



500 West Big Beaver
 Troy, MI 48084
 troymi.gov



CITY COUNCIL AGENDA ITEM

January 27, 2025

TO: Frank A. Nastasi, City Manager

FROM: Robert J. Bruner, Deputy City Manager
 Robert C. Maleszyk, Chief Financial Officer
 Kelly M. Timm, City Assessor

SUBJECT: Agenda Item – 2025 Poverty Exemption Guidelines (changes from previous year)

History:

MCL 211.7u, provides for a property tax exemption, in whole or part, for the principal residence of a person who, by reason of poverty, is unable to contribute to the public charges.

MCL 211u requires local governing bodies to adopt guidelines that must include the specific income and asset levels of the applicant and the total household income and assets. Local units must adopt guidelines which specify the total household income which will be used to approve or deny poverty exemptions. The adopted income levels shall **not be set lower** than the federal poverty guidelines. These federal poverty guidelines are updated annually by the United States Department of Health and Human Services. This means, for example, that the income level for a household of 3 persons shall not be set lower than \$25,820 which is the amount shown on the following chart for a family of 3 persons. Following are the federal poverty guidelines for use in setting poverty exemption income guidelines for the 2025 assessments:

Size of Family Unit	Poverty Guidelines
1	\$15,060
2	\$20,440
3	\$25,820
4	\$31,200
5	\$36,580
6	\$41,960
7	\$47,340
8	\$52,720
For each additional person	\$5,380



500 West Big Beaver
Troy, MI 48084
troymi.gov

CITY COUNCIL AGENDA ITEM

MCL 211u (1) states “The principal residence of a person who, in the judgment of the supervisor and board of review, by reason of poverty, is unable to contribute toward the public charges is eligible for exemption in whole or in part from the collection of taxes under this act. This section does not apply to the property of a corporation.”

MCL 211u (4) states “The governing body of the local assessing unit shall determine and make available to the public the policy and guidelines used for the granting of exemptions under this section. If the local assessing unit maintains a website, the local assessing unit shall make the policy and guidelines, and the form described in subsection (2)(b), available to the public on the website. The guidelines must include, but are not limited to, the specific income and asset levels of the claimant and total household income and assets.”

The Board of Review shall approve or deny the request for the poverty exemption. The Board of Review is required to follow the policy, income guidelines and asset guidelines adopted by the governing body of the local assessing unit in granting or denying a poverty exemption. The Board of Review shall follow the adopted policy and guidelines and are not permitted to deviate from the adopted policy and guidelines.

In order to grant a Poverty Exemption, each governing body must develop a set of guidelines to determine whether the applicant qualifies for a one (1) year exemption from property taxes. (The exemption may be re-applied for each year)

The applicant(s) shall not have total assets (excluding the value of the principal residence subject to the exemption request and excluding the value of one automobile) more than the guidelines set below. Assets exceeding the amounts stated below will result in a denial of the poverty exemption.

Size of Family Unit	Asset Guidelines
1	\$5,000
2	\$10,000
3	\$15,000
4	\$20,000
5	\$20,000
6	\$20,000
7	\$20,000
8	\$20,000
For each additional person	N/A

As the guidelines include a Total Asset limit, and changes to the Federal Poverty Income Guidelines, Council is presented with updated guidelines each year for their approval.



500 West Big Beaver
Troy, MI 48084
troymi.gov

CITY COUNCIL AGENDA ITEM

Financial Considerations:

- There were thirteen (13) poverty exemptions applied for in 2024 at the March Board of Review. Eight (8) exemptions were granted, totaling \$970,140 in Taxable Value. This amounts to **\$9,569.46** in exempted City taxes.
- This year, there were eight (8) exemptions applied for at the 2024 July Board of Review. There were three (3) exemptions that were granted at the July Board of Review totaling \$416,520 in Taxable Value. This amounts to **\$4,108.55** in exempted City taxes.
- The 2024 December Board of Review had one (1) exemptions granted (of the two (2) that applied). The 2024 Taxable Value was \$103,780, which equaled **\$1,023.68** in exempted City taxes.
- The total loss of City taxes for Poverty Exemptions in 2024 was **\$14,701.69** (compared to \$17,150.51 in 2023). This is a **14.28%** reduction in City property tax loss compared to 2023.

Legal Considerations:

- The federal poverty guidelines and asset test are required by the State Tax Commission. The guidelines and asset test meet the requirements of these rulings.

Policy Considerations:

- The guidelines are a State mandated requirement. They do not conform to current Council goals.

Options:

- Council must adopt Poverty Guidelines and an Asset Test. Council may adopt the guidelines as presented, or modify them.



500 West Big Beaver
Troy, MI 48084
troymi.gov

CITY COUNCIL AGENDA ITEM

City of Troy – Assessing Department POVERTY EXEMPTION GUIDELINES INCOME STANDARDS 2025

The following are the Poverty thresholds as of 12/31/24 for use in setting Poverty Exemption Guidelines for **2025** assessments:

Number of People Residing in Homestead	Poverty Guidelines
1 Person	\$15,060
2 People	\$20,440
3 People	\$25,820
4 People	\$31,200
5 People	\$36,580
6 People	\$41,960
7 People	\$47,340
8 People	\$52,720
9 People (or more) add \$5,380 for each additional person	



500 West Big Beaver
Troy, MI 48084
troymi.gov

CITY COUNCIL AGENDA ITEM

CITY OF TROY POVERTY EXEMPTION GUIDELINES – 2025

MCL 211.7u, provides for a property tax exemption, in whole or part, for the principal residence of persons who, by reason of poverty, are unable to contribute to the public charges.

The City of Troy's standard for approving an exemption under the statute is based on an individual determination of hardship.

This is an exemption from taxes. If you claim poverty under the statute, you must file your claim with an Application for MCL 211.7u Poverty Exemption. This exemption is good for one year.

STANDARD #1 Applicants must file a claim with the Board of Review for Poverty Exemption on Form 5737 in order to be considered for any exemption. Per MCL 211.7u(2)(b), federal and state income tax returns for the current or immediately preceding year for **all persons residing** in the principal residence, including any property tax credit returns. Additional documentation such as W-2 Forms, Deeds or Land Contracts and personal identification is mandatory, and must be attached to the Affidavit.

STANDARD #2 A Poverty Exemption will not be granted if the household income is greater than the Poverty Guidelines adopted by the City Council.

STANDARD #3 Applicants total assets cannot exceed the Asset Limit Test adopted by the City Council.

*The Board of Review may require a home audit and inspection, done by the Assessing Department, as part of the exemption process.

* The income of every person residing at the home must be reported.