

# Residential Property Assessment Summary

- General Property Assessment Information
- How Foreclosures Are Treated
- Ways to Reduce Tax Obligation

# How Your Property Assessment is Determined

- City Assessors estimate market value.
- 50% of market value becomes the assessed value.
- State law requires the Assessor to determine the assessed value of your property each year.
- Your property taxes are based on your assessment.
- You can appeal your assessment through the Assessor's Review and March Board of Review.

# Market Value

The most probable price (in terms of money) which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

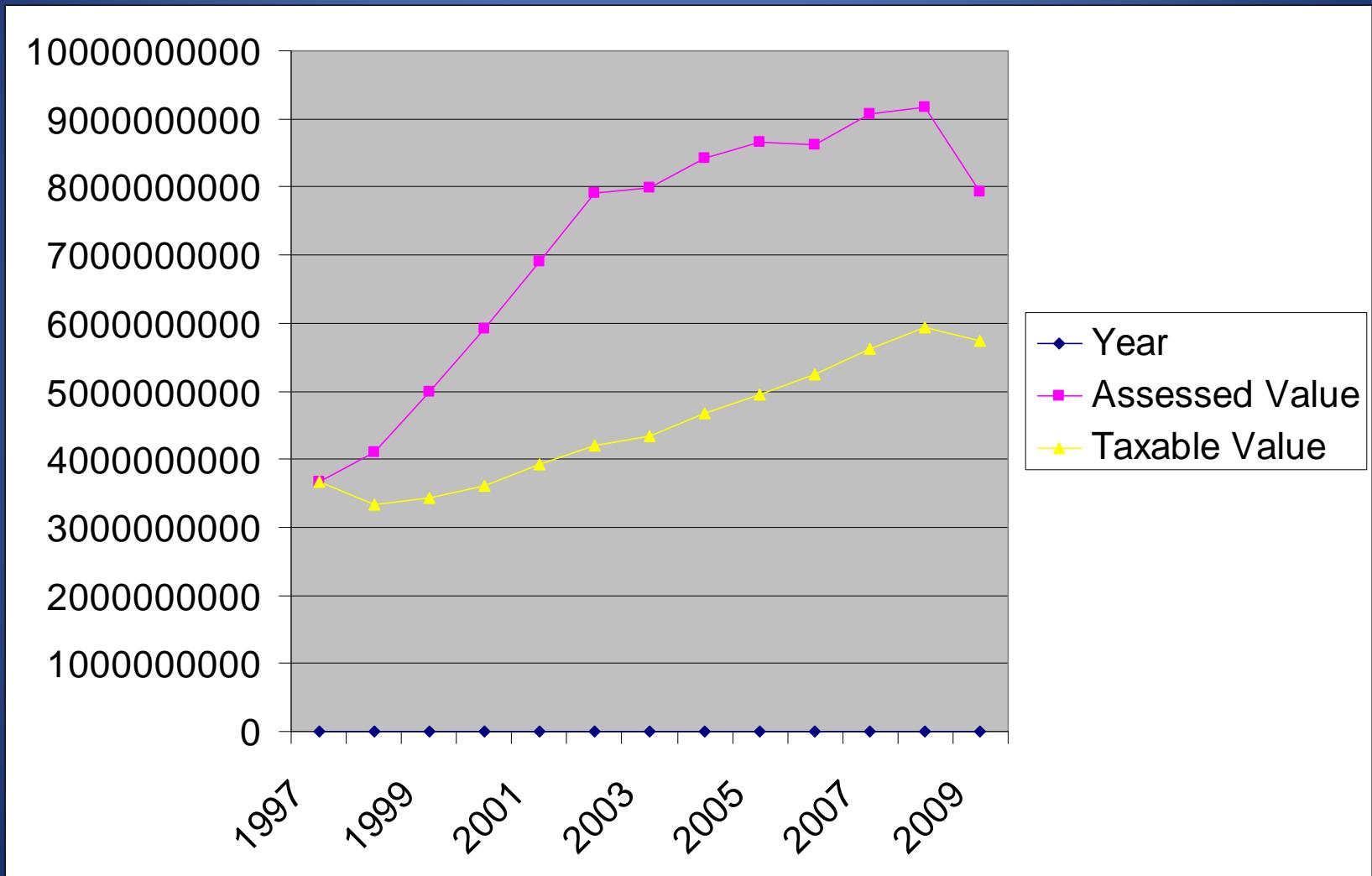
- The buyer and seller are typically motivated;
- Both parties are well informed and well advised, and acting in what they consider to be their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in US dollars or in terms of financial arrangements comparable thereto;
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Definition: International Association of Assessing Officers

# Proposal A

- Voter approved in 1994. Went into effect for the 1995 tax year.
- Designed to limit growth in property taxes by CPI (Consumer Price Index) or 5%, until ownership is transferred.
- Developed concept of taxable value.

# Detroit Residential Property Values 1997-2009



# How Foreclosures Are Treated

Sales typically not included in sales studies:

- Sales to/from financial institutions
- Sheriff's deeds

Sales typically included in sales studies:

- Arms-length transactions
- Sales with market exposure not sold under duress

# Ways to Reduce Tax Obligations

- Principal Residence Exemption (Homestead)
- Appeal Process
- Neighborhood Enterprise Zone
- Senior Citizen Solid Waste Fee Exemption
- Hardship Exemption
- Armed Forces Exemption
- Taxable Value Limitations
- Hope For Homeowners Program
- Fixed Income State Tax Credit