




**OFFICE OF THE
CHIEF FINANCIAL OFFICER
OFFICE OF THE ASSESSOR**

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TO: Honorable Coleman A. Young II, Council Member
FROM: Alvin Horhn, Deputy CFO / Assessor 
SUBJECT: Budget Questions – Office of the Assessor
DATE: June 30, 2022

1. What process is used for property assessment on homes?

The City must follow the General Property Tax Act (Act 206 of 1893 as amended), the Assessors Manual issued by the State Tax Commission, and the policies, procedures, and bulletins of the State Tax Commission. All Assessors must discover, list, and value all real and tangible personal property within the assessment jurisdiction. All properties must be assessed at fifty percent (50%) of their current market value as of December 31 of the previous year. There are three approaches that can be used to assess homes: cost (valuing improvements based on their reproduction or replacement cost), sales comparison (estimates the value by applying verified data from the market), and income (which considers the potential income a property can earn for its owner).

Michigan law and generally accepted assessing practices require that all three approaches to value are used and the one most appropriate is used in the final determination of value. For all real property valuation, the process begins with the cost approach. The cost approach utilizes the State Tax Commission issued Assessors manual to estimate the cost of new construction, then any accrued depreciation is subtracted, and the land value added to estimate market value. The sales comparison approach to value utilizes verified market sales and market adjustments when necessary. Sources of sales data include the Register of Deeds office, real estate brokers, appraisers, newspaper articles, classified ads, Property Transfer Affidavits, office files, and talking to the sellers and buyers of the property. Michigan law requires that a two-year sales study of valid Arm's Length transactions be used to analyze the local market conditions. The most recent study for 2022 can be found [here](#). It is important to note that the sale price alone is not the final determination of market value for a property.

The condition of the property, as well as that of the surrounding neighborhood, contribute to its value. The addition of a new deck or garage will increase the overall value. Some of this information is obtained by the Office of the Assessor through our collaboration with the Building Safety, Engineering, & Environmental Department (BSEED). We utilize Pictometry (aerial photography), a process completed every two years, to determine when improvements have been added or removed from a property. Since the condition of a property can sometimes be difficult to determine based on aerial photography alone, appraisers are used to review properties across the City as needed.

2. What is the timetable for completion of the Assessor's review?

Per city ordinance, 20% of improved residential properties (houses) are reviewed each year, which is far more stringent than the State's requirement of reviewing 20% of all properties (residential, commercial, and industrial) each year. Assessment notices are sent in January each year. Owners can appeal their property values to the Assessor's Review if they are dissatisfied with their property values. Per City Code the Assessors Review begins on February 1st and ends of February 22nd. Taxpayers who are dissatisfied with the decision of the Assessors Review may appeal to the March Board of Review. To appeal to the March Board of Review, per City Code, the taxpayer must have appeared before the Assessor's Review. The deadline for the Office of the Assessor to transmit City assessment data to Wayne County is April 6th.

3. Is the current property assessment method, efficient enough for the structure of the City of Detroit?

The State Tax Commission (STC), per MCL 211.10f, has jurisdiction to determine substantial compliance with the requirements of the General Property Tax Act. The Audit of Minimum Assessing Requirements (AMAR) review reflects the minimum assessing requirements of a local unit of government based on statute and STC Rules, Policy, Bulletins and Publications. In 2021, the STC conducted the AMAR for the City. The City met the requirements for all but one Review Item, for which a corrective action plan was submitted and the STC accepted.

In addition, in 2019, the City won "Distinguished Assessment Jurisdiction Award," awarded by the Michigan Assessment Association to those whose processes reflect a model assessment system and result in equity in property taxation.

The OCFO is continuously improving. We look at performance and leading government practices to establish feedback loops and reevaluate the way we conduct business.