



2011

Assessment Roll Report



Assessor's Office

City of Grand Rapids

6/7/2011

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June 7, 2011

City Manager,

The City Assessor has completed the Annual Assessment Roll Report for tax year 2011, Fiscal Year 2012.

The purpose of this report is threefold: 1) to provide a synopsis of the City's FY2012 property tax base, 2) to provide key economic indicators related to the real estate market, and 3) to provide an overview of the City's various property tax incentive programs and property tax capture districts.

Respectfully submitted,

Glen Beekman
City Assessor

CITY OF GRAND RAPIDS, MICHIGAN

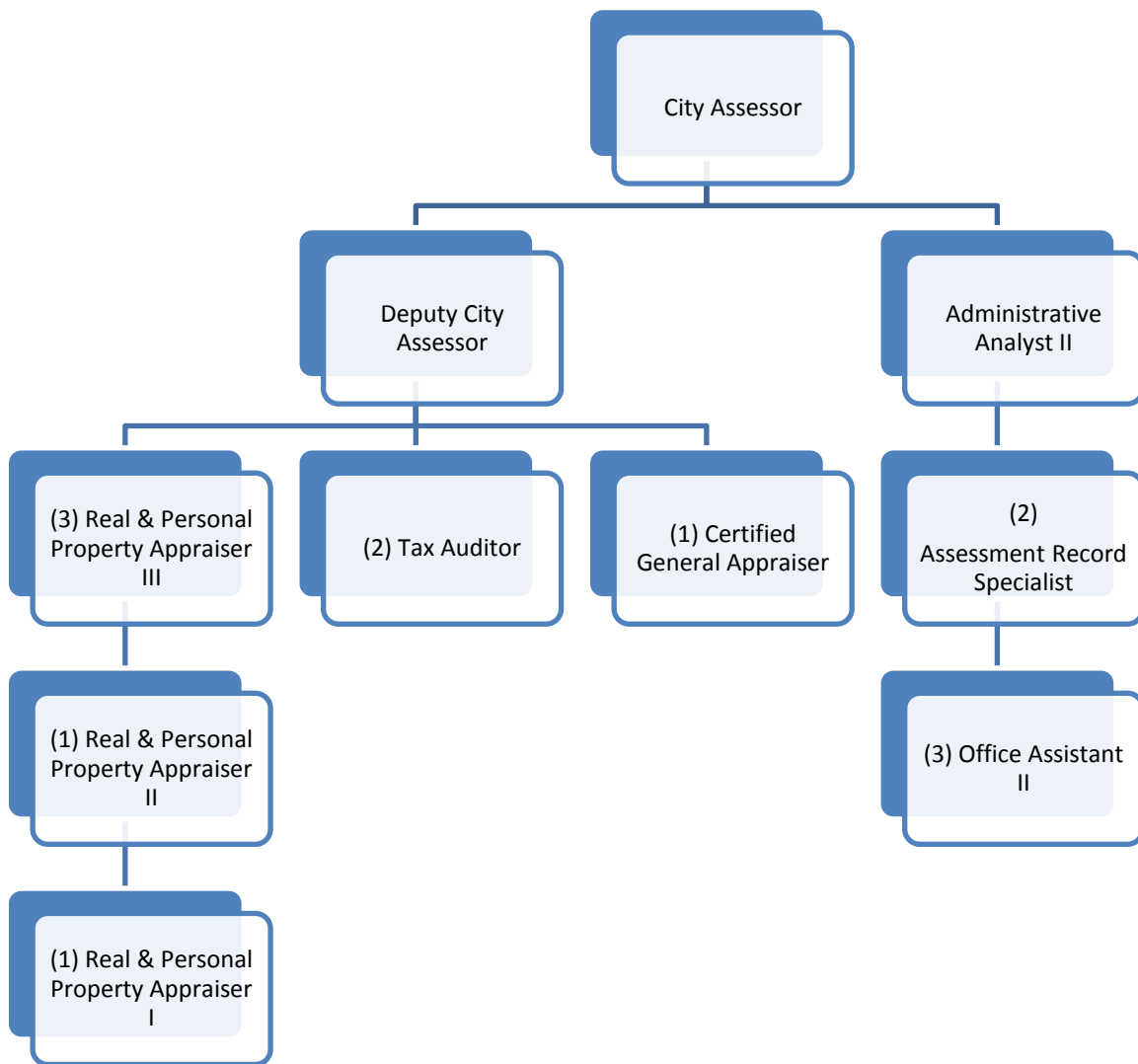
MISSION STATEMENT

We, the elected and appointed officials and employees of the City of Grand Rapids, believe in the dignity and worth of all people and in the right of every citizen to have equitable access to the benefits of urban life. We believe in the rights of all citizens to express their views and the responsibility of the City government to respond to those views.

As government representatives, we will help shape the future to assure that the City will continue to be a place where the benefits of urban life can be enjoyed. We will:

- Provide leadership in focusing community resources to address community needs and opportunities.*
- Develop and nurture partnerships that encourage and support collaboration.*
- Encourage economic prosperity for City residents and businesses to ensure the City's ability to provide important urban services.*
- Foster the economic health of our City within an economically healthy metropolitan region and assure that responsibility is shared equitably across the metropolitan area.*
- Celebrate and strengthen the diversity of our community, ensure the dignity of all citizens, and equitably deliver services.*
- Provide for the security of persons and property.*
- Provide leadership to ensure that children, families, and seniors thrive in our community.*
- Develop, maintain, and improve City-owned physical infrastructure.*
- Maintain and enhance residential neighborhoods and increase homeownership.*
- Enhance citizens' quality of life using the City's cultural, recreational, and occupational infrastructure.*
- Provide high quality municipal services efficiently, fairly, and courteously.*
- Foster a learning environment, which promotes employee and team excellence in delivery of City services.*
- Provide environmental stewardship to enhance quality of life for residents.*
- Collaborate with residents to provide a neighborhood based City service delivery system.*

Treasury Department Assessor's Office Organization Chart



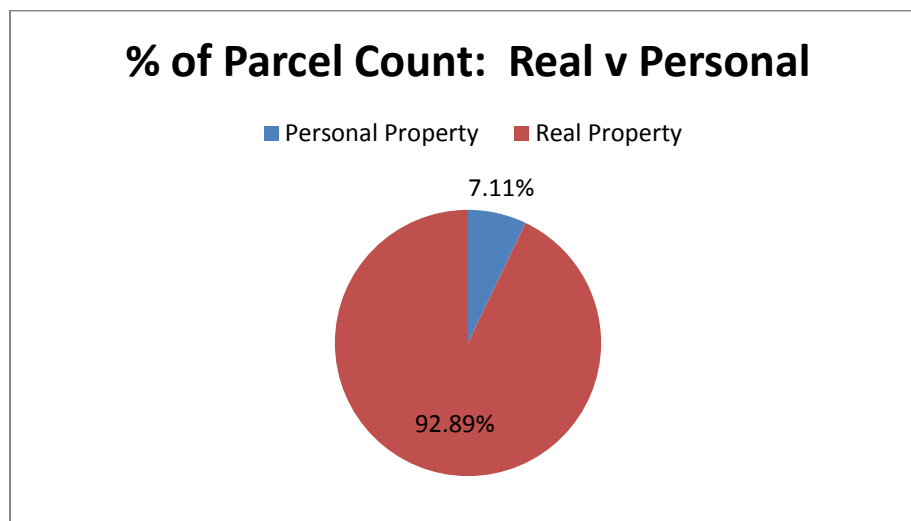
2011 Assessment Rolls

Parcel Counts

The City Assessor is responsible for administering four separate assessment rolls. The ad valorem roll contains all real and personal property subject to taxation at the full millage rate or the renaissance zone millage rate. The industrial facilities roll, neighborhood enterprise zone roll, and obsolete properties roll contain eligible real and personal property subject to taxation at a reduced millage rate for a limited period of time.

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

2011 Parcel Counts						
	Class ↓	Ad Valorem	IFT	NEZ	OPRA	Totals
Real Property	Commercial	4,163	0	0	50	4,213
	Industrial	787	74	0	0	861
	Residential	56,966	0	220	0	57,186
	Exempt	<u>2,227</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,227</u>
	Real Property Totals	64,143	74	220	50	64,487
Personal Property	Commercial	4,539	0	0	0	4,539
	Industrial	252	132	0	0	384
	Utility	<u>16</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>16</u>
	Personal Property Totals	4,807	132	0	0	4,939
Parcel Count Totals		68,950	206	220	50	69,426



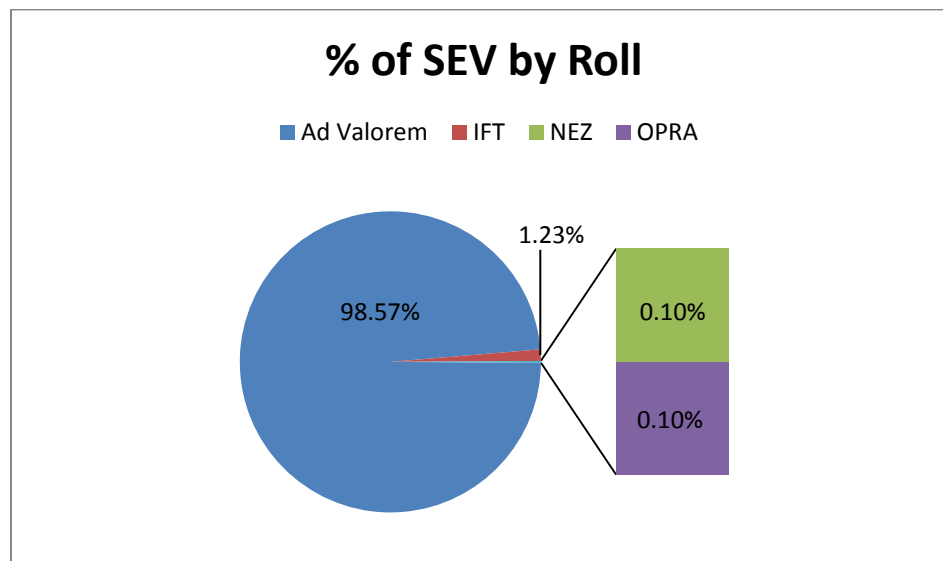
2011 Assessment Rolls

State Equalized Values

State Equalized Value, commonly referred to as SEV, represents an estimate of 50% of the fair market value of the properties assessed on the roll. The chart below summarizes the SEV's by property type, classification, and roll.

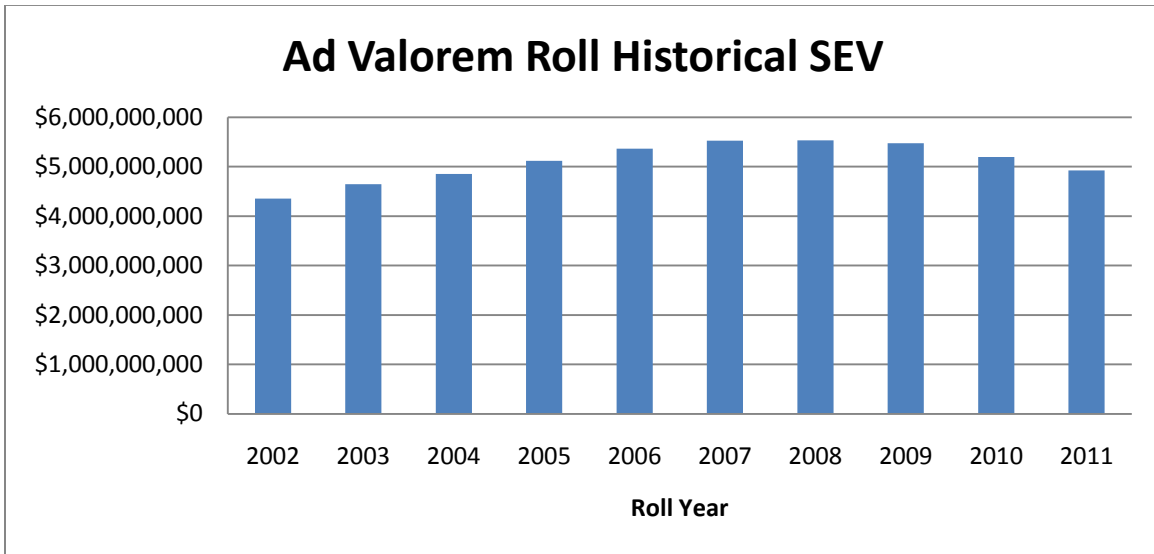
2011 State Equalized Values (SEV)						
	Class ↓	Ad Valorem	IFT	NEZ	OPRA	Totals
Real Property	Commercial	\$1,351,735,700	\$0	\$0	\$4,995,800	\$1,356,731,500
	Industrial	\$253,513,600	\$25,326,200	\$0	\$0	\$278,839,800
	Residential	\$2,882,711,600	\$0	\$5,023,100	\$0	\$2,887,734,700
	Exempt	\$0	\$0	\$0	\$0	\$0
	Real Property Totals	\$4,487,960,900	\$25,326,200	\$5,023,100	\$4,995,800	\$4,523,306,000
Personal Property	Commercial	\$207,474,700	\$0	\$0	\$0	\$207,474,700
	Industrial	\$150,432,100	\$35,921,000	\$0	\$0	\$186,353,100
	Utility	\$75,081,000	\$0	\$0	\$0	\$75,081,000
	Personal Property Totals	\$432,987,800	\$35,921,000	\$0	\$0	\$468,908,800
SEV Totals		\$4,920,948,700	\$61,247,200	\$5,023,100	\$4,995,800	\$4,992,214,800

As the following chart displays, over 98% of the City's assessable property is assessed on the ad valorem roll.



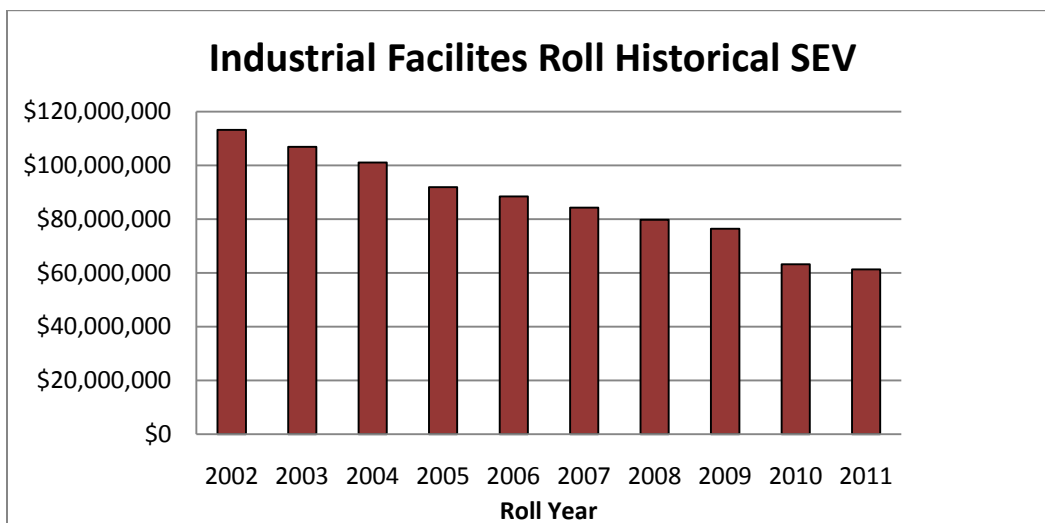
Ad Valorem Roll

For the third consecutive year, the ad valorem assessment roll SEV experienced a reduction from the prior year’s roll. The reduction is the result of a continuing decline in real estate values.



Industrial Facilities Roll

While the remaining three rolls comprise less than 2% of the City’s 2010 SEV, the IFT roll is considered to be a reliable indicator of the amount of annual private sector investment in industrial real property and industrial machinery and equipment. The last increase in the Industrial Facilities Roll SEV was experienced in 2001. Since that time, the SEV has continued to steadily decline.



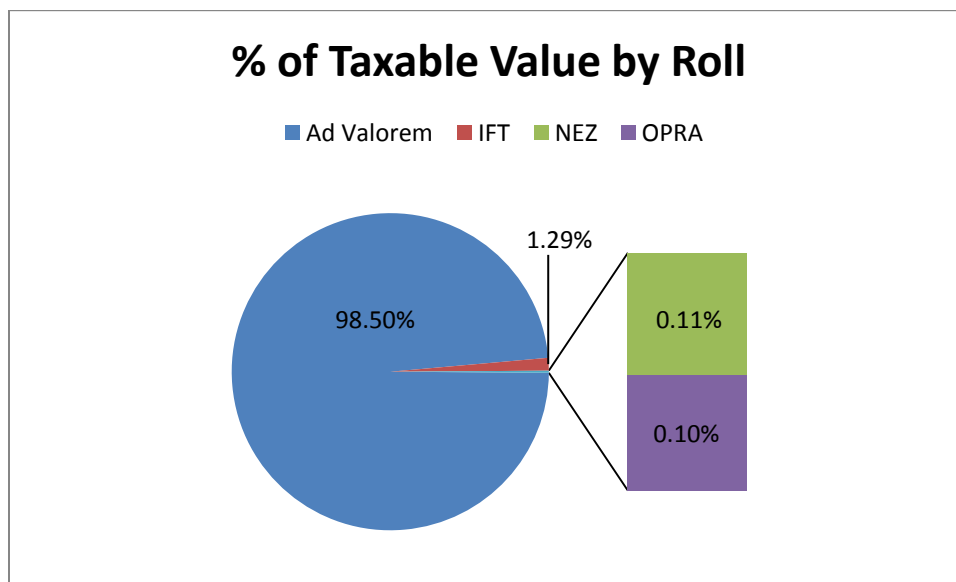
2011 Assessment Rolls

Taxable Values

Taxable value represents the property tax base of the City. While SEV measures one-half of the fair market value of property on the roll, the taxable value is multiplied by the millage rate to calculate property taxes.

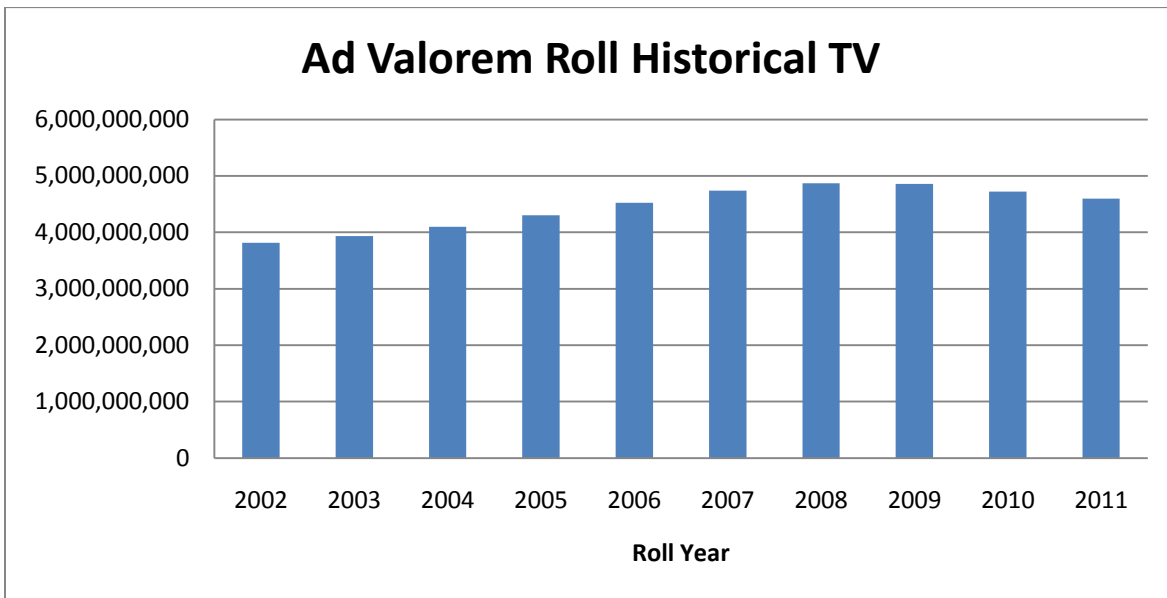
2011 Taxable Values (TV)						
	Class	Ad Valorem	IFT	NEZ	OPRA	Totals
Real Property	Commercial	\$1,211,720,594	\$0	\$0	\$4,742,520	\$1,216,463,114
	Industrial	\$233,719,626	\$24,437,926	\$0	\$0	\$258,157,552
	Residential	\$2,717,505,766	\$0	\$5,004,643	\$0	\$2,722,510,409
	Exempt	\$0	\$0	\$0	\$0	\$0
	Real Property Totals	\$4,162,945,986	\$24,437,926	\$5,004,643	\$4,742,520	\$4,197,131,075
Personal Property	Commercial	\$207,474,700	\$0	\$0	\$0	\$207,474,700
	Industrial	\$150,432,100	\$35,921,000	\$0	\$0	\$186,353,100
	Utility	\$75,081,000	\$0	\$0	\$0	\$75,081,000
	Personal Property Totals	\$432,987,800	\$35,921,000	\$0	\$0	\$468,908,800
TV Totals		\$4,595,933,786	\$60,358,926	\$5,004,643	\$4,742,520	\$4,666,039,875

As displayed on the following chart, over 98% of the City’s property tax base resides on the ad valorem roll.



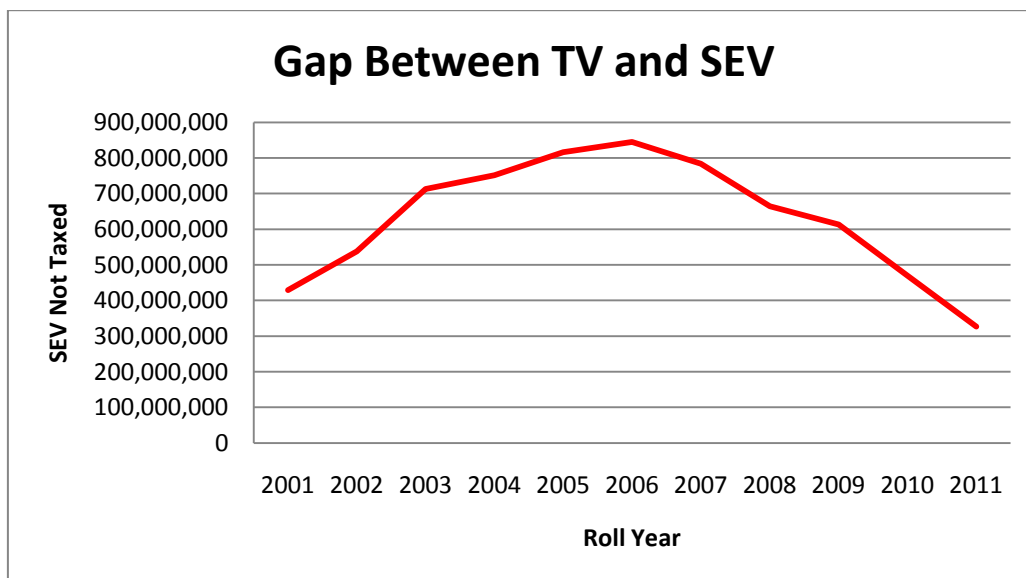
Ad Valorem Roll

For the third consecutive year the City’s ad valorem taxable value experienced a reduction from the prior year’s roll. For 2011, the reduction is -2.68%; in 2010 the reduction was -2.79%; in 2009 the reduction was -0.22%.



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 taxable value and state equalized value. The gap represents the loss in the property tax base due to the capping provisions contained in Proposal A.



2011 Assessment Rolls

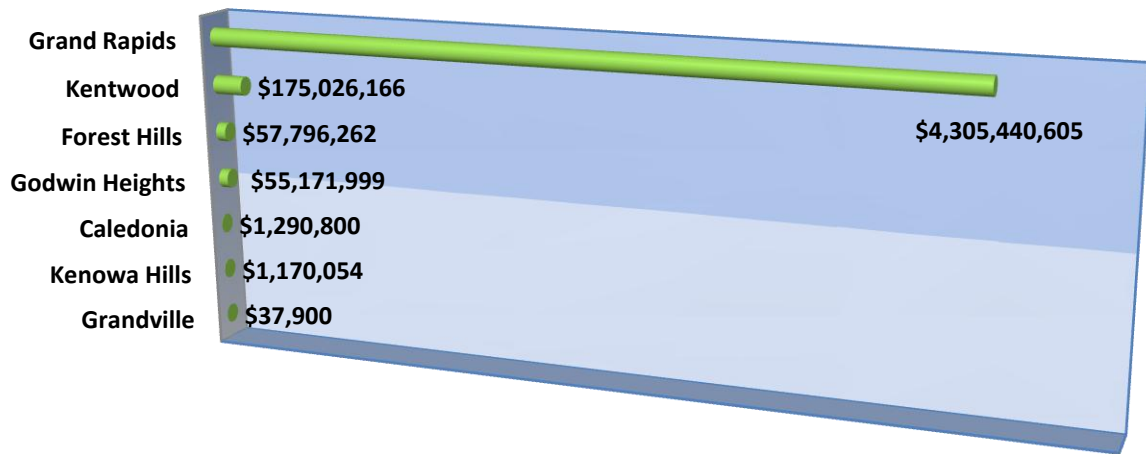
School Districts

Ad Valorem Roll

The City boundaries encompass property located in seven different school districts. The school districts and their respective 2011 taxable values and state equalized values are listed below.

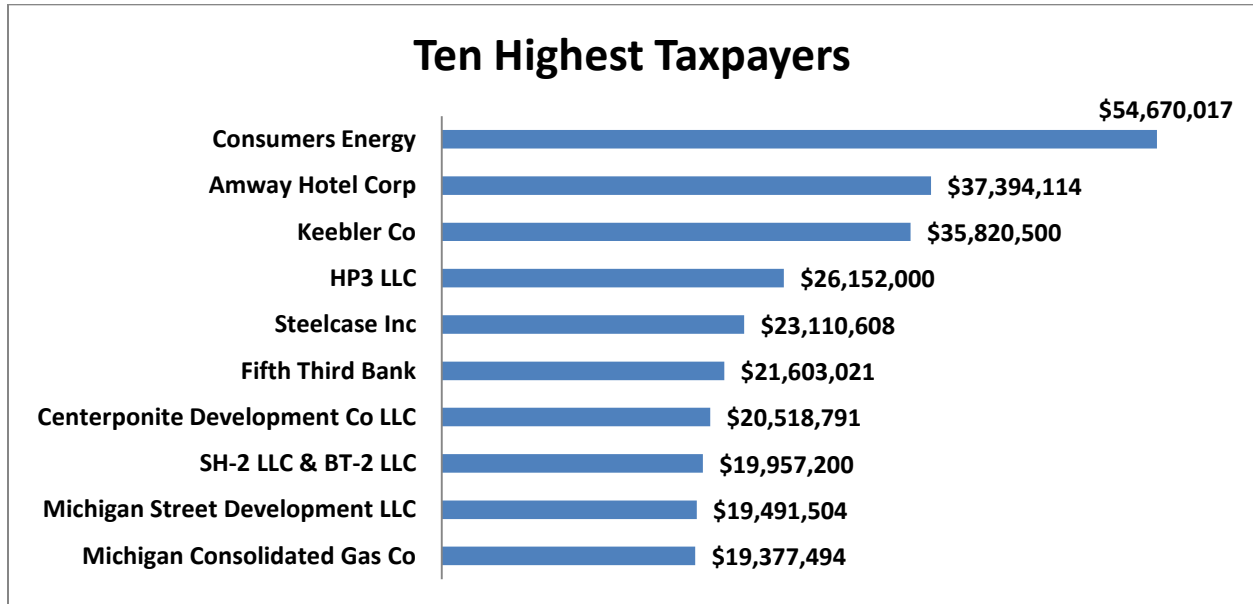
School District	Parcels	Ad Valorem TV	Ad Valorem SEV
Grandville	9	\$37,900	\$37,900
Kenowa Hills	13	\$1,170,054	\$1,171,300
Caledonia	29	\$1,290,800	\$1,290,800
Godwin Heights	69	\$55,171,999	\$61,204,200
Forest Hills	180	\$57,796,262	\$65,027,600
Kentwood	1,490	\$175,026,166	\$179,428,400
Grand Rapids	<u>67,160</u>	<u>\$4,305,440,605</u>	<u>\$4,612,788,500</u>
Totals	68,950	\$4,595,933,786	\$4,920,948,700

2011 Ad Valorem Taxable Value by School District



All Rolls

The 2011 taxable values of the City’s ten highest taxpayers are listed in the following chart. The total taxable value includes both real and personal property from all rolls.¹



¹ IFT taxable value converted to equivalent taxable value.

13 Geographic Zones

The Michigan Renaissance Zone Act, Act 376 of 1996, was created to foster economic opportunities and stimulate industrial, commercial, and residential growth in distressed areas displaying evidence of adverse economic and socioeconomic conditions. Through this enabling legislation, the City created six renaissance zones in 1997 and an additional five zones in 2003.

The benefits for property owners in a renaissance zone are reduced real and personal property taxes for a period of 15 years in the form of a reduced millage rate. The state equalized value and taxable value is calculated in the same manner as all other parcels and is included in the totals of each respective assessment roll. During the first 12 years, property owners are subject only to local school debt millage. During the remaining 3 years, all other millages are phased in at 25% increments.

Beginning in 2008, the State allowed for the extension of renaissance zone benefits on certain eligible properties whose owners planned to make significant investment during the originally planned phase out period. The State has approved extensions for six businesses located in the City.

Tool & Die Renaissance Zones

Beginning in 2005, the State allowed for the creation of Tool & Die Renaissance Zones. The City has approved renaissance zone benefits for seven companies, with six of the seven currently effective for the 2011 tax year.

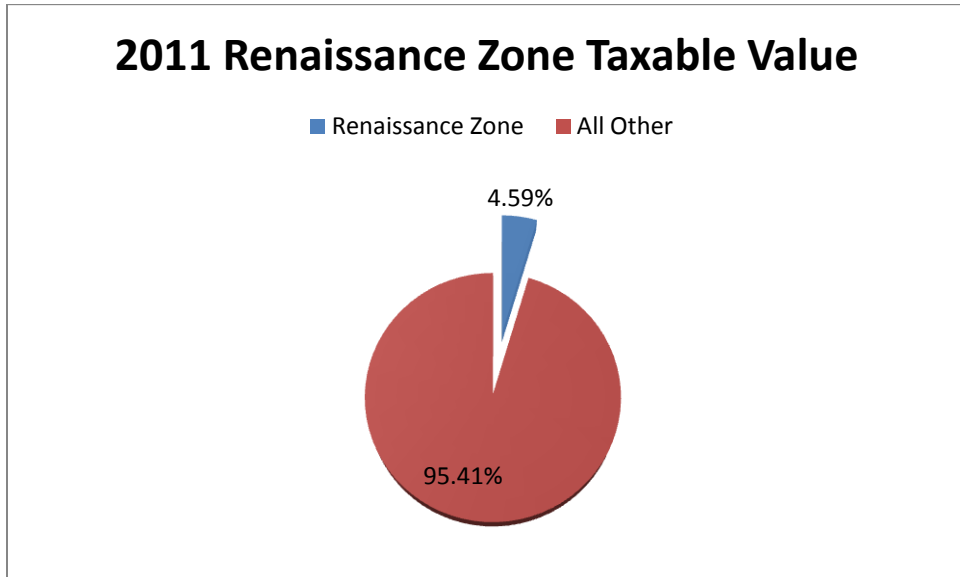
2011 Renaissance Zone Taxable Value – All Rolls

The following chart summarizes the amount of 2011 taxable value located in the City’s various renaissance zones. The first six geographic zones created in 1997 are in the third year of the phase out period and are receiving 25% benefits for the 2011 tax year. The MB Tech Renaissance Zone is in the first year of phase out and is receiving 75% benefits.

Renaissance Zones 2011 Taxable Value - All Rolls	
<u>Benefit Level</u>	<u>Taxable Value</u>
Full	85,866,515
75%	\$9,676,333
25%	\$118,723,351
Total	\$214,266,199

2011 Renaissance Zone Taxable Value – All Rolls cont.

The total 2011 taxable value subject to renaissance zone benefits on all rolls is equivalent to 4.59% of the City’s total taxable value.



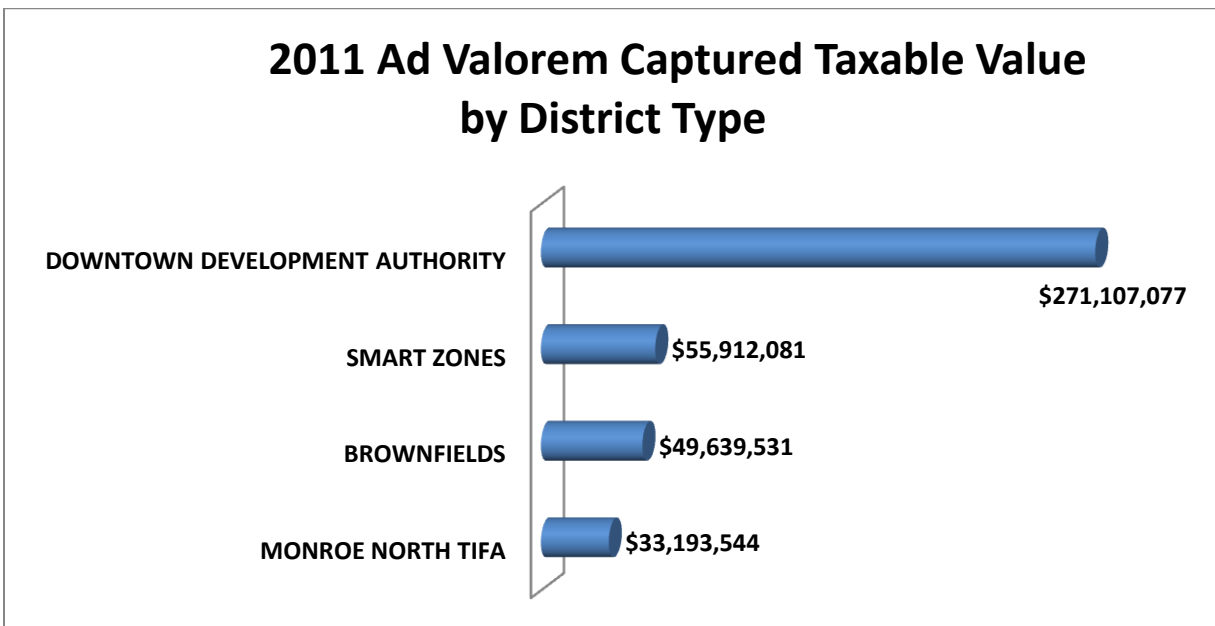
Types of Tax Capture Districts.

Enabling legislation passed by the State of Michigan has allowed for the creation of five types of tax capture districts in the City: Downtown Development Districts, Smart Zone Districts, Brownfield Districts, Tax Increment Finance Districts, and Corridor Improvement Districts. Two Corridor Improvement Districts were approved recently and capture in these districts will begin in 2011.

Property taxes within a tax capture district are based on the same millage rates as those outside of a district. While the tax calculation is the same, the distribution of the taxes varies in that an authority or developer receives a portion of the taxes as opposed to the agency levying the tax. The amount of tax subject to capture is dependent upon the type of district, and developers only receive reimbursement of documented eligible expenses as pre-defined in a development agreement.

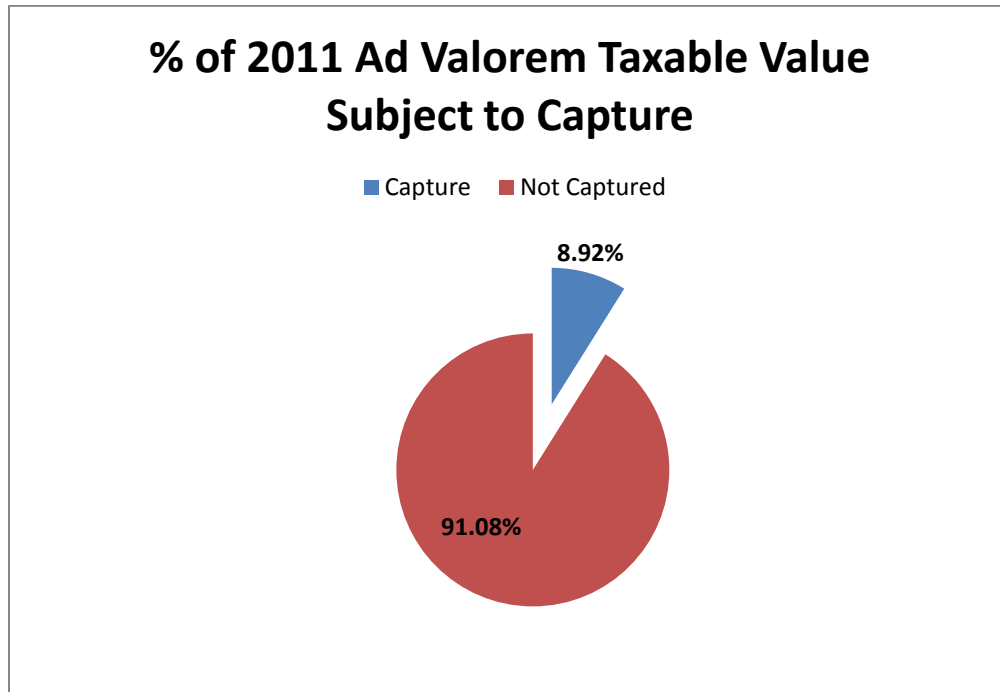
2011 Taxable Value Subject to Tax Capture Agreements

The amount of 2011 ad valorem taxable value subject to tax capture agreements is displayed in the following chart by district type.



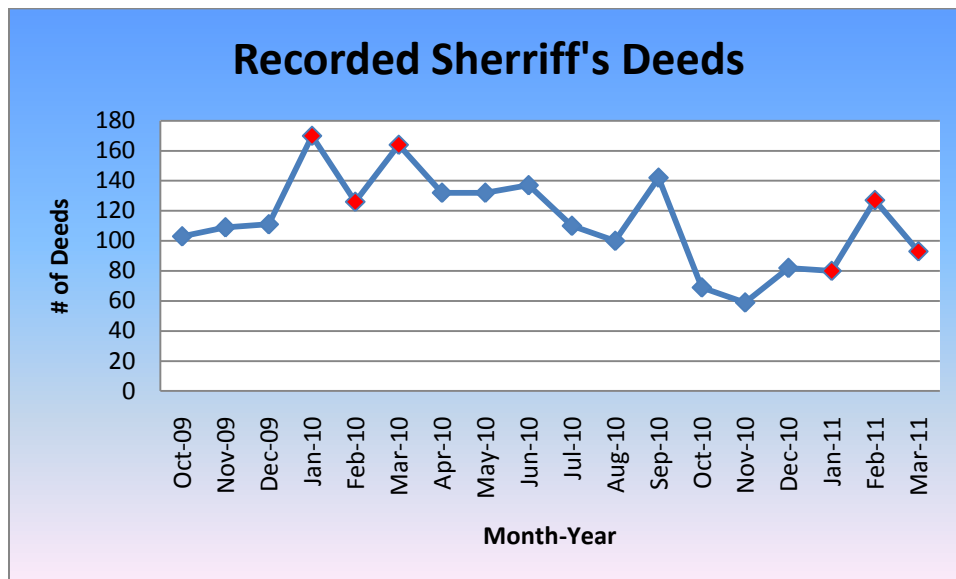
2011 Taxable Value Subject to Tax Capture Agreements cont.

The amount of 2011 ad valorem taxable value subject to capture agreements is 8.92%.



Foreclosures

Real estate values are not expected to rebound until the foreclosure rate slows and the inventory of foreclosed properties is significantly reduced. As displayed in the following chart, the number of sheriff's deeds recorded in the first quarter of 2011 decreased by 35% compared to the first quarter of 2010. This reduction, while a positive sign, is tempered by national publications reporting that financial institutions continue to hold large inventories of foreclosed properties. Financial institutions continue to pace the addition of market inventory to avoid contributing to the over-supply of foreclosed properties already on the market.



Preliminary Residential Sales Study Indications

A preliminary 2011 sales study performed by the City Assessor's Office indicates 2012 state equalized values in the residential class will require average reductions of 4.73%. The sales study includes residential class properties sold between October 1, 2010 and March 31, 2011.

Preliminary Commercial and Industrial Study Indications

Due to the limited number of sales in the commercial and industrial classes, the Kent County Bureau of Equalization performs appraisal studies to determine the assessment ratio for these classes. Results of the appraisal studies will not be available until December of 2011.