

# Income approach to property valuation studied

By Joanna Maliszewski  
staff writer

Farmington Hills residents' property tax assessments aren't affected by their incomes. But commercial and industrial property assessments are.

And councilman Terry Sever wants to know why. He also wants to know how that will affect the city's tax roll.

"We could reach a dangerous point where offices (occupancy) dwindle as the economy tightens up," Sever said.

With the public demand for property tax changes, "I think certainly this is one (facet) that should be addressed," he said.

**BUT THE** income method of determining commercial and industrial properties "is the

most reliable measure of value," Farmington Hills assessor Dean Babb said.

"We're in a soft market right now. It affects more than just the new properties," he said.

A lot of apartments and office buildings, for example, have heavy vacancies, which affects income, Babb said.

Babb is expected to provide the city council with a report on the income approach to assessing commercial and industrial properties and the effect on the tax roll by midsummer.

Councilman Aldo Vagnozzi, meanwhile, wants the council to consider a resolution to the Michigan Legislature requesting changes in property tax laws to ease the burden on homeowners.

**RESIDENTIAL PROPERTY** assessments increased an average 9 percent this year.

Commercial and industrial properties this year faced an average 3-percent property tax assessment increase. Last year, commercial properties received an average 2-percent increase and industrial, a 5-percent increase.

Those increases are a far cry from 1987, when increases averaged 35 percent, the result of a major reappraisal by the Oakland County Equalization Division.

Approaches for valuing commercial and industrial properties available to the assessor are the market approach or direct sales, the cost method or the cost to build, minus depreciation, or the income approach, "which is a commonly accepted approach to

valuing property," Babb said.

"What investors will pay for property is based on the income produced from that property," Babb said.

**WHILE BABB** may have 1,200-1,300 sales to analyze for residential property, that's not the case with commercial and industrial, which have fewer and more complicated sales.

"Sometimes the purchase price is not related to the property. Sometimes people buy property to have a loss," Babb said.

As with residential property, commercial and industrial property assessments must be 50 percent of market value.

The assessment process determines the true cash value of property for the purpose

of calculating property taxes. City, school and county tax rates are levied against the assessed value of property.

**FOR THE** resolution he hopes will be adopted by the city council, Vagnozzi said he would like to see, in the short range, a cap on annual property tax assessment increases at the inflation rate to help homeowners.

He also wants to see an increase on the state property tax rebate from the existing \$1,200 to a figure based on the increase in assessments and cost-of-living.

In the long range, Vagnozzi wants to see a change in reliance on sales prices to determine residential property tax assessments. He also wants to see if it's possible to reduce the assessment rate below the current 50 percent of market value.

# Local officials to tour recycling facilities across U.S.

By Jan Jeffers  
special writer

It's not likely the Novi City Council will be wined and dined during tours of three sites in Seattle, suburban San Francisco and Providence, Rhode Island, courtesy of the Southwest Oakland County Solid Waste Consortium.

The Novi officials have been invited to inspect three "state-of-the-art" materials recovery facilities in those cities, because the top two of four sites now under consideration for the

siting of a local operation of this nature are in Novi.

At the proposed MRF, which is also called a waste transfer station, recyclables would be gleaned from the refuse of eight communities and the remainder of the waste would be landfilled or sent to the proposed Oakland County incinerator in Auburn Hills.

"It'll be all we can eat," said Novi city manager Edward Kriewall. "We'll probably lose our appetites."

The local officials will travel on April 20 and on May 4 at the expense

of the Southwest Oakland County Solid Waste Consortium, which represents both Farmington and Farmington Hills. The two trips were scheduled because a facility of this nature is not located in Michigan, Kriewall said.

While locations in Southfield and Wixom are also under consideration for the \$37-million waste transfer station, only the Novi City Council was invited to jet out to the coastal facilities, Kriewall predicted that a final decision on the site may not be reached by the consortium for another 30 to 90 days.

"Novi does seem to have the most preferred sites," he said.

The MRF would be operated by the Resource Recovery and Recycling Authority of Southwest Oakland County.

One site proposed is in a planned industrial park at 12 Mile, Napier and Wixom Roads. This 300-acre development is now under consideration as part of the city's relocation and enhancement program.

The second 30-acre site, which

would not be part of a larger project, would be on Haggerty Road between Grand River and the expressway interchange, bordering Farmington Hills.

"We've advised city council on previous occasions that the other sites are shaky at best, unless additional sites turn up. If we cannot satisfactorily site one of these facilities in our community, the consortium may have to go out and find other sites," Kriewall said.

The tours will give city officials a chance to see MRFs in action.

"I think it's important. We're being told about the MRF sites. I think it is of utmost importance that we see some of these in operation," Novi councilman Hugh Crawford said.

Mayor Pro Tem Edward Leininger agrees: "You can take the video camera but you can't really smell and listen that well. I would prefer to smell and listen for myself."

The proposed \$27-million local MRF will look like a warehouse and employ approximately 25 people.

# County recycling chief appointed

Lenora Jadun has been appointed general manager of the Resource Recovery and Recycling Authority of Southwest Oakland County.

The authority is composed of the cities of Farmington, Farmington Hills, Southfield, Novi, Wixom, Walled Lake, South Lyon and Lyon Township.

Jadun is a licensed engineer and has a master's and bachelor's of sci-

ence degrees in civil engineering and is currently enrolled in Western Michigan University in the master's degree program of public administration. She is leaving the city of Novi where she served as the director of Public Services.

Jadun has a varied background including assistant city engineer in Southfield, assistant superintendent of operations and maintenance and

senior engineer for the city of Lansing. During her tenure at these positions, she revised refuse pickup programs, made proposals for recycling implementation programs. She has been assistant secretary to the Resource Recovery Authority for the last year. In that capacity, she has aided in the planning for the siting of solid waste in southwest Oakland County.

Jadun's duties will include over-

seeing the siting, design, construction, and operation of a Materials Recovery Transfer Station Facility serving the Southwestern Oakland County.

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