

# NEZ (Neighborhood Enterprise Zone) Tax Relief Program

Starting in 2006, the City of Detroit began a program offering tax relief to specific geographic areas. Many residents have been interested in this program, but are unsure how to go about it. Here are some frequently asked questions:

## **1: Who is eligible?**

If you purchased your home after January 1, 1997, it is your principal residence, and you have completed \$500 of improvements to your home since its purchase, you are likely eligible for a tax cut. Two-family properties are also eligible if it is the owner's principal residence.

## **2: How much is the reduction?**

The NEZ tax abatement adjusts the rate of the City and County operating mills by 50%.\* This millage rate varies yearly - therefore the NEZ millage rate varies also.

*\*Only the City and County operating mills are abated - all other homestead mills are applicable.*

## **3: How long does the tax abatement last?**

15 years.

## **4: How do I apply?**

You must apply in person at the City Assessor's Office, which is located in the Coleman A. Young Municipal Center, Two Woodward Avenue, Room 804, Detroit, MI 48226.

## **5: Is there a deadline:**

Yes. If you want to see tax relief for the next year, you must apply between April 1 - October 1. For example, if you recently purchased your home, you can apply between April 1 and October 1 of the current year to be eligible for the upcoming tax year. You do not have to re-apply every year.

## **6: What documentation do I need to bring?**

You will need to bring your driver's license and property deed.

## **7: My mortgage company pays my taxes through my escrow account. Do I have to inform them of this change?**

It is a wise idea to notify your mortgage company of this program, once you have been approved, to transition the change of escrow more smoothly. The first year, and every eligible year thereafter, they will receive four tax bills: one for the land and one for the house(improvements), each summer and winter. This is due to the land on which your house sits is not eligible for this program, just the house itself. Under normal conditions, they

would only receive two tax bills: winter and summer. If your mortgage company understand these bills, it may help avoid further mistakes later on.

**8: How will I know when my taxes have been reduced?**

You can log into the City of Detroit Assessment Department's Online Property Tax Payment and Information System:

<http://www.detroitmi.gov/Departments/Finance/AssessmentDivision/tabid/88/Default.aspx>

There is no charge for this system as long as you set up an account and verify only your own property. Changes will be noted after the next tax billing cycle.