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TO: Willie Donwell, Director
Property Assessment Board of Review

FROM: David Whitaker, Director 
Legislative Policy Division

DATE: March 22, 2023

SUBJECT: 2023-2024 Budget Analysis

Attached is our budget analysis regarding the Property Assessment Board of Review's budget for the 2023-2024 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Thursday, March 23, 2023, at 10:00 a.m.** We would then appreciate a written response to the issues/questions at your earliest convenience before or after your budget hearing. Please forward a copy of your response to the Council Members, the City Clerk's Office, and the Legislative Policy Division.

Please contact us if you have any questions regarding our budget analysis. Thank you for your cooperation in this matter.

Attachments:
Issues and Questions
Property Assessment Board of Review presentation

cc: Council Members
Auditor General's Office
Jay Rising, Chief Financial Officer
Tanya Stoudemire, Chief Deputy CFO-Policy & Administrative Director
Steve Watson, Budget Director
Malik Washington, Mayor's Office
Tanya Mason, Budget Analyst
Eunice Williams, Agency OCFO

Property Assessment Board of Review (51)

FY 2023-2024 Budget Analysis by the Legislative Policy Division

The Property Assessment Board of Review (Board of Review) hears and determines appeals from property tax assessments.

The Board of Review is a division of the City Council's Legislative budget (Agency 52). The Board of Review is a nine (9) member body. The director of the Board of Review handles the day-to-day operations of the Board of Review.

Issues and Questions

- 1) Please briefly explain the Board of Review's new expense initiatives, new capital funding requests, and operational reform and savings proposals, to be implemented in FY 2024.
- 2) On page B52-8, the Mayor recommends a budget of \$674,522 for Board of Review operations in FY 2024. This proposed budget for FY 2024 is an increase of \$16,888 (2.6%) over the current FY 2023 budget of \$657,634. Please briefly explain the reason for the increase.
- 3) Does the Board of Review have any vacant board member positions? If not, what is the projected date of filling any vacant positions?



PROPERTY ASSESSMENT BOARD OF REVIEW

IT ALL STARTS HERE
Where Value And Programs Meets

Board of Review Table of Contents



- What is the Board of Review?
- Valuation/Classification Hearings
- Disable Veterans Exemption
- What is HOPE?
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What is Board of Review?



- The Board of Review hears and determines appeals along with certain other matters concerning real and personal property assessments and/or classifications. The Board of Review is one of the only opportunities in which a taxpayer may appeal before taxation on their real and/or personal property. The Board of Review has three (3) periods during the year in which its work must be completed based upon statutory mandates; they are the March Board of Review, July Board of Review and December Board of Review.
- Nine (9) member body appointed by City Council to hear and determine appeals along with certain other matters concerning real and personal property assessments and/or classifications.
- The Board of Review represents a cross-section of the community and shall be comprised of nine (9) residents of the city.
- 1 from each of the 7 Council Districts and 2 At-Large
- Appointments are for a term of 2 years each beginning January 1 of an odd year.
- Decisions of the Board of Review may be appealed to the Michigan Tax Tribunal and further to the Michigan Court of Appeal

2023 - Valuation / Classification Hearings



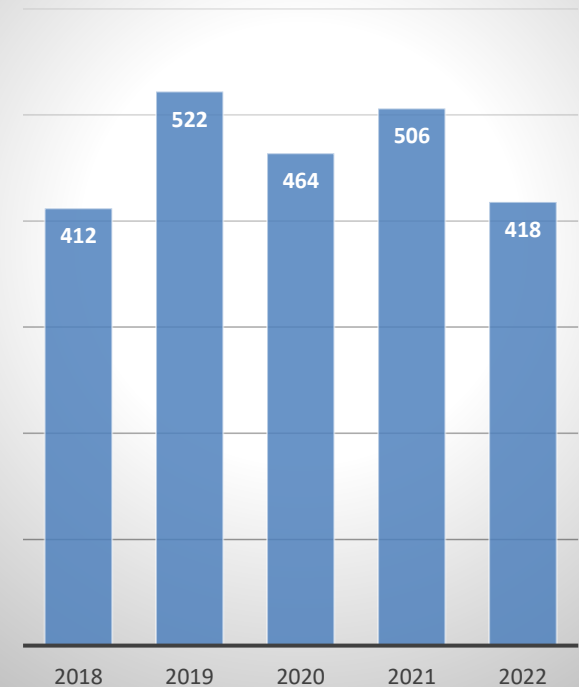
- During the March Board of Review, thousands of parcels will be affected for various reasons:
 - Valuation (Assessed Value challenged)
 - Classification Changes (property class change request. Example: Industrial to Commercial)
 - Engineering Changes (parcel combinations, parcel splits, etc.)
 - Personal Property (property held/owned by companies – desks, chairs, furniture, etc.)
- While all changes require a decision from the March Board of Review, a limited number of cases will have a full hearing.
- This year the daily count of appeals to the March Board of Review has averaged less than 35 per day.
- The majority of the appearances were via Zoom.
- The Board of Review uses the Zoom Webinar Tool which provides immediate access to the meeting.
- Hearings are held daily beginning at 9:00am (days, times and the link on the Property Assessment Board of Review page provides immediate access to hearings)
- A summary report will be provided to City Council at the completion of the March Board of Review.

Disabled Veterans Exemption



- Public Act 161 was signed into law in November of 2013.
- It allows a Disabled Veteran or the unremarried surviving spouse (provided the veteran lived in the subject property in which the exemption is requested) the opportunity to see an exemption of property taxes for the current year.
- Application is required yearly.
- Applications are accepted throughout the year until the day before the last meeting of the Board of Review yearly.
- The Board of Review seeks to assist veterans with the application process yearly by focusing on contacts at the beginning of the for submissions during the March Board of Review.
- There is yearly follow-up.

PA 161 DISABLED VETERANS EXEMPTIONS





What is HOPE?

What is a HOPE (formerly HPTAP)?

- HOPE stands for Homeowners Property Exemption. It is also referred to as the Poverty Tax Exemption, “PTE” or Hardship Program.
- HOPE provides an opportunity for homeowners to be exempt from their current year property taxes based on household income in accordance with MCL 211.7u of the General Property Tax Act.
- Applicants must own and occupy the subject property as their primary residence by December 31st of the year prior to filing and meet the adopted guidelines.
- If approved, the homeowner will still be responsible for any fees such as the solid waste fee. The solid waste fee is discounted at by 50% (one half).
- The HOPE application is an annual application, homeowners must apply every year.
- HOPE approved applicants become eligible for the PAYS program.

HOPE Applications Over Time

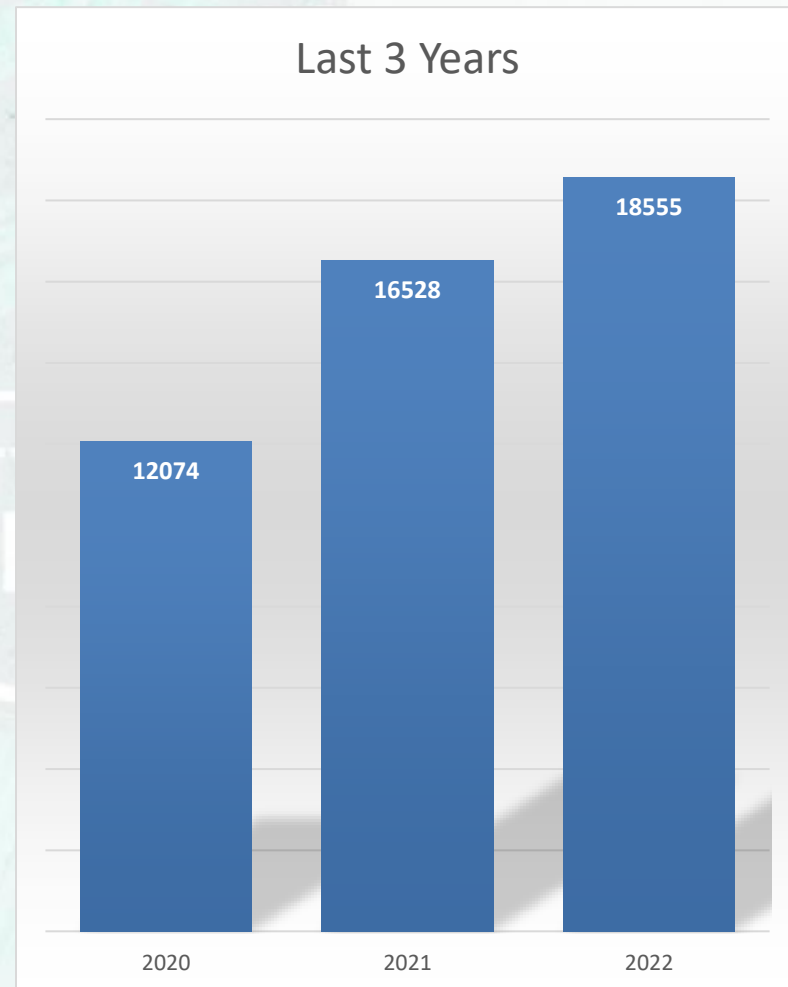
Yearly Comparison 2005 - 2019



HOPE Applications 2020 - 2022



- 2020 – Overseen by the Office of the Assessor, homeowners had the ability to submit applications at a special event held at Huntington Place (then TCF Center)
- 2021 – The Board of Review saw the benefit of 9,000+ homeowners that did not need to re-apply based of resolution adopted by City Council in accordance with P.A. 253
- 2022 – First year Board of Review considers applications with limited number of applicants that did not need to re-apply.
- More than 18,000 unique applications.



2023 - HOPE Applications

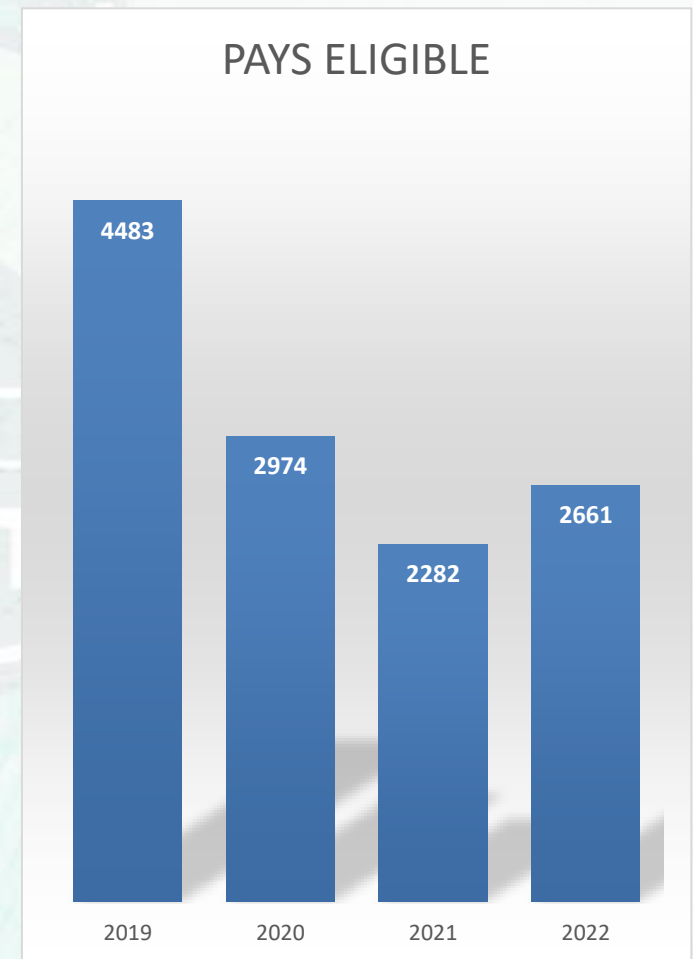


- 2023 – anticipating **30,000** applications
- 6392 parcels are currently under review to 2023
- 4143 are carry forward.
- Proactive outreach ahead of the December deadline:
 - Monthly workshops/resource fairs (2 per month)
 - Workshops/resource events starting in May
 - Events will be targeted by District
 - Proposed mailing to targeted applicants that need to apply.
 - Proposed mailing to homeowners in threat of foreclosure in 2024
 - Targeted marketing to homeowners that did not make a payment on their summer tax bill
- Starting the testing phase of new technology that will advance the application process.
- Implementation of a new Dashboard in which City Council will be to see and monitor generally HOPE applications submitted to the Board of Review.

PAYS AS YOU STAY (PAYS)



- March of 2020 Governor Gretchen Whitmer signed into law the PAYS program.
- The first time that retroactive relief has been granted for homeowners facing foreclosure.
- PAYS is a three-part process where HOPE approved homeowners can see a reduction of unpaid taxes owed to the county treasurer.
- To date **12,400** homeowners have been processed through the PAYS program.
- Additional assistance has been provided through the Detroit Tax Relief Fund (DTRF) in paying off the remaining balances.



IT ALL STARTS HERE



- Based on the need to connect with our low-income homeowners with of services, the Board of Review has become the starting point for qualifying potential candidates for:
- Pay As You Stay (PAYS)
- Solid Waste Reduction
- Parking Permit Reduction
- Seniors who received assistance due to flooding
- Renew Detroit
- Detroit Tax Relief Fund
- Detroit Home Repair Program
- DWSD Life-Line (reviewing data)
- Outside/Private programs that require property taxes to be current
- Other Programs

Budget Request



- The Board of Review responsibility generally has changed:
 - Under the General Property Tax Act the only responsibility of the Board of Review is to hear property assessment appeals.
 - The Board of Review is truly a fulltime operation that requires social skills.
 - Board Members participate in community outreach.
 - The proposed range is more consistent with the current duties required.
- The Board of Review level of work has steadily increased:
 - When considering the amount of work versus compensation, leaving the per diem method would be a mistake based on potential benefits and overtime.
 - 2023 is expected to reach **30,000** HOPE applications
- The Board of Review operations requires a dedicated staff.
 - City Council addressed this concern in 2022.
 - It is important that the staff remains consistent.
 - A minimum increase of \$400,000 to the Office of the Assessor budget is necessary to provide continued support.
- The Board of Review requirements in reviewing the assessment roll should not be hindered (support to the Office of the Assessor).
 - Proper financial support should be provided to the Office of the Assessor.

Budget Request (High Range)

							2022 - 2023 FY	2023-2024 FY	Difference	2023-2024 FY
							Approved			
1000 - General Fund										
28520 - Legislative Administration										
520009 - City Council Appointed Board of Review										
Employee Benefits - Social Security / FICA / FRINGE								\$97,261.38		\$97,261.38
Temporary Administrative Special Services								\$812,200.00		\$812,200.00
520009 - City Council Appointed Board of Review Total							\$ 657,633.85	\$ 909,461.38	\$ 251,827.53	\$ 909,461.38
POSITION					DAYS	RATE	COMPENSATION	FICA/FRINGE	FICA/FRINGE	TOTAL
Director							\$139,000.00	0.32922	45761.58	184761.58
Chair					260	300	\$78,000.00	0.0765	5967	83967
Vice Chair					255	300	\$76,500.00	0.0765	5852.25	82352.25
Board Member					247	300	\$74,100.00	0.0765	5668.65	79768.65
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TOTALS					2244		\$812,200.00		\$97,261.38	\$909,461.38

- \$300 per diem rate
- Board of Review Members receive no benefits.

Budget Request (Low Range)

						2022 - 2023 FY Approved	2023-2024 FY	Difference	2023-2024 FY
1000 - General Fund									
28520 - Legislative Administration									
520009 - City Council Appointed Board of Review									
Employee Benefits - Social Security / FICA / FRINGE							\$91,253.07		\$91,253.07
Temporary Administrative Special Services							\$733,660.00		\$733,660.00
520009 - City Council Appointed Board of Review Total						\$ 657,633.85	\$ 824,913.07	\$ 167,279.22	\$ 824,913.07
POSITION			DAYS	RATE	COMPENSATION	FICA/FRINGE	FICA/FRINGE	TOTAL	
Director					\$139,000.00	0.32922	45761.58	184761.58	
Chair			260	265	\$68,900.00	0.0765	5270.85	74170.85	
Vice Chair			255	265	\$67,575.00	0.0765	5169.4875	72744.4875	
Board Member			247	265	\$65,455.00	0.0765	5007.3075	70462.3075	
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Board Member			247	265	\$65,455.00	0.0765	5007.3075	70462.3075	
TOTALS			2244		\$733,660.00		\$91,253.07	\$824,913.07	

- The \$265 per diem rate
- Board of Review Members receives no benefits.



Conclusion

- The Board of Review is a nine-member body appointed by City Council to hear property tax appeals
- The responsibility of the Board of Review has grown beyond its mandated duties.
- It has become the starting point for a number of resources and programs that provide critical support to homeowners.
- Average number of HOPE applications will exceed 20,000 per year going forward.
- Estimated HOPE applications for 2023 estimated to be 30,000.
- Consistent staffing and support is imperative to the operations of the Board of Review. (\$400,000)
- The per diem increase range should be between \$265 - \$300.
- The Board of Review budget request increase range of \$168,000 to \$252,000.
- Board Members receive no benefits.



Conclusion



Property Assessment

Board of Review

Thank You!!! 🙌😊🙌

Making a difference for and with our community!