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Hartland Glen Development, LLC v. Township of Hartland

Court of Appeals of Michigan - February 19, 2015 - Not Reported in N.W.2d - 2015 WL 728640

Property Owner appealed the opinion and judgment issued by the Michigan Tax Tribunal (MTT) regarding property tax assessments levied by Hartland Township on Owner's golf course for tax years 2011 and 2012. The crux of the appeal concerned the MTT's ruling that sewer-related special assessments encumbering the property and payable in installments, some of which were past due with the remaining due in the future, did not result in a decrease in the property's true cash value (TCV). The MTT essentially found this proposition to be true in all tax cases involving property subject to outstanding special assessments.

This conclusion was based, in part, on the argument that a township special assessment is levied on particular real property to cover the costs of an improvement project that must benefit that real property, with the requirement that the amount of the assessment be reasonably proportionate to the benefit. Thus, one could conclude that the cost of the special assessment is automatically offset by the directly-proportionate increase to the property resulting from the improvements to the property underlying the special assessment.

The Court of Appeal rejected this argument, reversed, and remanded.

The Court of Appeal noted that the Owner's appraiser opined that the outstanding special assessments decreased the golf course's TCV and the Township's appraiser indicated that, if a purchaser had to make future special-assessment payments, it would likely decrease the property's TCV. Therefore, there was no evidence supporting the MTT's ruling that the outstanding special assessments would not decrease the TCV. The MTT treated the issue as a purely legal question, but the testimony of the township's appraiser suggested that it is a factual question, at least in part, where he testified that a decrease in TCV would likely result if a purchaser had to assume an outstanding special assessment, but a new appraisal would have to be undertaken to make a definitive determination.

The Court of Appeals remanded for the purpose of conducting a factual inquiry as to whether the outstanding special assessments can and did decrease the property's TCV.

"To provide clarity on remand, we provide the following directives. First, because the focus of the dispute concerns the special assessments and because the related appeal challenges those assessments, remand proceedings here shall await final resolution of that appeal. Thereafter, and as framed by and depending on the result of the other appeal, proceedings are to be conducted to fully explore the question whether outstanding special assessments can and did decrease the property's TCV. The proceedings should entail arguments, testimony, and evidence on the issues and questions raised and highlighted in this opinion, including clarification and elaboration with respect to the township's appraiser's testimony cited in this opinion and possibly the preparation of new appraisals."

