



# 2014

## Assessment Roll Report



Assessor's Office  
City of Grand Rapids  
5/14/2014

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May 14, 2014

City Manager,

The City Assessor has completed the Annual Assessment Roll Report for tax year 2014, Fiscal Year 2015.

The purpose of this report is threefold: 1) to provide a synopsis of the City's FY2015 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,

Scott Engerson  
City Assessor

# **CITY OF GRAND RAPIDS, MICHIGAN**

## **MISSION STATEMENT**

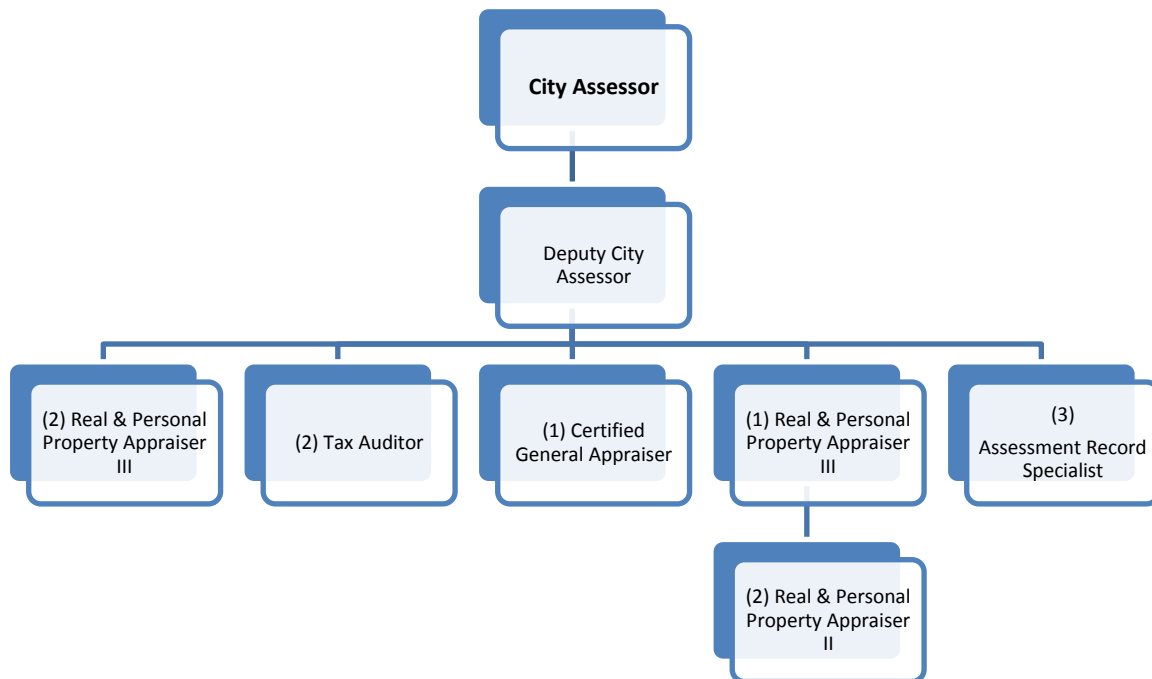
*We, the elected and appointed officials and employees of the City of Grand Rapids, believe in the dignity and worth of all people and in the right of every citizen to have equitable access to the benefits of urban life. We believe in the rights of all citizens to express their views and the responsibility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

# Fiscal Services Assessor's Office Organization Chart

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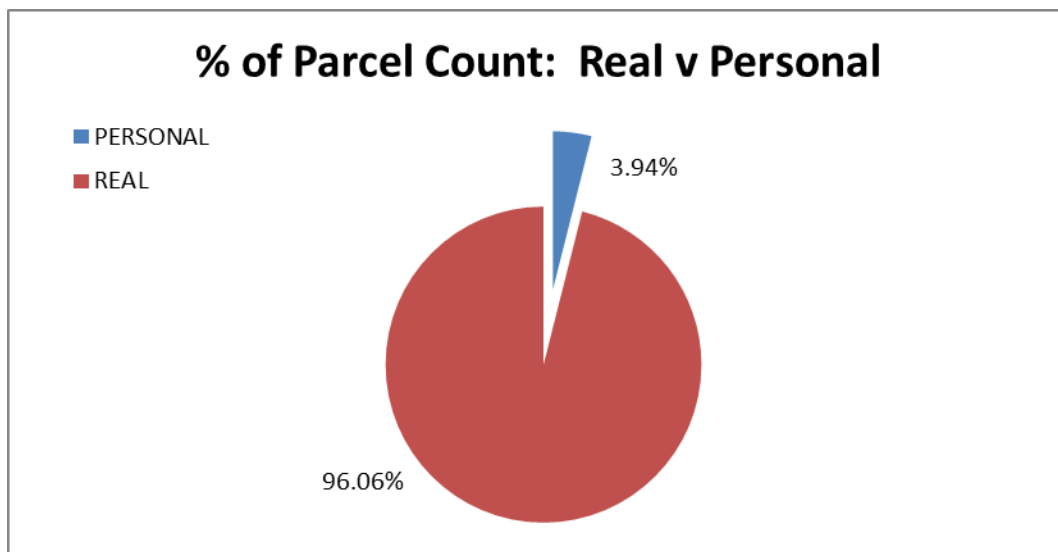
## 2014 Assessment Rolls

## Parcel Counts

The City Assessor is responsible for administering five separate assessment rolls. The ad valorem roll contains all real and personal property subject to taxation at either the full millage rate or the renaissance zone millage rate. The industrial facilities (IFT) roll, neighborhood enterprise zone (NEZ) roll, and obsolete properties (OPRA) roll, known as Special Acts Assessment Rolls, contain eligible real and personal property subject to taxation at a reduced millage rate for a limited period of time. The Tax Reverted Clean Title Act (TRCTA) roll contains properties that are subject to the full millage rate, but half of the levy is allocated to the Kent County Land Bank Authority.

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 five rolls are contained in the chart below.

2014 Parcel Counts							
	Class ↓	Ad Valorem	IFT	NEZ	OPRA	TRCTA	Totals
Real Property	Commercial	4,183	0	0	40	6	4,229
	Industrial	671	74	0	0	0	745
	Residential	56,553	0	231	0	141	56,925
	Exempt	2,618	0	0	0	3	2,621
	<b>Real Property Totals</b>	<b>64,025</b>	<b>74</b>	<b>231</b>	<b>40</b>	<b>150</b>	<b>64,520</b>
Personal Property	Commercial	2,275	1	0	0	0	2,276
	Industrial	219	138	0	0	0	357
	Utility	14	0	0	0	0	14
	<b>Personal Property Totals</b>	<b>2,508</b>	<b>139</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,647</b>
<b>Parcel Count Totals</b>		<b>66,533</b>	<b>213</b>	<b>231</b>	<b>40</b>	<b>150</b>	<b>67,167</b>



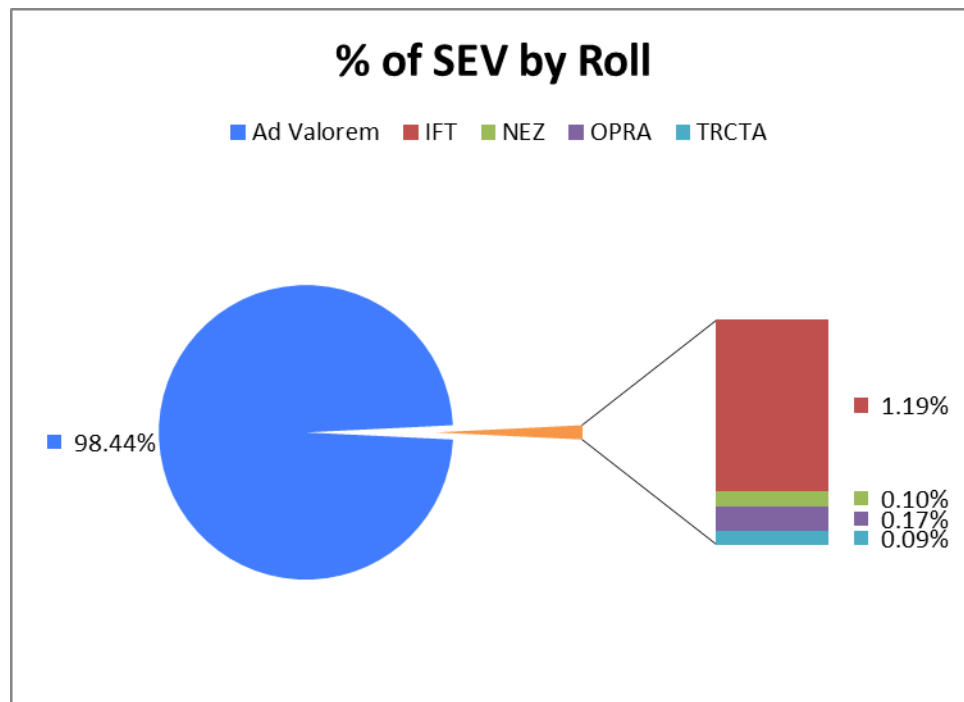
## 2014 Assessment Rolls

## 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.

2014 State Equalized Values (SEV)							
	Class ↓	Ad Valorem	IFT	NEZ	OPRA	TRCTA	Totals
Real Property	Commercial	\$1,251,909,800	\$0	\$0	\$8,193,500	\$441,700	\$1,260,545,000
	Industrial	\$182,415,000	\$14,172,100	\$0	\$0		\$196,587,100
	Residential	\$2,726,025,050	\$0	\$4,805,800	\$0	\$3,915,000	\$2,734,745,850
	Exempt	\$0	\$0	\$0	\$0		\$0
	<b>Real Property Totals</b>	<b>\$4,160,349,850</b>	<b>\$14,172,100</b>	<b>\$4,805,800</b>	<b>\$8,193,500</b>	<b>\$4,356,700</b>	<b>\$4,191,877,950</b>
Personal Property	Commercial	\$199,193,500	\$31,200	\$0	\$0	\$0	\$199,224,700
	Industrial	\$167,479,600	\$41,401,900	\$0	\$0	\$0	\$208,881,500
	Utility	\$90,311,000	\$0	\$0	\$0	\$0	\$90,311,000
	<b>Personal Property Totals</b>	<b>\$456,984,100</b>	<b>\$41,433,100</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$498,417,200</b>
<b>SEV Totals</b>		<b>\$4,617,333,950</b>	<b>\$55,605,200</b>	<b>\$4,805,800</b>	<b>\$8,193,500</b>	<b>\$4,356,700</b>	<b>\$4,690,295,150</b>

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

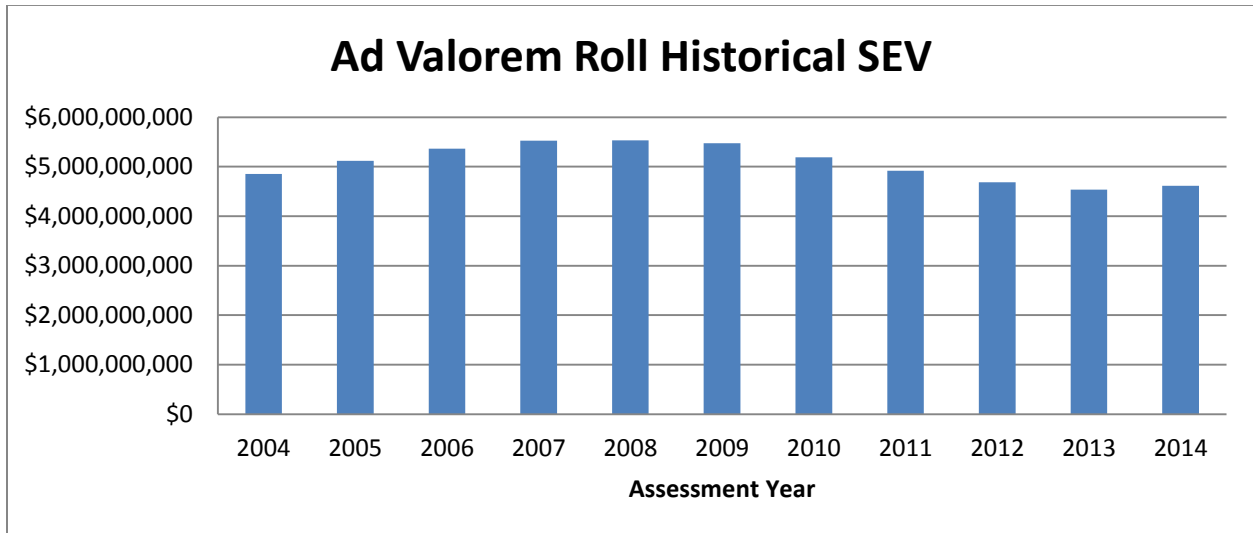


## 2014 Assessment Rolls

## Historical State Equalized Value

### Ad Valorem Roll

After five years of reductions, the ad valorem assessment roll SEV experienced a slight increase from the prior year's roll. The increase is the result of slowly recovering real estate values.



### Industrial Facilities Roll

While the four Special Acts Assessment Rolls comprise less than 2% of the City's 2014 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 IFT roll, which has been declining from 2002 to 2010, is now indicating a stable trend.





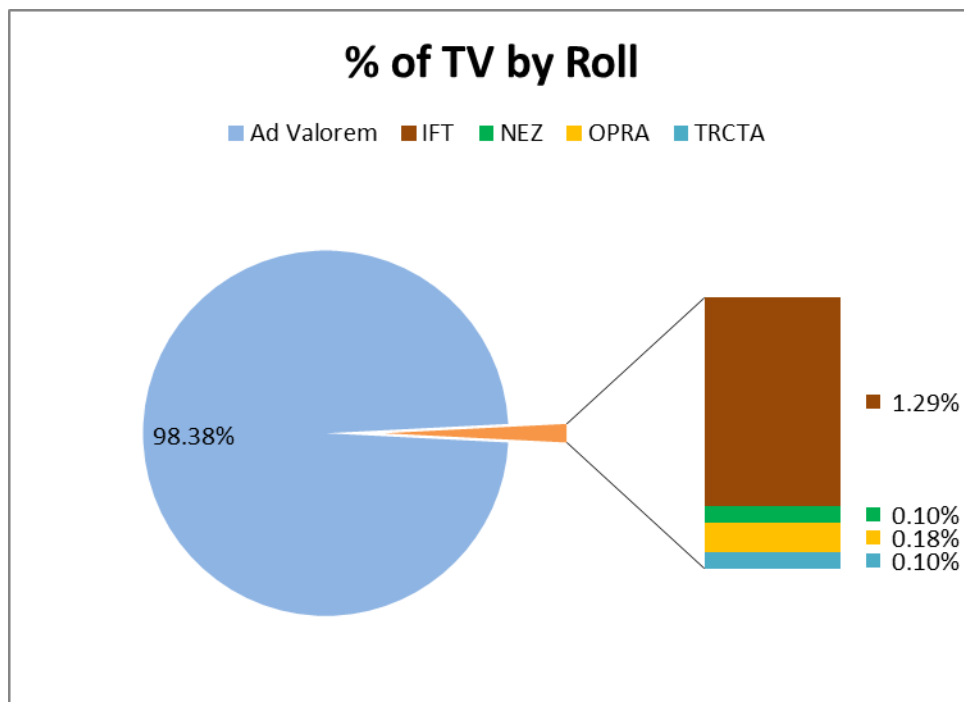
## 2014 Assessment Rolls

## Taxable Values

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

2014 Taxable Values (TV)							
	Class ↓	Ad Valorem	IFT	NEZ	OPRA	TRCTA	Totals
Real Property	Commercial	\$1,183,191,836	\$0	\$0	\$7,764,599	\$440,988	\$1,191,397,423
	Industrial	\$171,814,930	\$13,835,901	\$0	\$0	\$0	\$185,650,831
	Residential	\$2,552,663,996	\$0	\$4,588,860	\$0	\$3,904,599	\$2,561,157,455
	Exempt	\$0	\$0	\$0	\$0	\$0	\$0
	<b>Real Property Totals</b>	<b>\$3,907,670,762</b>	<b>\$13,835,901</b>	<b>\$4,588,860</b>	<b>\$7,764,599</b>	<b>\$4,345,587</b>	<b>\$3,938,205,709</b>
Personal Property	Commercial	\$199,193,500	\$31,200	\$0	\$0	\$0	\$199,224,700
	Industrial	\$167,479,600	\$41,401,900	\$0	\$0	\$0	\$208,881,500
	Utility	\$90,311,000	\$0	\$0	\$0	\$0	\$90,311,000
	<b>Personal Property Totals</b>	<b>\$456,984,100</b>	<b>\$41,433,100</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$498,417,200</b>
<b>TV Totals</b>		<b>\$4,364,654,862</b>	<b>\$55,269,001</b>	<b>\$4,588,860</b>	<b>\$7,764,599</b>	<b>\$4,345,587</b>	<b>\$4,436,622,909</b>

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

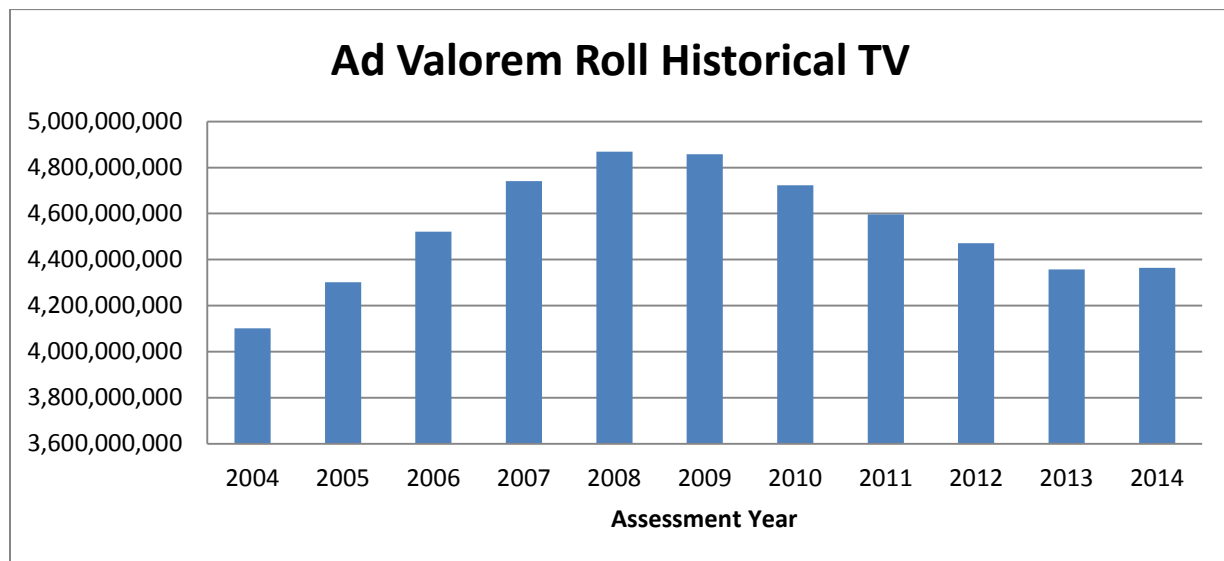


## 2014 Assessment Rolls

## Historical Taxable Value

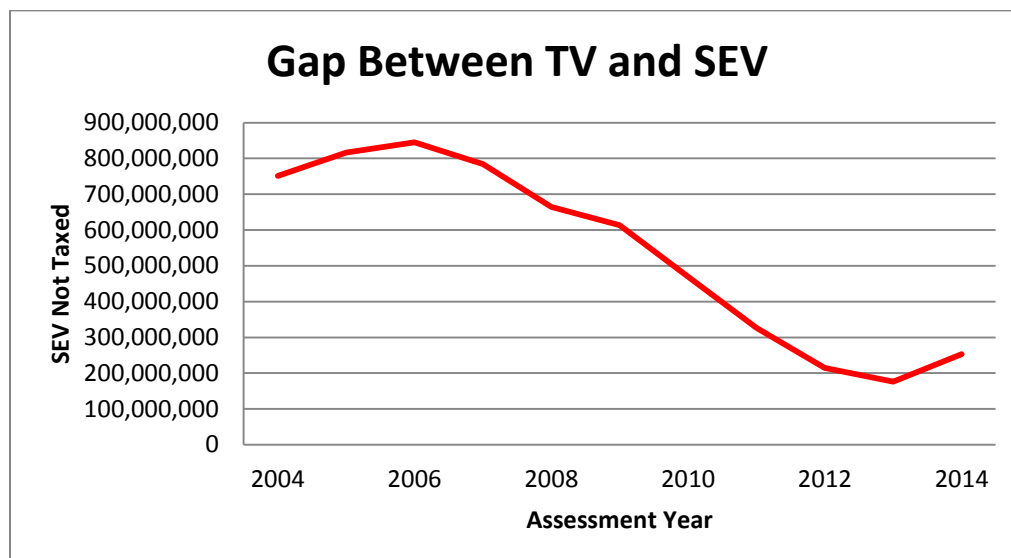
### Ad Valorem Roll

After five consecutive years of decreases in the City's ad valorem taxable value, a slight increase of .16% was realized from the prior year's taxable value. This puts the City's tax base slightly above the 2005 level.



### 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. This gap has narrowed significantly with the loss in property value during the last several years.



## 2014 Assessment Rolls

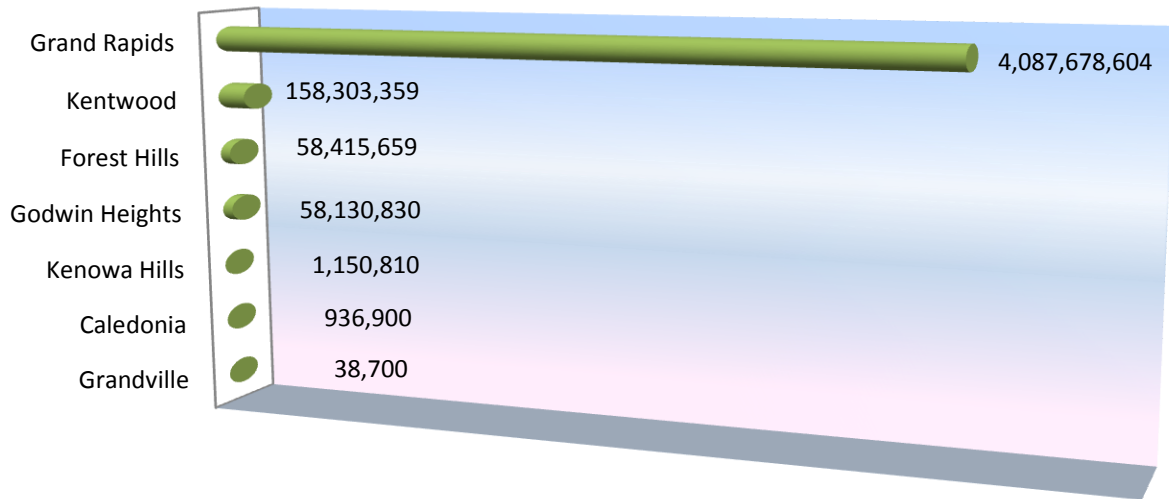
## School Districts

### Ad Valorem Roll

The City boundaries encompass property located in seven different school districts. The school districts and their respective 2014 taxable values and state equalized values are listed below.

School District	Parcels	Ad Valorem TV	Ad Valorem SEV
Grandville	8	38,700	38,700
Caledonia	20	936,900	936,900
Kenowa Hills	13	1,150,810	1,339,100
Godwin Heights	60	58,130,830	62,200,500
Forest Hills	134	58,415,659	62,080,900
Kentwood	1,394	158,303,359	161,620,900
Grand Rapids	64,904	4,087,678,604	4,329,116,950
<b>Total</b>	<b>66,533</b>	<b>\$4,364,654,862</b>	<b>\$4,617,333,950</b>

### 2014 Ad Valorem Taxable Value by School District

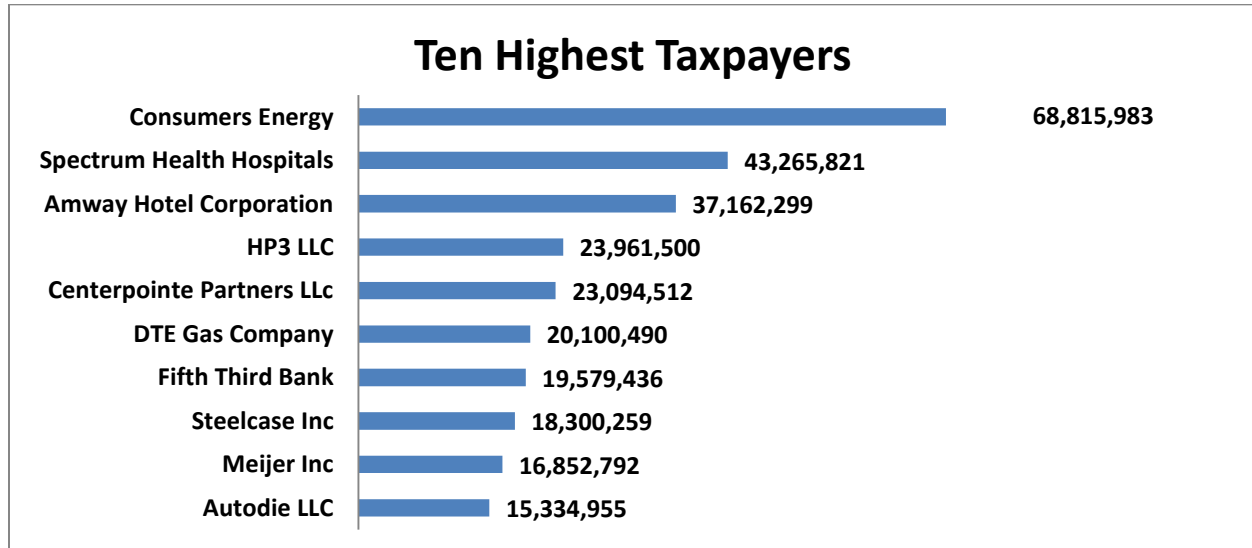


## **2014 Assessment Rolls**

## **Ten Highest Taxpayers**

### **All Rolls**

The 2014 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.<sup>1</sup>



<sup>1</sup> IFT taxable value converted to equivalent taxable value.

## **Assessment Districts and Zones**

## **Renaissance 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, which are now expired, 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. These benefits will expire in 2023.

### **Tool & Die Renaissance Zones**

Beginning in 2005, the State allowed for the creation of Tool & Die Renaissance Zones. The City approved six new renaissance zone benefits in 2013 for a total of twelve companies receiving benefits for the 2014 tax year. All current Tool and Die Renaissance Zones will expire by 2020.

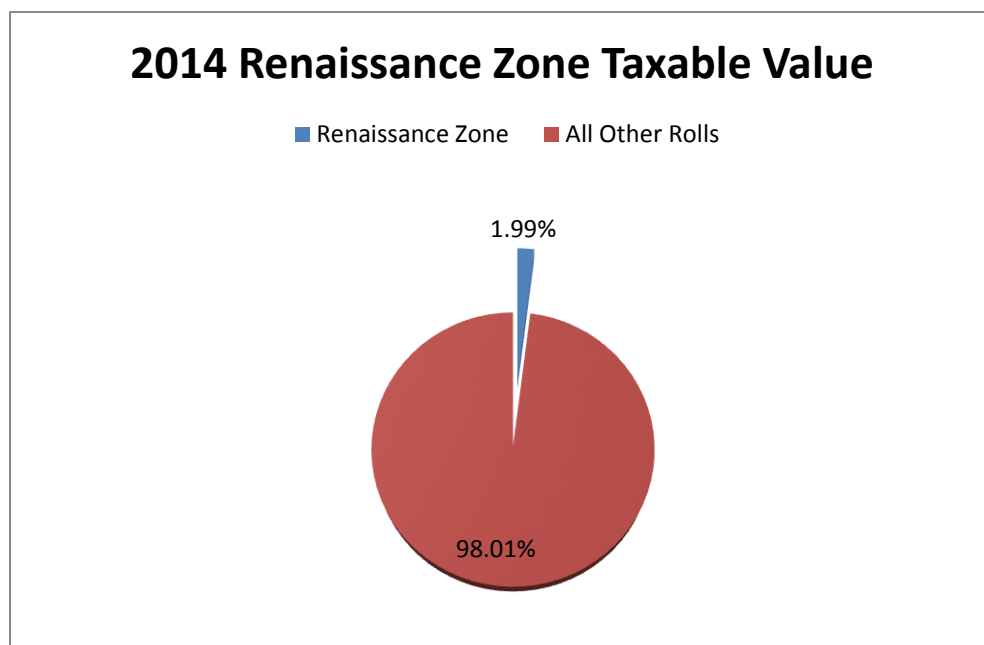
### **2014 Renaissance Zone Taxable Value – All Rolls**

The following chart summarizes the amount of 2014 taxable value located in the City's various renaissance zones.

<b>Renaissance Zones 2014 Taxable Value - All Rolls</b>	
<b>Benefit Level</b>	<b>Taxable Value</b>
100%	\$88,072,420
25%	<u>\$0</u>
<b>Total</b>	<b>\$88,072,420</b>

**2014 Renaissance Zone Taxable Value – All Rolls cont.**

The total 2014 taxable value subject to renaissance zone benefits on all rolls is equivalent to 1.99% of the City's total taxable value.



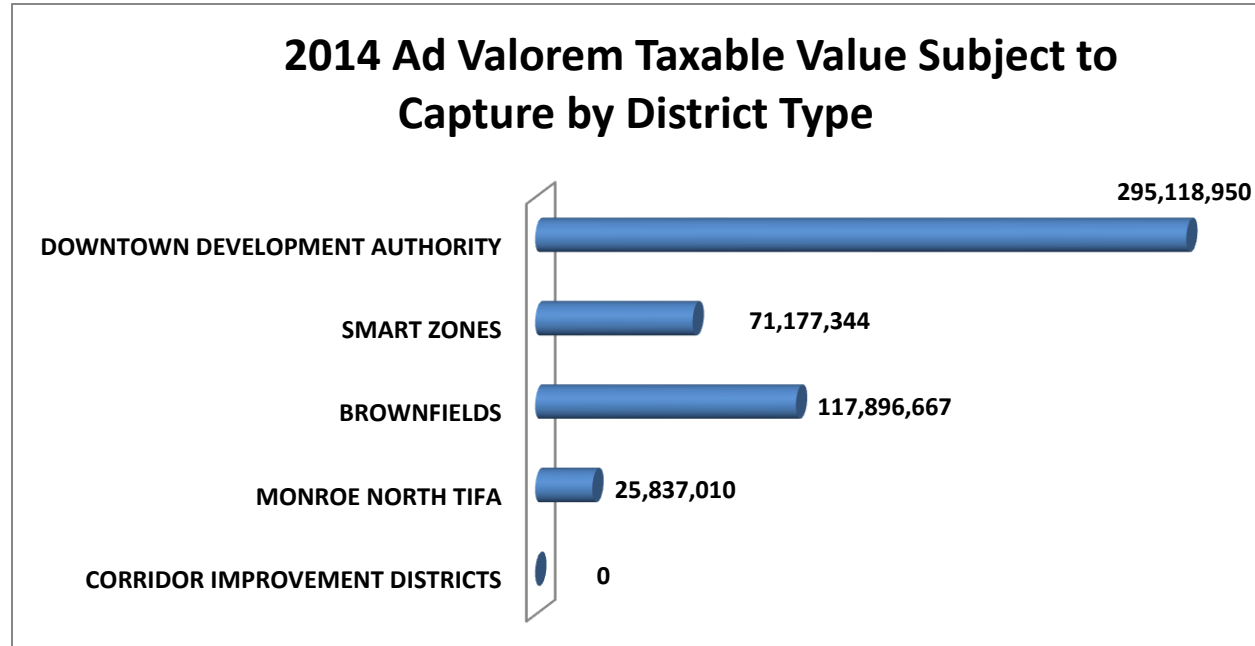
**Types of Tax Capture Districts.**

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.

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.

**2014 Taxable Value Subject to Tax Capture Agreements**

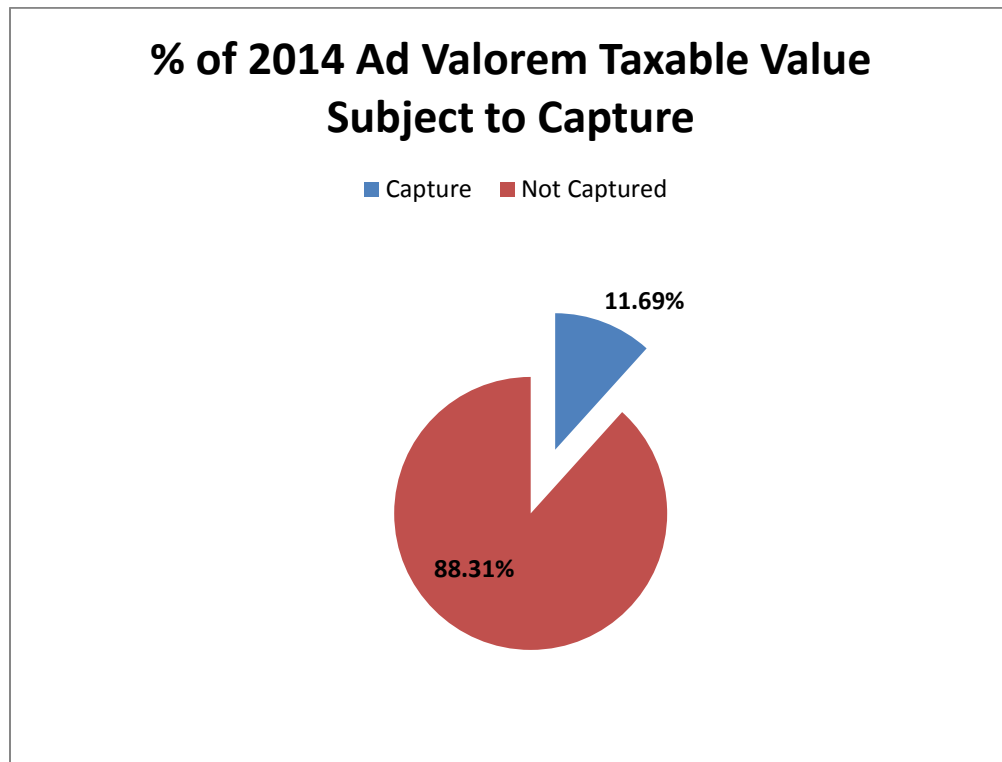
The amount of 2014 ad valorem taxable value subject to tax capture agreements is displayed in the following chart by district type.<sup>2</sup>



<sup>2</sup> The Corridor Improvement Districts have a total initial value of 91,803,861 but will not realize a capture in 2014.

**2014 Taxable Value Subject to Tax Capture Agreements cont.**

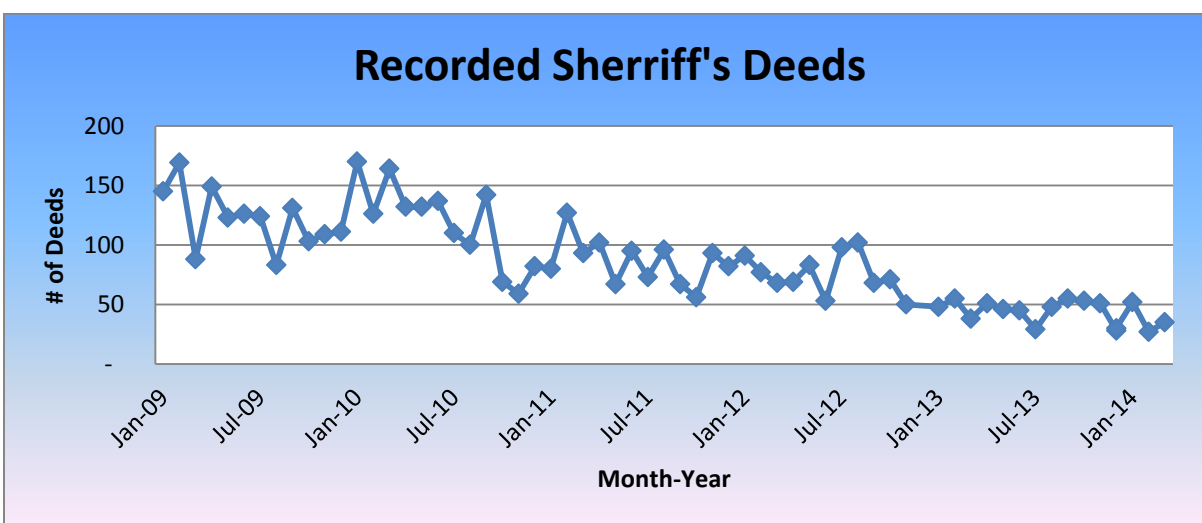
The amount of 2014 ad valorem taxable value subject to capture agreements is 11.69%.





**Foreclosures**

The City of Grand Rapids tracks the number of foreclosures for the purpose of anticipating the growth or decline in the real estate market. This is based on the concept that real estate values will rebound when the inventory of foreclosed properties is significantly reduced. As displayed in the following chart, the number of sheriff's deeds recorded has continually trended downward from the volatile 2009 - 2010 real estate market. This reduction corresponds with national trends of declining rates of foreclosure activity. This diminishing inventory of foreclosed property on the market is allowing the real estate market to stabilize and increase in many areas.

**Preliminary Residential Sales Study Indications**

A preliminary 2014 sales study performed by the City Assessor's Office indicates 2015 state equalized values in the residential class will require a healthy increase of 6%. This sales study only includes residential class properties sold between October 1, 2012 and March 31, 2014. An additional six months of sales data is necessary to conclude the study. The Grand Rapids Association of Realtors reported that inventory of available homes is lowest that it has been since 2002. This low inventory will put pressure on price level to increase, continuing the trend in rising assessed values.

**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 2014.