



## Property Tax Guide



## City of Farmington Hills Assessor's Office

31555 Eleven Mile Road  
Farmington Hills, MI 48336

248-871-2470

[www.fhgov.com](http://www.fhgov.com)

## UNDERSTANDING PROPERTY ASSESSMENT & TAXES

The Assessing Division is responsible for keeping record of and valuing all properties located within the City boundaries. All properties are identified and described by parcel identification number, a legal description and address. Each property's information is public record and can be viewed in the City Assessor's Office and on the City website at [www.fhgov.com](http://www.fhgov.com) at Departments & Services/Finance/Assessing/Search Property Record Information.

It is recommended, and the responsibility of owners, to verify the information on their record card. The assessed value of a property represents 50% of the market value. Similar properties are uniformly assessed in maintained condition by analyzing a 24-month period of sales.

The Assessing Division inspects and updates properties annually. The State Tax Commission recommends that approximately 20% of the properties in each municipality should be reviewed each year. An appraiser from the City's Assessing Division may visit your property to review exterior information.

Annual Notices of Assessment are sent to all property owners in February. This notice explains the proposed changes to your property valuation, classification, principal residence exemption status, transfer status, and appeal rights. Please review this notice and contact the Assessing Division at 248-871-2470 if you have any questions. To review a sample notice, go to [www.fhgov.com](http://www.fhgov.com)

## NEW HOMEOWNERS & SELLERS

Congratulations on your purchase! During this exciting time, you will be learning about your property and your neighborhood. One very important item to address is the notification of your purchase to the City of Farmington Hills. At your closing, your title company should have provided you with two forms. The first form is the **Property Transfer Affidavit**, which is required by Michigan law to be filed with the Assessing Division within 45 days of your purchase or you may be subject to a fine. This form notifies the City of the change of ownership of a property and allows the City to update the records. Some changes in ownership may be exempt from uncapping. This form is used to claim such exemptions.

The second form is for residential properties only, is a **Homeowner's Principal Residence Exemption Affidavit** (formerly known as a homestead exemption). To be eligible for this exemption, the owner of the property must reside in the home as their principal residence as defined by law. The Homeowner's Principal Residence Exemption (PRE) exempts you from a portion of the school operating tax. This form should not be filed if the owner is not occupying the property as their principal residence.

When moving, remember to file the **Request to Rescind Principal Residence Exemption (PRE)**. This form is required to be filed if you have claimed the home as your principal residence and are no longer "owning or occupying." If you move out before selling, you are required to file effective as of your move out date. State law requires that the form is filed within 90 days of no longer qualifying for the exemption.

## COMMON TERMINOLOGY

**ASSESSED VALUE** – Approximately 50% of your property's true cash value. The assessed value can increase or decrease annually based on the real estate market.

**CAPPED VALUE** – The limit on the amount of the taxable value on a property. This value considers the prior year's taxable value, the rate of inflation, and any losses or additions to a property.

**CAPPED VALUE FORMULA** = Previous year's taxable value - losses x inflation rate multiplier  
Consumer Price Index (CPI) + additions.

**CLASSIFICATION** – This categorizes your property by type of use. This may be different than the zoning of a property.

**INFLATION RATE MULTIPLIER (IRM)** – A statutory required calculation by the State of Michigan that is calculated using the monthly values of the U.S. Consumer Price Index (CPI).

**MILLAGE RATE** – The rate of taxation approved by voters of a particular district, city, state, or county.

**PRINCIPAL RESIDENCE EXEMPTION (PRE)** – An exemption from a portion of the school operating tax if you own and occupy a home as your principal residence, formerly known as homestead. This exemption must be claimed in writing by filing Form 2368 Homeowner's Principal Residence Exemption Affidavit.

**PROPERTY TAX CALCULATION** = Taxable value x millage rate/1000.

**STATE EQUALIZED VALUE (SEV)** – The assessed value after the assessment roll has been reviewed by the county and state. The county and state ensure uniformity of assessed values to be at 50% of the market value.

**TAXABLE VALUE** – The lesser of the assessed value and the capped value. Taxable value is always the assessed value the year after a nonexempt transfer of ownership.

**TRANSFER OF OWNERSHIP** – When a change of ownership of a property occurs. This can be done by deed or land contract.

**TRUE CASH VALUE (TCV)** – The usual selling price negotiated between a willing seller and a knowledgeable buyer as unrelated parties and without duress. Also known as market value.

**UNCAPPING** – When the taxable value is set equal to the assessed value due to a transfer of ownership on a property.

# Understanding Your Assessment Notice

Annually, in February an Assessment Change Notice is sent to all property owners. This notice advises owners of the proposed changes in your property's values, current classification, exemption and transfer status along with your appeal rights. This document should be annually reviewed by owners.

Michigan Department of Treasury,  
10/19 (Rev. 12-22)

## THIS IS NOT A TAX BILL

L-4400

### Notice of Assessment, Taxable Valuation, and Property Classification

This form is issued under the authority of P.A. 206 of 1993, Sec. 211.24 (c) and Sec. 211.34c, as amended. This is a model assessment notice to be used by the local assessor.

FROM CITY OF FARMINGTON HILLS ASSESSORS OFFICE 31555 W. ELEVEN MILE RD. FARMINGTON HILLS, MI 48336 TEMP-RETURN SERVICE REQUESTED	PARCEL IDENTIFICATION PARCEL NUMBER: PROPERTY ADDRESS:
--	--

NAME AND ADDRESS OF OWNER OR PERSON NAMED ON ASSESSMENT ROLL:	<b>PRINCIPAL RESIDENCE EXEMPTION</b> % Exempt As "Homeowners Principal Residence": 100.00% % Exempt As "Qualified Agricultural Property": .00% % Exempt As "MBT Industrial Personal": .00% % Exempt As "MBT Commercial Personal": .00% Exempt As "Qualified Forest Property": <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Exempt As "Development Property": <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
---	---

ACCORDING TO MCL 211.34c THIS PROPERTY IS CLASSIFIED AS: 401 (RESIDENTIAL-IMPROVED)  
 PRIOR YEAR'S CLASSIFICATION: 401 (RESIDENTIAL-IMPROVED)

	PRIOR AMOUNT YEAR: 2022	CURRENT TENTATIVE AMOUNT YEAR: 2023	CHANGE FROM PRIOR YEAR TO CURRENT YEAR
1. TAXABLE VALUE (Current amount is tentative):	64,740	67,970	3,230
2. ASSESSED VALUE:	87,580	103,620	16,040
3. TENTATIVE EQUALIZATION FACTOR: 1.000			
4. STATE EQUALIZED VALUE (Current amount is tentative):	87,580	103,620	16,040
5. There WAS/WAS NOT a transfer of ownership on this property in 2022.	WAS NOT		

The 2023 Inflation rate Multiplier is: 1.05

Assessor Change Reason:

Questions regarding the Notice of Assessment, Taxable Valuation, and Property Classification may be directed to the Following:

Name:	Phone:	Email Address:
-------	--------	----------------

March Board of Review Appeal Information:

### Basis for Change in Assessed/Taxable Values

**Statutory Change of Taxable Value**  
 Maximum 5%  
 Plus property changes\*

**See Reverse Side for Additional Information.**

### Board of Review Information

If you believe your assessed value is incorrect, you may appeal to the Board of Review. This is the only time of year allowed by Law to appeal. Protests to the Board of Review can be done in person by appointment or in writing. Please pay attention to the deadlines listed on this notice. When appealing you should provide any evidence you feel will support your claim to value.

### Do You Have a Principal Residence Exemption?

Having a principal residence exemption reduces the amount of school operating millage you pay. You must own and occupy the property to qualify.

### What is Property Classification?

Property is classified according to its primary use. Typical classes of property are Residential, Commercial, Industrial, Agricultural and Personal Property. If you feel that your property is misclassified, you may appeal the classification to the Board of Review.

### Change in Value from Prior Year.

This is not the change in your taxes. It is the change from prior year to current year.

### Assessed Value and Taxable Value

Assessed Value is equal to 50% of the market value of your property. Taxable Value is the product of the previous year's Taxable Value increased by the Consumers Price Index unless there were physical changes to the property. The Taxable Value can never be higher than the Assessed Value.

$$(Prior\ Year\ Taxable\ Value - Losses) \times CPI + Additions^*$$

### Did You Purchase the Property Last Year?

If you purchased this property in the previous calendar year, the Assessed and Taxable Values should be equal as required by State law.

## **Guidance regarding Form 1019, Notice of Assessment, Taxable Valuation, and Property Classification**

Not less than 14 days before the first meeting of the Board of Review, the assessment notice shall be mailed to the property owner.

Property taxes are calculated based on the Taxable Value (Line 1). State Equalized Value is the Assessed Value multiplied by the Equalization Factor, if any. State Equalized Value must approximate 50% of market value.

The Taxable Value number entered in the "Change from Prior Year to Current Year" Column, does not indicate a change in your taxes. The change in your tax bill is estimated above Line 1.

State Equalized Value is the Assessed Value multiplied by the Equalization Factor, if any. State Equalized Value must approximate 50% of market value.

**IF THERE WAS A TRANSFER OF OWNERSHIP** on your property in 2022, your 2023 Taxable Value will be the same as your 2023 State Equalized Value.

**IF THERE WAS NOT A TRANSFER OF OWNERSHIP** on your property in 2022, your 2023 Taxable Value is calculated by multiplying your 2022 Taxable Value by 1.05 (**Inflation Rate Multiplier** for the current year). Physical changes in your property may also increase or decrease your Taxable Value. Your 2023 Taxable Value cannot be higher than your 2023 State Equalized Value.

**The Taxable Value, the Assessed Value, the State Equalized Value, the Property Classification, or the Transfer of Ownership may be appealed by filing a protest with the Local Board of Review. Protests are made to the Board of Review by completing a Board of Review Petition Form. A Petition Form may be obtained directly from the local unit or from the Michigan Department of Treasury's website at [www.michigan.gov/taxes](http://www.michigan.gov/taxes). Click on the "Property Taxes" box, select "Forms and Instructions," then click on "Board of Review" to obtain a "Petition to the Board of Review," Form 618 (L-4035).**

The denial of an exemption from the local school operating tax for "qualified agricultural properties" may be appealed to the local Board of Review. The denial of an exemption from the local school operating tax for a "homeowner's principal residence" may be appealed to the Michigan Tax Tribunal by the filing of a petition within 35 days of issuance of this notice. The petition must be a form approved by the Michigan Tax Tribunal, which are available at [www.michigan.gov/taxtrib](http://www.michigan.gov/taxtrib).

Filing a protest with the Board of Review is necessary to protect your right to further appeal valuation and exemption disputes to the Michigan Tax Tribunal and classification appeals to the State Tax Commission. Properties classified Commercial Real, Industrial Real or Developmental Real may be appealed to the regular March Board of Review or to the Michigan Tax Tribunal by filing a petition by May 31. Commercial Personal, Industrial Personal, or Utility Personal Property may be appealed to the regular March Board of Review or to the Michigan Tax Tribunal by filing a petition by May 31 if a personal property statement was filed with the local unit prior to the commencement of the Board of Review as provided by MCL 211.19, except as otherwise provided by MCL 211.9m, 211.9n and 211.9o. The petition must be a form approved by the Michigan Tax Tribunal, which are available at [www.michigan.gov/taxtrib](http://www.michigan.gov/taxtrib).

To claim a PRE, complete the "Principal Residence Exemption Affidavit" (Form 2368) and file it with your township or city of the year of the claim. A valid affidavit filed on or before June 1 allows an owner to receive a PRE on the current year summer and winter tax levy and subsequent tax levies so long as it remains the owner's principal residence. A valid affidavit filed after June 1 and on or before November 1 allows an owner to receive a PRE on the current winter tax levy and subsequent tax levies so long as it remains the owner's principal residence.



## **FREQUENTLY ASKED QUESTIONS**

### **HOW IS MY ASSESSED VALUE CALCULATED?**

All assessed values are calculated according to the State Tax Commission standards and Michigan law. This value is shown as the State Equalized Value or SEV on your tax statement. It is a mass appraisal technique that uses the current cost to replicate your house and then depreciates that cost based on the age of the structure. It is then adjusted to market value by comparing the depreciated cost of homes that have sold in your area to their sales price. Each year, the City is required by law to analyze sales by economic neighborhoods using a 24-month study to adjust that neighborhood so that assessed values are at 50% of market value.

### **WHY ARE MY ASSESSED AND TAXABLE VALUES DIFFERENT?**

The State of Michigan requires that properties are assessed at 50% of market value. The taxable value is the lesser of two numbers - the capped value, which is determined by formula, and the assessed value of your property. In the case of a transfer of ownership of the property in the prior calendar year, the taxable value will always be the assessed value as required by law.

### **WHY ISN'T MY NEW ASSESSED VALUE 50% OF MY PURCHASE PRICE?**

Michigan Compiled Law 211.27 states that the purchase price is no longer the presumptive true cash value of a property. (See above - How Is My Assessed Value Calculated?)

### **WHY IS MY NEIGHBOR PAYING LOWER TAXES THAN ME?**

On March 15, 1994, Michigan voters approved Proposal A, which established taxable value as the basis for the calculation of property taxes. Since Proposal A passed, you can no longer compare your property taxes with your neighbor's. A property's taxable value is the basis for calculating taxes on a property. Increases in taxable value are limited to the percentage in the rate of inflation or 5%, whichever is less, and considers the physical losses or additions to the property. The limit on taxable value does not apply to a property in the year following a transfer of ownership or sale.

## **BOARD OF REVIEW**

The Board of Review is made up of three members of the community who have education, knowledge, or experience in property valuation. They are appointed for a three-year term. The Board of Review meets three times a year in March, July, and December.

The March Board of Review meets annually to hear valuation appeals by property owners. This is the only time a residential property owner can appeal the values proposed by the assessor.

The July and December Board of Review has limited authority. They are only authorized to correct qualified errors. These errors are limited to clerical errors and mutual mistakes of fact. In addition, they may hear a request for certain exemptions such as Poverty.

If a property owner is not satisfied with the decision of the Board of Review, they may appeal the decision to the Michigan Tax Tribunal at [www.michigan.gov/taxtrib](http://www.michigan.gov/taxtrib).

## RESIDENTIAL EXEMPTIONS

Michigan law allows for several types of exemptions from property taxes. These include Principal Residence Exemptions, Disabled Veterans Exemption, and Poverty Exemption. Unfortunately, an exemption for seniors or property owners with no school aged children does not exist.

**PRINCIPAL RESIDENCE EXEMPTION (PRE)** – An exemption from a portion of the school operating tax if you own and occupy a home as your principal residence, formerly known as homestead. This exemption must be claimed in writing by filing Form 2368 Homeowner’s Principal Residence Exemption Affidavit.

**DISABLED VETERANS EXEMPTION** – Residential property owners may qualify if they have been determined to be permanently and totally disabled or 100% unemployable by the Department of Veterans Affairs. Application for this exemption must be made annually and documentation supporting eligibility under the law is required.

**POVERTY EXEMPTION** – As required under the General Property Tax Act, this program is available to residential property owners who meet the policy guidelines. The income guidelines are based on the Federal Poverty Income Level determined by the U.S. Department of Health and Human Services. An asset test is also required. Annual application for this exemption is required with documentation supporting eligibility. This program may reduce or eliminate tax liability and guidelines are updated annually.

## QUESTIONS?

### CONTACT THE CITY OF FARMINGTON HILLS ASSESSING DIVISION

**Monday through Friday • 8:30 a.m. to 4:30 p.m.**

**248-871-2470 Phone • 248-871-2471 Fax • Forms: [addresschg@fhgov.com](mailto:addresschg@fhgov.com)**

**Email: [assessingquestions@fhgov.com](mailto:assessingquestions@fhgov.com)**

**Business Personal Property • 248-871-2477 • [fhpp@fhgov.com](mailto:fhpp@fhgov.com)**

**Commercial Property • 248-871-2475**

**City of Farmington Hills Assessor Matthew Dingman, MMAO • [mdingman@fhgov.com](mailto:mdingman@fhgov.com)**