

# VAN BUREN TOWNSHIP ASSESSING OFFICE

## Questions Regarding the Current Real Estate Market

*Note: For simplicity, the following questions and answers pertain to residential properties; however, the same principles apply to all types of properties.*

### 1. HOUSES ARE NOT SELLING. WHY AREN'T MY TAXES GOING DOWN?

The fact that houses are not selling or are taking a long time to sell does not necessarily equate to lower sale prices. Assessed values are based on the sales that **have** taken place. For 2011, a one year study was conducted that includes sales between the time period of October 1, 2009 through September 30, 2010. (For information regarding Foreclosure or Bank resales refer to Question #6.)

### 2. SALE PRICES ARE DOWN. WHY WAS MY ASSESSED VALUE INCREASED?

Assessed values must represent 50% of the estimated value of your property. Therefore, overall market prices of similar properties must be lower than the estimated value of your property before you would realize a reduction in the assessed value of your property. While most areas of the township have experienced low sales, there may be a few areas that do not warrant a reduction.

### 3. I AGREE MY HOME IS WORTH TWICE THE ASSESSED VALUE, BUT I COULD NOT SELL MY HOME FOR THAT AMOUNT IN THIS MARKET.

Assessed values cannot be based on speculation as to what a home might sell for. It is important to remember that assessed values are based on confirmed market sales that have been transacted between October 1, 2009 and September 30, 2010.

### 4. I AGREE WITH THE ASSESSED VALUE OF MY HOME, BUT MY TAXES ARE TOO HIGH.

There are two components to property tax calculations-millage rates and taxable value. Millage Rates are either statutorily established or by a vote of the people. Your taxable value is multiplied by the established millage rate.

Taxable Value is determined by comparing the Assessed Value of your property to the Capped Value of your property. The Capped Value is calculated using the following formula: 2010 Taxable Value minus the value of any physical losses to the property, multiplied by the Inflation Rate Multiplier (IRM), plus the value of any physical additions to the property. The Taxable Value is the lower of the Assessed Value and the Capped Value.

However, if you purchased your property last year, your property becomes uncapped and your Taxable Value will be equal to the Assessed Value.

**THE BOARD OF REVIEW HAS NO AUTHORITY TO ADJUST MILLAGE RATES OR TAXABLE VALUES.**

**5. WHAT IS THIS YEAR'S INFLATION RATE MULTIPLIER (IRM)?**

The 2011 Inflation Rate Multiplier (IRM) is 1.017. If your property did not have any physical changes in 2010, your calculated capped value may be 1.017 (1.7%) higher than your 2010 taxable value. The Inflation Rate Multiplier (IRM) is given to us by the State of Michigan and every municipality in the State must use it to calculate the taxable value. The multiplier is not subject to appeal, and in most circumstances, neither is taxable value. This is in accordance to Proposal A (a Constitutional Amendment approved by the Michigan voters on March 15, 1994).

**6. THE PROPERTY I PURCHASED HAD BEEN FORECLOSED ON. THE PRICE I PAID WAS THE MARKET VALUE OF THE PROPERTY. WHY ISN'T MY ASSESSED VALUE ONE-HALF OF WHAT I PAID FOR THE PROPERTY?**

General Property Tax Law prohibits an assessed value from being set at one-half of a particular sale price. All sales of similar properties must be considered in determining assessed values. In addition, assessed values are based on arms length sales. Arms length sales generally exist when the property is listed on the open market and there is a willing and able buyer and seller. The sale of a property during or subsequent to foreclosure is usually considered a forced sale because the seller is not typically motivated to obtain the property's market value. Sales of property by financial institutions can only be considered under **strict** conditions.

**7. ARE ANY FINANCIAL INSTITUTION SALES USED IN THE 12-MONTH STUDY?**

Normally, sales that involve mortgage foreclosures and sales from relocation companies (Distressed Sales) are not considered typical sales and are not used to determine the value of property in the assessment process. The State Tax Commission has allowed the use of these sales in this declining market, but only under very strict conditions. In part, they must be in the same physical condition as when they are assessed (normal maintenance). Sale prices must be verified to see if they reflect the TOTAL consideration received by the grantor; including but not limited to any concessions or mortgage insurance payments made to the lender. Van Buren Township has researched and inspected all sales involving financial institutions and has used only those that comply with the State Tax Commission's requirements.

**8. I BOUGHT MY PROPERTY AT AN AUCTION. WHY IS MY ASSESSMENT HIGHER THAN WHAT I PAID FOR THE PROPERTY?**

Auction sales are not an arms length sale and cannot be used to determine assessed values. Assessments are based on the arms length sale of properties similar to yours.

**9. MY HOME WAS PURCHASED BY A RELOCATION SERVICE. WHY AM I STILL RECEIVING THE TAX BILLS WHEN I NO LONGER OWN THE HOME?**

When a relocation company takes possession of a property, the "seller" will sometimes sign an incomplete deed. Even though the relocation company has bought out the seller's interest in the property, title does not transfer until a buyer is found and the deed is delivered to that buyer. Most relocation companies do not notify the township of the transaction and we are unaware that it has taken place. Absent any notice of the transaction, the original owner is still reflected as the owner of record.

**10. HOW DO I APPEAL MY ASSESSMENT VALUE?**

You must call the Assessor's Office at 734-699-8946 to schedule an appointment. More information regarding this process can be found by clicking on [2011 Assessment Notices & Appeal Process](#).

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