

Housing Report

MARCH 2023

Washtenaw County

Michigan Property Taxes in a Nutshell

Year	Inflation Rate	Inflation Rate Multipliers
1995	2.6%	1.026
1996	2.8%	1.028
1997	2.8%	1.028
1998	2.7%	1.027
1999	1.6%	1.016
2000	1.9%	1.019
2001	3.2%	1.032
2002	3.2%	1.032
2003	1.5%	1.015
2004	2.3%	1.023
2005	2.3%	1.023
2006	3.3%	1.033
2007	3.7%	1.037
2008	2.3%	1.023
2009	4.4%	1.044
2010	-0.3%	0.997
2011	1.7%	1.017
2012	2.7%	1.027
2013	2.4%	1.024
2014	1.6%	1.016
2015	1.6%	1.016
2016	0.3%	1.003
2017	0.9%	1.009
2018	2.1%	1.021
2019	2.4%	1.024
2020	1.9%	1.019
2021	1.4%	1.014
2022	3.3%	1.033
2023	7.9% (5% Cap)	1.079 1.050

After several years of rapidly rising prices and mild inflation (until this past year) homebuyers and sellers need to be aware of the potential for a significant jump between existing taxes and future taxes after the sale.

Michigan's Headlee Amendment was passed in 1994. Its goal was to limit tax increases during periods of rapid rising prices so that people with fixed incomes wouldn't be taxed out of their homes. Headlee limits/caps how much a homeowner's taxable assessment can be raised—the lesser of the prior year's rate of inflation or 5%.

State Equalized Values are based on property value. Between 2012 and 2022 property values in Southeast Michigan rose 143%, but capped values (base on inflation) for property owners that remained in their homes during that period rose just 19%.

A seller's current taxes are usually irrelevant as a predictor of future taxes.

Since Headlee, Michigan property tax assessments contain three values:

- **State Equalized Value (SEV):** 50% of the assessor's estimate of the true cash value of the home as of December 31st of the prior year.
- **Capped Value:** Last year's Taxable Value multiplied by the lesser of the inflation rate or 5%.
- **Taxable Value:** The lesser of the SEV or Capped Value.

At some point in the past, an assessor estimated the value of each property. Since then, assessors have mathematically adjusted the value based on their sales statistics for that neighborhood. This may go on for years or decades without an assessor revisiting the property.

When a Home Sells: In Michigan, on January first, after a home sells, the previous owner's Capped Value and Taxable Value are discarded and the SEV (adjusted for last year's statistical gains or losses for that neighborhood) becomes the new starting point.

What a previous seller or their neighbors paid for taxes is irrelevant. What the buyer pays may also be irrelevant unless: 1.) the SEV is greater than 50% of the sale price; and 2.) the new owner can establish that what they paid is the market/true cash value of the property.

Relevant:

1. Current SEV
2. Does SEV exceed 50% of the True Cash Value of the home?
3. Likely adjustments to next year's SEV based on past year's changes in home prices. Ask Assessor

Irrelevant:

1. Current Taxes
2. Tax amounts paid by neighbors
3. Fairness—while it's not fair to pay 2x the taxes as your neighbor for identical properties, it might be correct and valid depending on the timing of their purchase.

January 1st after you buy:

Taxable and Capped Values are discarded.
New cap and taxable values are set equal to the SEV

$$\text{SEV} = \text{Taxable} = \text{Capped}$$

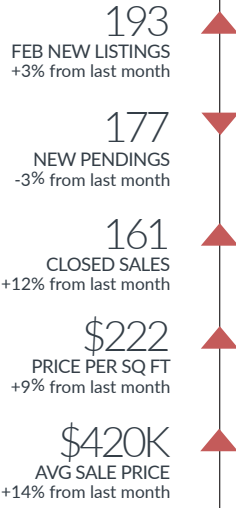
$$\text{Taxes} = \text{Taxable Value} \times \text{Millage Rate}$$

MARCH 2023
HOUSING REPORT

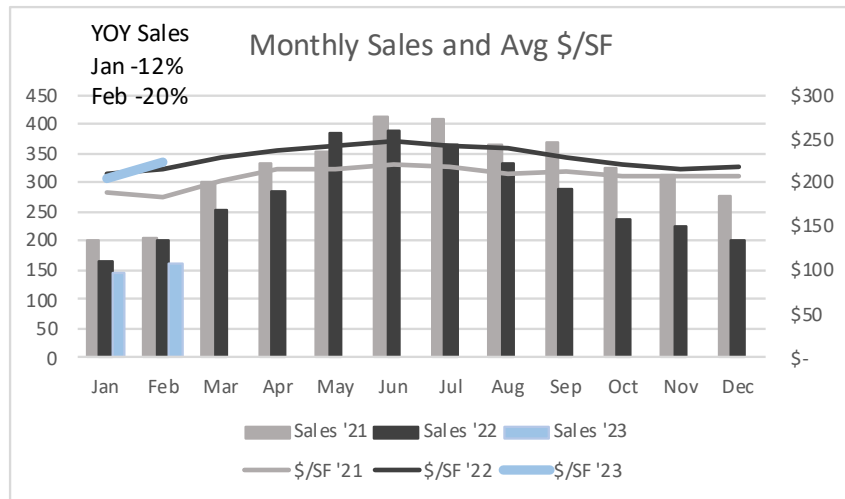
Washtenaw County

Single-Family Homes

MONTHLY



Closed Sales



All Price Ranges						
	Dec '22	Jan '23	Feb '23	YTD		
				'22	'23	(+/-)
Listings Taken	117	188	193	438	381	-13%
New Pending	176	182	177	419	359	-14%
Closed Sales	201	144	161	364	305	-16%
Price/SF	\$217	\$203	\$222	\$212	\$213	0%
Avg Price	\$400,683	\$366,783	\$419,862	\$419,353	\$394,801	-6%
<\$250k						
	Dec '22	Jan '23	Feb '23	YTD		
				'22	'23	(+/-)
Listings Taken	34	27	24	84	51	-39%
New Pending	39	42	33	102	75	-26%
Closed Sales	47	37	40	90	77	-14%
Price/SF	\$160	\$153	\$168	\$150	\$160	7%
\$250k-\$500k						
	Dec '22	Jan '23	Feb '23	YTD		
				'22	'23	(+/-)
Listings Taken	53	103	101	219	204	-7%
New Pending	102	99	88	205	187	-9%
Closed Sales	110	77	72	177	149	-16%
Price/SF	\$205	\$196	\$212	\$196	\$204	4%
>\$500k						
	Dec '22	Jan '23	Feb '23	YTD		
				'22	'23	(+/-)
Listings Taken	30	58	68	135	126	-7%
New Pending	35	41	56	112	97	-13%
Closed Sales	44	30	49	97	79	-19%
Price/SF	\$263	\$244	\$248	\$255	\$246	-4%

Data source: Realcomp MLS using Great Lakes Repository Data.

MARCH 2023
HOUSING REPORT

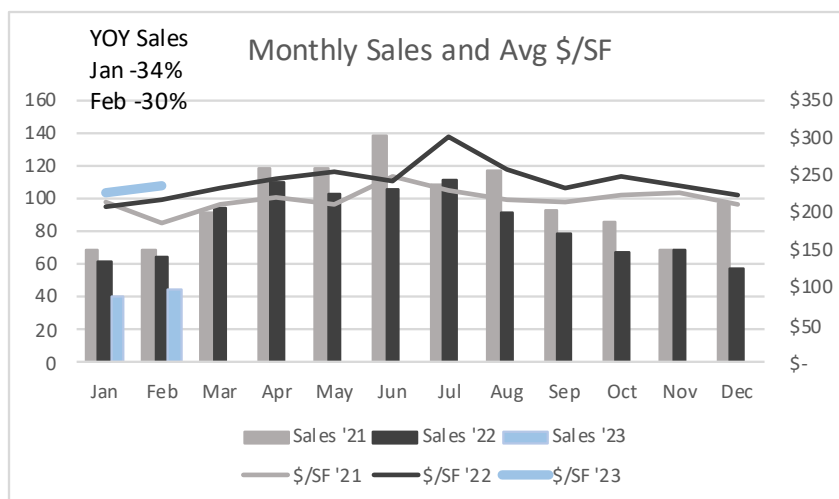
Washtenaw County

Condos

MONTHLY



Closed Sales



All Price Ranges						
	Dec '22	Jan '23	Feb '23	YTD		
				'22	'23	(+/-)
Listings Taken	38	60	76	176	136	-23%
New Pending	57	54	51	134	105	-22%
Closed Sales	57	41	45	126	86	-32%
Price/SF	\$223	\$228	\$235	\$213	\$231	8%
Avg Price	\$336,609	\$315,227	\$337,363	\$299,811	\$326,810	9%
<\$250k						
	Dec '22	Jan '23	Feb '23	YTD		
				'22	'23	(+/-)
Listings Taken	10	12	25	59	37	-37%
New Pending	20	17	13	69	30	-57%
Closed Sales	19	16	12	64	28	-56%
Price/SF	\$176	\$181	\$207	\$174	\$191	10%
\$250k-\$500k						
	Dec '22	Jan '23	Feb '23	YTD		
				'22	'23	(+/-)
Listings Taken	22	32	31	82	63	-23%
New Pending	31	32	25	50	57	14%
Closed Sales	29	20	25	47	45	-4%
Price/SF	\$203	\$214	\$210	\$221	\$211	-4%
>\$500k						
	Dec '22	Jan '23	Feb '23	YTD		
				'22	'23	(+/-)
Listings Taken	6	16	20	35	36	3%
New Pending	6	5	13	15	18	20%
Closed Sales	9	5	8	15	13	-13%
Price/SF	\$314	\$336	\$320	\$274	\$327	19%

Data source: Realcomp MLS using Great Lakes Repository Data.

MARCH 2023
HOUSING REPORT

Ann Arbor

Single-Family Homes

MONTHLY

53
 FEB NEW LISTINGS
 +61% from last month

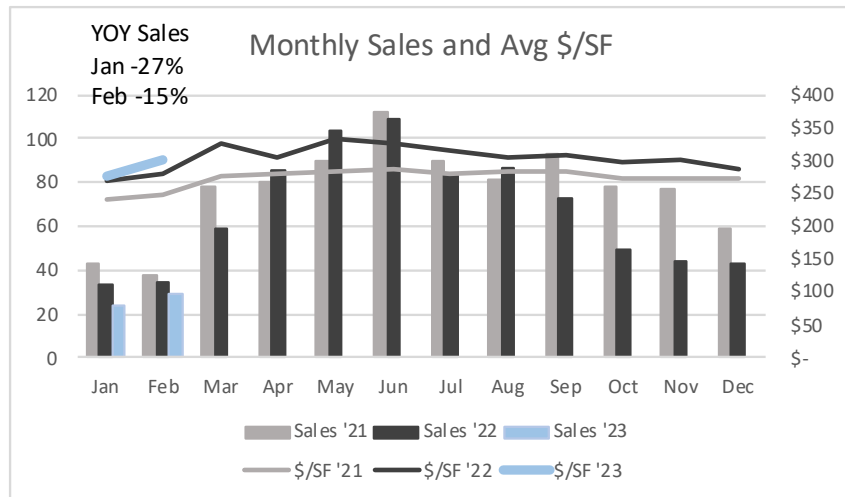
38
 NEW PENDINGS
 +31% from last month

29
 CLOSED SALES
 +21% from last month

\$302
 PRICE PER SQ FT
 +9% from last month

\$561K
 AVG SALE PRICE
 +26% from last month

Closed Sales



All Price Ranges						
	Dec '22	Jan '23	Feb '23	YTD		
				'22	'23	(+/-)
Listings Taken	21	33	53	91	86	-5%
New Pendings	38	29	38	76	67	-12%
Closed Sales	43	24	29	67	53	-21%
Price/SF	\$287	\$278	\$302	\$275	\$292	6%
Avg Price	\$464,619	\$446,422	\$561,351	\$516,266	\$509,307	-1%
<\$350k						
	Dec '22	Jan '23	Feb '23	YTD		
				'22	'23	(+/-)
Listings Taken	3	5	13	19	18	-5%
New Pendings	9	7	8	25	15	-40%
Closed Sales	13	6	7	22	13	-41%
Price/SF	\$261	\$281	\$220	\$230	\$242	5%
\$350k-\$700k						
	Dec '22	Jan '23	Feb '23	YTD		
				'22	'23	(+/-)
Listings Taken	16	19	30	54	49	-9%
New Pendings	25	19	25	37	44	19%
Closed Sales	25	16	17	34	33	-3%
Price/SF	\$269	\$276	\$303	\$279	\$290	4%
>\$700k						
	Dec '22	Jan '23	Feb '23	YTD		
				'22	'23	(+/-)
Listings Taken	2	9	10	18	19	6%
New Pendings	4	3	5	14	8	-43%
Closed Sales	5	2	5	11	7	-36%
Price/SF	\$374	\$282	\$352	\$300	\$332	10%

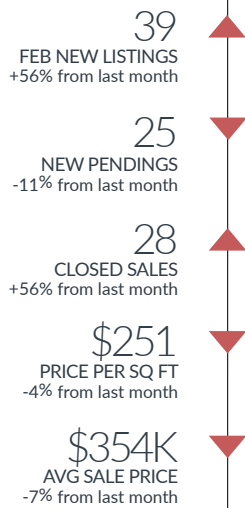
Data source: Realcomp MLS using Great Lakes Repository Data.

MARCH 2023
HOUSING REPORT

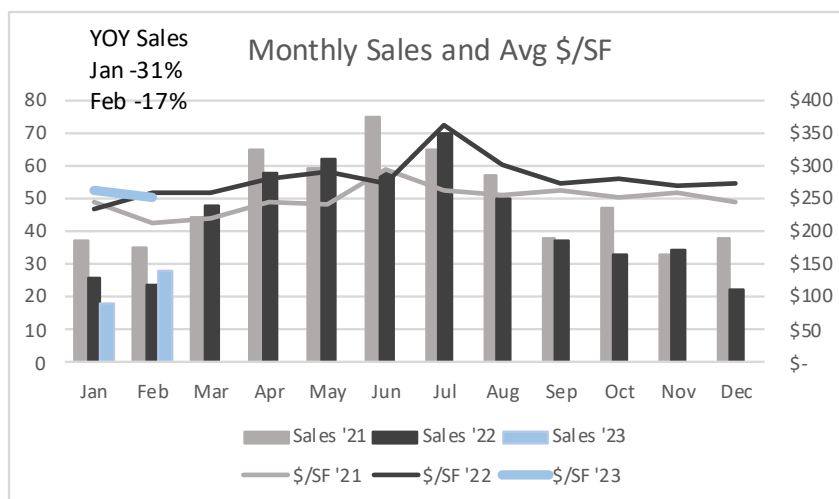
Ann Arbor

Condos

MONTHLY



Closed Sales



All Price Ranges						
	Dec '22	Jan '23	Feb '23	YTD		
				'22	'23	(+/-)
Listings Taken	10	25	39	92	64	-30%
New Pending	21	28	25	58	53	-9%
Closed Sales	22	18	28	50	46	-8%
Price/SF	\$273	\$263	\$251	\$246	\$256	4%
Avg Price	\$419,416	\$379,154	\$353,648	\$309,408	\$363,629	18%
<\$250k						
	Dec '22	Jan '23	Feb '23	YTD		
				'22	'23	(+/-)
Listings Taken	2	4	9	27	13	-52%
New Pending	4	8	7	29	15	-48%
Closed Sales	5	7	8	25	15	-40%
Price/SF	\$305	\$214	\$238	\$201	\$226	13%
\$250k-\$500k						
	Dec '22	Jan '23	Feb '23	YTD		
				'22	'23	(+/-)
Listings Taken	4	13	13	41	26	-37%
New Pending	12	15	9	20	24	20%
Closed Sales	12	6	14	16	20	25%
Price/SF	\$209	\$205	\$217	\$250	\$214	-14%
>\$500k						
	Dec '22	Jan '23	Feb '23	YTD		
				'22	'23	(+/-)
Listings Taken	4	8	17	24	25	4%
New Pending	5	5	9	9	14	56%
Closed Sales	5	5	6	9	11	22%
Price/SF	\$376	\$336	\$327	\$298	\$332	11%

Data source: Realcomp MLS using Great Lakes Repository Data.