



2023

# Assessment Roll Report



Assessor's Office

City of Grand Rapids

5/30/2023

## Table of Contents

---

•	<b>Assessor's Transmittal Letter</b>	3
•	<b>Overview</b>	
	a. Mission Statement	4
	b. Organizational Chart	5
•	<b>2023 Assessment Roll</b>	
	a. Parcel Counts	6
	b. State Equalized Values	7
	c. Taxable Values	9
	d. Millage Reduction Calculation	11
	e. School District Totals	12
	f. Largest Taxpayers	13
•	<b>Assessment Districts &amp; Zones</b>	
	a. Renaissance Zones	14
	b. Tax Capture Districts	16
•	<b>Legislation Impacting Property Tax Administration</b>	
	a. Personal Property	18
	b. Disabled Veteran's Exemption	19
	c. Charitable Housing Exemption	19
	d. Payment in Lieu of Taxes (PILOT)	20
•	<b>Real Estate Trends &amp; Forecast</b>	
	a. Foreclosures	21
	b. Preliminary Sales Study Indications	21



May 30, 2023

Mark Washington, City Manager:

The City Assessor's Office has completed the Annual Assessment Roll Report for tax year 2023, Fiscal Year 2024.

The purpose of this report is threefold: 1) to provide a synopsis of the City's Fiscal Year 2024 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,

Paula Jastifer  
City Assessor

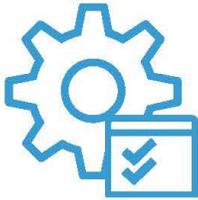
## Vision

Grand Rapids will be nationally recognized as an equitable, welcoming, innovative and collaborative city with a robust economy, safe and healthy community, and the opportunity for a high quality of life for all.

## Mission

To elevate the quality of life through City services.

## Priorities



### Governmental Excellence

A fiscally resilient government powered by high performing and knowledgeable staff equipped with the appropriate tools and resources to offer excellent, equitable and innovative public service.



### Economic Prosperity and Affordability

Residents, employees and businesses have pathways to financial growth and security.



### Engaged and Connected Community

Residents and stakeholders have awareness of and voice in decisions that affect them, and receive culturally-responsive and proactive communication.



### Health and Environment

The health of all people and the environment are advocated for, protected and enhanced.



### Mobility

Innovative, efficient, low-carbon and equitable mobility solutions are safe, affordable and convenient to the community.

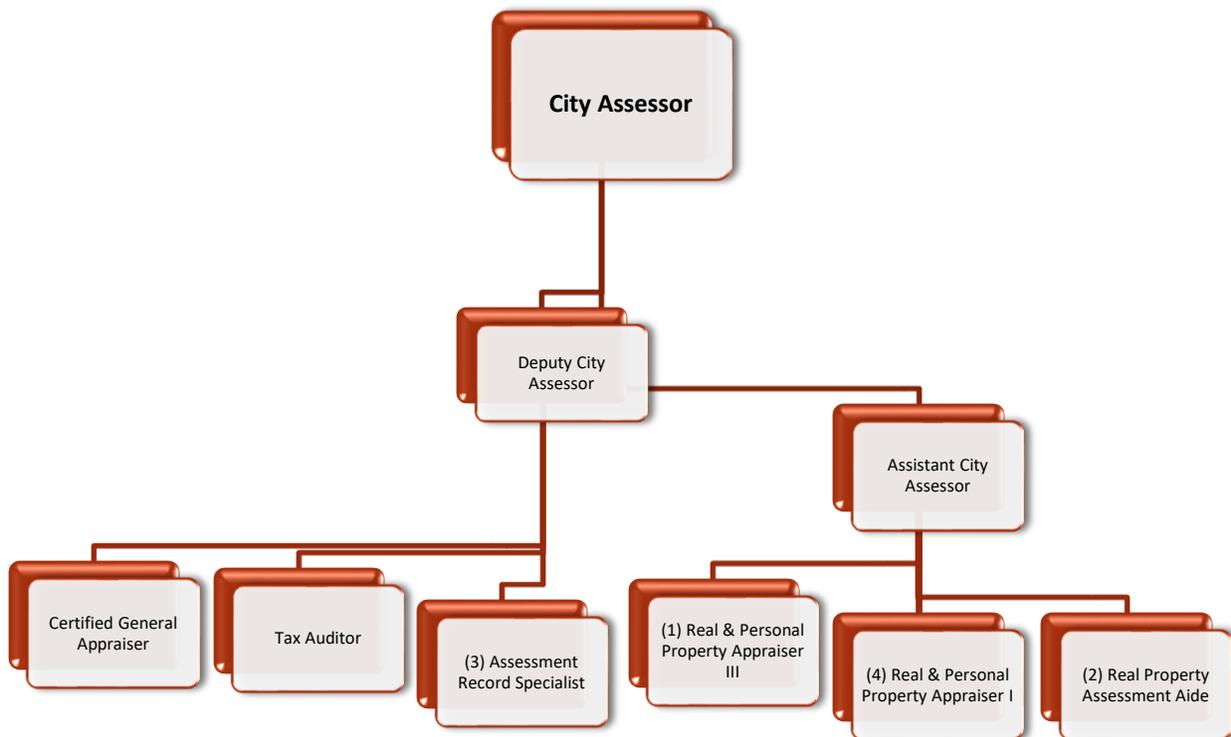


### Safe Community

All people feel safe and are safe at all times throughout our community.

# Fiscal Services Assessor's Office Organization Chart, Fiscal Year 2024

---



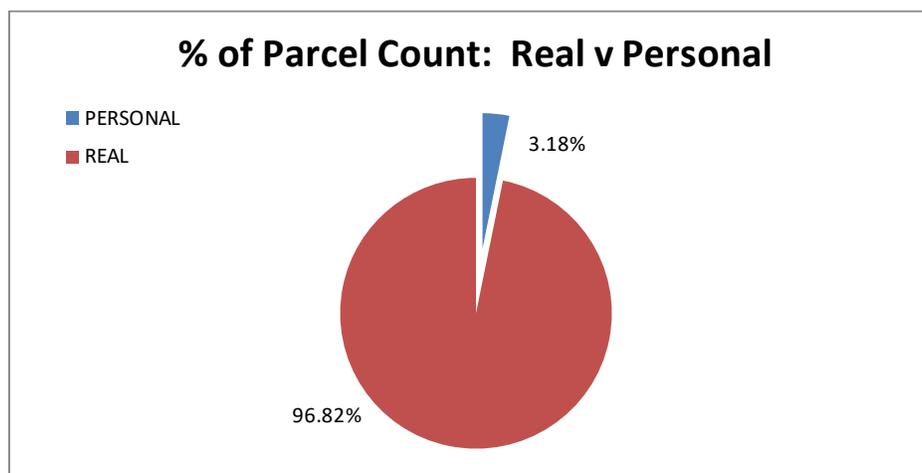
## 2023 Assessment Rolls

## Parcel Counts

The City Assessor is responsible for administering seven 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<sup>1</sup>, Neighborhood Enterprise Zone (NEZ) roll<sup>2</sup>, Obsolete Properties (OPRA) roll<sup>3</sup>, Commercial Facilities (CFT)<sup>4</sup> roll, and Commercial Rehabilitation (CRA) roll<sup>5</sup>, 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<sup>6</sup>** contains properties that are subject to the full millage rate, but half of the levy is allocated to the State 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 seven rolls are contained in the chart below.

2023 Parcel Counts									
	Class ↓	Ad Valorem	IFT	NEZ	OPRA	TRCTA	CRA	CFT	Totals
Real Property	Commercial	4,142	8	12	78	12	2	1	4,252
	Industrial	554	34	0	0	1	0	0	589
	Residential	56,776	0	45	0	83	0	0	56,904
	Exempt	2,364	0	0	0	0	0	0	2,364
	<b>Real Property Totals</b>	<b>63,836</b>	<b>42</b>	<b>57</b>	<b>78</b>	<b>96</b>	<b>2</b>	<b>1</b>	<b>64,109</b>
Personal Property	Commercial	2,038	3	0	0	0	0	0	2,041
	Industrial	46	2	0	0	0	0	0	48
	Utility	13	0	0	0	0	0	0	13
	<b>Personal Property Totals</b>	<b>2,097</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,102</b>
	<b>Parcel Count Totals</b>	<b>65,933</b>	<b>47</b>	<b>57</b>	<b>78</b>	<b>96</b>	<b>2</b>	<b>1</b>	<b>66,211</b>



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

<sup>2</sup> As authorized by Public Act 147 of 1992.

<sup>3</sup> As authorized by Public Act 146 of 2000.

<sup>4</sup> As authorized by Public Act 255 of 1978.

<sup>5</sup> As authorized by Public Act 210 of 2005.

<sup>6</sup> As authorized by Public Act 260 of 2003.

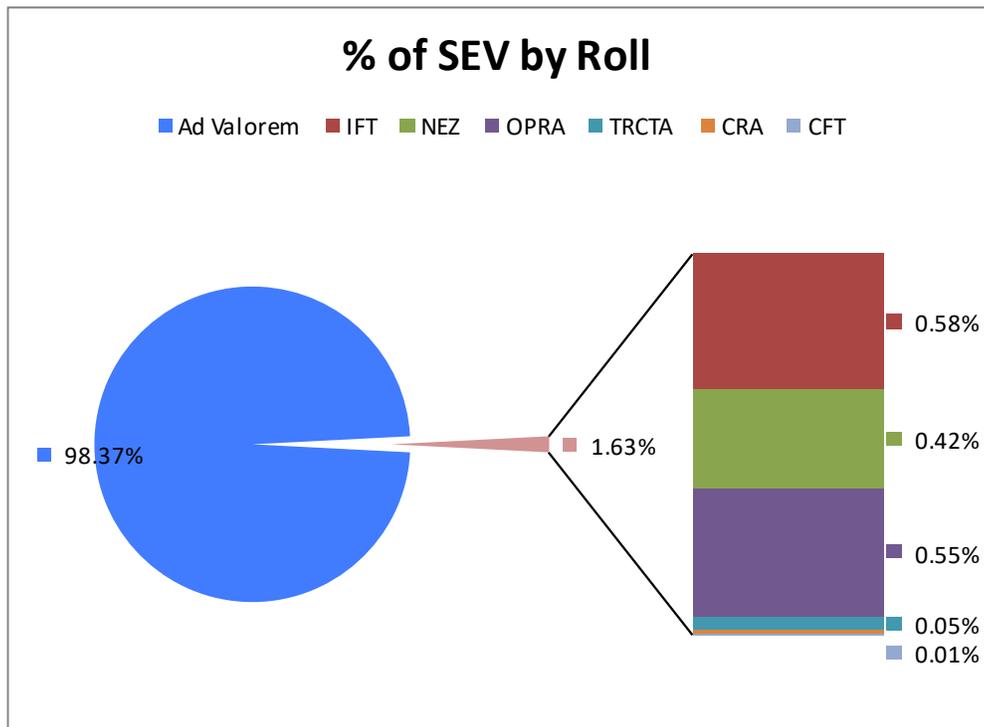
## 2023 Assessment Rolls

## 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.

2023 State Equalized Values (SEV)									
	Class ↓	Ad Valorem	IFT	NEZ	OPRA	TRCTA	CRA	CFT	Totals
<b>Real Property</b>	Commercial	\$2,835,841,000	\$11,151,700	\$38,232,100	\$54,470,000	\$286,000	\$1,741,500	\$699,700	\$2,939,980,800
	Industrial	\$322,254,800	\$45,872,200	\$0	\$0	\$34,900	\$0	\$0	\$368,161,900
	Residential	\$6,164,775,300	\$0	\$3,821,300	\$0	\$5,144,500	\$0	\$0	\$6,173,741,100
	Exempt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	<b>Real Property Totals</b>	<b>\$9,322,871,100</b>	<b>\$57,023,900</b>	<b>\$42,053,400</b>	<b>\$54,470,000</b>	<b>\$5,465,400</b>	<b>\$1,741,500</b>	<b>\$699,700</b>	<b>\$9,481,883,800</b>
<b>Personal Property</b>	Commercial	\$252,864,200	\$102,200	\$0	\$0	\$0	\$0	\$0	\$252,966,400
	Industrial	\$21,960,000	\$229,000	\$0	\$0	\$0	\$0	\$0	\$22,189,000
	Utility	\$180,297,400	\$0	\$0	\$0	\$0	\$0	\$0	\$180,297,400
	<b>Personal Property Totals</b>	<b>\$455,121,600</b>	<b>\$331,200</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$455,452,800</b>
<b>SEV Totals</b>	<b>\$9,777,992,700</b>	<b>\$57,355,100</b>	<b>\$42,053,400</b>	<b>\$54,470,000</b>	<b>\$5,465,400</b>	<b>\$1,741,500</b>	<b>\$699,700</b>	<b>\$9,937,336,600</b>	

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

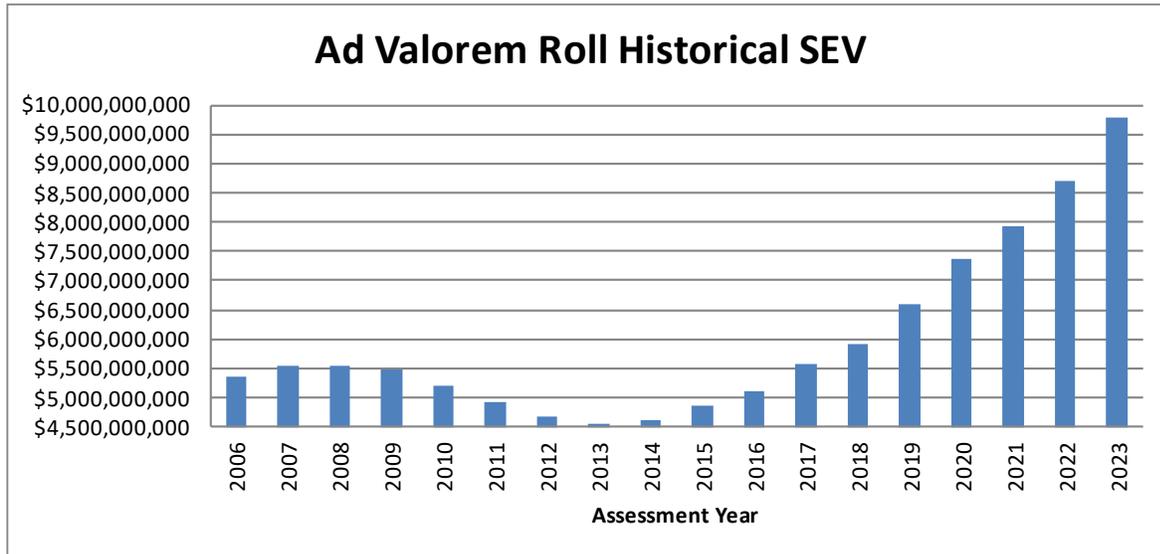


## 2023 Assessment Rolls

## Historical State Equalized Value

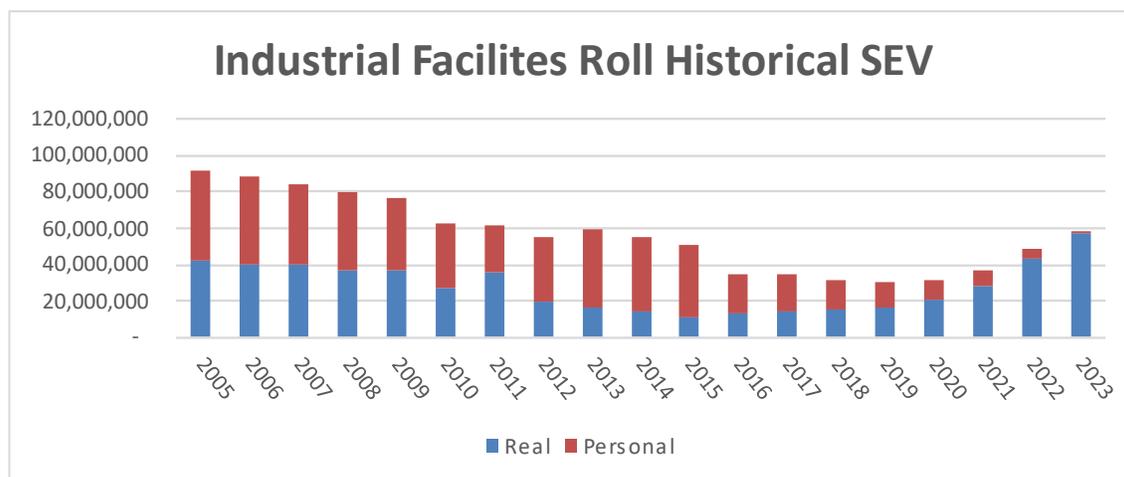
### Ad Valorem Roll

A strong real estate market increased the City's SEV for the tenth straight year. The increase for 2023 was due to increases in all classes of real property.



### Industrial Facilities Roll

While the seven Special Acts Assessment Rolls comprise less than 2% of the City's 2023 SEV, the IFT roll is considered a reliable indicator of the amount of annual private sector investment in industrial real property. The IFT personal property total decreased overall due to the seventh and final year of the phase-in of the Eligible Manufacturing Personal Property Exemption. The increased value of real property on the Industrial Facilities Roll can be contributed to a number of factors including an overall increase in industrial values and new construction.



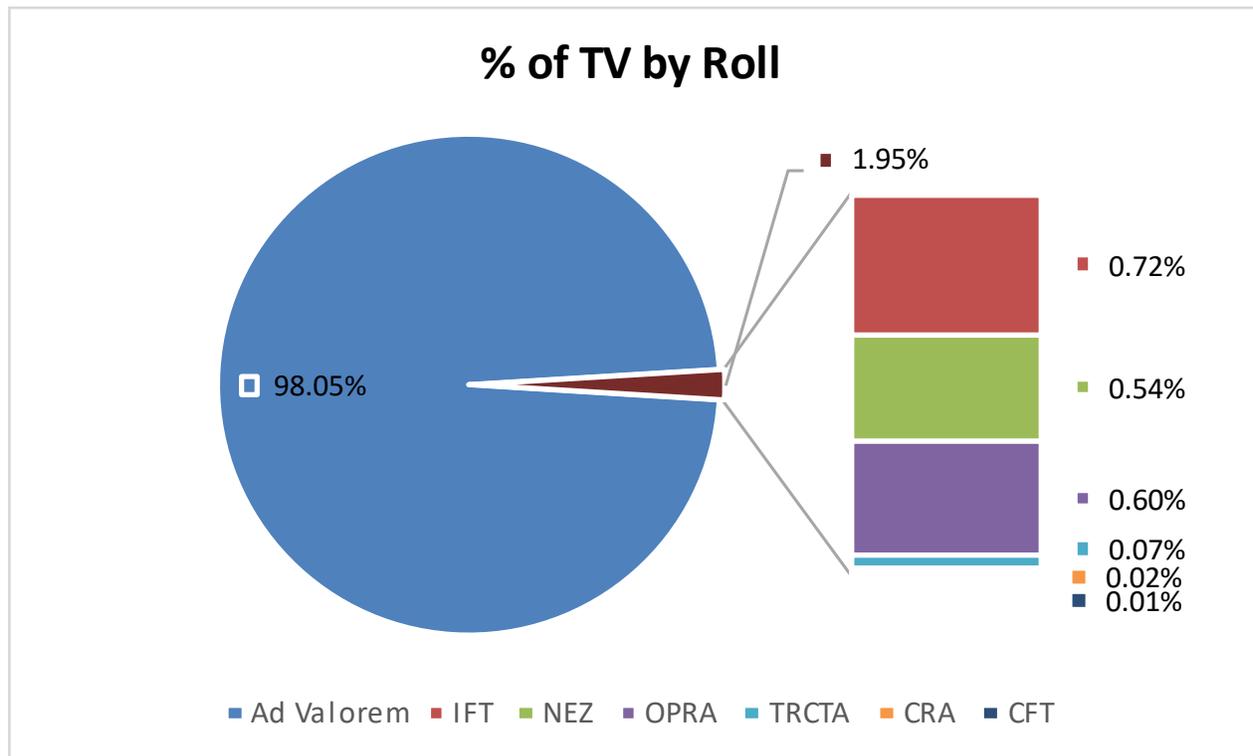
## 2023 Assessment Rolls

## 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 multiplied by the millage rate to calculate property taxes.

2023 Taxable Values (TV)									
	Class ↓	Ad Valorem	IFT	NEZ	OPRA	TRCTA	CRA	CFT	Totals
<b>Real Property</b>	Commercial	\$2,044,507,568	\$10,553,384	\$33,564,225	\$40,858,258	\$251,051	\$1,208,073	\$699,700	\$2,129,734,486
	Industrial	\$243,332,824	\$38,179,813	\$0	\$0	\$33,189	\$0	\$0	\$281,545,826
	Residential	\$3,971,917,185	\$0	\$3,421,644	\$0	\$4,288,843	\$0	\$0	\$3,979,627,672
	Exempt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	<b>Real Property Totals</b>	<b>\$6,259,757,577</b>	<b>\$48,733,197</b>	<b>\$36,985,869</b>	<b>\$40,858,258</b>	<b>\$4,573,083</b>	<b>\$1,208,073</b>	<b>\$699,700</b>	<b>\$6,390,907,984</b>
<b>Personal Property</b>	Commercial	\$252,864,200	\$102,200	\$0	\$0	\$0	\$0	\$0	\$252,966,400
	Industrial	\$21,960,000	\$229,000	\$0	\$0	\$0	\$0	\$0	\$22,189,000
	Utility	\$180,297,400	\$0	\$0	\$0	\$0	\$0	\$0	\$180,297,400
	<b>Personal Property Totals</b>	<b>\$455,121,600</b>	<b>\$331,200</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$455,452,800</b>
<b>TV Totals</b>		<b>\$6,714,879,177</b>	<b>\$49,064,397</b>	<b>\$36,985,869</b>	<b>\$40,858,258</b>	<b>\$4,573,083</b>	<b>\$1,208,073</b>	<b>\$699,700</b>	<b>\$6,846,360,784</b>

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

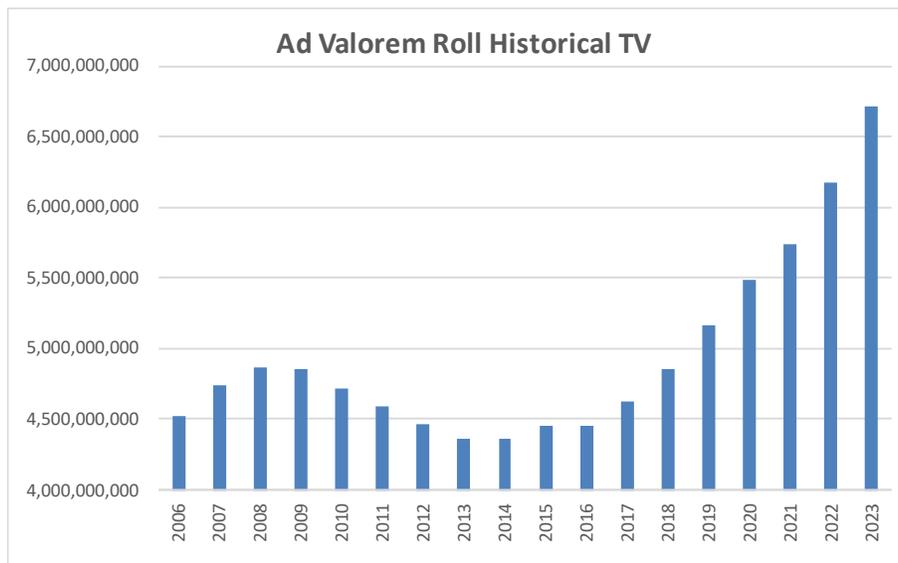


## 2023 Assessment Rolls

## Historical Taxable Value

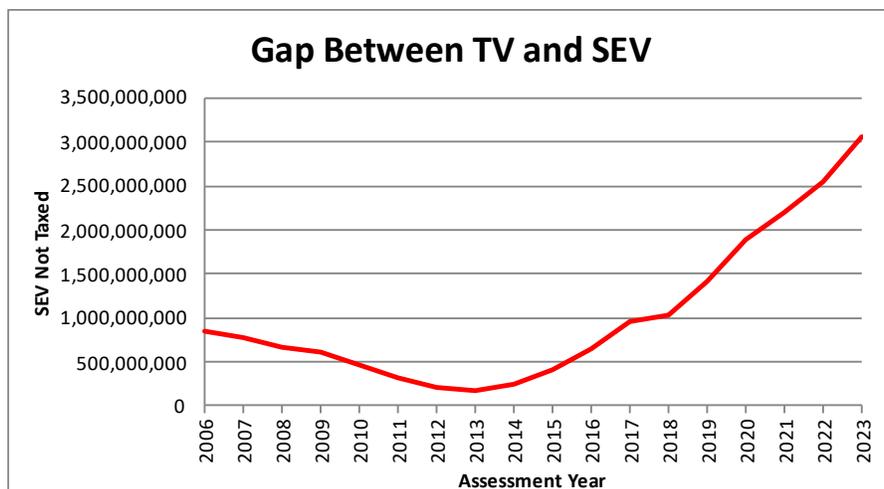
### Ad Valorem Roll

While real property values increased due to the strong real estate market, the increase in Ad Valorem taxable value increased 8.82%, bringing the taxable value to the highest level in the history of Grand Rapids.



### 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. While this gap narrowed significantly with the loss in property value during the 2008-2010 recession, it continues to widen as the market recovered.



**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 City's millage rate is "rolled back" so that the resulting growth in City property tax revenue does not exceed the rate of inflation. This is accomplished with 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 City's millage rates.

For the first time since Proposal A was enacted, the Inflation Rate Multiplier calculated using CPI (consumer price index) data exceeded the maximum allowable ratio that can be used in the Capped Value Formula. This formula determines the taxable value of all properties. The CPI indicated that the Inflation Rate Multiplier for 2023 is 1.079. The statutorily defined maximum Inflation Rate Multiplier that can be used in the capped value formula is 1.05. The high inflation rate multiplier of 1.05, coupled with the "uncapping" of taxable value in a growing real estate market, has resulted in the City's total taxable value increasing more than the rate of inflation over the previous year.

The City's millage reduction fraction is calculated at 1.0000 for the 2023 tax year. This multiplier is applied to the City's 2023 millage rate resulting in no change to the authorized millage rates and maintaining the existing maximum allowable millage the City is able to levy in 2023 and forward. In order to return to the charter authorized millage, a vote by the electors would be required.

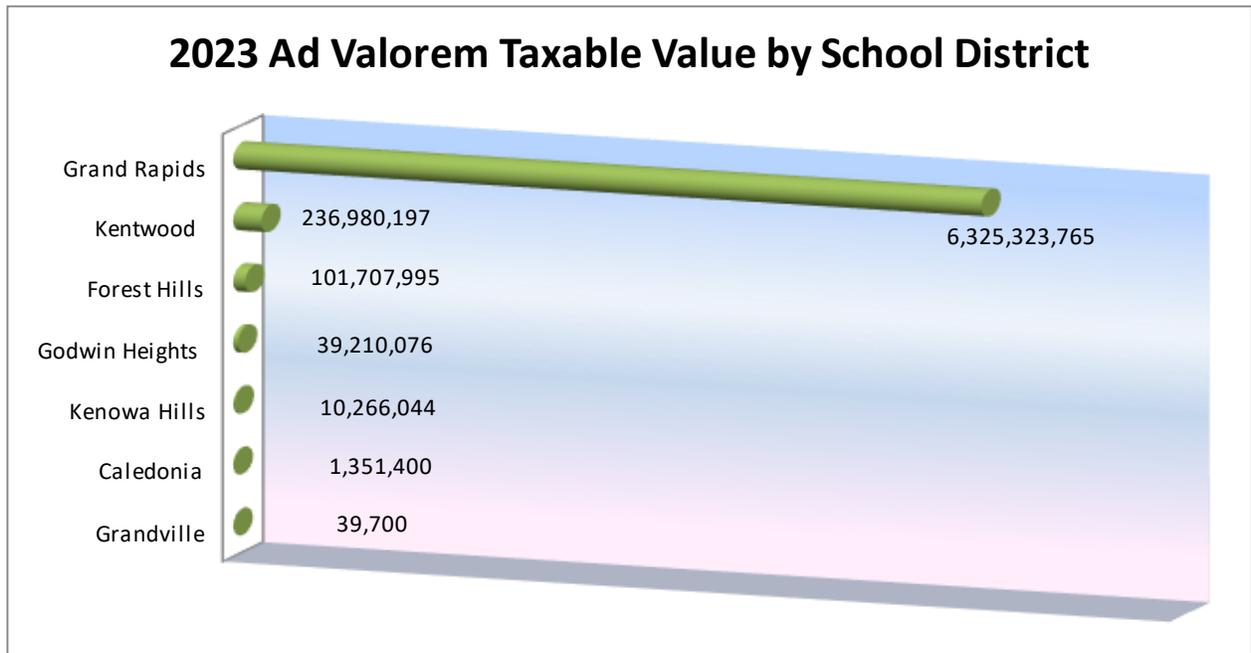
**2023 Assessment Rolls**

***School Districts***

**Ad Valorem Roll**

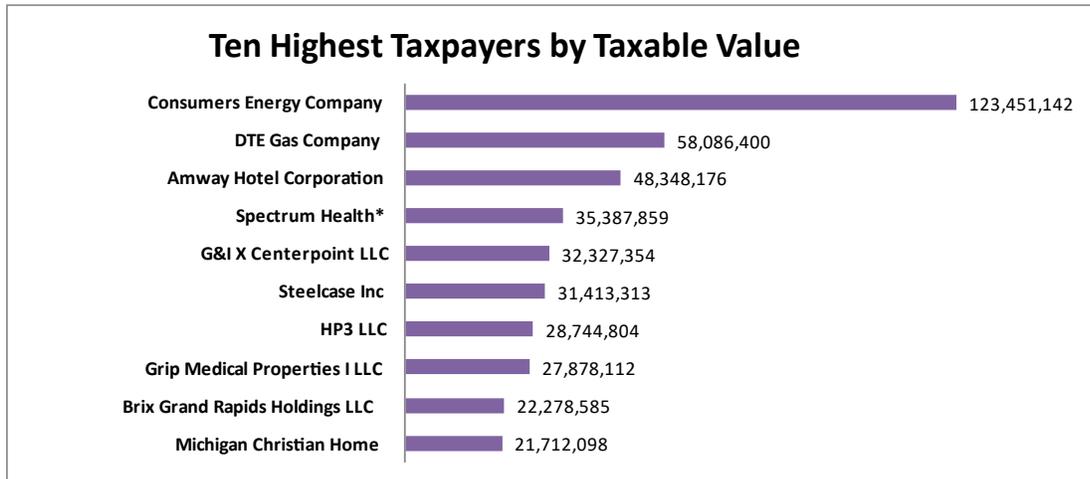
The City boundaries encompass property located in seven different school districts. The school districts and their respective 2023 taxable values and state equalized values are listed below.

<b>School District</b>	<b>Parcels</b>	<b>Ad Valorem TV</b>	<b>Ad Valorem SEV</b>
Grandville	8	39,700	39,700
Caledonia	15	1,351,400	1,351,400
Kenowa Hills	34	10,266,044	13,652,800
Godwin Heights	53	39,210,076	45,508,600
Forest Hills	132	101,707,995	140,472,900
Kentwood	1,376	236,980,197	311,183,900
Grand Rapids	64,315	6,325,323,765	9,265,783,400
<b>Total</b>	<b>65,933</b>	<b>\$6,714,879,177</b>	<b>\$9,777,992,700</b>



**All Rolls**

The 2023 taxable values of the City’s ten largest taxpayers are listed in the following chart. The total taxable value includes both real and personal property from all assessment rolls.



## **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 have expired.

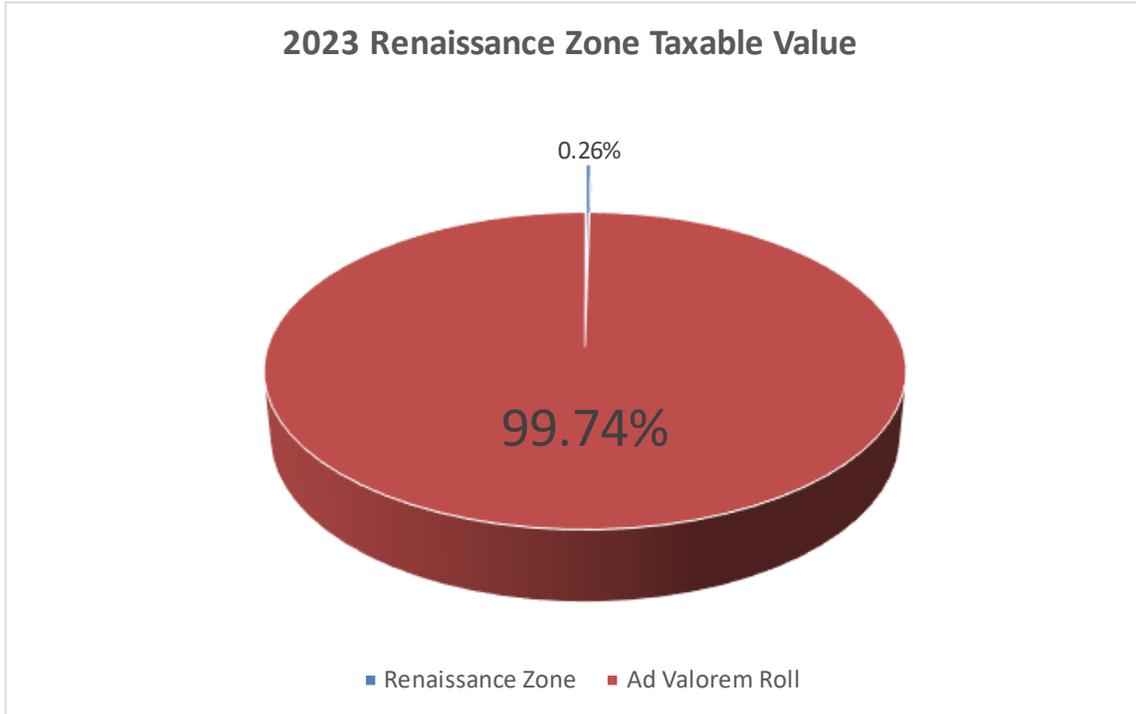
### **2023 Renaissance Zone Taxable Value – All Rolls**

The following chart summarizes the amount of 2023 taxable value located in the City’s various renaissance zones. Properties with a benefit level less than 100% are in the phase out process.

<b>Renaissance Zones</b>	
<b>2023 Taxable Value - All Rolls</b>	
<b>Benefit Level</b>	<b>Taxable Value</b>
100%	\$ -
75%	\$ -
50%	\$ 440,556
25%	\$ 17,353,060
<b>Total</b>	<b>\$ 17,793,616</b>

**2023 Renaissance Zone Taxable Value – All Rolls cont.**

The total 2023 taxable value subject to renaissance zone benefits on all rolls is equivalent to .26% of the City’s total taxable value.



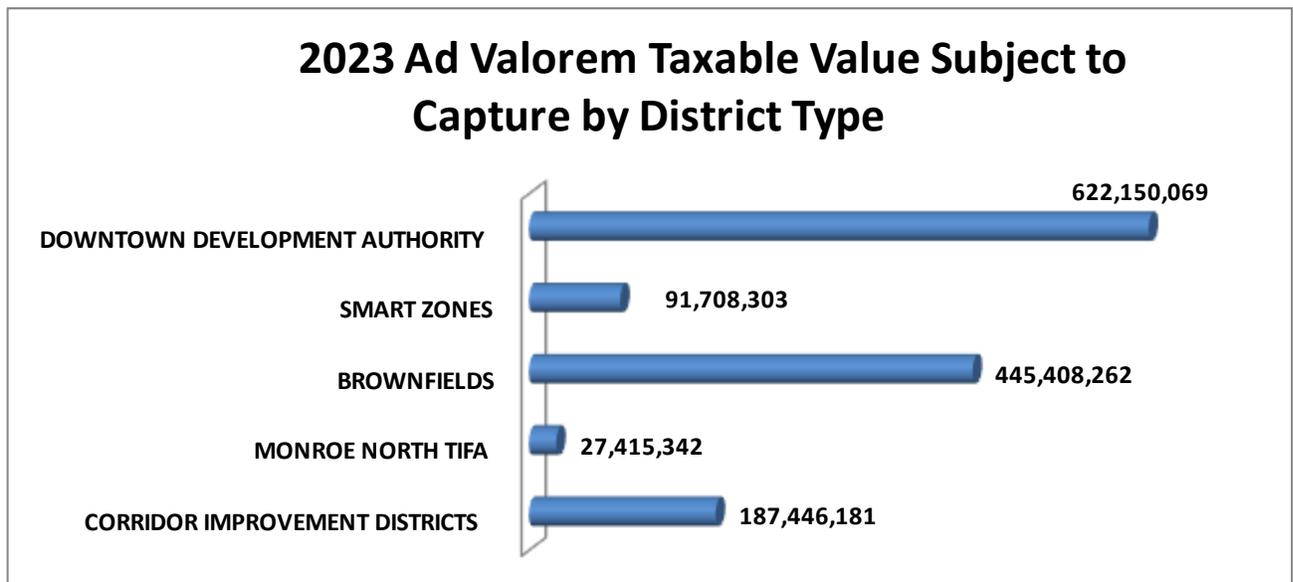
**Types of Tax Capture Districts.**

Legislation passed by the State of Michigan has allowed for the creation of five types of tax capture districts in the City of Grand Rapids: 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.

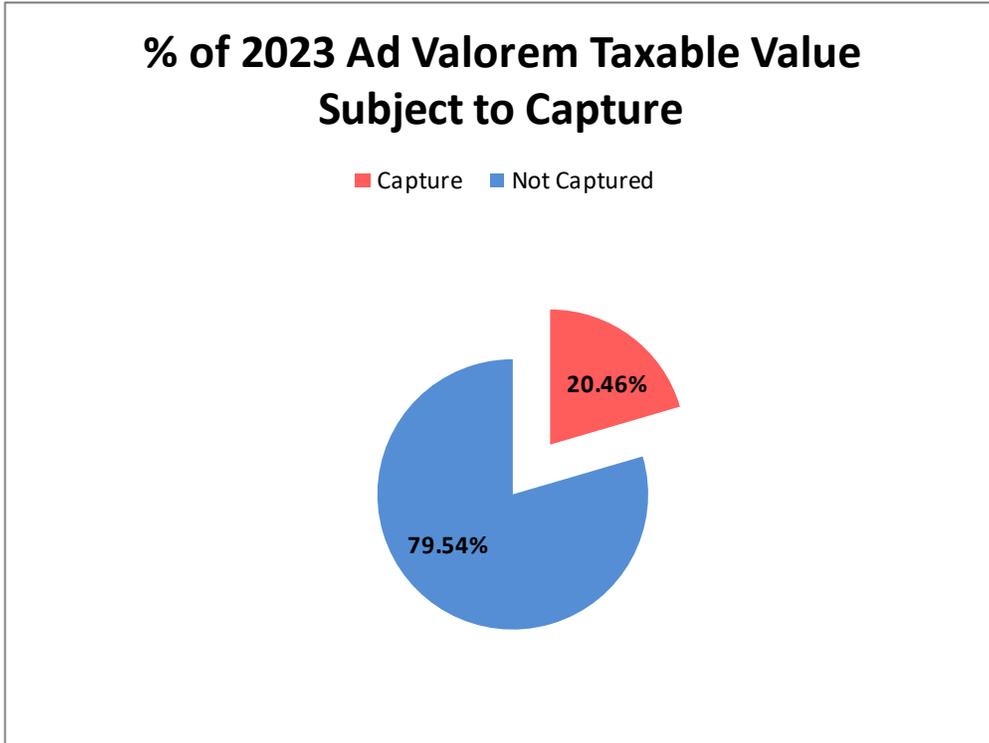
**2023 Taxable Value Subject to Tax Capture Agreements**

The amount of 2023 ad valorem taxable value subject to tax capture agreements is displayed in the following chart by district type.



**2023 Taxable Value Subject to Tax Capture Agreements cont.**

The amount of 2023 ad valorem taxable value subject to capture agreements is 20.46% of the Ad Valorem tax base.



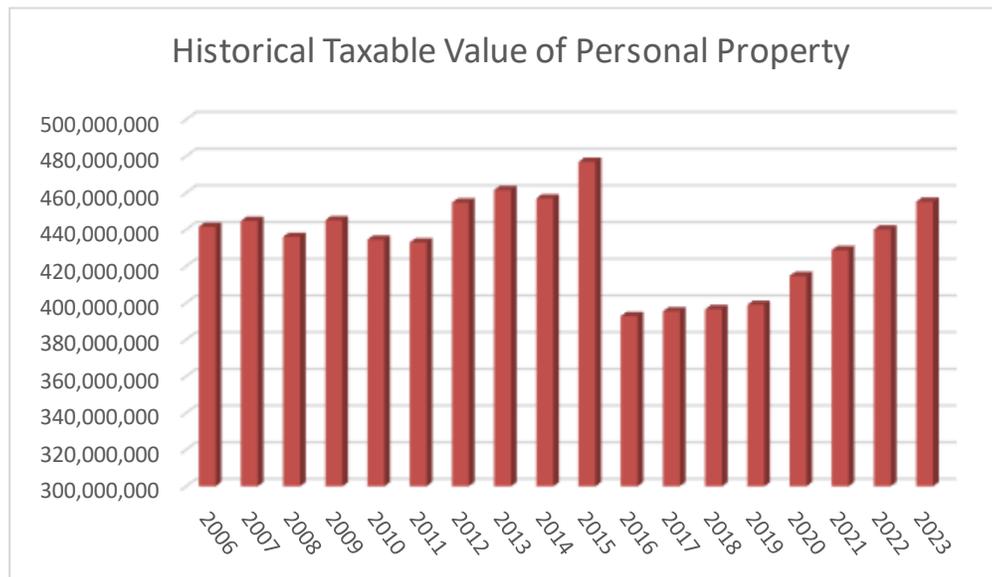
## **Legislation Affecting Property Tax Administration**

### **Personal Property**

A package of bills passed in 2012 by the state legislature, and the subsequent passage by voters of Proposal 1 of 2014, created two personal property exemptions. The first exemption, which began in 2014, is the “Small Business Tax Exemption”. The second exemption, which began in 2016, is the “Eligible Manufacturing Personal Property” exemption.

The “Small Business Tax Exemption” exempts business personal property owned, leased, or in the possession of a business, if the total true cash value is less than \$80,000 within the local unit of government. In 2021 the Michigan State Legislature passed an amendment to the tax law to increase the threshold of the “Small Business Tax Exemption to \$180,000 starting with the 2023 tax year.

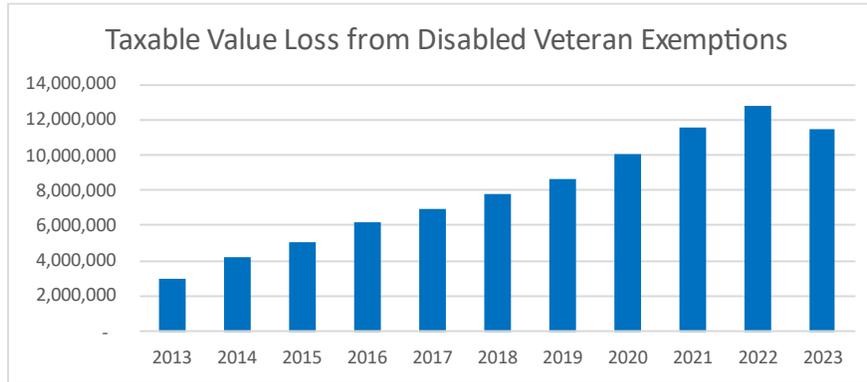
The “Eligible Manufacturing Personal Property” exemption (EMPP) eliminates personal property taxes on personal property which is used either for industrial processing, or direct integrated support of industrial processing. The exemption is phased in over several years beginning in 2016. In 2023, all Eligible Manufacturing Personal Property will be exempt in the State of Michigan. The overall effect on the Ad Valorem personal property tax base is shown in this chart:



Other features of the legislation include a proportion of Use Tax revenues to be directed to local units of government to offset revenue losses caused by the exemptions; establishment of a “State Essential Services Assessment” which will be levied against exempt personal property in 2023 with the revenue going to the state treasury’s general fund; and creation of the “Local Community Stabilization Authority” which will receive and disburse the local communities’ share of the State Use Tax.

**Disabled Veteran’s Exemption**

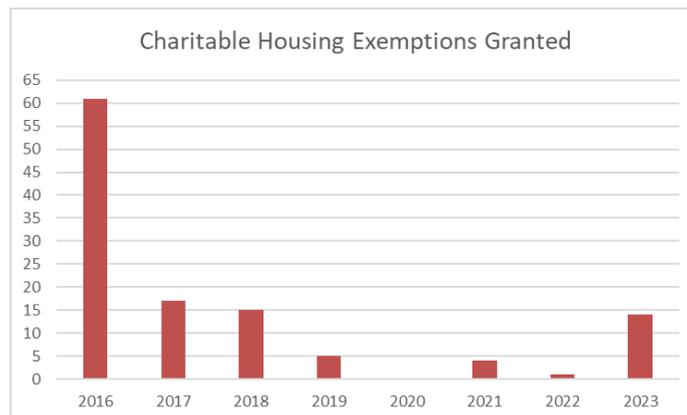
In 2013, the state legislature passed Public Act 161, which provides a property tax exemption on the homestead of honorably discharged veterans of the United States Military who are 100% disabled. This chart shows the loss in taxable value due to the disabled veteran’s exemption since the creation of 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 of this date, 151 exemptions have been granted for a total loss of \$11,468,430 in taxable value for the 2023 tax year.

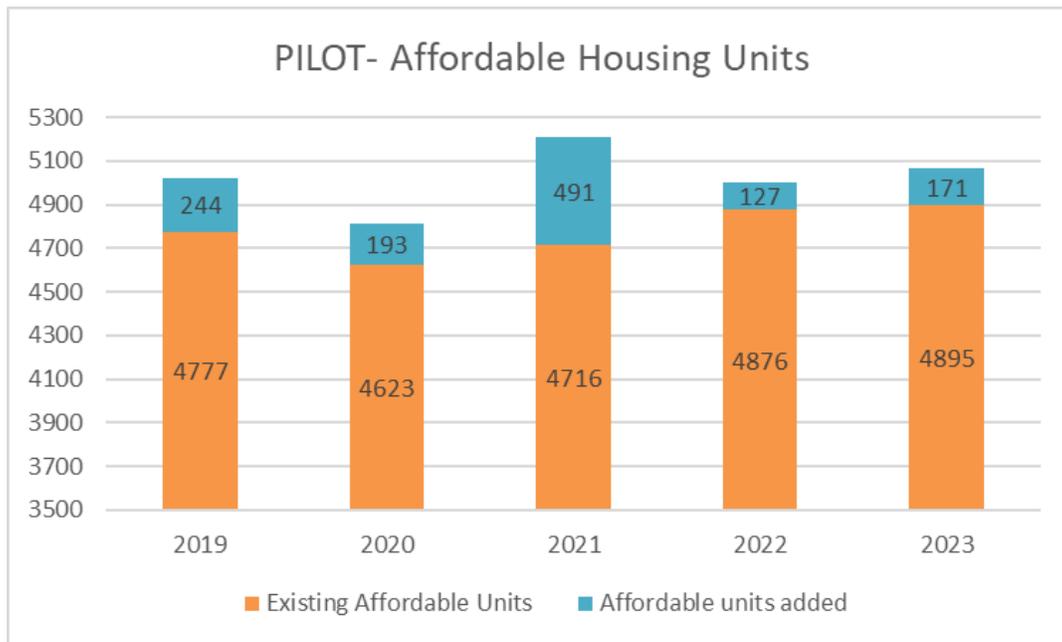
**Charitable Housing Exemption**

Public Act 456 of 2014 allows for an exemption from the collection of taxes under the General Property Tax Act, for charitable nonprofit housing organizations that own eligible nonprofit housing. This exemption was created to exempt certain residential property owned by a charitable nonprofit housing organization from property taxes for a maximum period of up to five years if the property is intended for occupancy by a low-income person as a principal residence. This chart shows the number of these exemptions granted by the State Tax Commission.



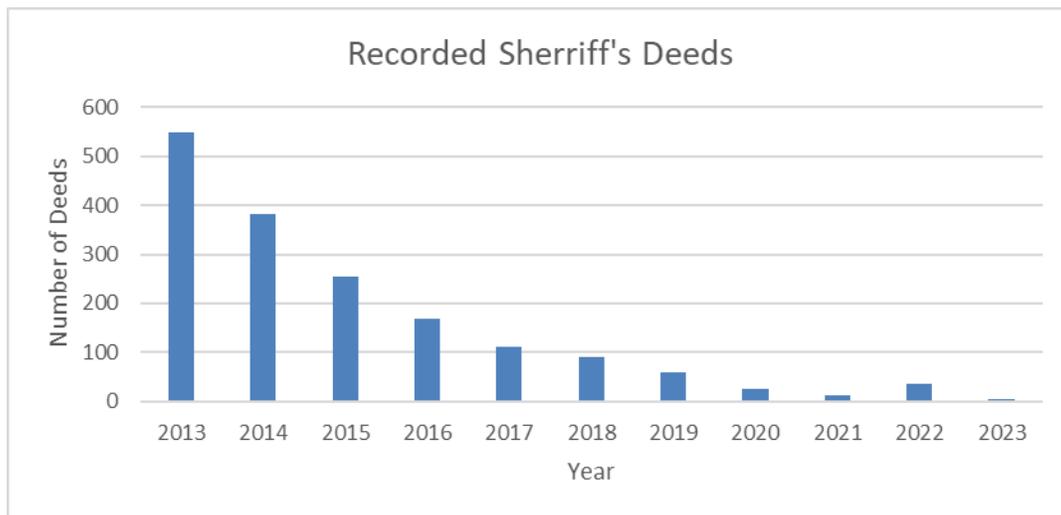
**Payment in Lieu of Taxes (PILOT)**

Act 346 of 1966, known as the State Housing Development Authority Act, provides an avenue for nonprofit housing authorities to develop affordable housing projects in the State of Michigan. For the 2023 assessment year, there are 407 properties classified under this act providing a total of 5,066 affordable housing units. 171 of those units were added for the 2023 assessment year. These properties are exempt from ad valorem property taxes but make a payment in lieu of tax (PILOT) based on a percentage of their net shelter rent.



**Mortgage Foreclosures**

The City of Grand Rapids tracks the number of foreclosures due to nonpayment of mortgages for the purpose of anticipating the growth or decline in the real estate market. This is based on the concept that real estate values 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. The diminishing inventory of foreclosed property on the market is indicative of a stable and healthy residential real estate market in the City of Grand Rapids.



**Preliminary Residential Sales Study Indications**

The State Tax Commission requires a yearly sales study to measure the assessment-to-value ratio of taxable parcels. In an increasing real estate market, a two-year study is used. This study includes sales from April 2021 through the end of March 2023. In a declining real estate market, a single year study is used. This study includes sales from October 2022 through the end of September 2023.

The Grand Rapids real estate market continues to remain strong. We can expect to see another double-digit percent increase in residential values for 2024. Even with the recent increase in interest rates there the demand for single family homes is high and currently exceeds the current supply of available homes.

**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 2023.