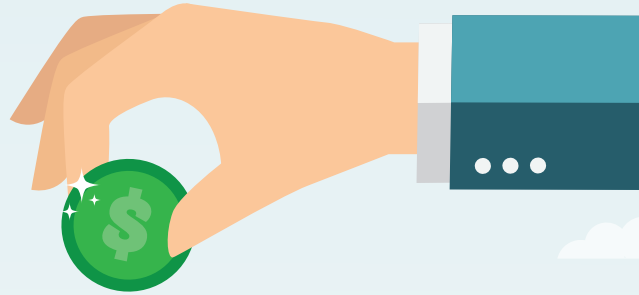


PROPERTY TAX GUIDE



City of Novi Assessing Department • 248-347-0485 • cityofnovi.org



ASSESSING 101



Novi's City Assessor:
Jan Ziozios, MMAO

THE PRIMARY PURPOSE OF THE ASSESSING DEPARTMENT IS TO

estimate the fair market value, or "true cash value," of all real and personal property located within the City of Novi. The department studies the sales market and collects information about properties in order to estimate current market value.

The Assessing Department keeps records on all properties, including land and buildings. The Assessed Value is required by law to be established at 50% of True Cash Value. The Michigan Constitution requires similar properties to be uniformly assessed. Uniformity pertains to the method of assessment and the rate of taxation.



TERMS



TRUE CASH VALUE

True Cash Value is also known as Market Value. It is the usual selling price negotiated between a willing seller and a knowledgeable buyer as unrelated parties and without duress.

ASSESSED VALUE

Assessed Value is approximately 50% of your Property's True Cash Value. The Assessed Value can increase or decrease annually based on real estate market performance.

STATE EQUALIZED VALUE

State Equalized Value is the Assessed Value after the assessment roll has been reviewed by the county and state. The county and the state ensure uniformity of Assessed Values to be 50% of the True Cash Value.

CAPPED VALUE

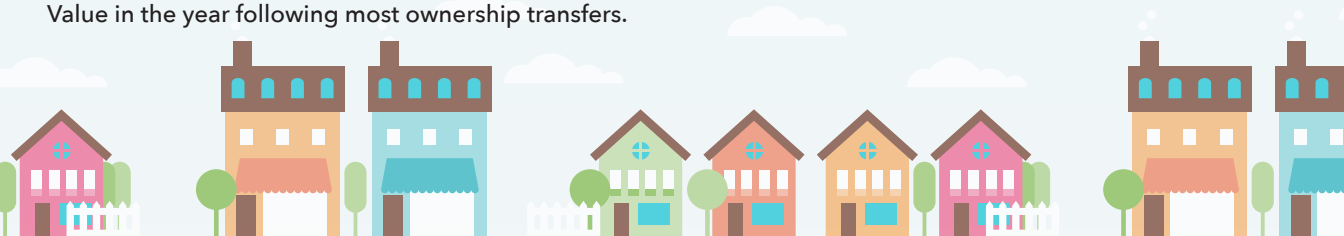
Under certain circumstances, a Property's Capped Value puts a limit on the amount that a home's Taxable Value can increase. The Capped Value takes into consideration the prior year Taxable Value, the rate of inflation, as well as any property additions or losses. A Taxable Value "uncaps" and becomes equivalent to the Assessed Value in the year following most ownership transfers.

CAPPED VALUE = (Previous Year Taxable Value - Losses) x Inflation Rate Multiplier + Additions.

TAXABLE VALUE

Taxable Value is the lesser of the Assessed Value and Capped Value. Taxable Value multiplied by the tax rate (i.e., the millage rate divided by one thousand) equals the estimated taxes which will be paid, excluding special assessments and any service fees.

PROPERTY TAXES = (Millage Rate / 1,000) x Taxable Value



Q&A



WHAT ARE PROPERTY TAXES BASED ON?

With the passing of "Proposal A" in 1994, Michigan property taxes are based on the current year Taxable Value and the respective millage rate.

HOW ARE PROPERTY VALUES DETERMINED?

Property values are determined by the assessor using a sales study mass appraisal approach. During a sales study period the assessor looks at all of the arm's length transactions over a one-year or two-year period. The assessor then compares the sale price to the Assessed Value of each transaction, to determine the amount of increase or decrease in market value. The assessor must ensure the Assessed Value is not greater than 50% of market value.

WHAT HAPPENS TO TAXABLE VALUE WHEN A PROPERTY TRANSFERS OWNERSHIP?

In the year following the purchase of a property, the Taxable Value becomes equal to the Assessed Value. This is commonly referred to as an "uncapping." In the second year after a property is purchased, the Taxable Value is again capped, and may only increase by the Inflation Rate Multiplier (IRM) or 5%, whichever is less, provided there are no additions or losses. In Michigan,

taxes are based on Taxable Value. Taxable Value can never be greater than Assessed Value.

WHERE DOES THE INFLATION RATE MULTIPLIER (IRM) COME FROM?

The Inflation Rate Multiplier is based on statutory requirements (MCL 211.34d) and calculations using monthly values of the United States consumer price index for all urban consumers. The calculation for 2026 results in an Inflation Rate Multiplier (IRM) of +1.027, or a change of +2.7% from 2025 Taxable Values. Local units are required to use an IRM of 1.027 for the 2026 tax year.

HOW DOES THE INFLATION RATE AFFECT PROPERTY TAXES?

Property taxes increase or decrease in part by the rate of inflation. Using the Consumer Price Index (CPI) an Inflation Rate Multiplier (IRM) is developed. The IRM or 5%, whichever is less, is incorporated into the Capped Value. The current year Taxable Value will be the lesser of the Capped Value or the Assessed Value. If there has been a transfer of property ownership in the prior year, the current year's Taxable Value will be equal to the current year's Assessed Value.





CAN AN ASSESSOR SET THE ASSESSED VALUE AT THE PROPERTY SALE PRICE?

No, the General Property Tax Act does not permit the assessor to rely on any individual sale to set the True Cash Value of a property. An assessor performs a sales study and analysis and must maintain uniformity of assessments. Uniformity pertains to the method of assessment and the rate of taxation.

WHAT IS A NOTICE OF ASSESSMENT?

In February, the City of Novi mails a Notice of Assessment to each property owner. This provides each taxpayer with their property's change in Assessed Value and Taxable Value from the previous year and also provides an estimate of the tax increase or decrease due to the new Taxable Value. The Notice of Assessment also provides the property's Principal Residence Exemption percentage and Classification.

WHAT IS A PRINCIPAL RESIDENCE EXEMPTION (PRE)?

If you own and occupy your home as your primary residence, you may be exempt from a portion of school operating tax up to 18 mills. In order to get this exemption you must file a PRE Affidavit with the

City of Novi. You must submit the PRE Affidavit and own and occupy your home by June 1 to qualify for the summer tax levy and November 1 for the winter tax levy.

CAN THE MARCH BOARD OF REVIEW DETERMINE A PROPERTY'S SALE PRICE AS ITS TRUE CASH VALUE?

The March Board of Review has two main tasks. These tasks are (1) to review the assessment roll and correct any errors that were discovered after the assessment roll was prepared and (2) to listen to owner-related appeals regarding their assessment. The Board of Review looks to property owners to provide relevant information to support their contention of True Cash Value. The information may include, but is not limited to, recent sales activity involving their property, an appraisal of the property, sales of similar or "comparable" properties, and any other information deemed relevant about its valuation.



EXAMPLES



The Inflation Rate Multiplier of 1.027 has been used for the following:

1. YOU PURCHASED A HOME.

Last year you purchased a new home, valued at \$280,000 (True Cash Value), with a \$140,000 Assessed Value and State Equalized Value (SEV), and a Taxable Value (TV) of \$95,000. A study of sales in the neighborhood shows your property has increased to a value of \$300,000.

	CURRENT YEAR:	PRIOR YEAR:	MARKET CHANGE:
Assessed Value (AV): (1/2 of \$300,000)	\$150,000	\$140,000	7.15% Increase
SEV (tentative):	\$150,000	\$140,000	

Because the sale removed the “Capped Value,” the current year Taxable Value is the same as the current year Assessed Value.

Taxable Value:	\$150,000	\$95,000	Uncapping
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2. YOU ADDED A FAMILY ROOM TO YOUR HOME.

Last year your home, valued at \$270,000, had a \$135,000 State Equalized Value (SEV) and a Taxable Value (TV) of \$95,000. You added a family room addition, valued at \$45,000 (True Cash Value). A study of sales shows your property True Cash Value (with the addition) at \$315,000.

	CURRENT YEAR:	PRIOR YEAR:	MARKET CHANGE & ADDITION:
Assessed Value: (1/2 of \$315,000)	\$157,500	\$135,000	16.67% Increase
SEV (tentative):	\$157,500	\$135,000	
Capped Value: Improvement (50% TCV)	\$120,060	\$95,000 \$22,500 ▼ $(95,000 - 0) \times 1.027 + 22,500 = \$120,065$	26.38% Increase

Taxable Value: \$120,060 (as rounded)
Taxable value is the lesser of Assessed Value or Capped Value.

3. YOU MADE NO CHANGES TO YOUR PROPERTY. SEV AND TV INCREASES.

Last year your home, valued at \$260,000 (True Cash Value), had a \$130,000 State Equalized Value (SEV) and a Taxable Value of \$95,000.

A study of sales in the neighborhood shows your property has increased in value to \$270,000.

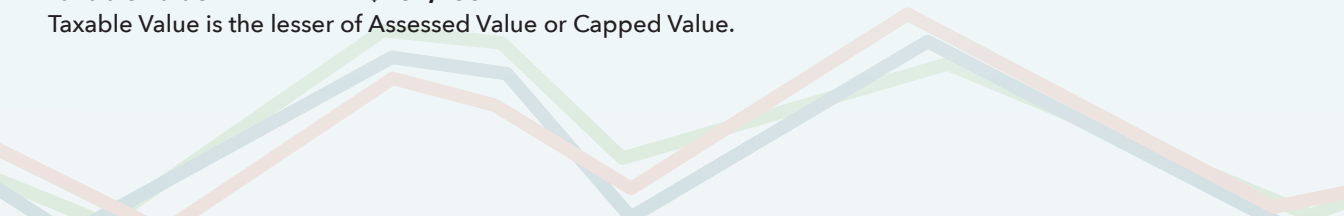
	CURRENT YEAR:	PRIOR YEAR:	MARKET CHANGE:
Assessed Value: (1/2 of \$270,000)	\$135,000	\$130,000	3.85% Increase
SEV (tentative):	\$135,000	\$130,000	
Capped Value:	\$97,560	\$95,000 ▼ (\$95,000 - 0) x 1.027 + 0 = \$97,565	2.7% Increase
Taxable Value:	\$97,560 (as rounded)		
Taxable Value is the lesser of Assessed Value or Capped Value.			

4. YOU MADE NO CHANGES TO YOUR PROPERTY. SEV DECREASES AND TV INCREASES.

Last year your home, valued at \$260,000 (True Cash Value), had a \$130,000 State Equalized Value (SEV) and a Taxable Value (TV) of \$100,000.

A study of sales in the neighborhood shows the True Cash Value of your property has decreased to \$250,000 for the current year.

	CURRENT YEAR:	PRIOR YEAR:	MARKET CHANGE:
Assessed Value: (1/2 of \$250,000)	\$125,000	\$130,000	3.85% Decrease
SEV (tentative):	\$125,000	\$130,000	
Capped Value:	\$102,700	\$100,000 ▼ (\$100,000 - 0) x 1.027 + 0 = \$102,700	2.7% Increase
Taxable Value:	\$102,700		
Taxable Value is the lesser of Assessed Value or Capped Value.			



5. YOU MADE NO CHANGES TO YOUR PROPERTY. SEV AND TV DECREASES.

Last year your home, valued at \$260,000 (True Cash Value), had a \$130,000 State Equalized Value (SEV) and a Taxable Value (TV) of \$122,000.

A study of sales in the neighborhood shows the True Cash Value of your property has decreased to \$240,000 for the current year.

	CURRENT YEAR:	PRIOR YEAR:	MARKET CHANGE:
Assessed Value (AV): (1/2 of \$240,000)	\$120,000	\$130,000	7.69% Decrease
SEV (tentative):	\$120,000	\$130,000	
Capped Value:	\$125,290	\$122,000 ▼ (\$122,000 + 0) x 1.027 + 0 = \$125,294	2.7% Increase
Taxable Value:	\$120,000		

Taxable Value is the lesser of Assessed Value or Capped Value.

BE INVOLVED!



The City of Novi encourages taxpayers to review their assessment records. You may view your assessment information online at cityofnovi.org or call 248-347-0485. Taxpayer involvement helps ensure we maintain the highest quality assessment records. Things to consider when reviewing your record include:

- Review your property’s main physical characteristics such as site size, building size, basement type and finish, and any exterior improvements such as garage, shed, deck, or patio.
- Check the property sketch for correct property dimensions (note that small differences may be due to rounding and are unlikely to impact value).

- Notify the assessing staff of any inaccuracies in your assessment record.
- Communicate your reasons for any value-related differences.
- Bring to the assessor’s attention any relevant market information which may be helpful in understanding your property’s value, such as sale activity involving your property that we might not be aware of, an appraisal of your property, sales of similar or comparable properties, or other relevant market- or property-related information you have regarding your property’s value.