



2020

# Assessment Roll Report



Amy DeHaan, MMAO(4) - Assessor  
Charter Township of Garfield,  
Grand Traverse County, Michigan  
May 28, 2020

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# Charter Township of Garfield

## Grand Traverse County

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May 28, 2020

Chuck Korn, Supervisor, and  
Garfield Township Board:

I present to you the 2nd Annual Assessment Roll Report for tax year 2020, Fiscal Year 2021.

The purpose of this report is to provide:

- 1) a synopsis of the Township's Fiscal Year 2021 property tax base;
- 2) an overview of the Township's various property tax incentive programs and exemptions;
- 3) legislative changes affecting assessment administration; and
- 5) trends and forecasts in the real estate market.

As indicated last year, this report will be submitted to you annually, following County Equalization which takes place in April. It was delayed slightly due to the COVID-19 pandemic. I have included items that highlight the final work product of the assessing department - the annual assessment rolls. If there is additional information that would be beneficial to you, please let me know and I will do my best to include it next year.

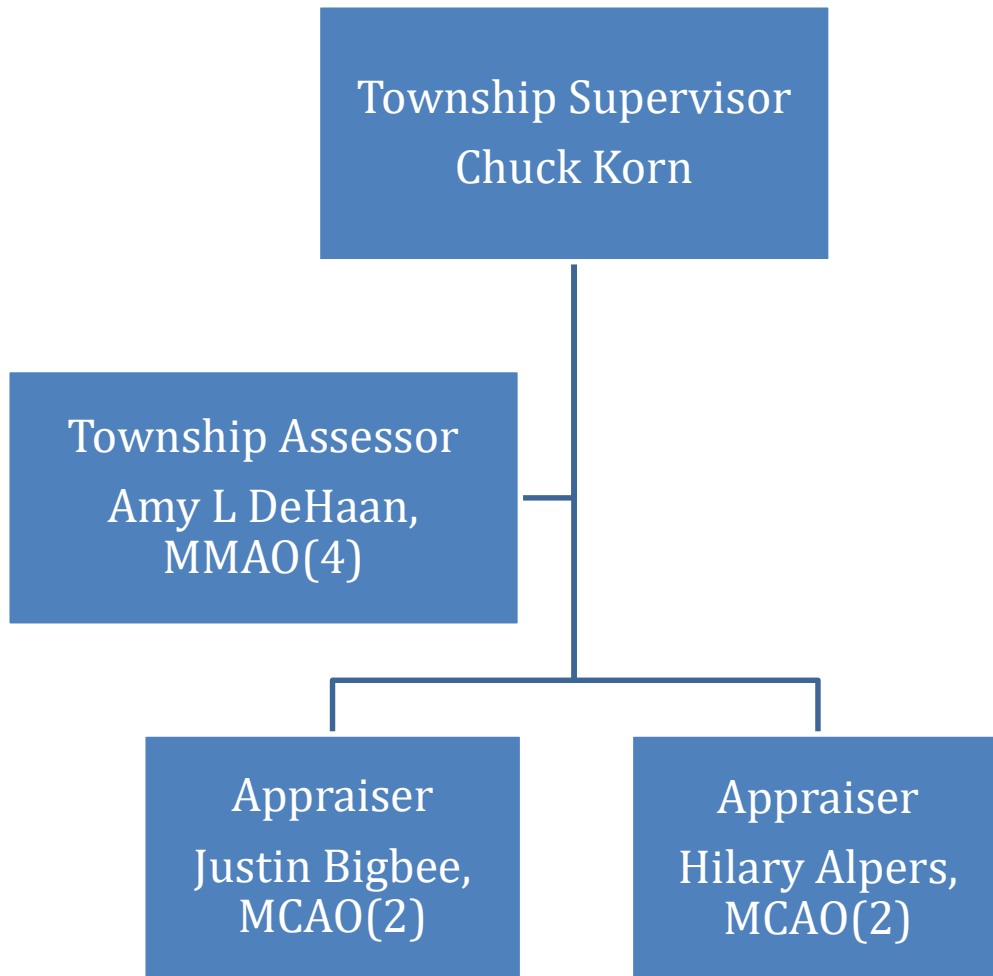
I hope this report is informative and helps in your role as a Garfield Township elected official.

Respectfully Submitted,



Amy L DeHaan  
Assessor

## Assessing Department Organization Chart, 2020



Justin Bigbee - appraiser, is currently enrolled in the State Tax Commission's one year MMAO(3) program, which was a goal set when he was hired by the Township in April 2018. This program counts as the continuing education required by the state that all assessors are required to take annually. When completed, he will advance to the MMAO(3) certification level. He will be finished with the program later this year.

## 2020 Assessment Rolls

## Parcel Counts

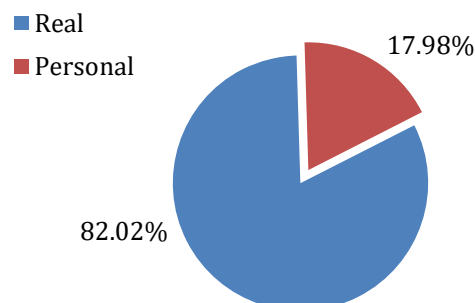
The Township Assessor is responsible for administering five separate assessment rolls. The ad valorem roll contains all real and personal property subject to taxation at the full millage rate. The **Industrial Facilities (IFT) roll**<sup>1</sup> contains eligible real and personal property subject to reduced millage rates for a limited period of time. The **Payment In Lieu of Tax (PILT) roll**<sup>2</sup> contains real properties - typically rent subsidized apartment properties - that have an official agreement with the Township to pay a percentage of their rental income, less utility costs, instead of ad valorem millage rates. PILT properties may also have a Municipal Services Agreement with the Township to help cover the costs of emergency and other services. The **DNR Payment In Lieu of Tax (DNR-PILT) roll**<sup>3</sup> contains property that is real property, owned by the State of Michigan that is subject to full rate millages - except those paid directly to the State (the State Education Tax and the School Operating millage). The **County Land Bank Sales roll** (formally known as the Tax Reverted Clean Title Act (TRCTA) roll<sup>4</sup>) contains properties that are subject to the full millage rate, but half of the levy is allocated to the Grand Traverse County Land Bank Authority. The IFT, PILT, DNR-PILT and TRCTA rolls are known as **Special Acts Assessment rolls**.

Assessable property in the State of Michigan is categorized as either real or personal. All assessable property is further classified as agricultural, commercial, developmental, industrial, residential, timber-cutover or utility. Parcel counts by type and classification for each of the five rolls are contained in the chart below.

2020 Parcel Counts

	Class ↓	Ad Valorem	IFT	PILT	DNR-PILT	TRCTA	Totals
Real Property	Commercial	1024	0	18	0	2	1044
	Industrial	76	5	0	0	0	81
	Residential	5646	0	0	1	7	5654
	Exempt	189	0	0	0	0	189
	<b>Real Property Totals:</b>	<b>6935</b>	<b>5</b>	<b>18</b>	<b>1</b>	<b>9</b>	<b>6968</b>
Personal Property	Commercial	1466	0	0	0	0	1466
	Industrial	49	5	0	0	0	54
	Utility	5	0	0	0	0	5
	<b>Personal Property Totals:</b>	<b>1520</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1525</b>
<b>Parcel County Totals</b>		<b>8455</b>	<b>10</b>	<b>18</b>	<b>1</b>	<b>9</b>	<b>8493</b>

% of Parcel Count: Real v Personal



<sup>1</sup> As authorized by Public Act 198 of 1974.

<sup>2</sup> As authorized by Public Act 346 of 1966.

<sup>3</sup> As authorized by Public Act

<sup>4</sup> As authorized by Public Act 260 of 2003.

## 2020 Assessment Rolls

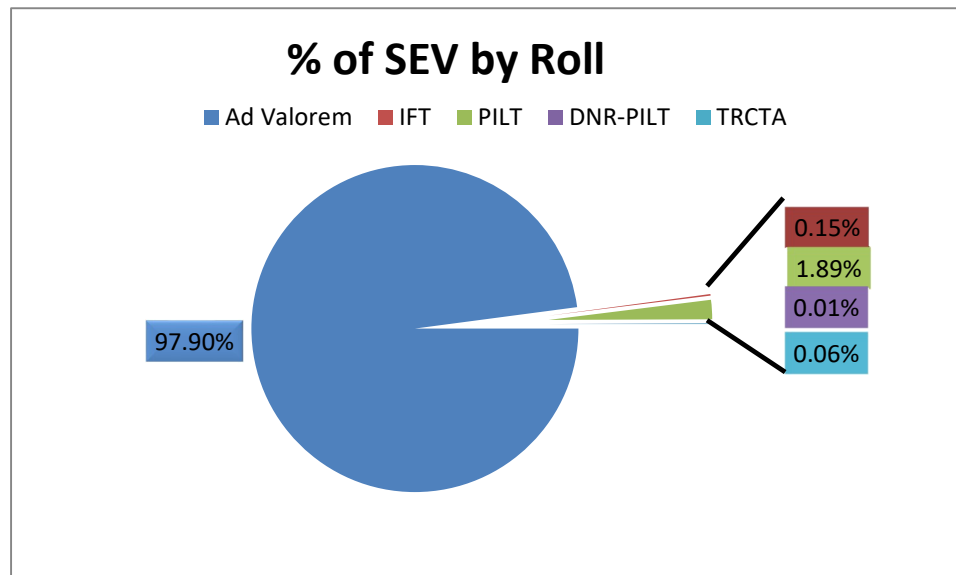
## State Equalized Values

State Equalized Value (SEV) represents an estimate of 50% of the true cash value - or fair market value - of the properties assessed on the roll. The chart below summaries the SEV's by property type, classification and roll.

### 2020 State Equalized Values (SEV)

	Class ↓	Ad Valorem	IFT	PILT	DNR-PILT	TRCTA	Totals
Real Property	Commercial	\$ 460,655,000	\$ -	29,705,800	\$ -	\$ 208,100	\$ 490,568,900
	Industrial	\$ 327,007,400	\$1,480,600	\$ -	\$ -	\$ -	\$ 328,488,000
	Residential	\$ 666,630,300	\$ -	\$ -	\$ 117,200	\$ 775,000	\$ 667,522,500
	Exempt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<b>Real Property Totals:</b>	<b>\$1,454,292,700</b>	<b>\$1,480,600</b>	<b>\$29,705,800</b>	<b>\$ 117,200</b>	<b>\$ 983,100</b>	<b>\$1,486,579,400</b>
Personal Property	Commercial	\$ 48,922,500	\$ -	\$ -	\$ -	\$ -	\$ 48,922,500
	Industrial	\$ 12,892,400	\$ 815,300	\$ -	\$ -	\$ -	\$ 13,707,700
	Utility	\$ 25,127,600	\$ -	\$ -	\$ -	\$ -	\$ 25,127,600
	<b>Personal Property Totals:</b>	<b>\$ 86,942,500</b>	<b>\$ 815,300</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 87,757,800</b>
	<b>SEV Totals</b>	<b>\$1,541,235,200</b>	<b>\$2,295,900</b>	<b>\$29,705,800</b>	<b>\$ 117,200</b>	<b>\$ 983,100</b>	<b>\$1,574,337,200</b>

As the following chart displays, nearly 98% of the Township's assessable property is assessed on the Ad Valorem roll.

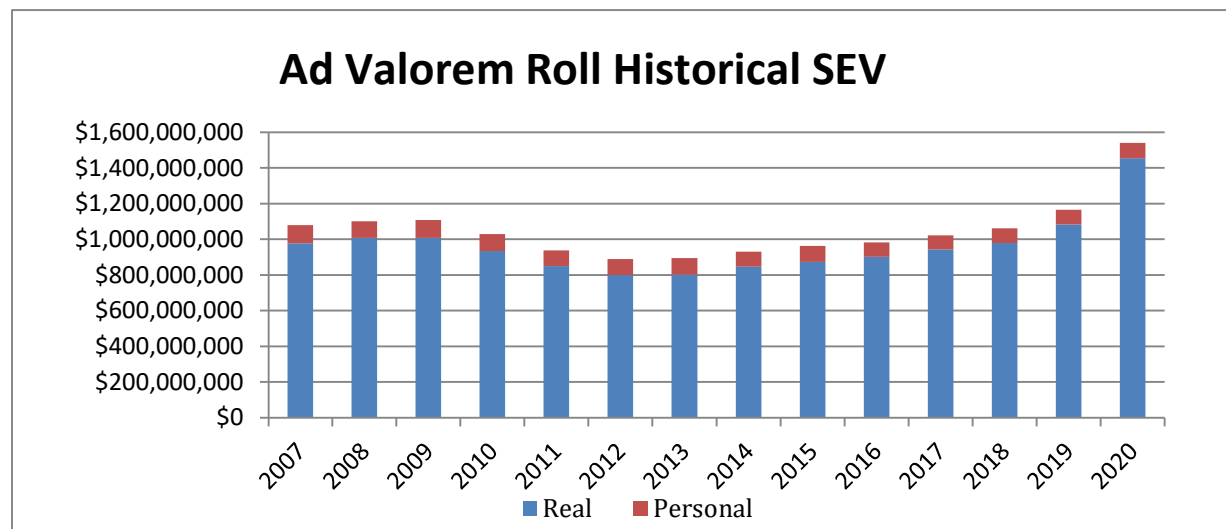


## 2020 Assessment Rolls

## Historical State Equalized Values

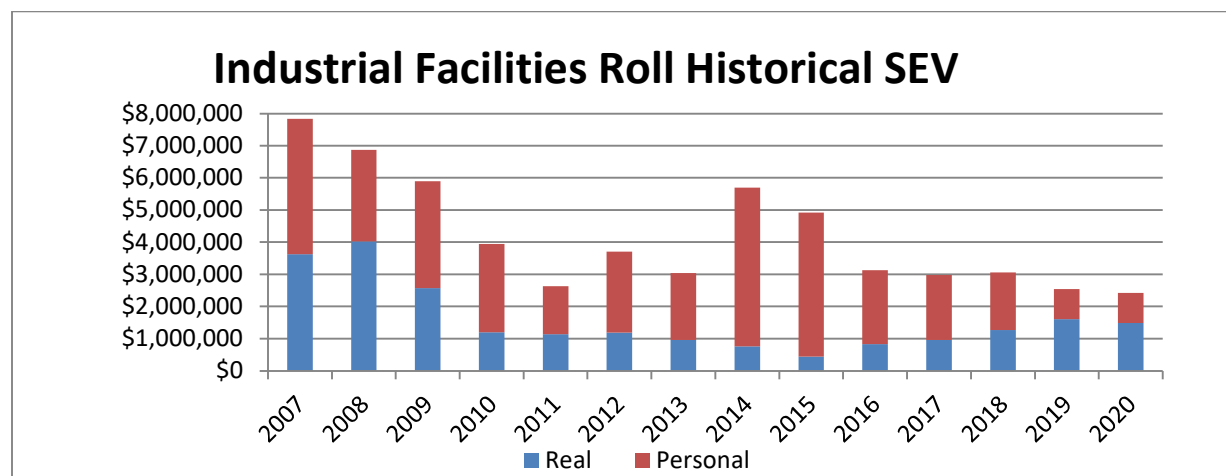
### Ad Valorem Roll

A very strong real estate market increased the Township's SEV for the eighth straight year, and places the 2020 SEV well above the Township's pre-recession high in 2009 by roughly \$450,000,000. While we can safely say that Garfield Township fully recovered from the Great Recession, predicting the next several years could prove to be a challenge due to worldly issues such as COVID-19. This year increases in commercial and residential class real property - both in sales and new construction, were the basis for the significant change in valuation.



### Industrial Facilities Roll

The four Special Acts rolls comprise approximately 2.5% of the Township's 2020 SEV. In the past, the IFT roll has been considered a reliable indicator of the amount of annual private sector investment in industrial real property and industrial machinery and equipment. However, due to the consistent overall decreases due to the phase-in of the Eligible Manufacturing Personal Property Exemption, its reliability may not be what it used to be.



## 2020 Assessment Rolls

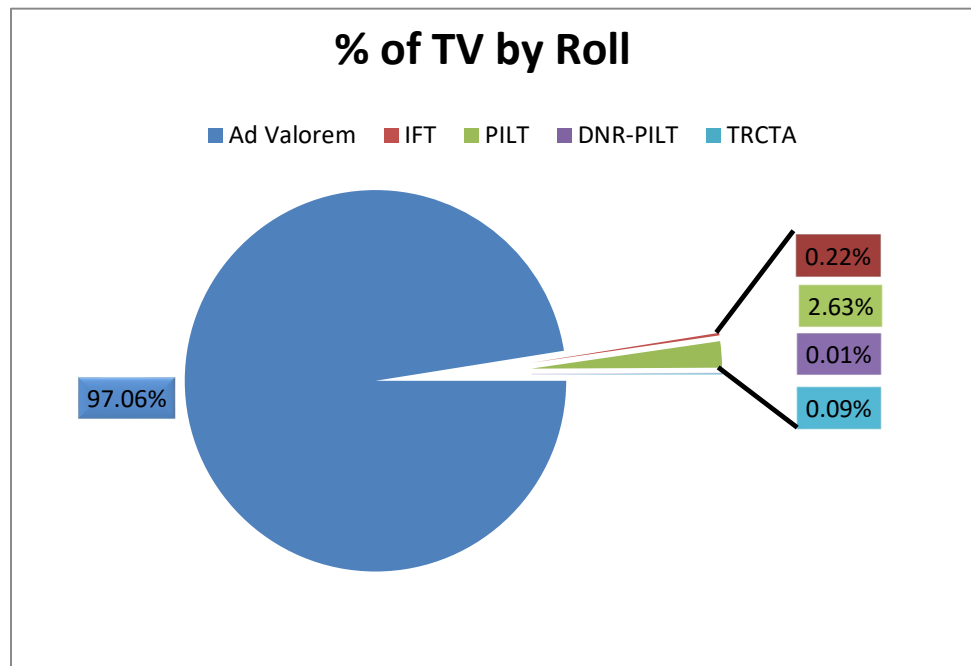
## Taxable Values

Taxable Value (TV) represents the property tax base of the Township. While the State Equalized Value (SEV) is a measure of 50% of the fair market value of property on the roll, the TV is used to calculate property taxes (multiplying TV by the millage rate).

### 2020 Taxable Values (TV)

	Class	Ad Valorem	IFT	PILT	DNR-PILT	TRCTA	Totals
Real Property	Commercial	\$ 354,614,509	\$ -	\$25,744,320	\$ -	\$135,512	\$ 380,494,341
	Industrial	\$ 25,650,921	\$1,228,797	\$ -	\$ -	\$ -	\$ 26,879,718
	Residential	\$ 526,406,785	\$ -	\$ -	\$ 59,320	\$735,530	\$ 527,201,635
	Exempt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<b>Real Property Totals:</b>	<b>\$ 906,672,215</b>	<b>\$1,228,797</b>	<b>\$25,744,320</b>	<b>\$ 59,320</b>	<b>\$871,042</b>	<b>\$ 934,575,694</b>
Personal Property	Commercial	\$ 48,922,500	\$ -	\$ -	\$ -	\$ -	\$ 48,922,500
	Industrial	\$ 12,892,400	\$ 815,300	\$ -	\$ -	\$ -	\$ 13,707,700
	Utility	\$ 25,127,600	\$ -	\$ -	\$ -	\$ -	\$ 25,127,600
	<b>Personal Property Totals:</b>	<b>\$ 86,942,500</b>	<b>\$ 815,300</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 87,757,800</b>
	<b>Taxable Value Totals</b>	<b>\$ 993,614,715</b>	<b>\$2,044,097</b>	<b>\$25,744,320</b>	<b>\$ 59,320</b>	<b>\$871,042</b>	<b>\$ 1,022,333,494</b>

As displayed on the following chart, slightly more than 97% of the Township's tax base is based on the Ad Valorem roll. The percentages of each roll is exactly the same as last year.





## 2020 Assessment Rolls

## Historical Taxable Values

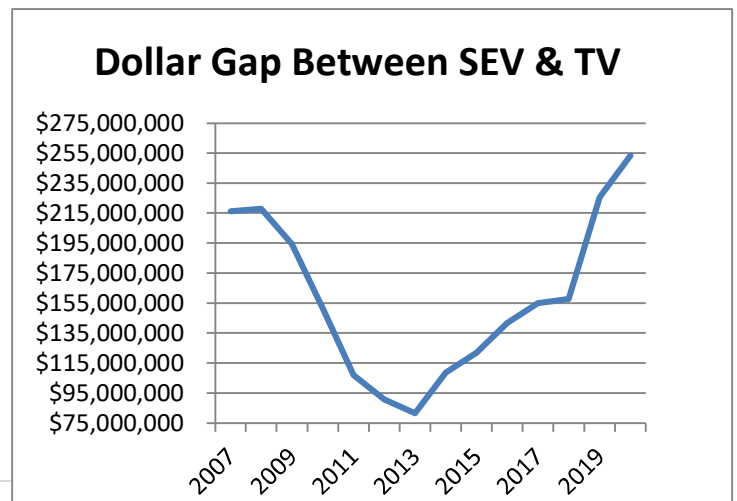
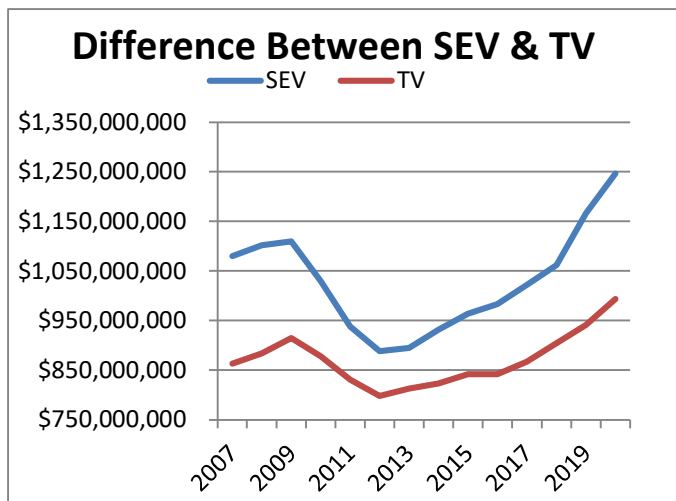
### Ad Valorem Roll

While real property values increased due to the strong real estate market, the increase in taxable value was nearly 10% over 2019 and is a new record high for Garfield Township. This, again, is a result of new construction and sales – where the property uncaps the year following a sale. As with SEV, future TVs may not be as easy to predict due to the volatility that has arisen in markets following the nationwide shutdown that began in March, 2020.

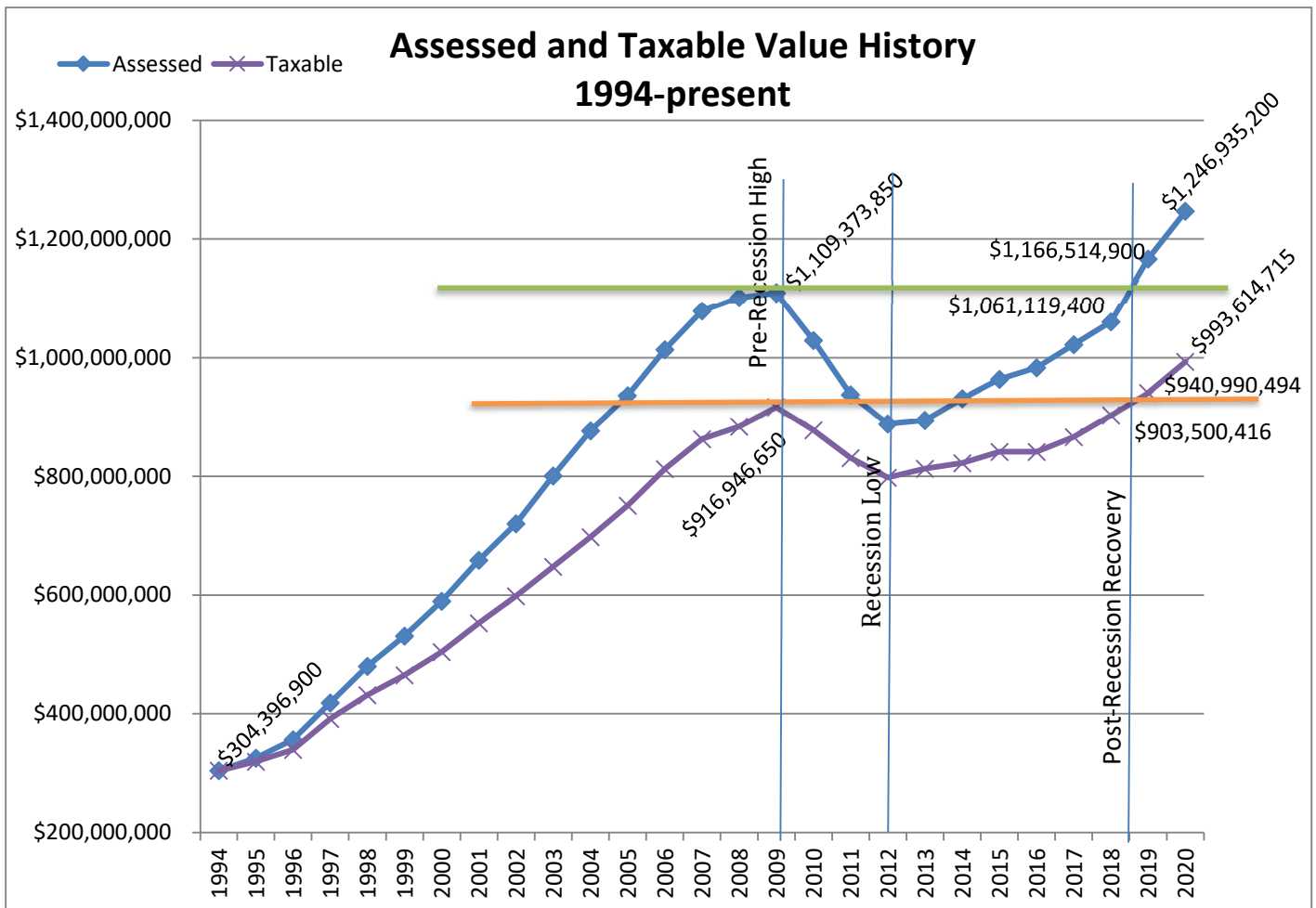


### Ad Valorem TV vs SEV

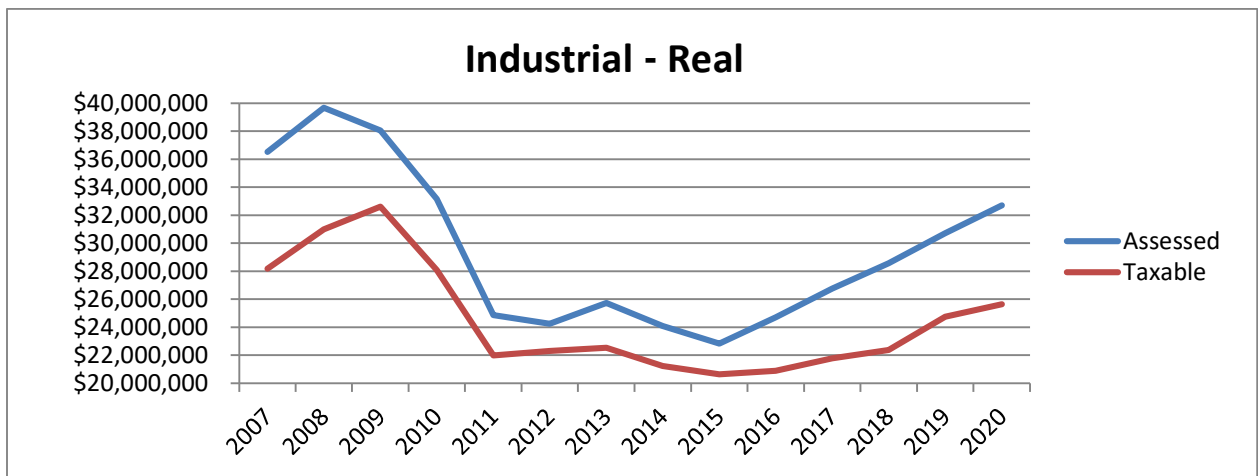
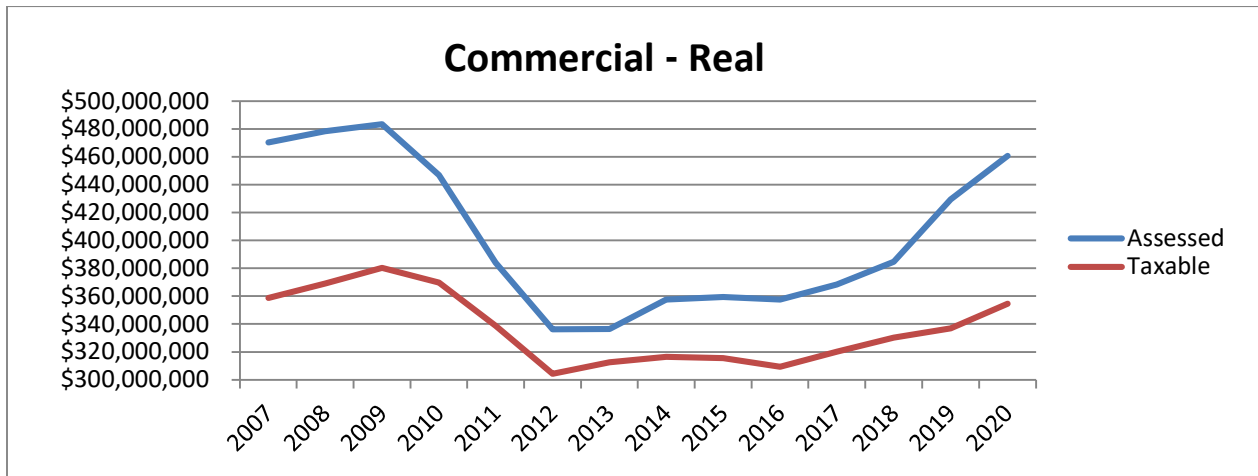
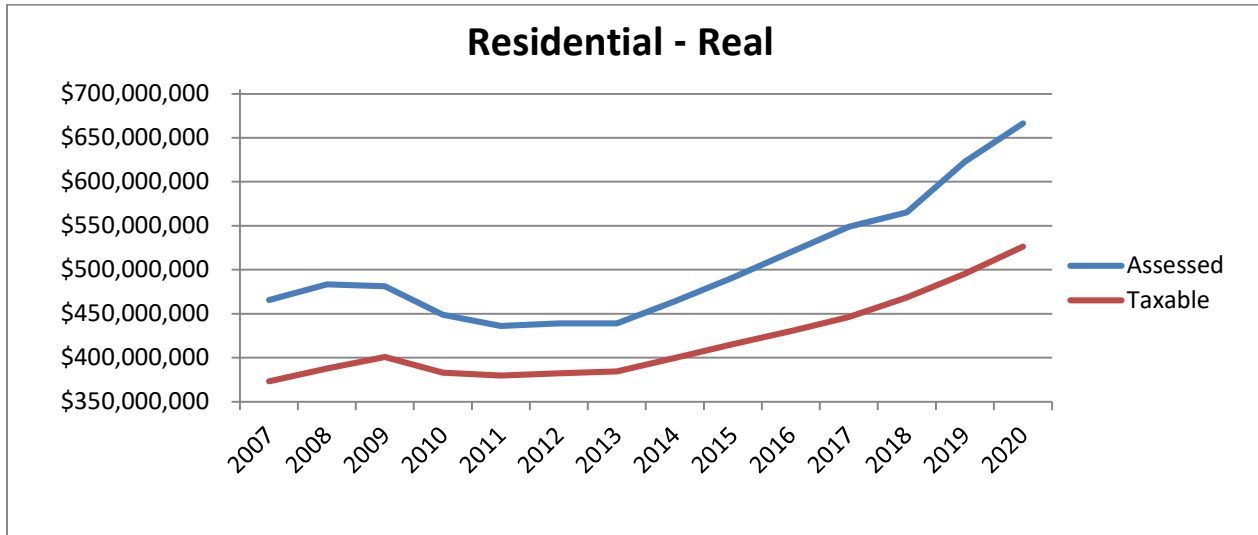
The relationship of Taxable Value to State Equalized Value provides insight into the limiting effects of Proposal A. The graph below displays the gap between TV and SEV. The gap represents the loss in the property tax base due to the capping provisions contained in Proposal A. While this gap narrowed significantly with the loss in property value during the Great Recession, it once again continues to widen and is currently close to \$255,000,000.



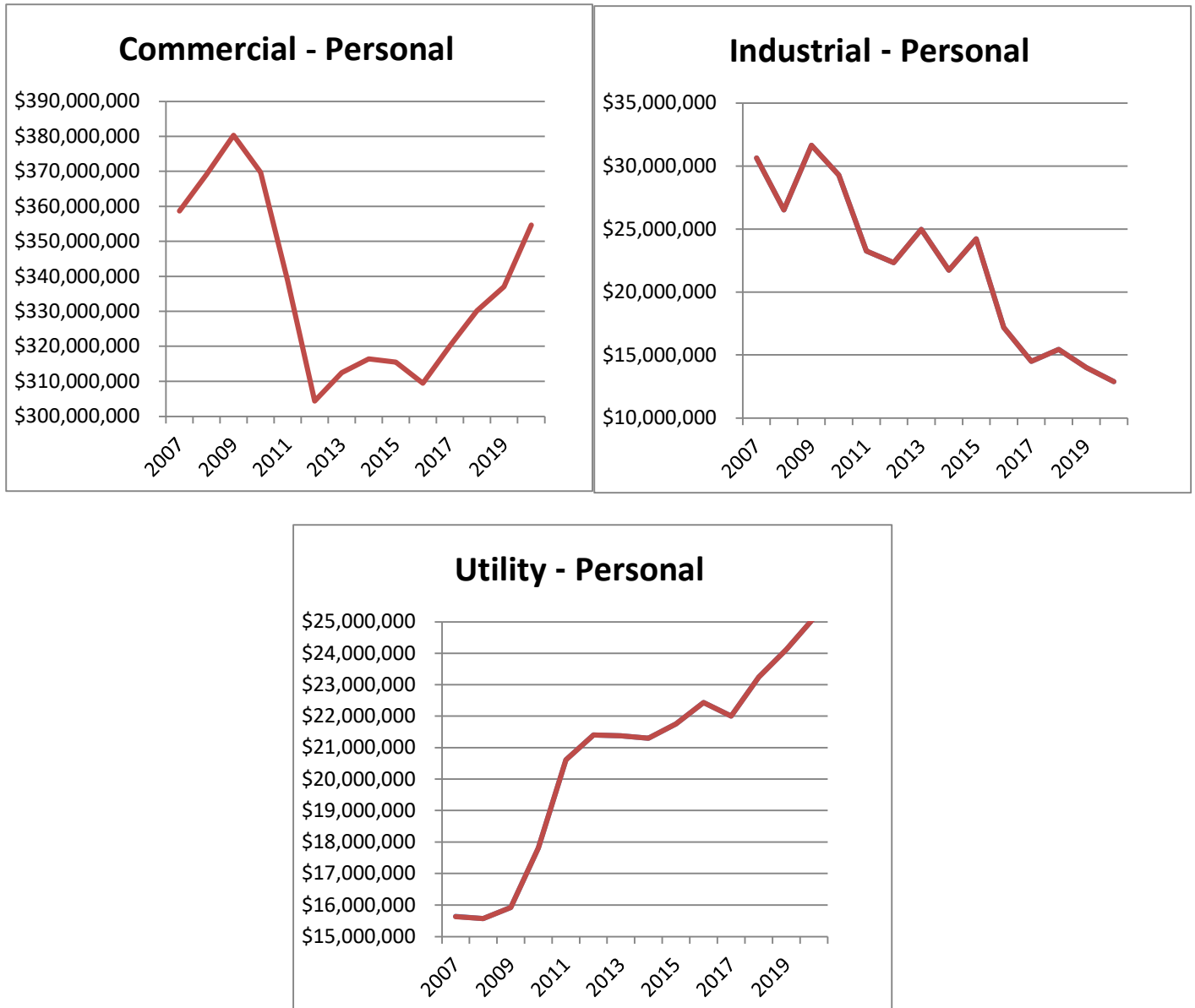
To further illustrate what has happened to both SEV and TV since the onset of Proposal A, the following graph shows the gap since 1994. And, although both SEV and TV recovered midway through 2019, it can be concluded that SEV continues to rise faster than TV creating the funding gap discussed on the previous page.



### Ad Valorem Assessed & Taxable Comparisons by Class

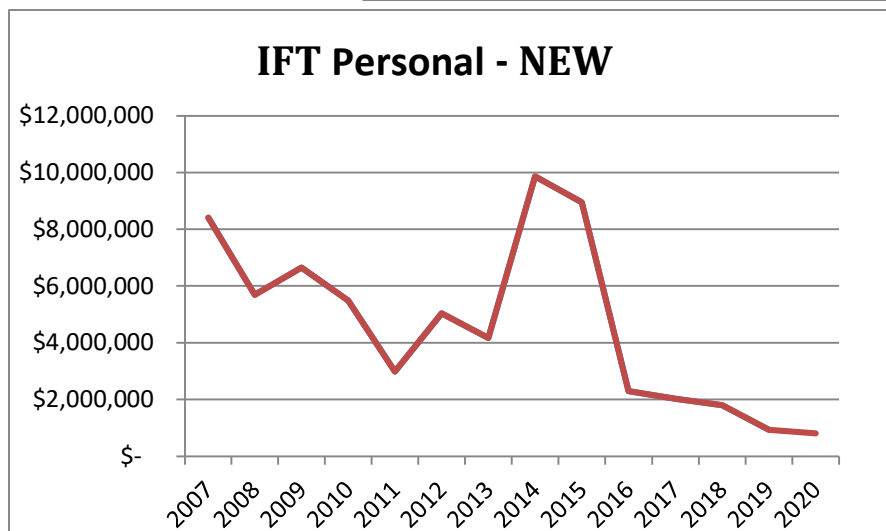
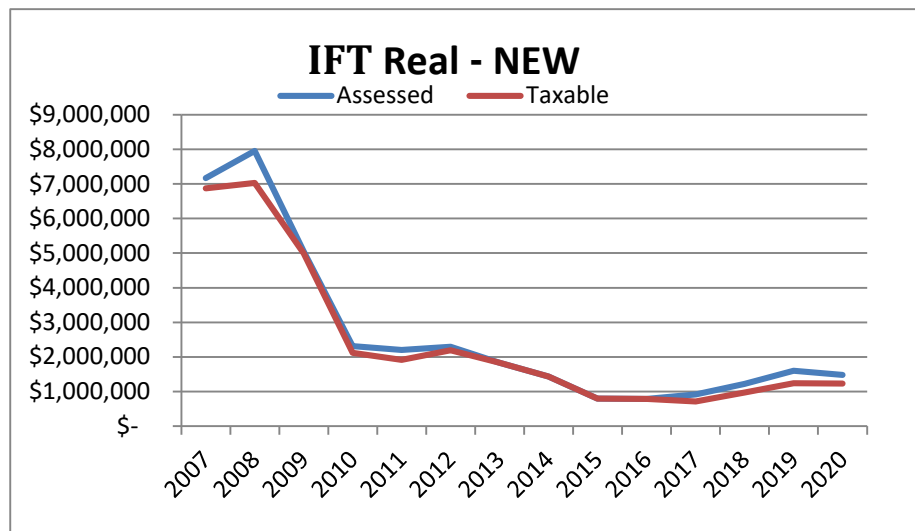
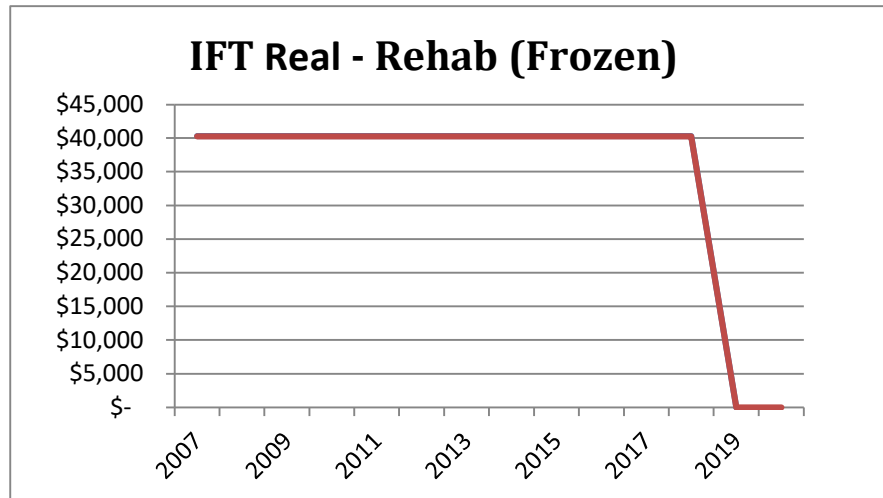


Where only one line is depicted on the following charts, the AV and TV are the same.



**Special Acts Rolls - Assessed & Taxable Comparisons**

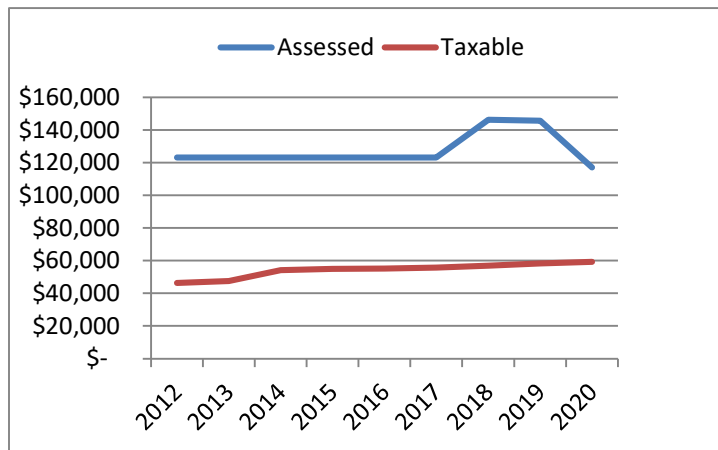
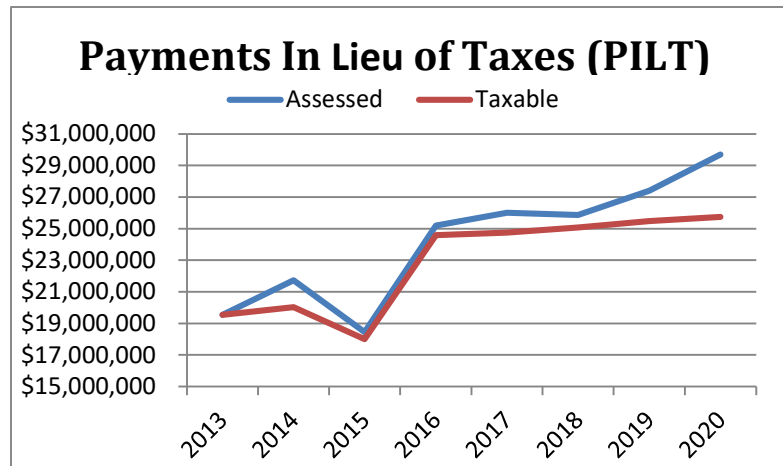
**Industrial Facilities (IFT) Roll**



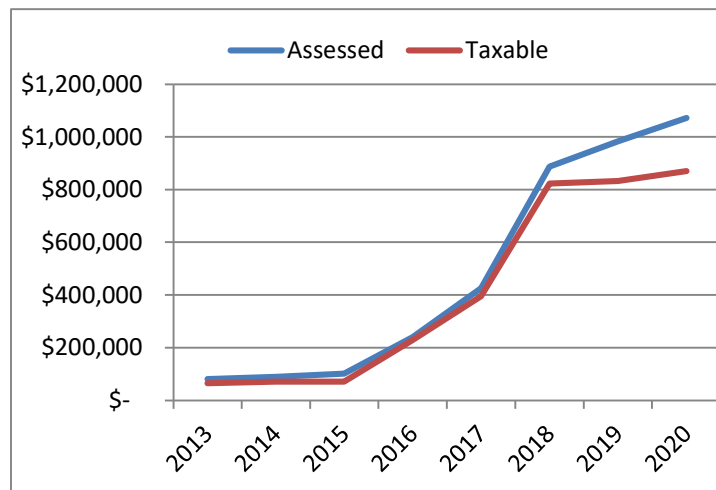
## Payments In Lieu of Taxes (PILT) Roll

Prior to 2013, none of the Exempt or PILT roll properties had values assigned to them nor were there sketches or photos of exempt buildings. Every parcel should have sketches, photos and a value assigned. There are several reasons for this: 1) it is required by the STC as part of the annual assessment review process; 2) if an exempt property sells to a private individual or

company, there is a value that can be put on the roll; and 3) should a disaster occur, the assessing database can be used to assist in the determination of the dollar value of loss to all properties. All of Garfield Township's Exempt and PILT properties have been reviewed in the field since 2013, have sketches of both land and buildings and recent photos.



## County Land Bank Sales (TRCTA) Roll



**Headlee Millage Reduction Fraction**

In 1978, Michigan voters approved the "Headlee" tax limitation amendments to the Michigan Constitution of 1963 (Article IX, Sections 24 - 34). Often referred to as the "Headlee Rollback", this constitutional amendment requires a local unit of government to reduce its millage when annual growth on existing property is greater than the rate of inflation. As a consequence, the Township's millage rate is "rolled back" so that the resulting growth in Township property tax revenue does not exceed the rate of inflation. This is accomplished through the use of the "Headlee" Millage Reduction Fraction (MRF).

Another amendment to the Michigan Constitution, known as Proposal A of 1994, requires the taxable value of an individual property to be capped by the rate of inflation, with the exception of properties which transfer ownership. For those properties that experienced a transfer of ownership in the previous year, the taxable value is "uncapped" and the taxable value becomes equal to the State Equalized Value (SEV). When the overall growth in taxable value exceeds the rate of inflation, a millage reduction fraction must be applied to the Township's millage rates.

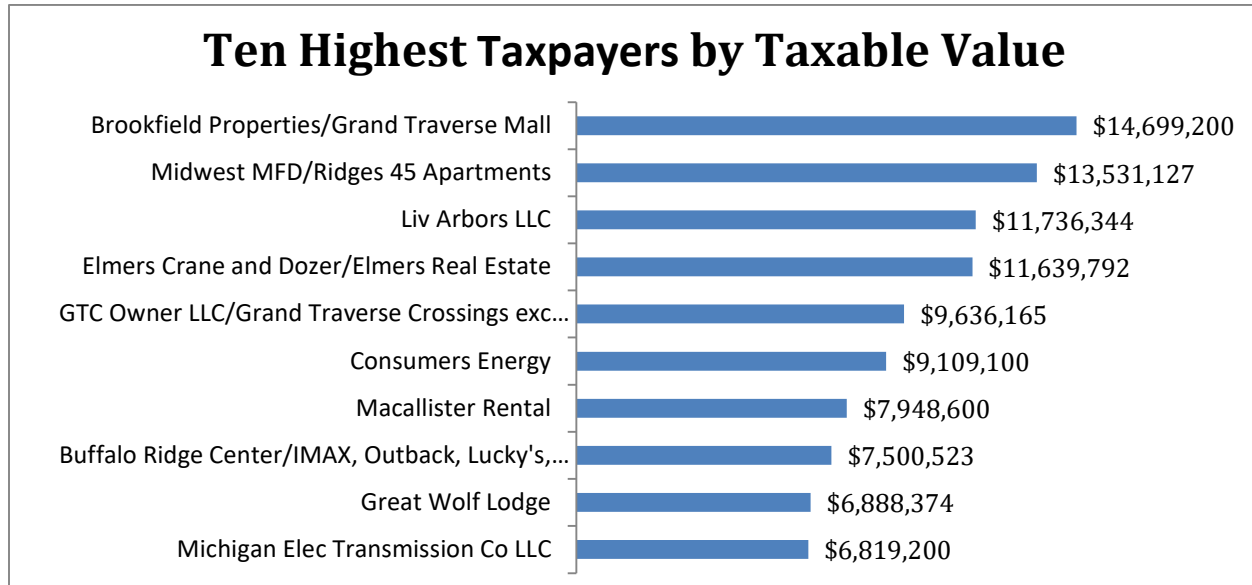
For tax year 2020, the inflation rate multiplier of 1.019, along with the "uncapping" of taxable value in an active real estate market, has resulted in the Township's total taxable value rising faster than the rate of inflation over 2019.

The Township's millage reduction fraction is calculated by the assessor and estimated to be 0.9962 for the 2020 tax year. This multiplier is applied to the Township's 2020 permanently reduced authorized millage rates. Depending on the calculated factor, the multiplier may or may not reduce the maximum allowable millage rate the Township is able to levy in 2020 and forward. Due to this factor being 0.9962, the 2020 maximum authorized millage rate is estimated to be 4.5237.

While the Township is allowed, by Law, to levy 4.5237 mills, it has not levied more than 3.3584 (in 2006 and 2007) since at least the onset of the Headlee amendment in 1978. The Garfield Township Board has reduced millage rates three times since 2007 and has levied 2.0000 mills from 2015 through 2019. While it is highly unlikely, should the Township need to return to the charter authorized millage of 5.000 mills at some time in the future, a vote by the electors would be required.

**All Rolls**

The 2020 taxable values of the Township's ten largest taxpayers are listed in the following chart. The total taxable value includes both real and personal property from all assessment rolls.



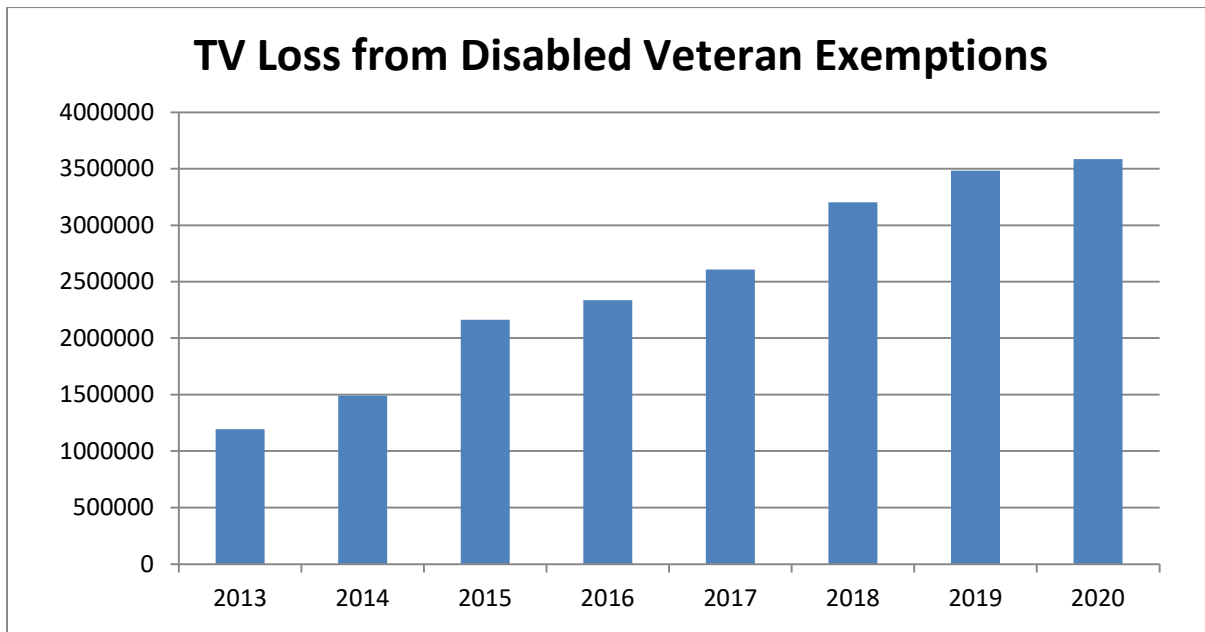
This chart looks a bit different than it did last year, though the Grand Traverse Mall is still at the top. Midwest MFD, the developers of the Ridges 45 Apartments, have moved from #5 to #2 due to their continued construction on LaFranier Road. With several more buildings in the works, they could surpass the Mall next year. Elmers Crane & Dozer/Elmers Real Estate dropped two spots from #2 to #4. The Grand Traverse Crossings went down one spot – due to selling off the Walmart store. And, this year, new to the Top Ten is Macallister Rental – starting out at #6 and kicking the Fox Auto Dealers right off the list. Buffalo Ridge Center, the Great Wolf Lodge and METC all moved down one spot to fill #8 through #10, respectively.



## **Exemptions**

### ***Disabled Veteran Exemptions***

In 2013, the State Legislature passed Public Act 161, which provides a property tax exemption on the homestead of honorably discharged veterans of the United States Military who are 100% disabled. This chart shows the loss in taxable value due to these exemptions since the creation of the exemption.



The State Tax Commission requires the disabled veteran to file annually for this exemption with the March, July or December Board of Review. As more veterans move into the area and learn of this program, the number of exemptions granted has risen from 17 in 2013 to 41 in 2019. To date, 38 exemptions have been granted for 2020, resulting in a total of \$3,586,563 in taxable value loss.

During 2019, 7 new Public Acts affecting property tax administration were passed by the Legislature. The most significant is PA 660, better known as Assessing Reform, was introduced in April, 2018, and went through a unique process of gathering input from all stakeholders before a workgroup gathered several times to come to an agreement on the language to be included in the bill. As the 2018 President of the Michigan Assessors Association, I did a significant amount of work on this legislation and was involved in the workgroup meetings to arrive at what was finally passed.

**PA 23 of 2019 – Amends Land Division Act (effective 9/16/19)**

As a condition of approval for any proposed division of a parcel or tract of land, the Land Division Act requires one or both of the following:

- Payment of all property taxes and special assessments due on the parcel or tract for the preceding five years, established by a certificate from the county treasurer;
- Apportionment of unpaid property taxes and special assessments by the assessing officer overseeing the division.

The act intends to avoid the confusion concerning who has responsibility for paying the outstanding property taxes on a large parcel of land that a seller desires to divide into smaller, separate parcels.

**PA 35 of 2019 – effective June 26, 2019**

Eliminates sunset on the authority of county treasurers to enter tax foreclosure avoidance agreements.

- Available for property that has a principal residence exemption from the tax levied by a school district for operating purposes is eligible.
- Available to financially distressed persons who:
  - Holds title; and
  - Is not delinquent in satisfying a delinquent property tax installment plan
- Also available for industrial real property that is occupied at less than 10% of its facility for more than 3 years and is located in a county with a population of more than 1,500,000.

**PA 44 of 2019 – Modifies the effective date of certain commercial rehabilitation exemptions (effective retroactively to 12/31/17)**

Modifies commercial rehabilitation certificates under certain circumstances:

- If the application was approved by the qualified local governmental unit before October 31 of a given year but was not forwarded until after October 31, but before October 31 of the next year, December 31 of the year the application was approved by the local unit will be the effective date.
- Enacted to address the Ferris Wheel Building in Flint.

**PA 116 of 2019 – Alternative Energy Personal Property Exemption (effective 11/15/19)**

Amends the General Property Tax Act to:

- Specify that installing, replacing or repairing an alternative energy system (without regard to ownership) with a generating capacity of not more than 150 kilowatts would be considered normal maintenance if it were not part of a structural addition or completion for purposes of determining a property's taxable value.
- Allow purchasers to file with the assessor 2 copies of a purchase agreement or of an affidavit (prescribed by the state tax commission) that identifies the amount, if any, for each item listed as personal property.

**PA 117 of 2019 – Excludes solar panels on residential real property from assessment of true cash value (effective 11/15/19)**

This Bill was tie barred to PA 116, above.

**PA 118 of 2019 – Modifies the exemption of alternative energy personal property (effective 11/15/19)**

The exemption of alternative energy personal property from taxes applies to:

- Taxes levied on alternative energy personal property after December 31, 2002 and before January 1, 2013;
- Taxes levied on:
  - An alternative energy system;
  - An alternative energy vehicle;
  - All personal property of an alternative energy technology business;

- The personal property of a business that is not an alternative energy business that is used solely for the purpose of researching, developing or manufacturing an alternative energy technology;

After the effective date, without regard to ownership of the alternative energy personal property, IF:

- The alternative energy personal property has a generating capacity of not more than 150 kilowatts and is used solely to offset all or a portion of the commercial or industrial energy usage of the person upon whose real property the alternative energy personal property is located; AND
- If installed after the effective date of the amendatory act that added this subparagraph, the alternative energy personal property has a true cash value that, when combined with the true cash value of all personal property exempt under section 90 as eligible personal property of the person claiming the exemption under this section or a related entity, equals less than \$80,000.00.

**PA 129 of 2019 – Modifies the individuals allowed to accept property tax payments (effective 11/21/19)**

Allows a township treasurer to appoint a designee to act on his or her behalf for tax collection purposes under certain conditions.

- Under the GPTA, the treasurer of a township must remain in his or her office “at some convenient place in the township” from 9am to 5pm to receive taxes for the township during the following days:
  - At least one business day between December 25 and December 31, unless the township has a special arrangement with a local financial institution to receive taxes on its behalf.
  - The last day that taxes are due and payable before being returned as delinquent.
  - The last day that taxes are due and payable for a summer tax levy before interest is added.
- This act allows the township treasurer to appoint a designee to take his or her place at the office during these times. A designee may be a deputy treasurer or other individual on behalf of the township treasurer in compliance with section 43 of the act who serves the township as an employee or elected official. A designee must be approved by the township board.

Each year, the Assessing Department studies the real estate market to estimate the adjustments in property values for the next year. They, along with the County Equalization Department, review every sale to determine whether it is representative of the market - known as an Arm's Length transaction. Once the sales have been evaluated, staff calculates the sales ratio [assessed value at the time of sale divided by the sales price] for each sale as well as the total sales ratio for each class. This analysis determines the overall level of assessment in each property class. The ratios calculated indicate whether property is assessed at 50%, below 50% - requiring an increase, or above 50% - indicating a decrease.

**Preliminary Residential Sales Study Indications**

A preliminary two-year sales study indicates an estimated 4.68% increase on 2020 State Equalized Values in the residential class. This two-year study, as required by the State Tax Commission, includes sales from April 1, 2018, through March 31, 2020, and is used to determine values for 2021. This sales study period was revised by the State Tax Commission, as published in STC Bulletin 9 of 2017, issued on June 6, 2017.

**Preliminary Commercial Sales Study Indications**

A preliminary two-year sales study shows a minimal increase of 2.46% on 2020 State Equalized Values for property in the commercial class. This two-year study, as required by the State Tax Commission, includes sales from April 1, 2018, through March 31, 2020, and is used in determining 2020 values. As with all sales studies, this study period was revised by the State Tax Commission, as published in STC Bulletin 9 of 2017, issued on June 6, 2017.

**Preliminary Industrial Sales Study Indications**

There have been seven (7) actual industrial sales in the preliminary two-year sales study, which indicate an increase estimated at 4.8% for industrial properties on the 2020 State Equalized Values. This two-year study includes sales from April 1, 2018, through March 31, 2020, which is required by the State Tax Commission and is used in determining values for the 2020 assessment roll. Typically, due to a limited number of sales in the industrial class, the Grand Traverse County Equalization Department performs appraisal studies to determine the assessment ratio for this property class. Results of the appraisal study are not typically available until December, each year. It is highly probable that this year's Industrial study will be a combination of the sales and appraisal studies.

### **Uncertainty Due to COVID-19**

On March 10, 2020, the Governor declared a State of Emergency due to the onset of the COVID-19 pandemic. In the days and weeks that followed, many Executive Orders were made, including on March 24, 2020, the “Stay Home, Stay Safe” order. This closed all non-essential businesses, as well. Since then, the order has been extended multiple times – the current order expires June 12, 2020.

While the majority of cases of this virus were in Southeast Michigan, all of the state has been affected.

In Garfield Township, and the surrounding area, the majority of businesses are service-oriented – restaurants, retail, hotels/motels, hair salons, etc. Many people were laid off due to the pandemic, and others simply lost their jobs. And, while the Federal government attempted to help with stimulus payments, the effects of these job losses may not be seen for a while.

We do not know, at this point, whether there will be a “recession”, or if there is – will it be short-term or long-term? We don’t know if there will be an increase in foreclosures, as happened during the Great Recession. We don’t know how many businesses have been, or will be, permanently closed – which will affect area employment (another unknown). And, the biggest thing we don’t know is if there will be another wave of Corona virus or how widespread it may become.

What is known is, here in Garfield Township, our real estate sales have remained strong throughout this event. From April 1<sup>st</sup> through May 15<sup>th</sup>, 2020, there have been 30 residential and 7 commercial sales. Compare that to April 1 – May 15, 2019, when there were 37 residential and 5 commercial sales. Residential sales were a bit less than last year, which one would expect given that real estate offices were working remotely from home, since we were under orders to Stay Home and practice social distancing. Continued real estate transactions is a positive sign.

Thankfully, things are beginning to open up again. People are going back to work. And we are all adjusting to a “new normal” in terms of how we interact and do business. Only time will tell how this pandemic will affect real estate sales and values in the area. But, don’t worry – we will be watching and studying the market closely, and making adjustments to values for next year as the market dictates and adjustments are warranted.