



Assessor

Memorandum

TO: Mayor and Council

FROM: Jerry Markey, City Assessor

CC: Tom Crawford, City Administrator

SUBJECT: DC-1 2021 Poverty Resolution
Staff Recommendation

DATE: January 19, 2021

Section 211.7u(4) MCL requires the governing body of the local assessing unit to determine and make available to the public, the policy and guidelines used for the granting of poverty exemptions under Section 211.7u, MCL.

City Council requested staff review the assessor's office 2021 poverty recommendations with the HHSAB prior to returning to Council for approval. After discussing with the HHSAB, staff recommends city council adopt the 2021 poverty policy and guidelines as prepared by the assessor's office.

Staff recommends city council adopt poverty income limits similar, to the federal poverty level and Washtenaw County HUD income limits for poverty. Poverty income limits are 30% of AMI, Area Median Income. The poverty income limits are referred to as extremely low income. In 2020, the Ann Arbor area median income was \$101,500 for a family of four. Extremely Low Income, 30% of Ann Arbor AMI, equates to \$30,450.

Staff recommends establishing 2021 poverty income levels calculated by the assessor's office at 41% of Ann Arbor AMI. The 2021 poverty guidelines reflect an income level of 200% FPL (Federal Poverty Level) for a one-person household and 120% FPL for each additional person. Based on these income percentages, a family of four income level is \$41,648. This income level is greater than the extremely low-income level of \$30,450 and less than the "very low-income level" of \$50,750, which is 50% of the Ann Arbor AMI.

HHSAB (Housing and Human Services Advisory Board) meeting

Staff met with the HHSAB on January 14, 2021 and had a productive and engaging meeting discussing the proposed poverty policy and guidelines recommended by the assessor's office. During the HHSAB meeting there was considerable discussion on how the assessor's office calculated the poverty levels and why the assessor's office used a factor of 120% for each additional family member versus a factor of 200% for each additional family member.

In reply to the income level question, the poverty guidelines established by the assessor's office are supported by the federal poverty income level of 30% AMI and Washtenaw County extremely low-income levels. Washtenaw County HUD identifies poverty at 30% of AMI. In 2020, the Ann Arbor area median income was \$101,500. 30% of Ann Arbor AMI equates to \$30,450.

At the conclusion of the meeting, the HHSAB committee understood and recognized the assessor's office focused on federal poverty income levels and Washtenaw County HUD poverty income levels when developing the 2021 poverty policy and guidelines.

HHSAB recommendations to City Council

Staff acknowledges the HHSAB is proposing changes to the income levels developed by the assessor's office from 120% FPL to 200% FPL for all members of the household.

Staff acknowledges the purpose of HHSAB increasing the income levels to 200% FPL is to develop a low-income housing program versus a poverty program for area residents.

1. Staff does not recommend changing the FPL income for additional family members from 120% to 200% AMI.
2. Staff does not recommend expanding the poverty program to a low-income housing program.
3. Staff respectfully notes that MCL 211.7u is written for the principle residence of a person who, in the judgment of the supervisor and board of review, by reason of poverty, is unable to contribute to the public charges and is eligible for exemption in whole or in part from the collection of taxes under this act.
4. The poverty program serves those residents that are in poverty and qualify for a reduction in property taxes.
5. In support, the assessor's office received eighty-eight (88) poverty applications in 2020. Sixty-six (66) of the applicants were granted poverty. Fifty-five (55) of the poverty applications granted are on fixed income through SSI / SSDI / Pension with income less than \$30,000.

In closure, staff recommends city council adopt the poverty policy and guidelines established by the assessor's office for 2021. The assessor's office followed the federal poverty income levels and Washtenaw County HUD poverty levels when determining poverty income levels. The federal government identifies poverty at 30% of AMI. **This 30% is referred to as extremely low income.**

Staff cautions the use of the poverty program as a low-income program.

1. The legislative intent of MCL 211.7u refers to the principle residence of a person in poverty, not low income.
2. It is not possible to quantify how many residents will qualify for poverty in 2021 should council adopt higher income levels.
3. Council needs to recognize the shift of the tax burden to other taxpayers of the community with additional property owners qualifying for poverty based on the higher income levels.

Staff appreciates the creative ideas from the HHSAB to promote the poverty program and does wholeheartedly support more actively promoting the program to assist those residents on fixed income that qualify but are not aware of the poverty program.

Respectfully,

Jerry Markey, Assessor

Matt Horning, Interim Financial Services Area Administrator and CFO