

## **Talking points regarding HB4812 related to PA340, legislation for property taxes to be assessed on the buyer's first mortgage amount instead of the appraised value of the property.**

In 2008, Habitat for Humanity throughout Michigan joined together and worked with then Senator Mark Jansen and other legislators to offer relief to our partner families and expand their ability to afford a Habitat home. Back then, affiliates were selling the home for the amount of the buyer's first mortgage. Local property tax assessors were assessing the property taxes at the higher, appraised value of the home.

The passage of PA 340 provided that local tax assessors assess qualified properties purchased from nonprofits **on the affordable first mortgage instead of the appraised value of the home**. The way it's written, though, is now outdated. When this bill was passed, Habitat was setting the purchase price equal to the total cost of the project and underwriting the first mortgage for that amount. Now we set the purchase price equal to the appraised value of the property.

Some things to consider:

- Our goal is to have the text of the bill rewritten to clarify the intent, which is that the property should be assessed at the first mortgage amount, not the appraised amount, which will bring the property taxes in line with what's affordable for the eligible, qualified homebuyer.
- When the house transfers ownership, the assessed value reverts to the appraised value.
- Habitat for Humanity improves properties and puts them back into generating property taxes so it's a gain for the municipality no matter what.
- Most, if not all affiliates and our partner families working to purchase a home are again experiencing the added barrier of skyrocketing appraisals which result in high sales price with a high property tax assessment.
- This is not open to all. The property/house must be developed and sold by a qualifying nonprofit organization and the household income has a cap of 60% Area Median Income. We are asking for this to be amended to our current policy of 80% Area Median Income.
- This is one tool in our toolbox to help facilitate the opportunity to own homes, when they are ready, to people experiencing barriers based on race and income. The legislation is also a tool to allow for more opportunity of choice neighborhoods.