

Frequently Asked Questions:

When does the Board meet?

The Board meets in March. It is best to check the schedule with the Assessing Department.

What is True Cash Value (TCV)?

True Cash Value (TCV) is synonymous with Fair Market Value. It is the Michigan assessor's opinion of the above factors, as of the previous December 31.

How is Assessed Value different from True Cash Value/Fair Market Value?

Assessed Value (AV) is 50% of True Cash Value. The official notice of AV is mailed to all property owners in February. The notice spells out the dates and times that any property owner may appeal the AV to the March Board of Review. This Board (3 non-employee members) is appointed by City Council to review all AVs on behalf of residents.

There is also a State Equalized Value (SEV). Please explain what it is and how is it different from the AV?

The SEV is the Assessed Value after it has gone through the Board of Review process, and has been reviewed (and adjusted if necessary) by County Equalization in April, and finally, has been reviewed (and adjusted if necessary) by the State Tax Commission in May.

There is also a Taxable Value (TV) regarding real property. Would you explain that, please?

Taxable Value and State Equalized value were exactly the same in 1994 – the year TV was created by a vote of the people of Michigan. It was called Proposal A. Each year after that, TV was the lower of SEV, or Capped value.

There's another value! What is Capped Value?

Capped Value (CV) is a mathematical calculation found by taking last year's TV, deducting any losses, such as fire damage, adjusting for the Consumer's Price Index (CPI) and adding any new construction. In the year after a sale, we UNCAP the TV and change it to equal the SEV.

NOTE: Your tax bill is calculated by multiplying the TV by the tax rate (millage rate).

Why doesn't the assessor simply take half of the selling price as the new Assessed Value?

1. You're speaking of the Sales Approach. That method is only one of the three approaches to value. While you might not intend to rent your house, many neighboring houses are being purchased and then immediately being rented out.

The income approach can show how the actual rents charged may indicate a higher value to an investor. The cost approach will indicate a value appropriate to a newly constructed house plus land value.

2. Condition at time of sale – typically motivated sellers fix up their house to its best possible condition and most typically motivated buyers want a home in move-in condition. If it is a fixer-upper, the sale price does not include the cost of the repairs that a typical contractor would charge.

3. Financing – If you buy a house with no money down and I buy an identical house for all cash, I would expect to get a discount. Since most homes are purchased with a conventional mortgage, the appraiser should adjust the sale price for any other type of financing terms.

4. One sale does not a market make. While one sale may not represent the market, all the arms-length sales will provide us with a better overall picture. The ultimate goal of the assessor is to find a pattern that best describes the greatest number of properties, and then apply that pattern in a uniform manner across all properties. Uniformity means

treating all properties in the same fair and equitable manner.

5. Sale date might not match statutory time period. State law instructs assessors to use sales from the previous two years for collecting sales data for the assessment.

What is the best way to get my property tax assessment lowered?

If you already have a recent appraisal of your home bring it in. If you do not have one, do not go out and order one unless you are sure that its cost is not going to be more than you would save if your assessment is lowered. Other ways of doing this would be to go to the city website at [City of Southfield.com](http://CityofSouthfield.com) and under the Highlights category, click on Assessment Data. Then click on Access Assessment and Tax Data. If you want to find information about your property or any property in the City of Southfield, click on the Property and Land Search button. If you want to find comparable properties that have sold recently, click on the Assessing Comparables search button.

Why doesn't the assessor use foreclosure sales?

The assessor DOES use foreclosure sales, but because of the strict guidelines set up by the State of Michigan, only a few such sales are actually used for comparison purposes.

The types of sales that we do not consider to be representative are, for example, a sale

from the county sheriff to a bank. Quite often, the subsequent sale by the bank is simply the bank's equity in the house, and is not a true indicator of what the house is worth. The best indicator of a representative sale is from one homeowner to another.

Is there any evidence that is acceptable, other than an appraisal? How recent does the appraisal have to be?

Providing the board with an appraisal does not automatically lower your assessment. The board looks at many other factors, such as an appraisal by a staff appraiser. You may provide other information such as comparable property sales in your neighborhood and include the sale price and the assessed value. In the final analysis, the Board strives to achieve fairness, equity and uniformity.

How can I make an effective appeal of value?

Start by reviewing your assessment and any sales information at City Hall. You must provide evidence to show that the assessment is incorrect. The Board needs good reasons to alter an assessment. It is imperative to be able to answer the questions "What do you think your property is worth?" and "What are you basing that opinion on?"

All assessments are to be based on sales, rental rates or construction costs of similar properties. You may hire a professional appraiser, or you can look at sales in your

neighborhood and compare them to your home. Most assessor's offices will give you sales information. But remember, this is your appeal, and you should do the paperwork.

Are the Board's decisions final?

No. The decisions are binding only for the current assessment year but can be appealed to the Michigan Tax Tribunal.

How will I know of the Board's decision?

The Board will probably not give the decision at the time of the hearing, but will mail the decision by the end of April. Along with this notification, will be information about the possibility of further (higher) appeal to the Michigan Tax Tribunal.

Can I appeal the Board's decision?

Only those assessments reviewed by the Board can be appealed to the Michigan Tax Tribunal. Their appeal deadline is July 31. The Michigan Tax Tribunal website is: www.michigan.gov/taxtrib

Commercial and industrial property owners can appeal directly to the MTT by May 31 at P.O. Box 30232, Lansing, Michigan 48909

How should I present my protest?

If you are protesting on the value of your property, you should be prepared to justify why your property would not sell for twice the assessed value.

The better information you bring to the Board, the better they will be able to make a fair determination.