

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. **Market trends once again indicate an increase in sale prices of residential homes. How will this affect my 2024 Assessment and Taxable Value?**

To determine market values as of 12-31-23 for the 2024 assessments, a two year study was conducted that includes sales between the time period of April 1, 2021 through March 31, 2023. Most residential properties in 2024 will experience an increase in their assessed value based on market sales that were reviewed in each neighborhood. However, in accordance with Proposal "A" passed in 1994 by Michigan voters, your Taxable Value will likely only increase by the Consumer Price Index which is 1.05 for 2024. New Construction or a Transfer of Ownership may increase your taxable value more than the Consumer Price Index.

2. **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: 2023 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.

3. **What is this year's Inflation Rate Multiplier (IRM)?**

The 2024 Inflation Rate Multiplier (IRM) is 1.05. If your property did not have any physical changes in 2023, your calculated capped value may be 1.05 (5%) higher than your 2023 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.

4. **I just purchased my property. Why isn't my assessed value one-half of what I paid for the property?**

General Property Tax Act requires that the assessed value be calculated using the usual selling price and considering sales of similar properties. 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.

5. Are any financial institution sales used in the 24-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 a 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.

6. 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.

7. 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.

8. Can I determine how much my home is worth from Internet websites such as Zillow and Trulia?

The answer to this question is no. Third-party websites aren't local to every real estate market, yet they provide estimates of home values for almost any home in the United States. It is impossible that a third-party entity headquartered in California or New York can provide you with an accurate value for a home located in Van Buren Township. Websites such as Zillow and Trulia use computer-generated home values based on calculations and algorithms, but don't take into consideration what is going on specifically in your area that may influence your home value. The data used by these sites don't filter out "bad" sales or make adjustments for differences between your home and the other sales.

9. How do I appeal my assessment and taxable value?

You must call the Assessor's Office at 734-699-8946 to schedule an appointment. Information regarding the Board of Review and its process is located at www.vanburen-mi.org or you may contact the above number for more information.
