

Property taxes in Michigan are a bit of a paradox. The state sits near the national middle in average effective property tax rate, yet many homeowners in metro areas feel crushed by their annual bill. If you live, or plan to live, in a place like Southfield, Detroit, Ann Arbor, or Flint, you have probably already felt that pinch.

Understanding which counties carry the heaviest burden, why those numbers look the way they do, and how Southfield stacks up gives you real leverage when you are deciding whether to buy, build, or downsize.

I work with Michigan buyers and owners who ask variations of the same questions all the time:

Are Southfield property taxes high?

Can I afford a house on my salary? Where is the cheapest place to buy a house in Michigan? Is there any legal way to not pay property tax in Michigan?

The details matter, and so does context. Let us start with how the system actually works.

## How Michigan Property Taxes Really Work

Michigan's property tax structure is defined by a few key concepts that trip people up if they are coming from other states or have not bought a home since the 1990s.

You will see four values or terms repeatedly:

1. State Equalized Value (SEV)
2. Taxable value
3. Millage rate
4. Principal Residence Exemption (PRE)

SEV is intended to reflect roughly half of your home's market value. If your house would likely sell for \$300,000, the SEV might be around \$150,000.

Taxable value is what your property taxes are actually based on, and that is where things get interesting. Thanks to Proposal A in 1994, the taxable value of a property can only increase by the rate of inflation or 5 percent per year, whichever is less, as long as ownership does not change and there is no major addition. When you buy a home, the taxable value "uncaps," and typically jumps up so that SEV and taxable value come back into line.

The millage rate is the sum of all the local property tax rates levied by the city, county, school district, community college, and any special authorities. A rate of 50 mills is equal to \$50 in tax per \$1,000 of taxable value.

The Principal Residence Exemption (PRE) removes the 18-mill school operating tax from your primary residence. If you do not file the PRE, your effective rate is substantially higher.

Put those pieces together and you get your annual bill:

Taxable value × total millage rate ÷ 1,000 = annual property tax

What trips many buyers is that the seller's taxable value might be far lower than what their own bill will be after the uncapping. Looking only at the current owner's taxes on a listing sheet in Southfield, Detroit, or Ann Arbor can badly mislead a first-time buyer.

## Counties in Michigan With the Highest Property Taxes

There are two ways to look at “highest” property taxes:

- Highest millage rate
- Highest effective tax as a percentage of market value

Millages can look wild. Portions of Detroit and a few inner-ring suburbs have total millage rates that exceed 80 mills before exemptions. Rural townships in the Upper Peninsula may be closer to 30 or 35 mills.

But effective tax rate is what most homeowners feel in their budget. That is your annual tax bill divided by the home's market value.

Based on recent public data through about 2023, and looking at owner-occupied homes with the PRE, several counties tend to land on the high side for effective rates:

- Wayne County

Detroit in particular combines relatively low home values with high millages, so the effective rate on market value can exceed 3 percent each year in some neighborhoods. Suburbs like Dearborn and Inkster are also on the higher end.

- Genesee County

Flint and surrounding areas often show effective rates in the 2.5 to 3 percent range. Modest home values and layered millages amplify the percentage.

- Oakland County

The county covers an enormous range. Bloomfield Township and Novi feel very different from Hazel Park or Southfield. In many working- and middle-class suburbs, it is common to see something in the 2.2 to 2.8 percent range once you adjust for realistic market value.

- Washtenaw and Ingham Counties

Ann Arbor, Ypsilanti, East Lansing, and Lansing combine strong demand, school millages, and city services. Effective rates in the 2.2 to roughly 2.7 percent band are typical in many parts of these counties.

There are pockets where the rate feels even higher. If your house would likely sell for about \$200,000 and your annual property tax is roughly \$6,000, that is a 3 percent effective rate. I see that regularly for buyers in parts of Detroit, Southfield, Flint, and some inner Lansing neighborhoods.

On the other hand, if you move into a high-value township home near lakes in western Oakland County, your tax bill might still be large **Home Improvement Southfield MI** in dollars, but as a percentage of value it can feel closer to 1.8 to 2.1 percent.

The key insight: the counties that feel “expensive” on taxes usually mix older infrastructure, city services, school needs, and lower average home prices. The math punishes the percentage even when the city is not trying to be punitive.

## Where Property Taxes Tend To Be Lowest

At the other end of the spectrum, many northern and Upper Peninsula counties show much lower effective rates.

Counties such as Keweenaw, Luce, Oscoda, Alcona, Presque Isle, and parts of Schoolcraft and Lake County often combine low millage rates with very modest home values and less dense services. Some townships in these

regions deliver effective property tax rates that dip below 1.5 percent, occasionally closer to 1.2 percent of market value for primary residences.

When people ask “What city in Michigan has the cheapest property taxes?”, there is no single permanent winner. What you do find are patterns:

Smaller cities and villages in the UP and northern Lower Peninsula, without big legacy pension costs or complex municipal services, tend to have much lighter property tax loads. Examples include places like Newberry, parts of Ironwood, or rural areas outside Houghton and Marquette. Even within these counties, though, village or city limits can add millage on top of township rates.

The trade-off is obvious if you have lived both in Southfield and the UP. Lower taxes, quieter life, but typically fewer job opportunities, longer drives to healthcare, and less robust public transit or amenities.

## How Southfield Compares in Oakland County

Southfield occupies an interesting spot in Oakland County. It is an inner-ring suburb with substantial office space, mixed housing stock, and mature infrastructure that needs ongoing maintenance. That translates into a relatively high city millage compared to some townships and outer suburbs.

When clients ask “Are Southfield property taxes high?”, my honest answer is that they are on the higher side for the region, though not quite in Detroit or Flint territory.

A rough, realistic example:

Imagine a Southfield home with a market value around \$250,000. After uncapping when you buy it, the SEV might be about \$125,000, and the taxable value will usually be similar. If your combined millage rate after the PRE is something like 60 mills, the math looks like this:

$$125,000 \times 60 \div 1,000 = \$7,500 \text{ per year}$$

On a \$250,000 home, that is about 3 percent of market value each year. Not every Southfield home lands that high. Some fall more in the 2.4 to 2.8 percent range, but you can see why buyers feel the bite.

Now compare that to a township like Lyon Township or Milford Township. Same \$250,000 market value home, taxable value at \$125,000, but perhaps a 40 to 45 mill total rate. That is more like \$5,000 to \$5,625 per year, or roughly 2.0 to 2.25 percent of market value.

The difference is noticeable in a monthly budget. That is one reason some Southfield homeowners eventually look to move north or west while keeping their jobs in the metro area.

Within Southfield itself, popular neighborhoods such as Northland Gardens, Beech Woods, and areas near the Evergreen corridor often balance relatively solid housing stock with reasonable access to freeways. Taxes are not cheap, but buyers see value in location and convenience.

## Can You “Avoid” Property Taxes in Michigan?

The blunt answer to “How to not pay property tax in Michigan” is that you generally cannot, unless you fall into specific exemption categories. Even then, the goal is not zero tax, but a lighter, more manageable bill.

There are a few tools and programs to understand:

Principal Residence Exemption (PRE)

Make absolutely sure it is filed if the home is your primary residence. This alone removes the school operating millage and can cut your bill by thousands of dollars per year.

#### Poverty exemptions

Local Boards of Review can approve partial or full exemptions based on household income, assets, and local guidelines. These are usually annual and require documentation.

#### Disabled veteran exemptions

Certain disabled veterans (or their surviving spouses) may qualify for a full property tax exemption. The eligibility criteria are specific and tied to VA disability ratings.

#### Senior relief and credits

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Michigan offers a Homestead Property Tax Credit that can refund a portion of your property taxes or rent based on income and tax load. For seniors, the formula can be more generous, but it is not a flat "\$6,000 senior tax credit" applied the same way to everyone. Some counties or cities explore additional local senior credits or deferrals, but these change, and you need to confirm the current rules with your local assessor or treasurer.

#### Deferrals

Some seniors can defer part of their property tax, in effect turning it into a lien repaid when the home is sold. This helps cash-flow but does not erase the tax entirely.

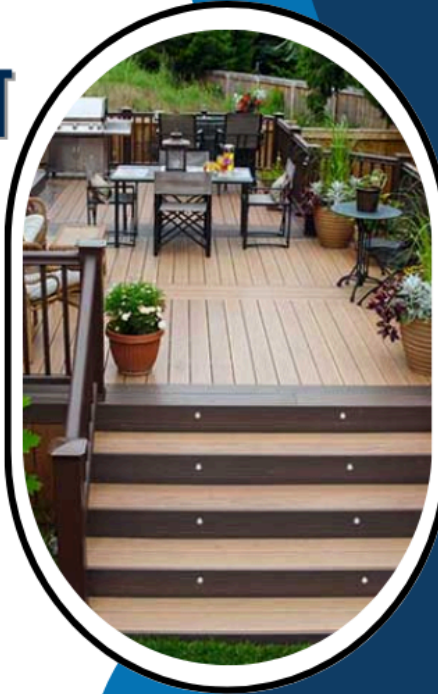
If you see advertising suggesting that any Michigan homeowner can simply learn "how to not pay property tax," treat it with skepticism. The realistic approach is to combine exemptions, credits, and careful home-buying decisions to keep your tax burden proportional to your income and lifestyle.



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## Buying a Home in Michigan: Income, Mortgages, and Taxes

Property tax is only one piece of affordability, but it has a bigger impact here than in some states because effective rates are often in the 2 to 3 percent range.

People call and email with the same cluster of questions:

- Can I afford a house on a \$40,000 salary?
- Can I afford a 300k house on a 50k salary?
- Can I buy a house with a \$90k salary?

There is no single right answer, but there are practical rules of thumb. Let us walk through a few scenarios and wrap taxes into it.

Imagine your gross monthly income is \$3,000. A cautious rule is to keep your total housing cost (mortgage principal and interest, property taxes, homeowners insurance, and possibly HOA dues) under about 30 percent of gross income. That would be \$900 per month in this case.

If your property tax alone is \$4,800 per year, that is \$400 per month before you even talk about the mortgage or insurance. It becomes clear that with a \$3,000 monthly income, you probably need a lower-tax area and a very modest home. The answer to "How much should my mortgage be if I make \$3,000 a month?" in many Michigan markets is "smaller than you might think" if you are shopping in higher-tax counties.

At \$40,000 per year, or about \$3,333 per month, you may afford a small starter home in a lower-tax county, particularly if you have little debt and some savings. The same income in a high-tax city like Detroit or Southfield

will push you toward a low-priced home and perhaps a longer commute to keep the tax and mortgage combination bearable.

At \$50,000 salary, people often ask “Can I afford a 300k house?” In most Michigan markets, a \$300,000 purchase on a \$50,000 income is aggressive. Even if a lender approves it on paper, once you add:

- Property taxes in the \$5,000 to \$8,000 per year range depending on the city
- Homeowners insurance that may run \$1,000 to \$1,800 per year
- Maintenance, utilities, and possibly student loans or car payments

You will feel extremely stretched. I have watched buyers regret pushing to 6 times their income. In practice, many feel more comfortable near 3 to 3.5 times their gross income.

At \$90,000 salary, a buyer in Michigan has more options. With strong credit, moderate other debts, and some savings, buying in the \$300,000 to \$400,000 range is plausible. Whether that is wise depends heavily on where you buy and the property tax load you take on. A buyer in a lower-tax township might comfortably manage a \$380,000 home, while someone in Southfield with similar income might feel constrained closer to \$320,000 because taxes absorb more of the monthly budget.

Mortgage lenders also care about credit score. For many mainstream home loans, you will want your credit score in the mid 600s or higher, with the best rates typically reserved for scores well over 700. Can you get a home loan with a score under that threshold? Sometimes, especially with FHA, but you will pay more in interest and mortgage insurance, and that compounds the pressure property taxes already apply to your budget.

Age is less of a barrier than many suppose. “Can a 70 year old woman get a 30-year mortgage?” Yes, if she meets income, asset, and credit requirements. Lenders are not allowed to deny solely based on age. The key is whether the monthly payment is sustainable given pensions, Social Security, savings, and any required minimum distributions. Many retirees intentionally choose a 15- or 20-year term instead, not because they must, but because it aligns with their financial plans.

You may also wonder “Do most retirees have their home paid off?” Many do, but not all. Nationally, a rising share of households carry mortgages into their late 60s and 70s. In high-tax Michigan counties, I see retirees opt to pay down the mortgage while still struggling with ever-rising taxes. Removing the mortgage is a terrific step, but it does not make housing “free.”

On the higher end, clients occasionally ask about luxury properties. “What is the monthly payment on a \$900,000 mortgage?” depends on rate and term, but for a ballpark example:

At a 6.5 percent interest rate on a 30-year fixed loan, a \$900,000 mortgage has a principal and interest payment of roughly \$5,700 to \$5,800 per month. Add property taxes of perhaps \$18,000 to \$27,000 per year on a house in that price range in Oakland or Washtenaw County, and that is another \$1,500 to \$2,250 per month. Insurance can be several hundred per month as well. Total monthly housing can easily hit the \$7,500 to \$8,500 range.

If you are shopping at the million dollar level, you need to think about down payment as well. “How much of a down payment do I need for a \$1,000,000 house?” Many conventional jumbo loans want at least 10 to 20 percent down, so \$100,000 to \$200,000, sometimes more depending on reserves and your broader financial picture. Trying to do 3 or 5 percent down at that price point rarely works in practice.

## **Detroit’s \$1,000 Houses and the Cheapest Places to Buy**

“Can I buy a house in Detroit for \$1000?” is a question that still comes up. There was a period when the Detroit Land Bank and Wayne County tax auctions included properties that sold for figures like \$500 or \$1,000.

Those sales came with real baggage: back taxes, demolition orders, [Home Improvement Southfield MI](#) structural issues, or neighborhoods hollowed out by vacancy. Some people did very well by patiently rehabbing or assembling parcels, but many underestimated the carrying costs, including property taxes, utilities, code compliance, and insurance, even when the purchase price looked absurdly low.

Today, bargain prices still exist, but true \$1,000 habitable houses are exceptionally rare. If you want to chase that path, treat it as an investment or redevelopment project, not a simple cheap home purchase. Get a full picture of:

- Outstanding tax liens
- Required repairs and code issues
- Current and projected property taxes after uncapping
- Insurance availability and cost

As for “Where's the cheapest place to buy a house in Michigan?” the answer shifts with the market. In broad strokes, some of the lowest typical home prices appear in:

Older, disinvested pockets of Detroit and Flint

Certain smaller cities that lost large employers Rural areas far from major job centers, particularly in the UP and northern counties

The better question is often “Where can I buy affordably with decent prospects?” rather than simply the cheapest sticker price. Sometimes a \$90,000 house in a stable smaller city with moderate taxes and functioning schools is a better choice than a \$30,000 house that requires \$60,000 in rehab and carries higher long-term risk.

## **Building Versus Buying: Costs, Styles, and Tax Impact**

Some buyers decide that with property prices and taxes what they are, building might be a better path. There are a few facets to think through.

“How much money is required for a 1500 sq ft house?” depends heavily on finishes, design, and land cost. As a very rough 2024-ish range in much of Michigan, a basic, stick-built 1,500 square foot home might cost somewhere from \$180,000 to \$300,000 for construction alone, occasionally more in high-cost areas or with higher-end finishes. Land, site work, well and septic, or utility hookups can easily add tens of thousands.

“What style is best for a 1500 sq ft house?” is partly taste, partly practicality. On smaller lots in places like Southfield or urban suburbs, a 1.5-story or compact two-story home often uses land more efficiently and keeps roof and foundation footprints smaller, which can help manage costs. Ranch homes are popular for accessibility, but they can be more expensive per square foot because they spread the foundation and roof area over a larger footprint.

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“How many bedrooms should a 2000 sq ft house have?” For Michigan buyers, the sweet spot tends to be three to four bedrooms. A 2,000 square foot home with three bedrooms and a dedicated office sells just as well as a four-bedroom in many markets. Think about flexible spaces: a main-floor bedroom that can later become an office or in-law suite tends to age well.

In building, people often ask “What’s the most expensive part of building a house?” and “What not to skimp on when building a house?” Structure, envelope, and mechanicals are where you should insist on quality. In practical terms:

The foundation, framing, roofing, windows, and waterproofing are critical to long-term durability. A flashy kitchen can be remodeled in 15 years. Fixing a chronically wet basement or a poorly framed roof is far more painful and expensive. Mechanical systems, especially HVAC and electrical, need to be sized and installed correctly for safety, efficiency, and comfort.

When you negotiate with a builder, be careful with your words. “What should you not say to a builder?” Anything that suggests you do not care about permits, inspections, or code compliance is a red flag. Also be cautious about vague verbal changes. If you say “Do whatever is cheapest” or “We will figure out the details later,” expect misunderstandings and change orders. Put specifics in writing, even for seemingly minor decisions.

From a property tax perspective, new construction tends to come onto the tax rolls with taxable value close to SEV, and Proposal A caps start from there. Your first bill will likely be higher than the land’s historic tax, but future increases are then limited unless you add on. That makes new builds more predictable long-term, although not necessarily cheaper upfront.

## What Devalues a House Most Over Time

Taxes and mortgage terms matter, but so does how the home holds its value. Owners sometimes undercut themselves in ways that are hard to undo.

Neglected maintenance is the big one. Peeling paint, stained roofs, cracked driveways, and chronic moisture problems quietly erode value far more than a dated bathroom. Water issues in particular are brutal in Michigan. A damp basement, mold, or repeated ice dam damage on the roof sends buyers running or pushes your sale into “investor only” territory.

Poorly planned DIY projects also hurt. Knocking out load-bearing walls without engineering, finishing basements without permits, or cutting corners on electrical and plumbing work may seem like cost savings now, but appraisers and inspectors will catch them. You will either fix them properly later or accept a lower price.

Compared with those, cosmetic choices like bold paint colors or old carpet are minor. If you are trying to preserve value while living in a high-tax county, focus your limited time and money on dry, structurally sound, and mechanically reliable, then worry about quartz countertops.

## **Looking Ahead: Are Prices Likely To Drop by 2026?**

People are understandably nervous and keep asking “Are there any signs of house prices dropping in 2026 in Michigan?”

Housing markets are local, and predictions are just that, but a few observations hold:

Metro Detroit, Ann Arbor, and Grand Rapids still show structural demand from jobs, universities, and limited new construction in affordable price brackets. That makes a dramatic, across-the-board crash unlikely barring a severe national recession.

Certain submarkets that ran very hot in 2020-2022 may level off or see mild price corrections as interest rates stay elevated or inventory slowly grows. That includes some newer subdivisions and higher-end suburbs.

High property tax pockets can become more sensitive to economic slowdowns. If carrying costs outpace local incomes for long enough, those areas feel price pressure sooner.

Could you see a 5 to 10 percent dip in specific neighborhoods by 2026? It is plausible. A repeat of the 2008-2011 collapse would require much deeper economic damage than we currently see on the horizon. When evaluating a purchase, build in a cushion, buy with a multi-year time horizon, and favor locations with enduring demand relative to surrounding areas.

## **Southfield, Taxes, and Finding the Right Fit**

Southfield is not the cheapest place in Michigan to own a home, but it offers a genuinely central location, diverse housing options, and established neighborhoods. For some families, that justifies property taxes that might run in the 2.5 to 3 percent of value range. For others, especially on tighter incomes, the combination of mortgage and tax payment in Southfield tips the scales toward a lower-tax township or smaller city.

If you are weighing different Michigan counties, remember a few checkpoints as you run the numbers:

- Do not rely on the seller’s current tax bill. Estimate taxes on your expected purchase price with uncapped taxable value.
- Factor in realistic maintenance, insurance, and utility costs specific to the area’s climate and housing stock.
- Look at your full debt picture, not just income, when asking whether you can afford a particular price.
- Pay attention to school districts, commute, and long-term livability, not only taxes, when comparing counties.

As for the question "Who owns the biggest mansion in Michigan?", there is no single, authoritative public record that crowns one official winner. Several large private estates around metro Detroit and in resort areas exceed 20,000 or even 30,000 square feet. The owners are often business figures who value privacy. The more practical question for most buyers is not who owns the biggest mansion, but what size and location of home gives your family comfort without letting property taxes quietly drain your long-term wealth.

If you approach Michigan housing with clear eyes about property taxes, income, debt, and long-term plans, you can find a county and a city that match your budget and your lifestyle, whether that ends up being high-service, higher-tax Southfield or a quieter township with far lighter bills.

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