# CITY Manager
# March Update

Happy March! Usually March is the month that we begin to say good bye to winter activities and we begin to pray for warmer weather. In many ways it is also the final moments of calmness before the hectic spring for our DPW. Once the weather breaks they have a long list of tasks to be completed. From equipment prep to picking up sticks in the parks. Once the weather finally turns they are off and running for the next 6 months of projects and general maintenance! Much like all of us with our own personal schedules. There are also a few other items I would like to share with you below.

***Assessment Notice-*** If you own your home you should have recently received an Assessment Notice from the City of Otsego. You may have identified it by its big lettered heading stating: THIS IS NOT A TAX BILL. Which is correct; it is not a tax bill, it is a notice of your current property assessment. Please look it over and if you disagree with the assessor's findings you can come and meet with the March Board of Review. Which is a great way to exercise democracy. But if you do make an appointment, you should also understand what all of the numbers mean first. In Michigan it is not easy to understand the complicated process of property assessment. I will attempt to give you a crash course on understanding your assessment notice. If you have further questions, our assessor and I are also available to explain in person if that would help. Prop A- Michigan property taxes are based on major tenets that were set in place when Michigan voters' approved Proposal A in 1994; commonly referred to as Prop A. Prop A was intended to insulate property owners by avoiding major jumps in property taxes by preventing large spikes in property values. The main outcome of Prop A is the creation of the term "taxable value" along with adding language to the previously used "assessed value" term. While your assessed value is intended to go up as the market determines, your taxable value can only go up by the rate of inflation or 5% (whichever is lower). The selling point on Prop A was to prevent drastic increases in property taxes and reward those who stay in their house year after year. Think of a senior citizen who has stayed in their house for 25+ years. One of Prop A's goals was to prevent that household from having unpredictable significant increases in property values and taxes. It is safe to say that it has completed its objective. While taxable values do seem to always increase, they do not go any higher than 5%. However, Prop A has certainly made it much more confusing as well. Making it hard to comprehend and track for those who are not dealing with property taxes on a daily occurrence. Below are a few things to remember when it comes to Prop A and property assessment:

- Taxable Value- This amount is what you are currently paying taxes on (hence the name). Going forward it can only increase by inflation or 5% every year. This number sets your tax bill when calculated with your set millage rate.
- Assessed Value- This is 50% the current market rate for your property. This number is established by comparable sales of similar properties.

- Uncapping- For the year that you purchase your property the current Taxable Value is "uncapped" and for that year the Assessed Value becomes the Taxable Value. The year your property is uncapped you must be sure the new Assessed Value is correct (because it becomes your Taxable Value going forward). This is the difference for those who stay in their homes for decades and purchase a property. If a property is not uncapped, the taxable value will stay significantly lower and in turn saving the owner significant costs in taxes. If you purchased your house in 2025 pay close attention to this year's assessment notice. The only appeals that are heard at the March Board of Review are for Assessed Values and not Taxable Values.
- If your Assessed Value is ever lower than your Taxable Value such as during a recession, then your Taxable Value will drop to that amount. (See how confusing they have made it?) The reason for that is so that you are not paying more for a property than it is worth.
- The #1 thing that I want you to remember under Prop A is that when you purchase a property you do NOT pay the same taxes as the previous owner. Let me repeat that: when you purchase a property, you do NOT pay the same taxes as the previous owner. When homeowners purchase their property, it is often just simply assumed that the previous taxes will stay the same, which is never the case. Often the jump is significant; like very significant! I feel it is imperative for real estate agents to understand that and make explaining that to be a part of their routine when their clients are considering a purchase. While property taxes can be complicated, it is simple to remember not to make that one assumption. In many situations many find out after the house is purchased and by then it is too late. That can be a heartbreaking phone call that we get here at City Hall.

***Female Police Officers-*** It may surprise some that we now actually have more female police officers than we do male. I believe it is a national trend of having more female officers joining the ranks than ever before. This is not something we sought out intentionally, but after the last 2 openings it was women who were the best candidates. Considering the amount of domestic assaults that OPD handles it is an incredible asset to offer female officers to walk victims through the processes. This shift has required for us to make some minor adjustments like increasing in size of the police station's female locker room. That is a minor inconvenience to offer a more diverse perspective to policing in Otsego.

***Otsego Rotary Easter Egg Hunt-*** The Otsego Rotary Club will once again be hosting the annual Easter Egg Hunt at Memorial Park on April 4th. If you are new to the City or have never participated, it is quite the scene! Each ball diamond is broken down by age groups and eggs (filled with candy) are hidden (placed) across the outfield. On a count of 3 all the kids are released to gather the eggs. Inside a handful of the eggs, children will find golden tickets to get special prizes. There are also 3 bikes awarded to older kids and bunnies handed out to lucky younger kiddos. This is a free event that is made possible by the Otsego Rotary Club and their donors. Registration starts at 9:30 am and the hunt begins at 10!

***Otsego Fire Department (OFD) Apparatus Update-*** Many of you are well aware of the age of our existing OFD fire truck inventory. Many of you are also aware of the exorbitant amount of money that a fire truck costs to replace nowadays. That leaves us in a bit of a situation going forward. We must find a way to plan on the replacement of each of our trucks and try to stay within a reasonable budget. While the costs only go up as the years pass. For the immediate

future, we should be good. We have had all of our trucks inspected and all minor repairs have been made and passed inspections. So, while anything can happen with older trucks, we are confident the large trucks should be good for somewhere around 5-8 years. Which is a relief. However, we must make a serious plan to replace the vehicles eventually. While years back it was discussed to have a replacement truck being purchased as "new". Unfortunately, the market has priced us completely out of that possibility. The firetruck producers have all been consolidated by 1 of 3 major producers. This makes it difficult to get prices down and availability any better than the current environment. This has led to exorbitant prices and a very long timeline to get a new truck produced. With all of that in consideration it is safe to believe that when the replacements are purchased, the trucks will be used and not brand new. The price difference is and will be significant. Remember, we are talking years down the road, so no need to be terribly concerned about that at this point. There is one OFD vehicle that is in need of being replaced rather soon; that is the Medical Vehicle. OFD's vast majority of calls are responding to medical emergencies. These constant calls have led to a sharp increase in hours and miles that are put on the 2017 Ford Interceptor. We are currently putting together options for its replacement for the 26-27 fiscal year.

***Zoning State Bills-*** As we all know there is a significant housing shortage for not only Allegan County but the entire State of Michigan. While I feel that the City of Otsego has responded to the shortage in recent years by being flexible with zoning regulations to help promote developments, some in the Michigan legislature feel like we have not gone far enough. In the sense that they want to take away our ability to regulate housing locally. There are some bills being proposed that would remove many common regulations applied with local zoning ordinances in relation to residential districts. The motivation behind the push for these bills is not new; many in Lansing have preferred a top down approach to fix residential developmental shortcomings for many years now. They view the need for housing being so dire that local governments should not have the ability to limit and prevent the development with zoning ordinance regulations. While I would understand one believing that something has to be done; I staunchly oppose the power grab that these bills would create. The group of bills would make many unique and controversial residential developments eligible for all residential zones in every municipality across the state. Those include:

- Duplexes and Accessory Dwelling Units (ADUs) by right- Duplexes and ACUs would be allowed in every district that allows a single-family residential home. This means that if your neighbor wanted to put up a duplex or an ADU for a relative, the City of Otsego would have zero ability to limit that. That is pretty extreme. While the City of Otsego has appreciated the need for duplexes and ADUs across the city. It has always been considered in locations that it does not take away from the culture and aesthetics of the neighborhood. If this bill becomes law, we would no longer have a voice.
- Lot Size Minimums- All residential zoning lot minimums must would no longer be allowed to be larger than 1,500 sq. ft. I am not sure if you understand what that size looks like but it is very small. Many houses in Otsego are larger than 1,500 sq. ft. And that is houses and not just the lot size! For reference; our current lot minimums for single family residential zoning districts are 7,200 and 11,000 sq. ft.! Meaning the state applied regulations would drastically change the appearance and feel of our neighborhoods. Without us even having a voice.
- Minimum House Size- If these bills are passed the state would also require for every

local government to allow houses as small as 500 sq. ft. Again, the City of Otsego has felt that small houses have a time and place. However, not in every parcel within residentially zoned districts with no regulations.

If you are like me and would like to keep all zoning regulations within local control contact State Representative Matt Hall (MattHall@house.mi.gov) and State Senator Thomas Albert (SenTAlbert@senate.michigan.gov).

Thank you for your time and have a great month!

Aaron Mitchell
City Manager