OAKLAND
COUNTY MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET

L. BROOKS PATTERSON, OAKLAND COUNTY EXECUTIVE

EQUALIZATION DIVISION

September 3, 2008

City of Troy
500 W. Big Beaver Rd
Troy, MI 48084

RE: Anticipated Property Tax Declines for December 31, 2008

Dear Phillip L. Nelson,

As you may recall, last year Michigan property values dropped dramatically. Oakland County was not immune from this phenomena. Once again our County and local governmental entities in Michigan are experiencing unprecedented real estate issues caused by foreclosures, the national credit crunch, and the Michigan economy in general (e.g. unemployment). It is likely that these issues will continue to manifest themselves into the near future as well. In fall 2007, a letter from Oakland County's Administration was sent to your municipality in November of last year indicating that Oakland County's property values were following similar trends as that of the state. Similar real estate concerns persist in 2008.

An estimate of Oakland County's decline in assessed value has already been prepared for predicting the 2009 property taxes, much like the estimate for the 2008. The 2008 estimates were within half a percent of actual and Oakland County expects that the 2009 estimate to be just as precise on a county-wide basis. Each municipality will experience slightly different results in their real estate values, but the adverse real estate trend is clear.

Last year, many of the local municipalities throughout the County experienced slight drops in property tax dollars, while other communities saw very minor increases. Now that property values have fallen significantly over last year, we believe most, if not all, communities will experience a reduction in taxable dollars.

The County has estimated a 3.5% to 4.5% drop in tax dollars for its 2009 budget year for the County as a whole. Please note that this percentage range is an average for the county and should not be incorporated directly into a municipality's fiscal budget. The actual percent drop could range greatly from community to community.

We recommend working with your local Assessor, or contacting the Oakland County Equalization department, in response to this notification. The need to project the impact accurately on the real estate values used in developing the property tax levies has never been greater.

Sincerely,

David Hieber
Oakland County Equalization Manager