



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
LANSING

ORLENE HAWKS
DIRECTOR

6935 Chalet Villa Apartments LLC,
Petitioner,

MICHIGAN TAX TRIBUNAL

v

MOAHR Docket No. 21-002320

Independence Township,
Respondent.

Presiding Judge
Jason C. Grinnell

SUMMARY OF PREHEARING CONFERENCE

SCHEDULING ORDER

NOTICE OF VIDEO CONFERENCE HEARING

A Prehearing Conference on this matter was held on March 14, 2023. Attorney Brian E. Etzel appeared on behalf of Petitioner. Attorney Stephanie Simon Morita appeared on behalf of Respondent. A scheduling order was discussed and agreed upon by respective counsel and a video conference hearing, to be held via Microsoft Teams, was scheduled for the following date and time:

HEARING DATE:	Tuesday, August 22, 2023, through Friday, August 25, 2023
HEARING TIME:	9:00 a.m.
TEAMS HEARING LINK:	Click here to join the meeting +1 248-509-0316 , 623795790# United States, Pontiac Phone Conference ID: 623 795 790#
PARTICIPANTS' GUIDE:	https://bit.ly/34fBXnN

This is an important legal document. Please have someone translate the document.

Este es un documento legal importante. Por favor, haga traducir este documento.

এটি একটি গুরুত্বপূর্ণ আইনি দলিল, অনুগ্রহ করে কেউ দলিলটিকে অনুবাদ করুন।

هذا هو وثيقة قانونية هامة يرجى لديك شخص تترجم الوثيقة.

Ito ay isang mahalagang legal na dokumento. Mangyari lamang na magkaroon ng isang tao isalin ang dokumento.

This hearing is open to the public and this notice is provided under the Open Meetings Act. Any participant in the hearing or member of the public wishing to attend this hearing must click on the link above to gain access to the hearing.

PREHEARING CONFERENCE SUMMARY

I. VALUATION INFORMATION:

- A. The true cash value (TCV), assessed value (AV), and taxable value (TV) for each parcel and tax year at issue as established by the Board of Review:

Parcel Number: J-08-32-353-008

Year	TCV	AV	TV
2021	\$4,193,600	\$2,096,800	\$2,096,800
2022	\$4,612,600	\$2,306,300	\$2,165,994

- B. The parties' contentions of TCV, state equalized value (SEV), and TV for each parcel and tax year at issue:

Parcel Number: J-08-32-353-008

Year	Petitioner			Respondent		
	TCV	SEV	TV	TCV	SEV	TV
2021	\$3,600,000	\$1,800,000	\$1,800,000	\$7,440,000	\$3,720,000	\$3,720,000
2022 ¹	\$3,600,000	\$1,800,000	\$1,800,000	\$8,340,000	\$4,170,000	\$4,170,000

- C. Amounts in dispute for the tax years at issue:

Parcel Number: J-08-32-353-008

Year	SEV	TV
2021	\$1,920,000	\$1,920,000
2022	\$2,370,000	\$2,370,000

II. TAX INFORMATION

The property's taxes have been paid for the tax years at issue.

III. FACTUAL STATEMENT OF CLAIMS:

- A. Classification of property:

¹ Petitioner did not submit any valuation evidence for tax year 2022.

Parcel Number	Classification
J-08-32-353-008	Commercial

B. Highest and best use (H&BU) for the tax years at issue:

Tax Year	H&BU
2021	Multifamily Residential
2022	Multifamily Residential

C. The property's TCV and TV are at issue for each tax year under appeal.

D. Petitioner's claims or counterclaims: Petitioner contends that the subject property is over assessed and a reduction in TCV and TV is warranted. Petitioner's appraisal only concerns the 2021 tax year. Petitioner contends the 123-unit apartment complex which was built in 1974 is in extremely poor to fair condition. Petitioner also contends that they were provided an appraisal report by Colliers International, with a valuation date of December 10, 2019, and a value of \$8,590,000 but contend that the actual value is much less because of the effects of the COVID-19 pandemic and the alleged need for extensive capital expenditures over the course of the next eight (8) years. Petitioner provided a sales comparison approach using four (4) sales comparables which are allegedly similar to the subject property and located in close proximity, and after making adjustments, concludes a sales comparison approach rounded value of \$3,700,000 or \$30,000/unit for tax year 2021. Petitioner also submitted an income approach using in place rents and market rents and an overall capitalization rate of 12.06%. Petitioner concluded an effective gross income of \$1,181,241 and after deducting expenses of \$522,765, arrived at a net operating income of \$661,476 or a TCV of \$5,485,984. However, Petitioner then decided to make a \$1,900,000 deduction for net expected capital expenditures to arrive at a rounded TCV of \$3,600,000 or \$29,268/unit for tax year 2021. Petitioner concludes a reconciled TCV of \$3,600,000 or \$29,268/unit.

E. Respondent's claims or counterclaims: Respondent contends the subject property is under assessed. Respondent notes that Petitioner purchased the subject property on February 20, 2020, for \$8,000,000 or \$65,040 per unit. Respondent contends the 123-unit apartment complex which was built in 1974 is of average quality construction and in average condition. Respondent provided a sales comparison approach using five (5) sales comparables which are allegedly similar to the subject property, located in close proximity, and after making adjustments, concludes a sales comparison approach of \$7,750,000 or \$63,000/unit for tax year 2021 and \$8,610,000 or \$70,000/unit for tax year 2022. Additionally, Respondent provided an income approach using six (6) rent comparables and an overall capitalization rate of 9% for tax year 2021 and 8.30% for tax year 2022. After deducting expenses of \$503,175 for tax year 2021 and expenses of \$517,265 for tax year 2022 from the effective gross income of

\$1,170,595 for tax year 2021 and the effective gross income of \$1,207,759 for tax year 2022, Respondent arrived at a net operating income of \$667,420 and rounded TCV of \$7,420,000 for tax year 2021 and a net operating income of \$690,494 and rounded TCV of \$8,320,000 for tax year 2022. Respondent's reconciled values were \$7,500,000 for tax year 2021 and \$8,400,000 for tax year 2022. After applying a downward adjustment of \$62,000 for personal property, i.e., appliances, Respondent concluded a rounded TCV of \$7,440,000 or \$60,488/unit for tax year 2021 and \$8,340,000 for \$67,805/unit.

IV. PENDING MOTIONS OR DISCOVERY:

F. Motions: None pending at this time.

G. Discovery: Discovery is closed. However, at the Prehearing Conference, Petitioner's counsel agreed to provide Respondent's counsel with its appraiser's work file within 30 days.²

VI. VIDEO CONFERENCE HEARING INFORMATION

The parties and the Tribunal have determined the above-captioned case shall be conducted via video conference.

A link to the **MOAHR MTT Guide for Participants for the Conducting of Entire Tribunal Hearings as Video Conference Proceedings** is provided above. Participants are encouraged to review this Guide prior to hearing and are **required** to comply with the requirements of the Guide, as said requirements will facilitate the conducting of the scheduled hearing.

SCHEDULING ORDER

- I. August 8, 2023 is the final date to file and serve upon the opposing party and the Tribunal a final exhibit list and to furnish the opposing party with a copy of each exhibit. **The parties must use the form prescribed by the Tribunal.** An exhibit will not be admitted into evidence unless the exhibit is disclosed and furnished in accordance with this Order (even though admissible) except upon a finding of good cause by the Tribunal.

² Respondent's counsel served Petitioner's counsel with its Post-Valuation Discovery Requests on December 13, 2022. Petitioner's counsel informed the Tribunal that Respondent has not responded to the Post-Valuation Requests.

II. August 8, 2023

is the date for Petitioner to notify the Tribunal in writing of the name and telephone number of the court reporter retained by the parties to transcribe the hearing.

Failure to comply with this Order may result in the dismissal of the case or the conducting of a show cause or default hearing, as provided by TTR 231.³

Date Entered: March 16, 2023

By  _____

³ See also MCL 205.732.

HEARING INFORMATION – PLEASE READ IMMEDIATELY

GENERAL INFORMATION: An impartial hearing will be conducted in accordance with the Michigan Administrative Hearing Rules (R 792.10101-R 792.11289) and the Michigan Administrative Procedures Act, MCL 24.201 *et seq.* The Michigan Rules of Evidence and the Michigan Court Rules may be applicable. A party is expected to exercise proper respect and courtesy toward other parties, witnesses and administrative law judges, which includes attending the hearing on time, silencing cell phones, and dressing in appropriate clothing for in-person hearings.

REPRESENTATION: A party may be represented by an attorney or other authorized representative of the party's own choosing and at the party's own expense. The Michigan Office of Administrative Hearings and Rules does not recommend or appoint attorneys.

WITNESSES: Parties may present witnesses, if any, identified in the Prehearing Statements, to testify under oath or affirmation at the hearing, subject to cross-examination by the opposing party, and questions by the administrative law judge.

EXHIBITS: The parties shall submit exhibits pursuant to the Guide for Participants.

COURT REPORTER: The parties shall not only provide a court reporter to transcribe the hearing but shall also provide an electronic copy of the hearing transcript to the Tribunal by e-mailing it to taxtrib@michigan.gov. The costs attributable to the court reporter shall be shared equally by the parties. If the parties fail to pay the costs of the transcript to the court report prior to the submission of the transcript to the Tribunal, the court reporter may report this to the Tribunal with the submission of the transcript. As a result, the party or parties who failed to pay the costs associated with the transcript may be held in default.⁴

WITHDRAWAL: If Petitioner no longer wants to continue with the appeal, Petitioner may submit a written request to withdraw the case. Respondent must concur with the withdrawal. The request must be submitted to the Tribunal and served on Respondent at least 14 days before the hearing. Respondent may file a concurrence or objection to the request within 7 days of the service of the request on that party. If Respondent does not timely submit a concurrence or objection to the request will be deemed to be a concurrence to the request. If the request is granted, the case will be dismissed. If a request is not granted or the Tribunal has not notified you that it has been granted, you are required to attend the hearing.

SETTLEMENT: Parties may submit a written agreement settling a case (i.e., stipulation). The stipulation must be on a form made available by the tribunal or shall be in a written form that is in substantial compliance with the tribunal's form and be signed by the parties' attorneys or authorized representatives, if they have attorneys or authorized representatives, or by the parties, if they do not have attorneys or authorized representatives. There is a \$50 fee for the filing of the stipulation. If the stipulation with appropriate filing fee is received by the Tribunal or the parties email a copy of the signed stipulation to the Tribunal by 4:30 p.m. on the business day immediately preceding the day of the scheduled hearing, the hearing may be adjourned. Parties that email a copy of a signed stipulation to the Tribunal for purposes of adjourning a hearing are also required to submit the original signed stipulation with appropriate filing fee. The

⁴ See TTR 321.

stipulation, once submitted, will be reviewed and, if accepted, the Tribunal will issue a consent judgment.

FAILURE TO APPEAR: The failure of a party to timely appear or otherwise participate in a hearing will result in adjournment of the hearing and the holding of that party in default. The defaulted party will be given an opportunity to show good cause for the failure to appear. Failure to respond or show good cause may result in dismissal of the case or the conducting of a default hearing.

REASONABLE ACCOMMODATION: All hearings are conducted in a barrier-free location in compliance with the Americans with Disabilities Act. An individual requiring reasonable accommodation for effective participation in a hearing, including accessible documentation such as braille, large print, electronic or audio reader, should contact the MOAHR by telephone at (517) 335-9760, or complete and submit an accommodation request form at https://www.michigan.gov/documents/lara/Disability_Accommodation_FORM_v1_2_464017_7.d [oc](#) within five (5) days of receipt of the Notice of Hearing to ensure availability of accommodation.

Hearing participants and observing members of the public who need assistance with speech or hearing may also participate in a telephonic or virtual hearing by dialing 7-1-1 and using the Michigan Relay service. More information about this service may be found at https://www.michigan.gov/mpsc/0,9535,7-395-93308_93325_93425_94040_94041---,00.html.

PRIVACY OF INFORMATION: In order to conduct a comprehensive and fair hearing, a party's private or confidential information, such as health or financial information, may be disclosed to the Tribunal and other parties and their attorneys or representatives. The MOAHR will use the private information solely for purposes related to the hearings process. A party may file a motion to request that a public hearing be closed in part or file a motion for protective order to deem certain information private and confidential in order to afford that information special protection.

CONTACT INFORMATION:

Michigan Tax Tribunal
U.S. Postal Mailing Address: 611 W. Ottawa St., Lansing, MI 48933
Overnight Carrier Address (UPS, FedEx, DHL Deliveries):
2nd Floor MOAHR, 2407 N. Grand River Avenue, Lansing, MI 48906
Phone: (517) 335-9760
E-Mail: taxtrib@michigan.gov
Website: www.michigan.gov/taxtrib
E-Filing: <https://eFiling.apps.lara.state.mi.us>
Office Hours: 8:00 a.m. – 5:00 p.m., our office is closed from 12:00 p.m. – 1:00 p.m.

PROOF OF SERVICE

I certify that a copy of the foregoing was sent on the entry date indicated above to the parties or their attorneys or authorized representatives, if any, utilizing either the mailing

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or email addresses on file, as provide by those parties, attorneys, or authorized representatives.

By: Tribunal Clerk