

Northern Michigan Property Values: *The Significance of Riverfront Properties*

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Prepared for
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Introduction and Background

Given the number of lakes and rivers and the expansive Great Lakes shoreline in Michigan, waterfront property is abundant throughout the state and region. The property values of these waterfront parcels are often higher than similar non-waterfront properties in the same region, and the location, availability, and quality of the waterbody associated with the property greatly affects its value. Contrary to popular belief, waterfront properties are assessed at the same level as every other type of property located within a municipality. In spite of a dip during the housing crisis that began in 2008, waterfront property values in Michigan have increased at a significantly higher rate than properties in other local city and town locations over the last 15 to 20 years, due to a relatively smaller supply and an ever-increasing demand. This increase in market value comes about as a result of a higher assessed value. In Michigan, taxing authorities capture additional tax revenue based on these increased valuations when a parcel is sold and changes hands. Otherwise, there is a limit on annual tax increases in Michigan because of Proposal A that passed in 1994.

The Anglers of the Au Sable, a 600-member, 501(c)(3) environmental conservation organization, hired Public Sector Consultants (PSC) to conduct an analysis of the local tax revenue and significance of riverfront parcels in the northern Michigan counties of Crawford, Kalkaska, Lake, Manistee, Roscommon, Ogemaw and Otsego. These counties were selected primarily because of high-quality angling and other water recreation activities (e.g., canoeing) on rivers within those counties.

The Anglers club is interested in determining the equalized property value and the property taxes levied on riverfront properties compared to all properties within each of the respective counties in order to highlight the significance of riverfront property tax revenue to local government operations.

Crawford, Kalkaska, Lake, Manistee, and Roscommon counties were able to provide necessary data to complete the analysis. Otsego County was able to provide limited information. Ogemaw County does not have parcel data available in an electronic format that would enable the analysis to be conducted.

Methodology

PSC coordinated with staff from each of the counties included in the analysis to collect relevant data. Each county maintains property information slightly differently but the following process was generally applied in each county:

1. Riverfront parcels were identified by the county equalization or GIS department.
2. The State Equalized Value (SEV) was identified by the equalization department for each parcel in the county. Some of the county equalization departments were able to parse out the SEV for riverfront parcels and non-riverfront parcels. The SEV was selected for use in this analysis rather than Taxable Value or Assessed Value because the SEV is more standardized among counties to allow for better comparison.
3. Levied taxes were identified by the treasurer's office or the equalization department.
4. Some counties provided separate datasets for riverfront properties, SEV for all parcels, and the levied taxes for all parcels. For these counties PSC compiled the information using database software to synthesize the figures for each parcel based on the parcel identification number, which is unique to each property.
5. The SEV and levied taxes for riverfront properties and all properties within each county were totaled and compared.

Results

Riverfront property information provided by Crawford, Kalkaska, Lake, Manistee, Otsego, and Roscommon counties is summarized in Exhibits 1 and 2.

EXHIBIT 1. Riverfront Property Information, by County

County	Riverfront Properties			County Wide (all parcels)			Riverfront/County (%)		
	Parcels	Total SEV	Taxes (2012)	Parcels	SEV	Taxes (2012)	Parcels along a river	SEV from riverfront properties	Taxes from riverfront properties
Crawford	1,926	\$137,421,300	\$3,332,256	17,145	\$535,296,087	\$14,828,850	11.2%	25.7%	22.5%
Kalkaska	555	\$37,524,275	\$907,061	20,310	\$841,476,315	\$24,921,428	2.7%	4.5%	3.6%
Lake	1,330	\$82,529,050	\$2,076,249	32,949	\$720,586,056	\$24,136,783	4.0%	11.5%	8.6%
Manistee	492	\$31,898,000	\$789,523	25,393	\$1,292,570,037	\$37,539,629	1.9%	2.5%	2.1%
Otsego	225	\$28,585,500	NA	NA	\$1,315,512,485	NA	NA	2.2%	NA
Roscommon	266	\$10,856,800	\$280,021	35,751	\$1,368,730,016	\$40,813,572	0.7%	0.8%	0.7%

NOTE: All figures are rounded to the nearest dollar.

NA = Not Available

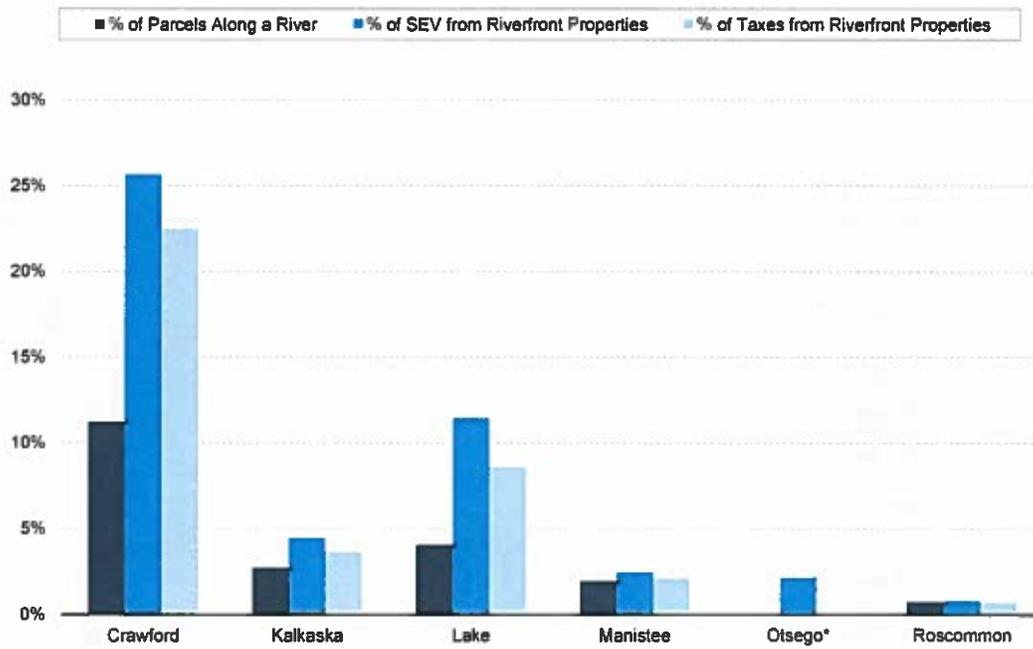
SOURCE: PSC using data from Crawford, Kalkaska, Lake, Manistee, Otsego, and Roscommon Counties.

About the Analysis

A few factors should be considered when interpreting this analysis:

- The percentage of riverfront parcels represents the total number of riverfront parcels as a proportion of all parcels within each county and does not consider the length of frontage along a river or the acreage of the parcel.
- The analysis is focused on the main stems of rivers within the counties and only includes real property. Personal property was excluded from the analysis.
- Many of the counties included in this analysis have a relatively high proportion of properties held in public ownership by the state and federal government. These parcels are not subject to local property taxes, which may affect the results.
- The analysis does not draw a distinction between lakefront properties and other non-riverfront parcels.
- The analysis compares riverfront parcels to all parcels within the county. The figures could change somewhat if riverfront parcels were compared to non-riverfront parcels.
- The analysis is based on parcel data provided by the counties. If there were errors in this data or missing information it may be reflected in this analysis.

EXHIBIT 2. Riverfront Property Value Proportions, by County



*Otsego County was unable to provide all requested information necessary to calculate the percentage of riverfront properties and percentage of levied taxes on riverfront properties.
 SOURCE: PSC using data from Crawford, Kalkaska, Lake, Manistee, Otsego, and Roscommon counties

Northern Michigan County Property Information

The counties included in this study provided property information that enabled PSC to determine the relative significance of riverfront properties to the local tax base and total equalized property value in the counties. Property value information for Crawford, Kalkaska, Lake, Manistee, Otsego, and Roscommon counties is summarized by county below.

Crawford County

Located in the central northern Lower Peninsula, Crawford County contains the headwaters to the Au Sable River and portions of the headwaters to the Big Manistee River.

Information provided by the county indicates that of the 17,145 parcels within the entire county, about 11 percent (1,926) are along a river. The property taxes levied on riverfront parcels in 2012 total \$3,332,256 which represents approximately 23 percent of the \$14,828,850 of total property taxes levied within the county. Similarly, the SEV of riverfront parcels totals \$137,421,300, or 26 percent of the \$535,296,087 SEV of all parcels in the county (see Exhibit 3).

EXHIBIT 3. Crawford County Equalized Property Values

Parcels	Riverfront	1,926
	All	17,145
	Percentage riverfront	11.2%
Taxes	Riverfront property (2012)	\$3,332,256
	All property (2012)	\$14,828,850
	Percentage riverfront	22.5%
SEV	Riverfront	\$137,421,300
	All parcels	\$535,296,087
	Percentage riverfront	25.7%

SOURCE: PSC using data from Crawford County.

Kalkaska County

Located in the northwestern Lower Peninsula, Kalkaska County contains the headwaters of the Boardman River and a portion of the Big Manistee River.

Information provided by the county indicates that of the 20,310 parcels within the entire county, about 3 percent (555) are along a river. The property taxes levied on riverfront parcels in 2012 total \$907,061 which represents approximately 4 percent of the \$24,921,426 of total property taxes levied within the county. Similarly, the SEV of riverfront parcels totals \$37,524,275, or 5 percent of the \$841,476,315 SEV of all parcels in the county (see Exhibit 4).

EXHIBIT 4. Kalkaska County Equalized Property Values

Parcels	Riverfront	555
	All	20,310
	Percentage riverfront	2.7%
Taxes	Riverfront property (2012)	\$907,061
	All property (2012)	\$24,921,426
	Percentage riverfront	3.6%
SEV	Riverfront	\$37,524,275
	All parcels	\$841,476,315
	Percentage riverfront	4.5%

SOURCE: PSC using data from Kalkaska County.

Lake County

Located in the northwest portion of Michigan's Lower Peninsula, Lake County contains portions of the Pere Marquette River, Little Manistee River, the Pine River, and the Baldwin River.

Information provided by the county indicates that of the 32,949 parcels within the entire county, 4 percent (1,330) are along a river. The property taxes levied on riverfront parcels in 2012 total \$2,076,249 which represents about 9 percent of the \$24,136,783 of total property taxes levied within the county. Similarly, the SEV of riverfront parcels totals \$82,529,050, or 12 percent of the \$720,586,056 SEV of all parcels in the county (see Exhibit 5).

EXHIBIT 5. Lake County Equalized Property Values

Parcels	Riverfront	1,330
	All	32,949
	Percentage riverfront	4.0%
Taxes	Riverfront property (2012)	\$2,076,249
	All property (2012)	\$24,136,783
	Percentage riverfront	8.6%
SEV	Riverfront	\$82,529,050
	All parcels	\$720,586,056
	Percentage riverfront	11.5%

SOURCE: PSC using data from Lake County.

Manistee County

Located in the northwestern portion of Michigan's Lower Peninsula, Manistee County contains portions of the Pine River, the Big Manistee, the Little Manistee, and the entirety of Bear Creek.

Information provided by the county indicates that of the 25,383 parcels within the entire county, about 2 percent (492) are along a river. The property taxes levied on riverfront parcels in 2012 total \$789,523 which represents approximately 2 percent of the \$37,539,629 of total property taxes levied within the county. Similarly, the SEV of riverfront parcels totals \$31,898,000, or about 3 percent of the \$1,292,570,037 SEV of all parcels in the county (see Exhibit 6).

EXHIBIT 6. Manistee County Equalized Property Values

Parcels	Riverfront	492
	All	25,383
	Percentage riverfront	1.9%
Taxes	Riverfront property (2012)	\$789,523
	All property (2012)	\$37,539,629
	Percentage riverfront	2.1%
SEV	Riverfront	\$31,898,000
	All parcels	\$1,292,570,037
	Percentage riverfront	2.5%

SOURCE: PSC using data from Manistee County.

Otsego County

Located in the central northern Lower Peninsula, Otsego County contains portions of the Au Sable, Black, Sturgeon, and Pigeon rivers.

Partial information was provided by the county regarding property values. Information provided indicates that there are 225 riverfront parcels which have an SEV of \$28,585,500, which represents about 2 percent of the SEV of all parcels in the county which totaled \$1,315,512,485 (see Exhibit 7). The county was unable to provide requested property tax information or the total number of parcels at the time of this writing.

EXHIBIT 7. Otsego County Equalized Property Values

Parcels	Riverfront	225
	All	NA
	Percentage riverfront	NA
Taxes	Riverfront property (2012)	NA
	All property (2012)	NA
	Percentage riverfront	NA
SEV	Riverfront	\$28,585,500
	All parcels	\$1,315,512,485
	Percentage riverfront	2.2%

SOURCE: PSC using data from Otsego County.

Roscommon County

Located in the central portion of the northern Lower Peninsula, Roscommon County contains portions of the South Branch of the Au Sable River.

Information provided by the county indicates that of the 35,751 parcels within the entire county, less than 1 percent (266) are along a river. The property taxes levied on riverfront parcels in 2012 total \$280,021 which represents less than 1 percent of the \$40,813,572 of total property taxes levied within the county. Similarly, the SEV of riverfront parcels totals \$10,856,800, or less than 1 percent of the \$1,368,730,016 SEV of all parcels in the county (see Exhibit 8).

EXHIBIT 8. Roscommon County Equalized Property Values

Parcels	Riverfront	266
	All	35,751
	Percentage riverfront	0.7%
Taxes	Riverfront property (2012)	\$280,021
	All property (2012)	\$40,813,572
	Percentage riverfront	0.7%
SEV	Riverfront	\$10,856,800
	All parcels	\$1,368,730,016
	Percentage riverfront	0.8%

SOURCE: PSC using data from Roscommon County.

Summary of Results

Perhaps not surprisingly, this analysis confirms that riverfront properties, on a relative basis, are valued higher than non-riverfront parcels and pay a proportionally higher amount of taxes than non-riverfront parcels. In addition, in four of five counties included in the analysis (Crawford, Kalkaska, Lake, and Manistee) riverfront parcels contribute a higher proportion to the tax base with fewer parcels than non-riverfront parcels.

The relative difference is most pronounced in the two counties with the lowest total SEV (Crawford and Lake). In Crawford County riverfront parcels comprise about 11 percent of all parcels but contribute approximately 23 percent of property taxes and 26 percent of the SEV for the entire county. In Lake County riverfront parcels comprise about 4 percent of all parcels but contribute approximately 9 percent of the property taxes and 12 percent of the SEV for the entire county. The relative difference is least pronounced in the two counties with the highest total SEV. In Roscommon County riverfront parcels comprise less than 1 percent of the parcels within the county and contribute less than 1 percent of property taxes and less than 1 percent of the SEV for the entire county. In Manistee County riverfront parcels comprise about 2 percent of parcels within the county and contribute approximately 2 percent of property taxes and 3 percent of the SEV for the entire county. This analysis confirms the importance of riverfront parcels and their relative contribution to the local tax base compared to non-riverfront parcels.

