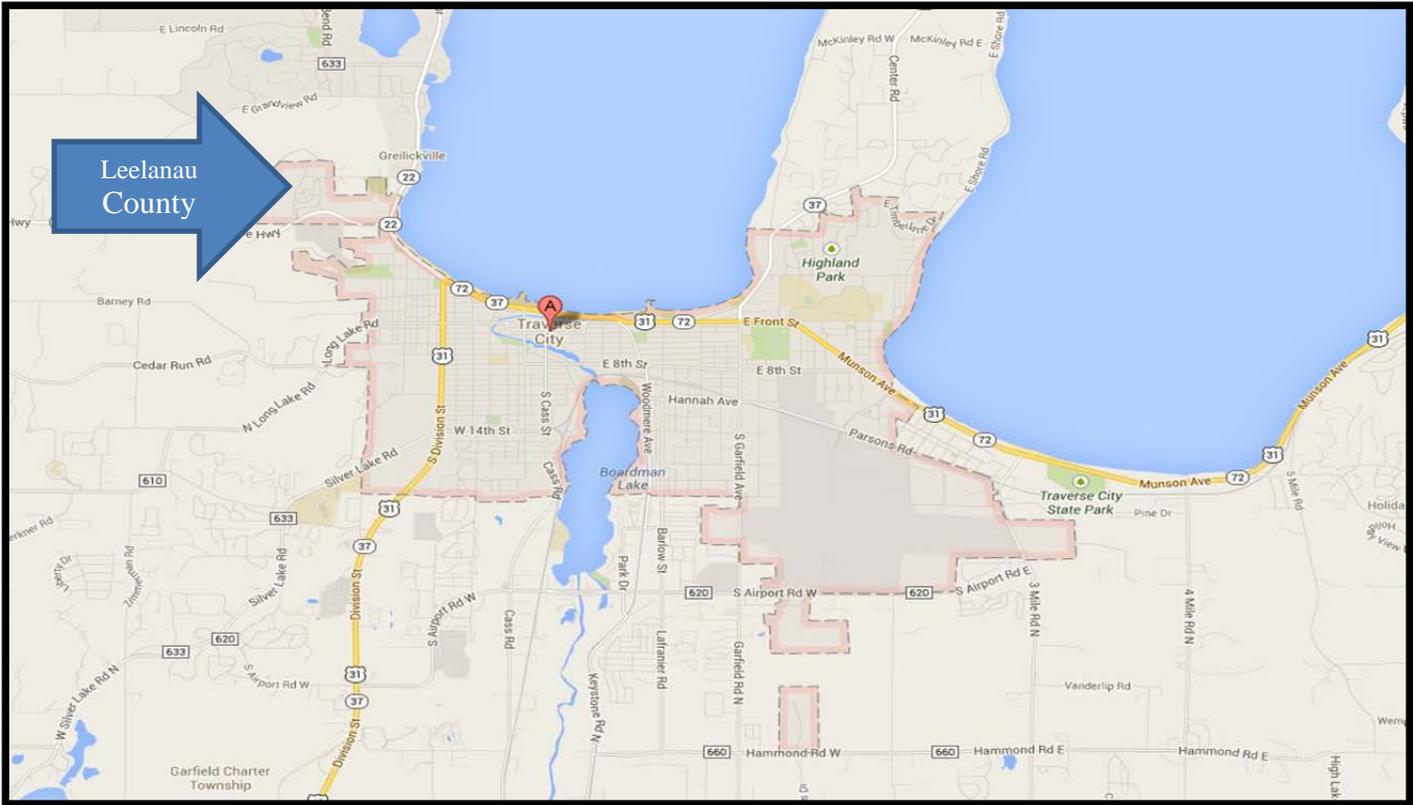
The City of Traverse City is the largest assessment/taxing jurisdiction within Grand Traverse County.

City of Traverse City is located in Grand Traverse County & a portion Leelanau County

2016 GRAND TRAVERSE COUNTY - ALL AD VALOREM PROPERTY

TOWNSHIPS & CITY	Parcel Count 2015	Parcel Count 2016	% Change	CEV 2015	CEV 2016	County Equalized % Change	TAXABLE 2015	TAXABLE 2016	Taxable % Change
Acme	3,489	3,494	0.14%	\$380,907,300	\$395,365,400	3.80%	\$310,758,561	\$323,318,171	4.04%
Blair	4,464	4,588	2.78%	\$294,749,825	\$306,176,085	3.88%	\$252,331,426	\$257,385,537	2.00%
East Bay	8,242	8,217	-0.30%	\$612,760,950	\$632,969,800	3.30%	\$520,406,616	\$525,222,076	0.93%
Fife Lake	1,298	1,303	0.39%	\$63,452,000	\$66,137,500	4.23%	\$51,491,806	\$50,967,921	-1.02%
Garfield	8,538	8,292	-2.88%	\$963,686,700	\$983,362,600	2.04%	\$841,836,192	\$841,651,950	-0.02%
Grant	1,103	1,099	-0.36%	\$66,553,900	\$69,274,668	4.09%	\$50,757,423	\$51,354,491	1.18%
Green Lake	4,003	4,009	0.15%	\$297,960,700	\$311,903,300	4.68%	\$262,727,061	\$265,547,623	1.07%
Long Lake	4,943	5,012	1.40%	\$529,708,700	\$560,776,750	5.87%	\$447,595,942	\$460,754,761	2.94%
Mayfield	1,093	1,090	-0.27%	\$70,713,572	\$71,292,810	0.82%	\$55,530,978	\$56,148,780	1.11%
Paradise	2,538	2,567	1.14%	\$139,968,100	\$142,111,900	1.53%	\$117,590,585	\$119,395,352	1.53%
Peninsula	4,201	4,208	0.17%	\$813,688,900	\$855,176,200	5.10%	\$632,533,235	\$651,129,296	2.94%
Union	436	437	0.23%	\$27,741,413	\$27,969,200	0.82%	\$22,887,443	\$23,484,746	2.61%
Whitewater	2,002	2,003	0.05%	\$236,983,900	\$244,420,200	3.14%	\$188,534,174	\$190,168,489	0.87%
Traverse City	8,521	8,708	2.19%	\$1,029,307,700	\$1,094,436,100	6.33%	\$865,547,253	\$881,758,060	1.87%
TOTALS	54,871	55,027	0.28%	\$5,528,183,660	\$5,761,372,513	4.22%	\$4,620,528,695	\$4,698,287,253	1.683%

2016 LEELANAU COUNTY PERCENT CHANGE - 2015 TO 2016 BY LOCAL UNIT									
TOWNSHIPS AND CITIES	Parcel Count 2015	Parcel Count 2016	%CHANGE	C.E.V. 2015	C.E.V. 2016	%CHANGE	TAXABLE 2015	TAXABLE 2016	%CHANGE
BINGHAM	2,103	2,133	1.43%	252,424,100	258,771,100	2.51%	187,292,872	192,344,613	2.70%
CENTERVILLE	1,387	1,390	0.22%	132,000,634	138,065,800	4.59%	95,298,460	96,527,088	1.29%
CLEVELAND	1,429	1,440	0.77%	135,997,300	145,032,417	6.64%	104,077,013	104,789,576	0.68%
ELMWOOD	3,346	3,444	2.93%	344,576,800	351,227,000	1.93%	290,458,374	297,207,446	2.32%
EMPIRE	2,223	2,219	-0.18%	245,522,100	244,443,121	-0.44%	180,951,498	184,190,704	1.79%
GLEN ARBOR	2,639	2,630	-0.34%	580,394,000	594,918,600	2.50%	418,009,745	424,390,600	1.53%
KASSON	1,394	1,401	0.50%	122,188,700	125,806,800	2.96%	94,971,948	95,292,583	0.34%
LEELANAU	3,479	3,497	0.52%	484,480,215	504,794,220	4.19%	387,427,875	395,427,099	2.06%
LELAND	2,780	2,773	-0.25%	614,293,403	634,292,964	3.26%	419,049,391	427,190,136	1.94%
SOLOM	1,318	1,353	2.66%	112,325,950	118,066,184	5.11%	90,819,212	92,510,441	1.86%
SUTTONS BAY	2,825	2,838	0.46%	276,053,207	283,328,250	2.64%	227,254,672	228,945,067	0.74%
TRAVERSE CITY	266	266	0.00%	30,743,300	34,410,200	11.93%	28,118,180	30,801,864	9.54%
TOTALS	25,189	25,384	0.77%	\$3,330,999,709	\$3,433,156,656	3.07%	\$2,523,729,240	\$2,569,617,217	1.82%



City of Traverse City – Grand Traverse County

2016 VALUES	Assessed	Taxable	Parcel Count
201 Commercial	349,657,500	286,564,315	1,036
301 Industrial	28,488,900	26,245,626	47
401 Residential	658,525,600	511,181,519	5,907
251 Commercial Personal	32,885,400	32,887,900	1,667
351 Industrial Personal	20,594,100	20,594,100	46
551 Utility Personal	4,284,600	4,284,600	5
Tax Exempt			383
	1,094,436,100	881,758,060	9,091

For the City of Traverse City Grand Traverse County portion from 2015, parcel count increased 1.84%, Assessed Values increased over 6.5%, and Taxable Value increased 1.87%

City of Traverse City – Leelanau County

2016 VALUES	Assessed	Taxable	Parcel Count
201 Commercial	9,533,300	8,451,445	23
401 Residential	23,979,300	21,452,819	215
251 Commercial Personal	794,500	794,500	26
551 Utility Personal	103,100	103,100	2
Tax Exempt			7
	34,410,200	30,801,864	266

For the City of Traverse City Leelanau County portion, the parcel count increased less than 1%, Assessed Values increased over 11.93%, and Taxable Value increased 9.54%.

The following is a partial listing of some the functions performed for the 2017 Assessment roll:

- ✓ Processed 1,374 changes in owners/property transfers from October 1, 2015
- ✓ Processed 934 changes in owners/property transfers from October 1, 2014

Building Permits processed – information per Grand Traverse County Construction code

- ✓ 2016 \$134,411,067 Permit Count 297
- ✓ 2015 \$107,732,009 Permit Count 283
- ✓ 2014 \$135,628,845 Permit Count 243
- ✓ 2013 \$123,942,685 Permit Count 225
- ✓ 2012 \$71,193,799 Permit Count 220
- ✓ 2011 \$66,701,379 Permit Count 190
- ✓ 2010 \$56,298,416 Permit Count 162

Personal Property Filings

- ✓ Over 530 Personal property (L-4175 aka 632) forms were received and processed
- ✓ Over 924 Small Tax Payer Exemption Affidavits (5076) were received and processed
- ✓ 37 EMPP (Eligible Manufacturing Personal Property Tax Exemption Claim) filed and processed

2016

- Processed 7 Special Improvement District estimates
 - Inspected over approximately 1,730 properties
 - Processed approximately 167 splits and combinations/intent to establish condos
 - Processed approximately 1,026 PRE –Principal Residence Exemptions (aka Homestead Applications) *(These forms are processed daily, PRE's, Rescissions of PRE, Conditional PRE, PRE denials)*
-
- Annual canvassing of property – to comply with the recommended 20% annual inspection policy per State Tax Commission guidelines.
 - Over the last 3 years, the Assessing Department has seen a reduced number of Petitions presented our March Board of Review, as well as reduced filings with the Michigan Tax Tribunal.
 - One of the many functions of the City Assessing department, specifically the Assessor of Record – the City Assessor, (per Michigan Compiled Laws), is to defend property tax appeals, and assist the legal counsel in defense of such Petitions.
 - City Assessing Department Administers data and access to Pictometry – a patented aerial image capture service, with a flyover in 2014 and another this spring.
(This service is shared with several City Departments – Assessing, Engineering, Planning/Zoning, Police, Fire, DPS, DDA & TCLP. Assisting the assessing department with improved accuracy of our parcel data layer with current digital orthophotography. Updated imagery is a valuable tool for all departments involved)