



2020 Assessment Roll Report



Assessor's Office

City of Grand Rapids

June 6, 2020

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June 6, 2020

Mark Washington, City Manager:

The City Assessor's Office has completed the Annual Assessment Roll Report for tax year 2020, Fiscal Year 2021.

The purpose of this report is threefold: 1) to provide a synopsis of the City's Fiscal Year 2021 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 Grivins-Jastifer
City Assessor

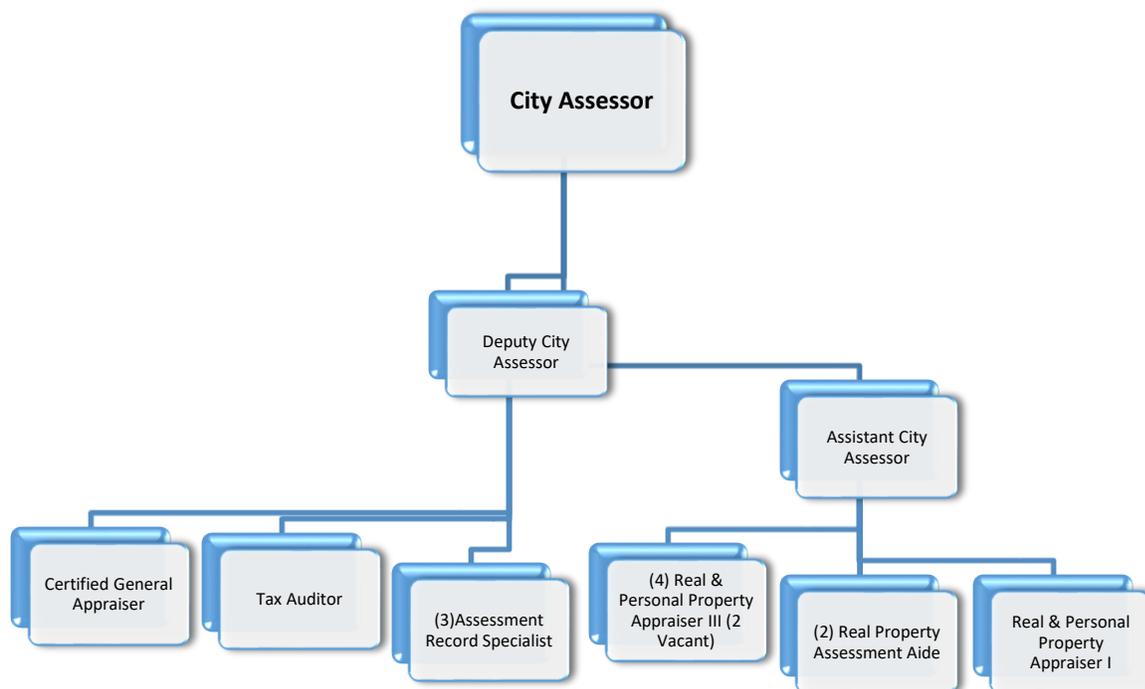
CITY OF GRAND RAPIDS, MICHIGAN MISSION STATEMENT

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, Fiscal Year 2021



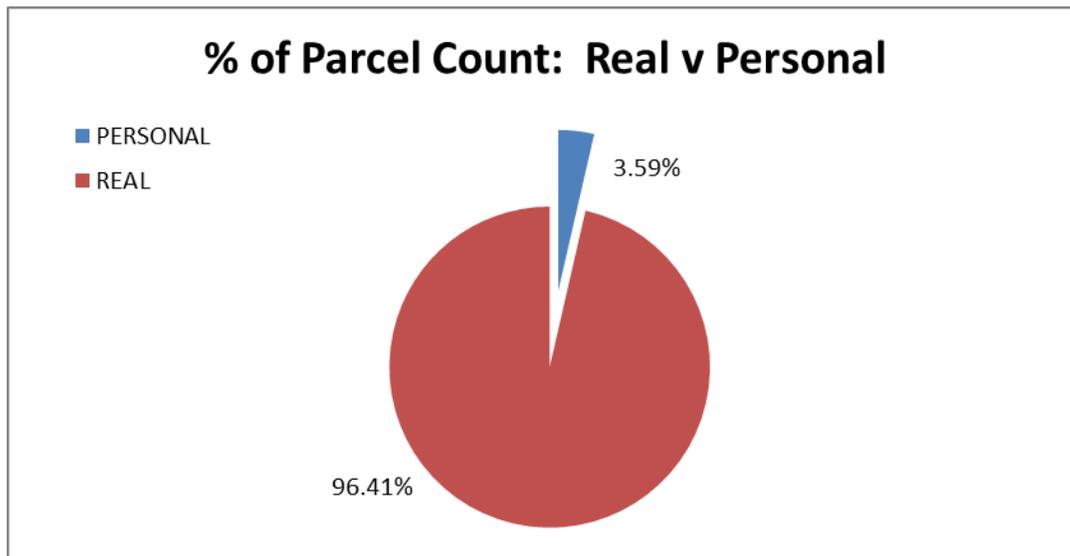
2020 Assessment Rolls

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) roll¹, Neighborhood Enterprise Zone (NEZ) roll², and Obsolete Properties (OPRA) roll³, 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) roll⁴** 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.

2020 Parcel Counts							
	Class ↓	Ad Valorem	IFT	NEZ	OPRA	TRCTA	Totals
Real Property	Commercial	4,172	8	11	65	18	4,274
	Industrial	559	37	0	1	1	598
	Residential	56,281	0	79	0	268	56,628
	Exempt	2,598	0	0	0	2	2,600
	Real Property Totals	63,610	45	90	66	289	64,100
Personal Property	Commercial	2,141	2	0	0	0	2,143
	Industrial	175	43	0	0	0	218
	Utility	13	0	0	0	0	13
	Personal Property Totals	2,329	45	0	0	0	2,374
Parcel Count Totals		65,939	90	90	66	289	66,474



¹ As authorized by Public Act 198 of 1974.

² As authorized by Public Act 147 of 1992.

³ As authorized by Public Act 146 of 2000.

⁴ As authorized by Public Act 260 of 2003.

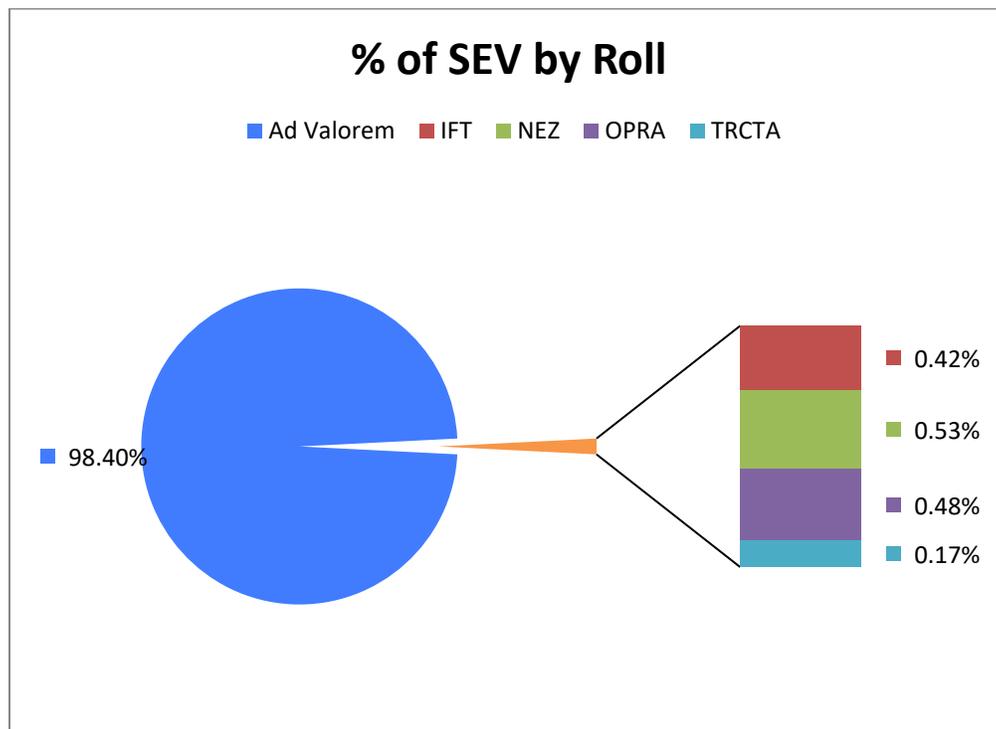
2020 Assessment Rolls

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.

2020 State Equalized Values (SEV)							
	Class ↓	Ad Valorem	IFT	NEZ	OPRA	TRCTA	Totals
Real Property	Commercial	\$2,165,453,800	\$749,400	\$33,008,800	\$35,695,500	\$749,200	\$2,235,656,700
	Industrial	\$227,465,600	\$19,866,100	\$0	\$48,600	\$87,900	\$247,468,200
	Residential	\$4,563,128,600	\$0	\$6,381,200	\$0	\$12,009,400	\$4,581,519,200
	Exempt	\$0	\$0	\$0	\$0	\$0	\$0
	Real Property Totals	\$6,956,048,000	\$20,615,500	\$39,390,000	\$35,744,100	\$12,846,500	\$7,064,644,100
Personal Property	Commercial	\$234,074,400	\$48,800	\$0	\$0	\$0	\$234,123,200
	Industrial	\$42,603,800	\$10,943,600	\$0	\$0	\$0	\$53,547,400
	Utility	\$138,011,900	\$0	\$0	\$0	\$0	\$138,011,900
	Personal Property Totals	\$414,690,100	\$10,992,400	\$0	\$0	\$0	\$425,682,500
SEV Totals		\$7,370,738,100	\$31,607,900	\$39,390,000	\$35,744,100	\$12,846,500	\$7,490,326,600

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

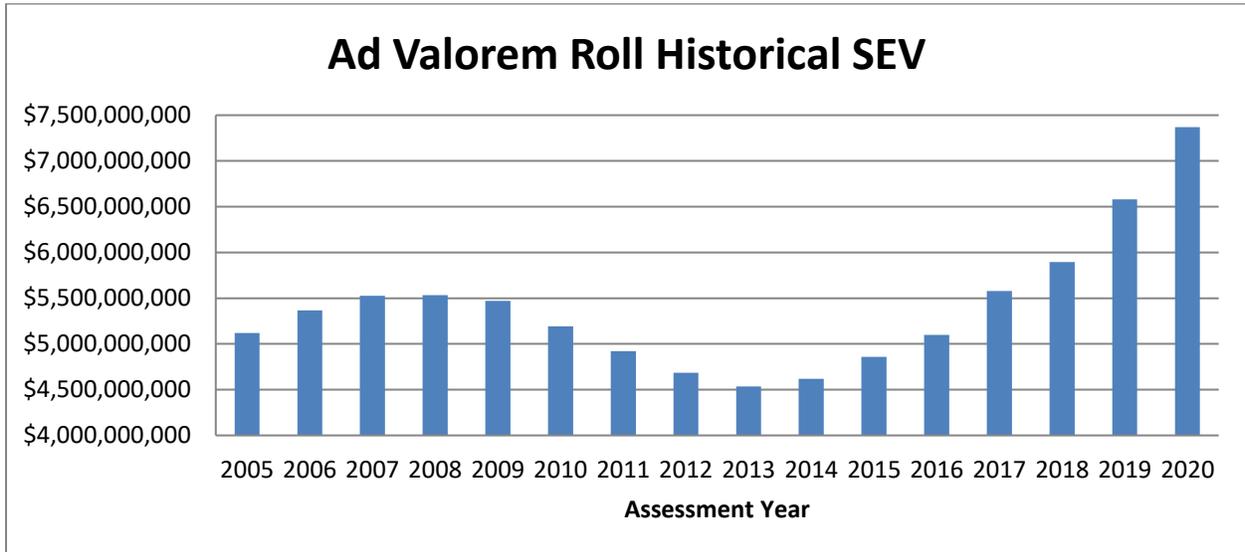


2020 Assessment Rolls

Historical State Equalized Value

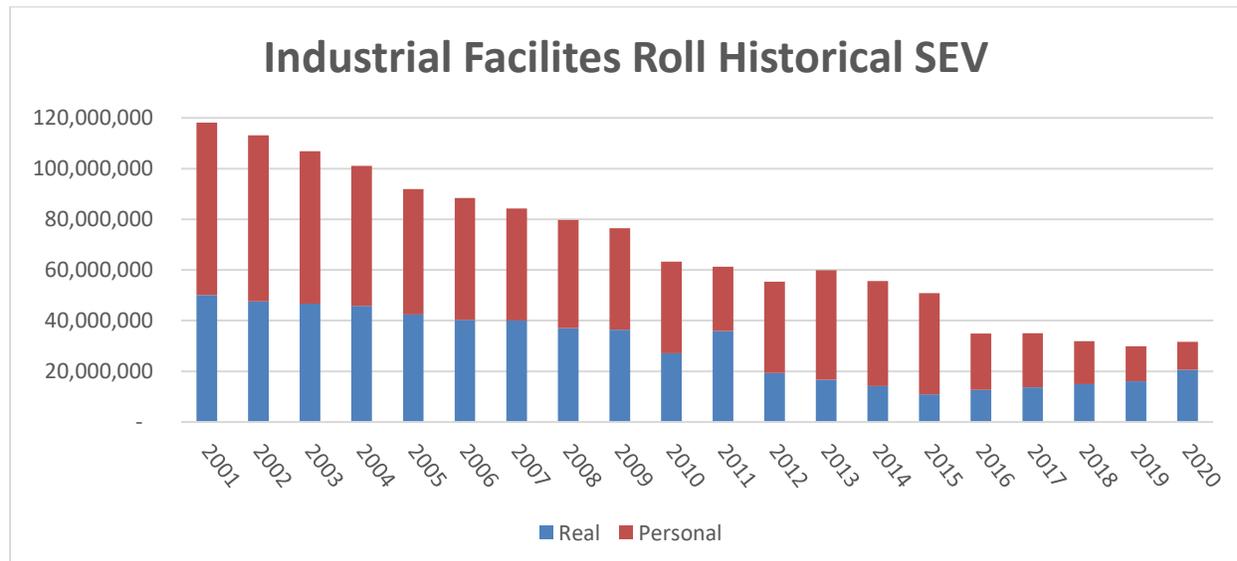
Ad Valorem Roll

A strong real estate market increased the City's SEV for the sixth straight year. The increase in 2020 was largely due to increases in commercial and residentially classed real property.



Industrial Facilities Roll

While the five Special Acts Assessment Rolls comprise less than 1% of the City's 2020 SEV, the IFT roll is considered a reliable indicator of the amount of annual private sector investment in industrial real property and industrial machinery and equipment. The IFT assessment roll value decreased overall due to the fifth year of the phase-in of the Eligible Manufacturing Personal Property Exemption.



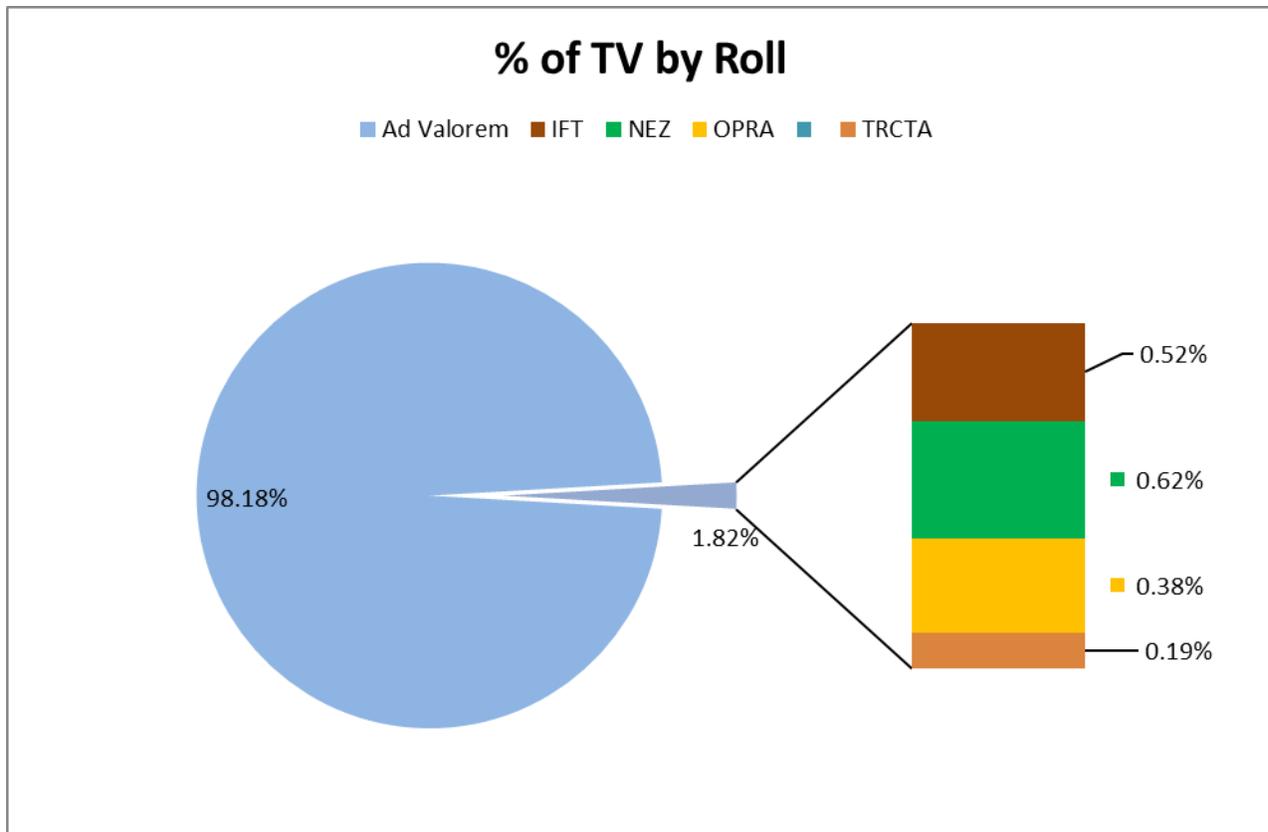
2020 Assessment Rolls

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.

2020 Taxable Values (TV)							
	Class ↓	Ad Valorem	IFT	NEZ	OPRA	TRCTA	Totals
Real Property	Commercial	\$1,652,945,913	\$572,665	\$28,735,350	\$27,574,211	\$662,984	\$1,710,491,123
	Industrial	\$188,732,942	\$17,363,928	\$0	\$39,233	\$82,192	\$206,218,295
	Residential	\$3,230,848,336	\$0	\$5,723,676	\$0	\$9,795,780	\$3,246,367,792
	Exempt	\$0	\$0	\$0	\$0	\$0	\$0
	Real Property Totals	\$5,072,527,191	\$17,936,593	\$34,459,026	\$27,613,444	\$10,540,956	\$5,163,077,210
Personal Property	Commercial	\$234,074,400	\$48,800	\$0	\$0	\$0	\$234,123,200
	Industrial	\$42,603,800	\$10,943,600	\$0	\$0	\$0	\$53,547,400
	Utility	\$138,011,900	\$0	\$0	\$0	\$0	\$138,011,900
	Personal Property Totals	\$414,690,100	\$10,992,400	\$0	\$0	\$0	\$425,682,500
TV Totals		\$5,487,217,291	\$28,928,993	\$34,459,026	\$27,613,444	\$10,540,956	\$5,588,759,710

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

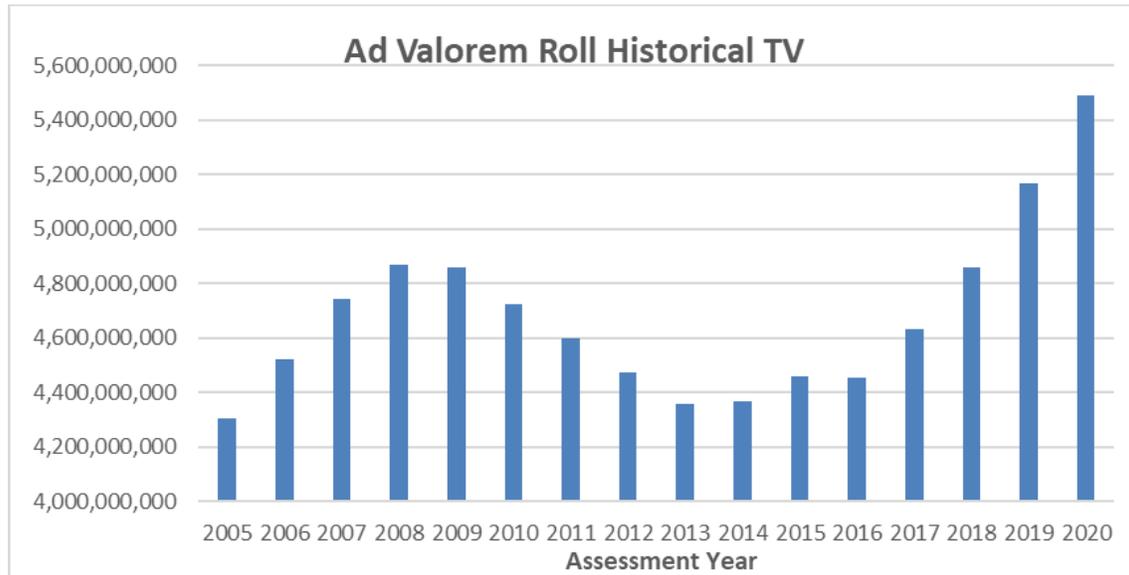


2020 Assessment Rolls

Historical Taxable Value

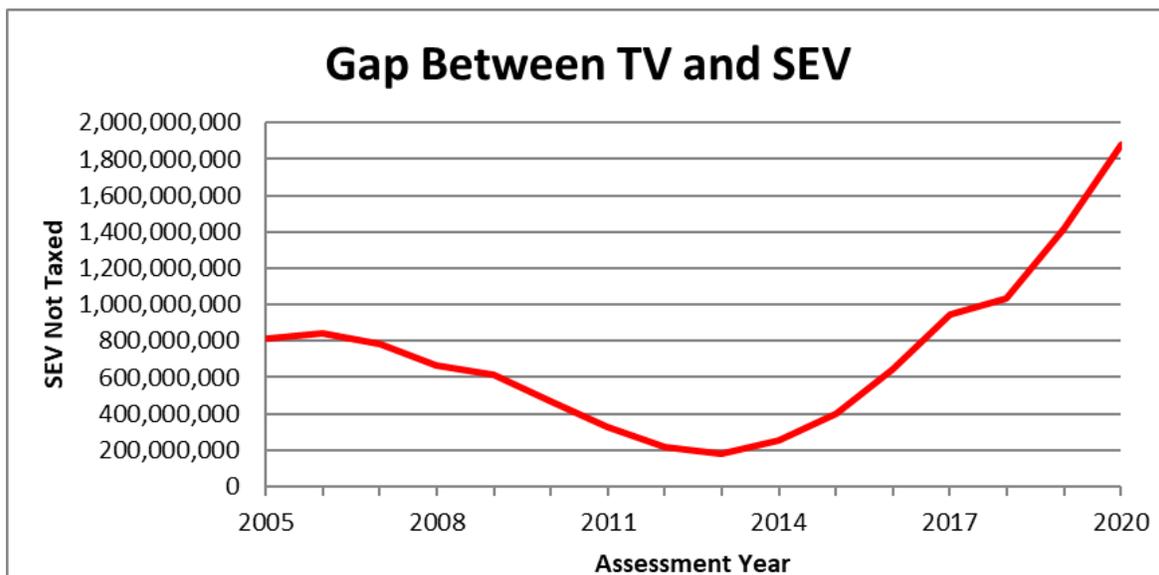
Ad Valorem Roll

While real property values increased due to the strong real estate market, the increase in taxable value increased just over 6%, bringing the taxable value to the highest level ever.



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 recovers.



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 tax year 2020, a low inflation rate multiplier of 1.019, 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 0.9872 for the 2020 tax year. This multiplier is applied to the City's 2020 permanently reduced authorized millage rates and reduces the maximum allowable millage the City is able to levy in 2020 and forward. In order to return to the charter authorized millage, a vote by the electors would be required.

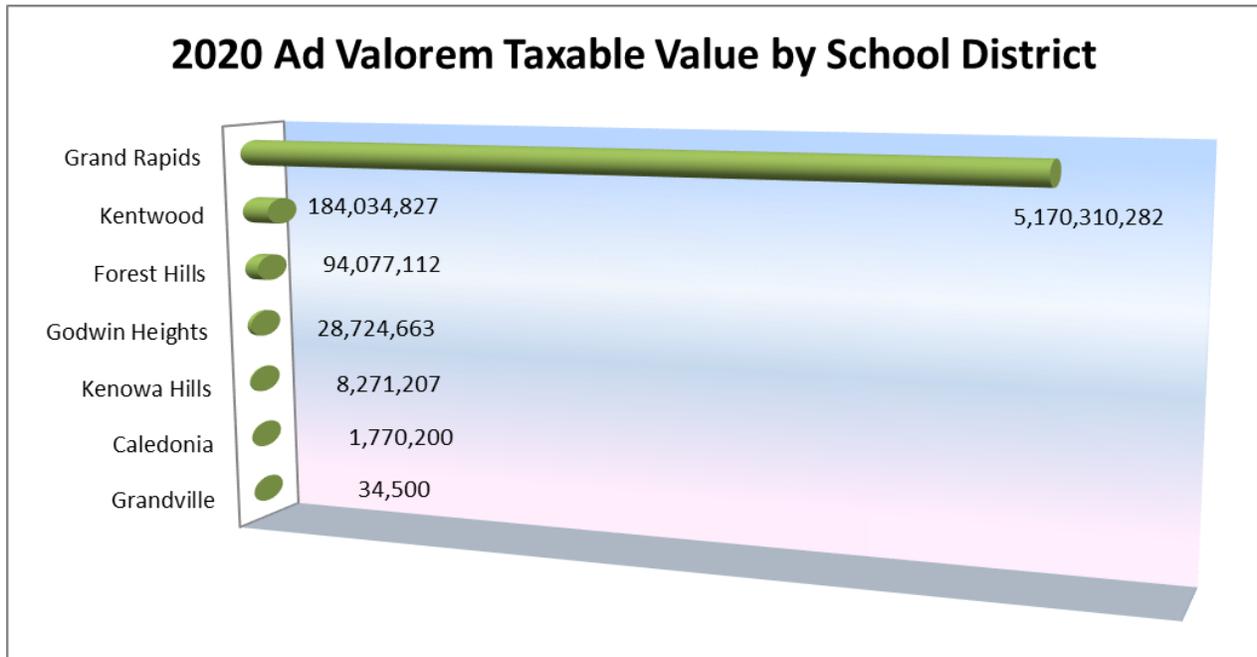
2020 Assessment Rolls

School Districts

Ad Valorem Roll

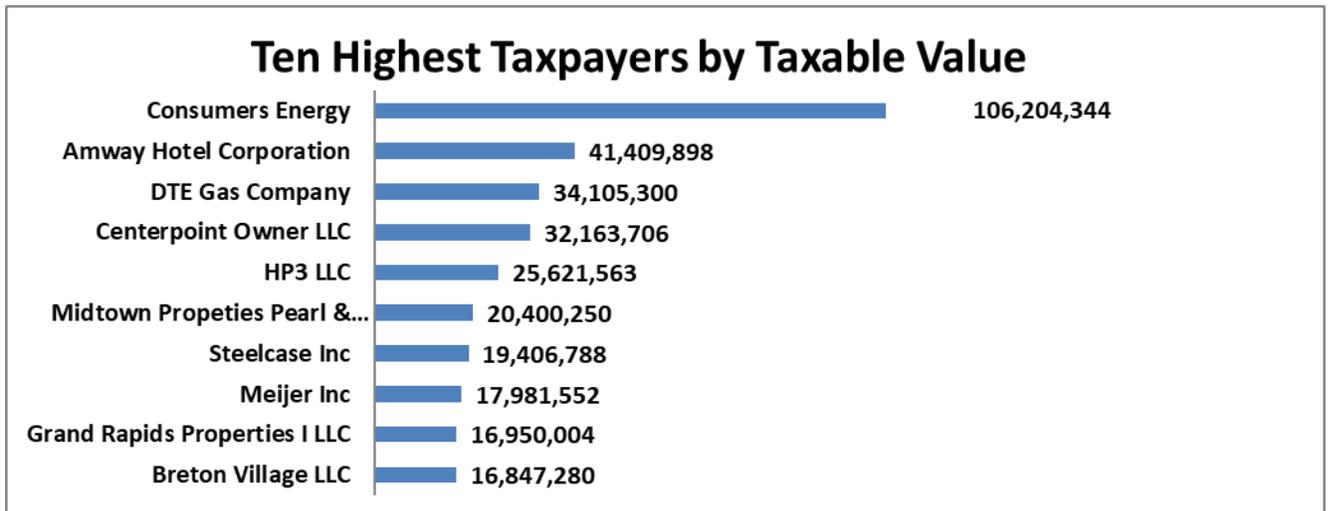
The City boundaries encompass property located in seven different school districts. The school districts and their respective 2020 taxable values and state equalized values are listed below.

School District	Parcels	Ad Valorem TV	Ad Valorem SEV
Grandville	8	34,500	34,500
Caledonia	19	1,770,200	1,770,200
Kenowa Hills	33	8,271,207	10,789,500
Godwin Heights	56	28,724,663	37,392,200
Forest Hills	145	94,077,112	122,875,600
Kentwood	1,370	184,034,827	227,948,000
Grand Rapids	64,308	5,170,310,282	6,969,928,100
Total	65,939	\$5,487,222,791	\$7,370,738,100



All Rolls

The 2020 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.⁵



⁵ 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.

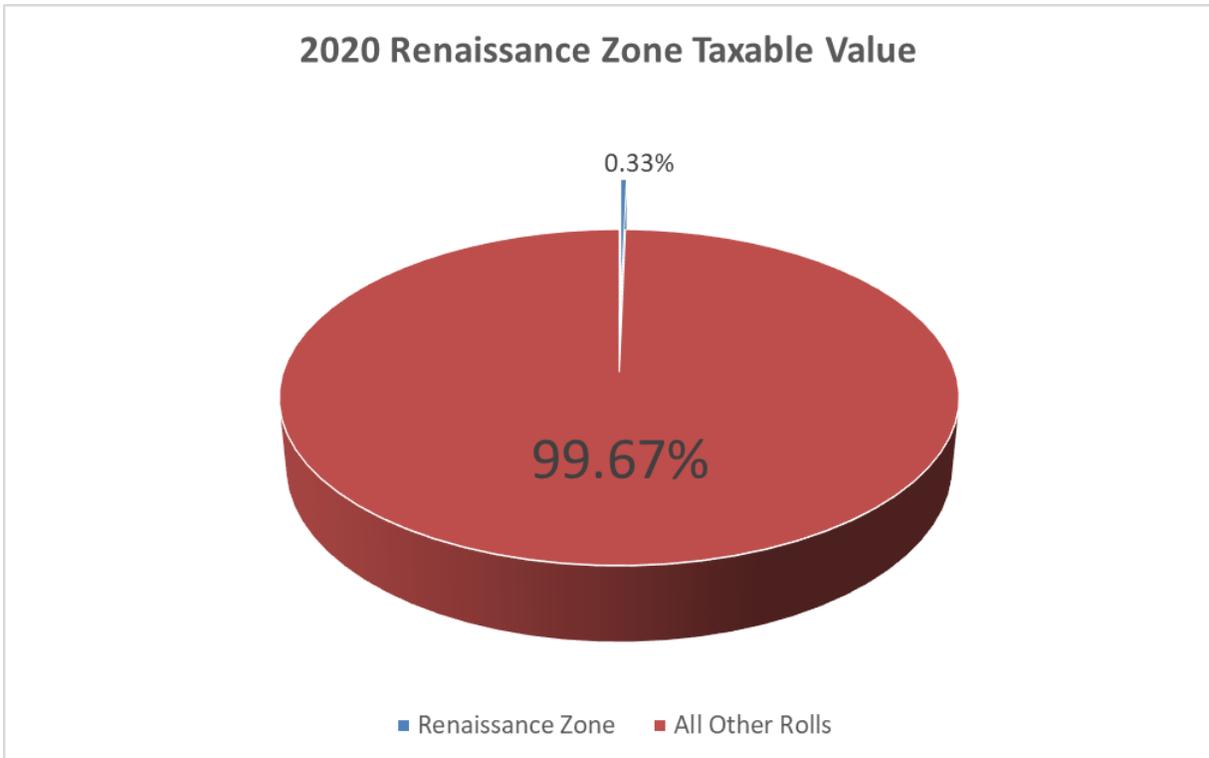
2020 Renaissance Zone Taxable Value – All Rolls

The following chart summarizes the amount of 2020 taxable value located in the City’s various renaissance zones. Properties with a benefit level less than 100% are in the phase out process.

Renaissance Zones	
2020 Taxable Value - All Rolls	
Benefit Level	Taxable Value
100%	\$ 18,033,120
50%	\$ -
25%	\$ 647,004
Total	\$ 18,680,124

2020 Renaissance Zone Taxable Value – All Rolls cont.

The total 2020 taxable value subject to renaissance zone benefits on all rolls is equivalent to .33% of the City's total taxable value.



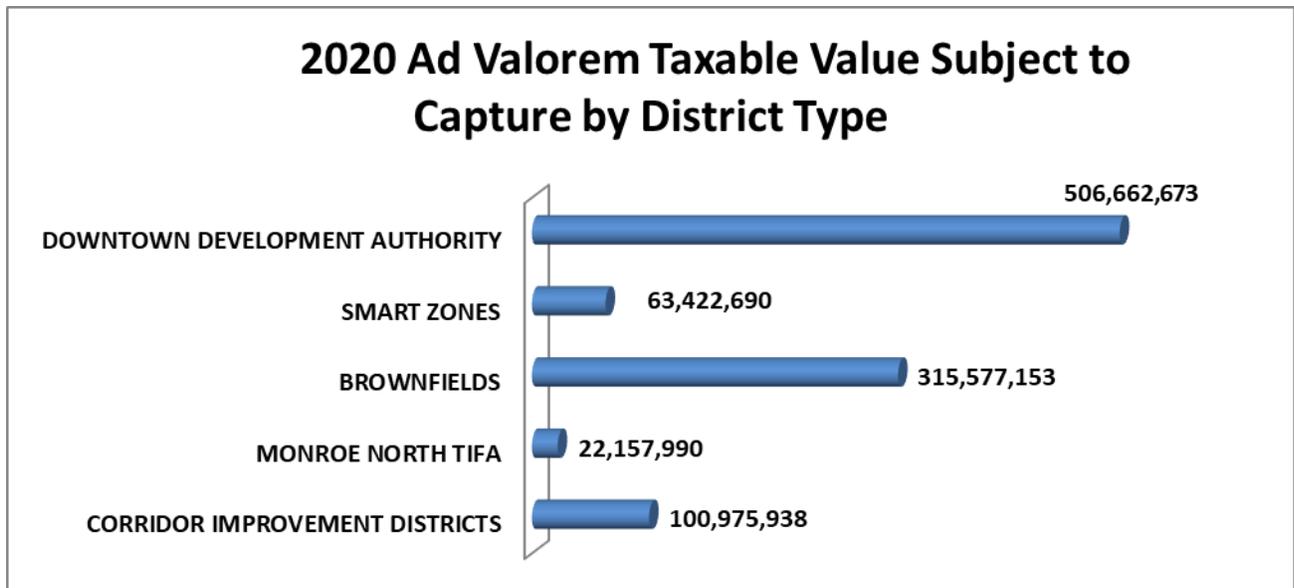
Types of Tax Capture Districts.

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.

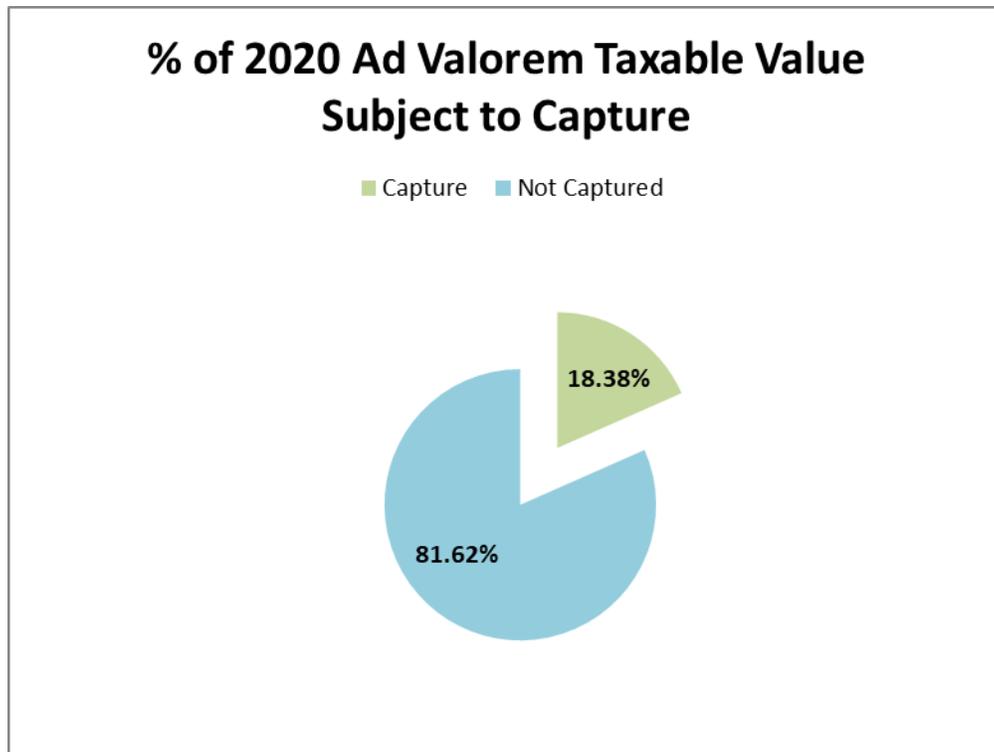
2020 Taxable Value Subject to Tax Capture Agreements

The amount of 2020 ad valorem taxable value subject to tax capture agreements is displayed in the following chart by district type.



2020 Taxable Value Subject to Tax Capture Agreements cont.

The amount of 2020 ad valorem taxable value subject to capture agreements is 18.38% of the Ad Valorem tax base.



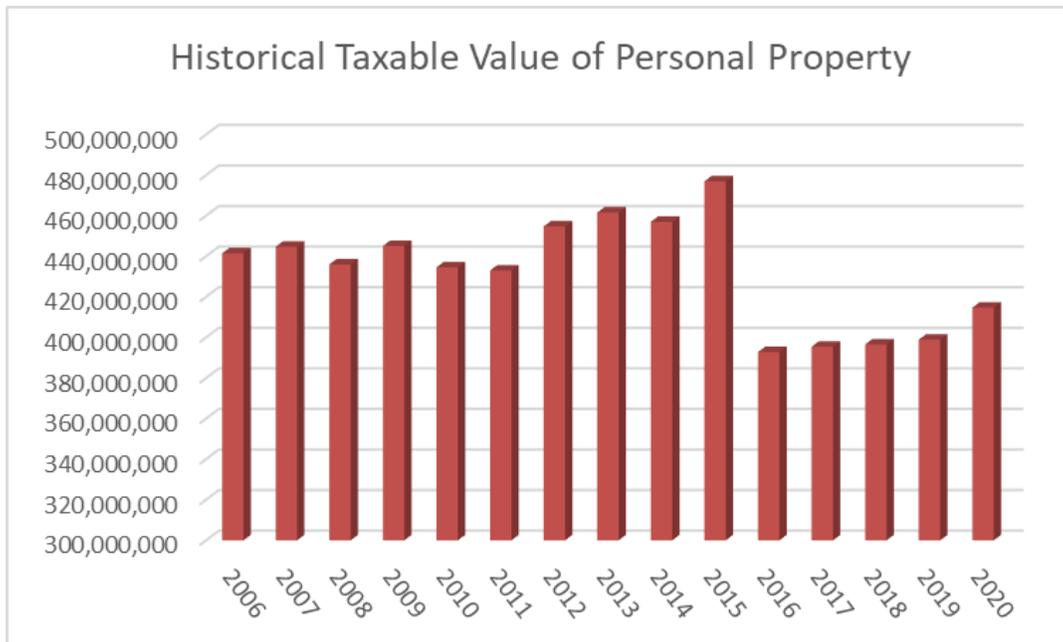
Significant Legislative Changes Affecting Property Tax Administration

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.

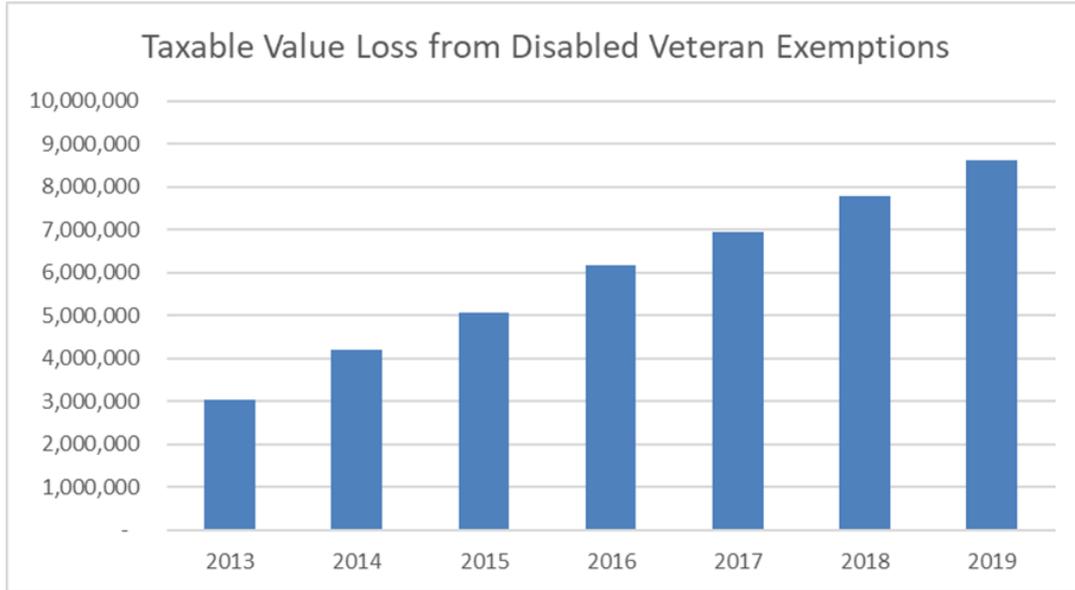
The “Eligible Manufacturing Personal Property” exemption (EMPP) eliminates personal property taxes on personal property which is used either for industrial processing, or direct integrated support of industrial processing. The exemption is phased in over several years beginning in 2016. In 2023, all Eligible Manufacturing Personal Property will be exempt in the State of Michigan. The overall effect on the 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 2020 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.



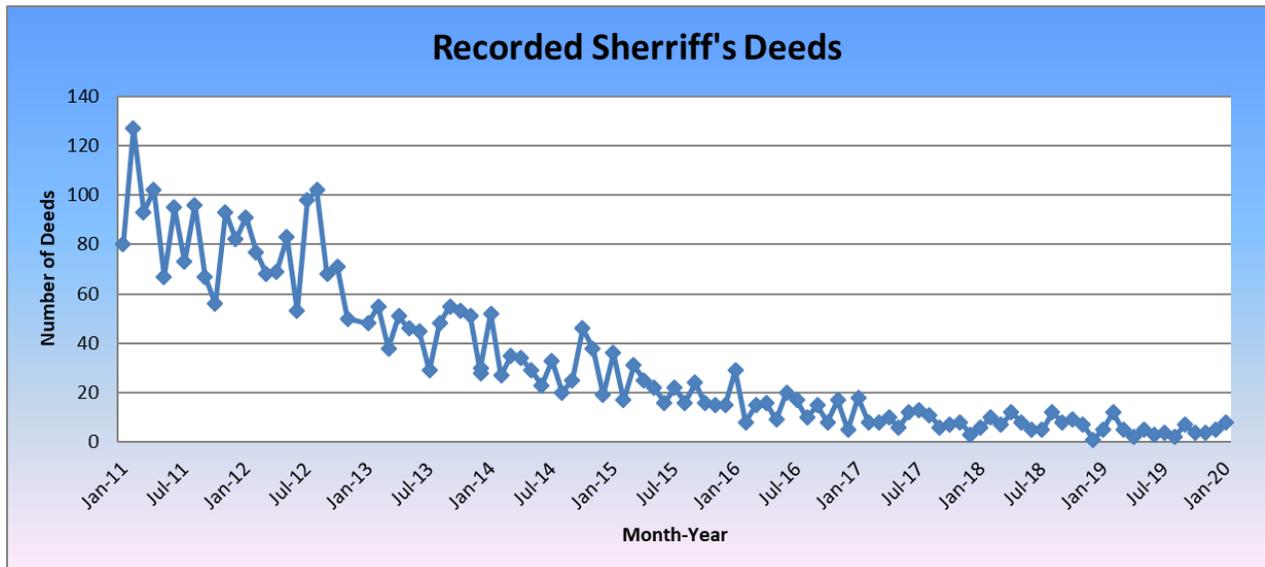
The State Tax Commission requires the disabled veteran to file annually for this exemption with the March, July or December Board of Review. As of this date, 123 exemptions have been granted for a total loss of 7,292,597 in taxable value for the 2020 tax year.

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. The State Tax Commission granted 61 properties this exemption in 2016, 17 for the 2017 assessment year, 15 for the 2018 assessment year, 5 for the 2019 assessment year, and 0 for the 2020 assessment year. The combined loss of taxable value in the five-year period is \$1,035,232.

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 2018 through the end of March 2020. In a declining real estate market, a single year study is used. This study includes sales from October 2019 through the end of September 2020.

The impact of the current COVID-19 crisis on the real estate market is unknown, therefore a projection of the change in 2020 state equalized values (SEV) in the residential class for 2021 cannot be made with confidence.

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 2020.