Property tax is where a lot of Michigan homeownership math quietly falls apart. You can buy the same 1,800 square foot colonial in two different suburbs, pay similar prices, and still see a thousand dollars or more difference in your monthly payment once taxes are included.

Southfield is one of those places that makes buyers stop and say, "Wait. Are Southfield property taxes high, or is my lender's estimate broken?" The answer is, yes, they really are high compared with most of the state. The more useful question is whether other low property tax cities in Michigan actually give you a better deal once you factor in price, commute, and quality of life.

That is what we will unpack, with some practical numbers along the way, including what you can realistically afford on different salaries, how much cash it really takes to build a 1,500 square foot home, and how taxes change the math.

How Michigan Property Taxes Actually Work

To compare Southfield with "cheaper" cities, you need a working grasp of Michigan's tax mechanics. I meet plenty of smart buyers who get tripped up here, especially those moving in from out of state.

Michigan property taxes are based on three key pieces:

1. **Taxable value (TV)**

   This is usually lower than the market value. When you buy, your taxable value resets to roughly half of market value, called State Equalized Value (SEV), then it is capped in future years and can only rise by inflation or 5 percent, whichever is lower, until you sell. This is Proposal A at work.

2. **Millage rate**

   Local governments set how much tax per thousand dollars of taxable value they charge. A mill is one dollar of tax per 1,000 of TV. Add up city, county, school, and special assessments, and you get your total millage. Many Michigan communities sit somewhere between 30 and 70 mills for owner occupied homes.

3. **Homestead vs non homestead**

   If you live in the property as your primary residence and claim the Principal Residence Exemption (PRE), you avoid certain school operating mills. If you do not, your millage jumps.

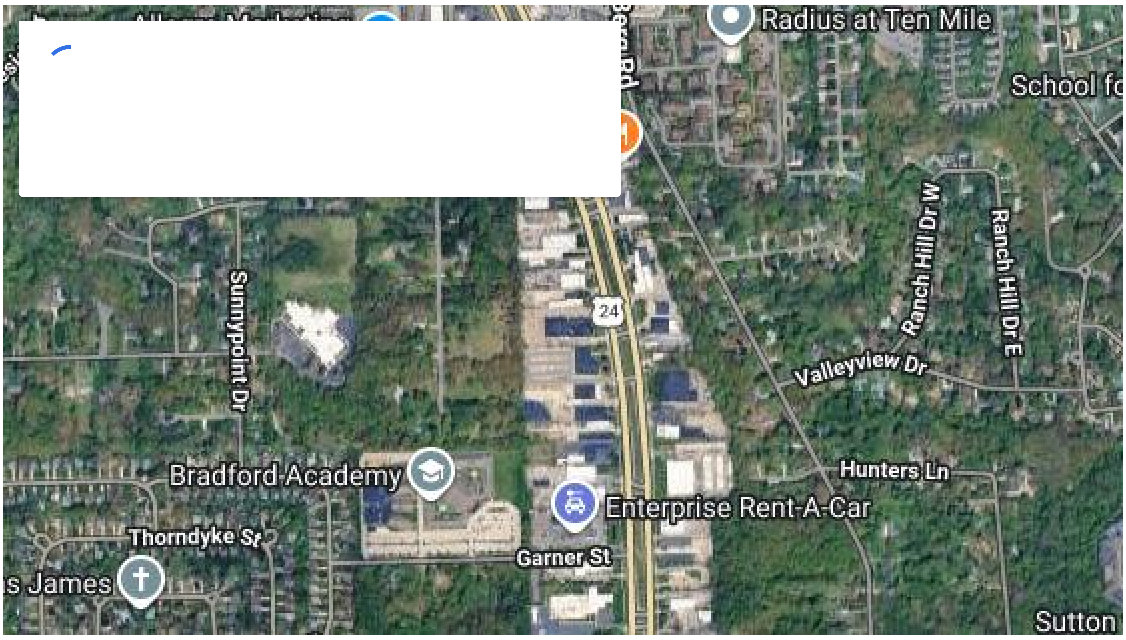
The formula is straightforward:

Tax bill = (Taxable value ÷ 1,000) × total mills.

What makes it confusing is that Michigan also has:

- The Headlee Amendment, which can force millages down when property values rise fast.
- A state homestead property tax credit for lower and moderate income households, calculated on your state income tax return.
- Local poverty exemptions and full exemptions for qualifying disabled veterans.

People ask, “How to not pay property tax in Michigan?” Short answer: if you own real estate, you will almost always pay something. The closest thing to “no tax” is the 100 percent property tax exemption for eligible disabled veterans and their unremarried surviving spouses. Some very low income homeowners can qualify for large reductions through poverty exemptions, but that is not a planning strategy, it is a hardship safety net.



As for “Who is eligible for the 6,000 senior tax credit?”, Michigan’s property tax relief for seniors is mostly delivered through the state homestead property tax credit formulas and some local programs. There is no permanent, statewide, flat 6,000 dollar senior property tax credit as of late 2024. Any time you hear a specific number like that, check current Michigan Department of Treasury guidance or talk to a tax professional, because proposals come and go.

Are Southfield Property Taxes High?

Compared with the Michigan average, yes.

Statewide, average effective property tax rates tend to hover around 1.4 to 1.6 percent of market value for owner occupied homes. Some rural townships are lower. Many metro Detroit suburbs and college towns sit higher.

Southfield's total millage for homestead properties is usually in the upper 60s to low 70s mills once you include city, school, county, and special assessments. That translates into an effective rate that is often well above 2.5 percent, and in some cases closer to 3 percent of taxable value. When you compare that with a township at 30 to 40 mills, you begin to see why Southfield buyers feel squeezed.

Here is a rough example, using round numbers and ignoring small special assessments.

Imagine a 250,000 dollar home:

- In Southfield, the taxable value after purchase might be about 125,000. At, say, 70 mills, your annual property tax is roughly 8,750 dollars, or about 730 dollars a month before any credits.
- In a smaller township up north with a 35 mill rate, the same taxable value produces about 4,375 dollars a year, or roughly 365 dollars a month.

Same home price, double the tax bill.

Does that mean Southfield is automatically a bad deal? Not necessarily. Taxes buy services: strong library system, decent roads compared with many townships, police and fire coverage, **Alexandria Home Solutions Home Improvement Southfield MI** and urban amenities that a low tax rural township simply does not offer. The question is whether what you are getting matches what you value.

Popular Neighborhoods in Southfield and What You Get for Your Taxes

When people shop Southfield, they are usually drawn by three things: central location, housing diversity, and relative affordability compared with some neighboring Oakland County suburbs.

Commonly requested areas include:

- The residential pockets near Civic Center Drive and Evergreen, where you get mid century ranches and colonials on tree lined streets, close to city services and the municipal campus.
- Subdivisions off 10 Mile and 12 Mile with 1960s and 1970s colonials, many with 4 bedrooms and 2 and a half baths, often between 1,800 and 2,400 square feet.
- The northwestern sections near Franklin and Birmingham borders, where lot sizes tend to be larger and prices higher, but schools and nearby amenities are a strong pull.

Compared with, say, Royal Oak or Ferndale, you usually get more square footage and bigger yards for the price. Compared with Detroit, you generally see more consistent maintenance, fewer gaps in city services, and a lower perception of risk for many buyers.

Are Southfield property taxes high relative to Detroit? On paper, the effective tax rates in Detroit are also among the highest in the country; it is not a low tax city. The difference is that Detroit home values and taxable values are often lower, so the absolute dollar tax bill can come out similar or even lower on a much cheaper home.

If you are asking, “Can I buy a house in Detroit for 1,000 dollars?”, the technical answer is sometimes yes, but it is rarely a smart path for a typical owner occupant. At the Detroit Land Bank auction's peak, and even now in some tax foreclosure sales, you can see properties listed in the triple digits or a few thousand. What the listing price does not reflect is:

- Back taxes or liens that survive the sale in some cases

- Tens of thousands in needed rehab
- Carrying costs while you bring the property back to habitable condition

I have seen buyers "win" a Detroit auction property for 1,000 dollars and later realize they are facing 50,000 or 100,000 in repairs to chase a final value that might only be 80,000. If you have construction skills, time, and cash, those can be projects. If you are just trying to move your family out of a rental, the low sticker price is a trap.

Where Are Michigan's Lowest Property Tax Cities?

If you ask, "Where is the cheapest place to buy a house in Michigan?", you need to separate three different ideas:

- Lowest home prices
- Lowest tax rates
- Lowest total tax bill for a typical home

They do not always align.

Regions with **low home prices** include parts of Detroit, Flint, Saginaw, and various small towns and rural counties in the Thumb, northern Lower Peninsula, and Upper Peninsula. You can still find habitable homes under 100,000 in many of these areas, though quality varies widely.

Areas with **low tax rates** tend to be rural townships where total millage is modest. Parts of counties like Alcona, Oscoda, Luce, and other sparsely populated areas can have combined millage for homesteads down around the low 30s or even below, roughly half of what you see in high tax suburbs like Southfield, Ann Arbor city, or many inner ring suburbs in Wayne and Oakland counties.

When people ask, "What city in Michigan has the cheapest property taxes?", the honest answer is that rankings depend on how you measure and they change as millages and property values change. There is no single permanent winner. What I can say with confidence is that:

- The **highest property tax burdens** tend to show up in dense urban and suburban counties: Wayne, Oakland, Macomb, and Washtenaw. Within those, some communities sit at the very top of the range.
- The **lowest burdens** tend to be in lightly populated northern counties and some Thumb counties, where both tax rates and home values are low.

Here is a simplified comparison to show how Southfield stacks up against some lower tax areas. These numbers are illustrative, using rough millage patterns and a 250,000 dollar market value home.

- Southfield (Oakland County, inner suburb): taxable value ~125,000, mills ~70, annual tax around 8,750 dollars.
- Mid Michigan small township: taxable value ~125,000, mills ~40, annual tax around 5,000 dollars.
- Northern Lower Peninsula rural township: taxable value ~125,000, mills ~32, annual tax around 4,000 dollars.
- UP rural township: taxable value ~125,000, mills ~30, annual tax around 3,750 dollars.

The exact communities with the very lowest rates shift over time, but plenty of smaller townships and villages are meaningfully cheaper, tax wise, than Southfield.

Are Any Low Tax Cities Actually Better Deals Than Southfield?

Whether a low tax city is a "better deal" than Southfield depends on what you value and how you earn your income.

For a remote worker or retiree who does not need to commute into metro Detroit, a low tax northern township can be financially compelling. Suppose you can buy a nice 200,000 dollar house in a northern county and pay 2,800 dollars a year in taxes, versus a comparable 300,000 dollar place in Southfield at 9,000 plus.

Over 10 years, you might save 60,000 dollars or more in taxes alone, plus you start 100,000 dollars ahead on purchase price. The trade off is distance from major hospitals, airports, large employment centers, and often from family.

If you work in Southfield, Detroit, Troy, or Ann Arbor, and you value shorter commute times, the math shifts. The gas, time, and stress of commuting an hour or more each way quickly erode the savings of a slightly lower tax bill if you move too far out.

Here is how I generally frame it when clients ask if they should leave a higher tax inner suburb:

- If your job and social life are anchored in metro Detroit, and you use the amenities Southfield offers, then the city can still make sense, even with its tax hit, especially if you find a well priced home with good bones.
- If you are mostly retired, or your job is fully remote, and you are comfortable with smaller town living, then yes, many low tax cities and townships are objectively better financial deals than Southfield, with dramatically lower tax burdens and often lower purchase prices.

Affordability: What You Can Really Buy on Different Incomes

Property taxes are just one piece of the "Can I afford this?" puzzle. Lenders look at your debt to income ratios, credit score, down payment, and the full monthly housing cost: principal, interest, taxes, and insurance.

Below are some grounded rules of thumb I use in Michigan, where property taxes skew higher than the national average, especially in places like Southfield, Ann Arbor, and parts of Wayne and Oakland County.

Fast affordability checkpoints

- If you make 3,000 dollars a month gross, a safe maximum housing payment (mortgage, taxes, insurance) is around 800 to 900 dollars. In a high tax suburb, that usually means a modest condo, mobile home, or a shared ownership situation unless you bring a lot of cash down.
- With a 40,000 dollar salary, you are in a similar boat. You might qualify on paper for more, but once you layer in Michigan taxes and utilities, it is wise to look toward cheaper areas or smaller properties unless you have big savings for a down payment.
- A 50,000 dollar salary can sometimes stretch to a 200,000 to 230,000 dollar home, especially in lower tax townships, if you keep other debt low. Buying a 300,000 dollar house on a 50k salary is usually a reach unless you put a large amount down or have a second reliable income in the household.
- At a 90,000 dollar salary, with solid credit and moderate other debts, many lenders will approve you in the 350,000 to 450,000 range. In a low tax township, that might feel comfortable. In Southfield or Ann Arbor, the same price range can feel tight because taxes eat a large share of the monthly budget.
- For a 1,000,000 dollar house, a traditional 20 percent down payment is 200,000 dollars. Some jumbo programs let you go lower, but the monthly payment on an 800,000 mortgage plus Michigan level taxes is steep. Make sure you are genuinely in high income territory, not just stretching because you can squeak through underwriting.

The question "What credit score is needed for a home loan?" depends on the product. Conventional loans usually price best at 740 and above, but you often need at least a 620 to 640 score to qualify at all. FHA will dip lower, sometimes into the 580 range with larger down payments, but higher scores almost always mean better rates and more forgiving underwriting.

For retirees, two questions come up a lot:

- “Can a 70 year old woman get a 30 year mortgage?” Yes. Age is a protected characteristic. Lenders can look at your income, assets, and credit, but not your age, except when they are assessing how long certain income sources will continue. The key is showing stable retirement income or assets that can support the payment.
- “Do most retirees have their home paid off?” Many do, but it is less universal than it used to be. A significant share of Americans over 65 still carry mortgages. In Michigan, I see plenty of retirees choosing to keep a small, manageable mortgage so they can keep more cash invested, and plenty who are happier burning the note and lowering their monthly outflow.

Concrete Payment Examples: Large Mortgages in a High Tax State

Numbers help.

If you are staring at a high end listing in a metro Detroit suburb, two pieces tend to surprise people: property tax and principal plus interest on a large loan.

Take a 900,000 dollar mortgage at recent 30 year fixed rates:

- At 6 percent interest, principal and interest run about 5,400 to 5,500 dollars a month.
- At 7 percent, that jumps to roughly 6,000 dollars a month.

Now add taxes. On a million dollar house in a high tax area, the taxable value after purchase might land near 500,000. At 60 to 70 mills, your annual tax bill can sit in the 30,000 to 35,000 dollar range. That is 2,500 to nearly 3,000 dollars a month in taxes alone, plus homeowners insurance.

So a “What is the monthly payment on a 900,000 mortgage?” question in metro Detroit does not end at the loan number. You could easily cross 8,000 dollars a month all in if you choose a high tax city like Southfield at the luxury price tier.

Building Versus Buying in Michigan: Where the Money Actually Goes

Some buyers, frustrated by taxes and older housing stock, ask if they should build instead of buy. That leads to a different set of questions:

- How much money is required for a 1,500 sq ft house?
- What style is best for a 1,500 sq ft house?
- What is the most expensive part of building a house?
- What should you not skimp on when building a house?

In Michigan, recent real world builds for modest, stick built homes are often landing somewhere between 180 and 275 dollars per square foot for the house itself, before land, utility hookups, and soft costs. That puts a typical 1,500 square foot home in the ballpark of 275,000 to 400,000 dollars, plus land and site work. In some rural counties with lower labor costs and simpler finishes, you might land below those ranges, and in the wealthiest suburbs you can blow past them easily.

For a 1,500 square foot home, efficient styles include compact ranches, cape cods with dormers, and narrower footprint colonials, especially if you want to keep foundation and roof surface down. Simple roofs, rectangles instead of complex footprints, and avoiding unnecessary steel or engineered structures all help control cost.

The most expensive parts of building a house are typically:

- Structure and shell: excavation, foundation, framing, roofing
- Mechanical systems: HVAC, electrical, plumbing
- Kitchens and bathrooms: cabinetry, countertops, tile, fixtures

Buyers sometimes focus on the price of a fancy front door and ignore what is behind the walls. That is the wrong priority. When people ask "What not to skimp on when building a house?", my answer is consistent: structure, waterproofing, insulation, and mechanical systems. A slightly cheaper faucet never ruined a house. Poor waterproofing, under sized HVAC, or a marginal foundation absolutely can.

On layout, a common planning question is "How many bedrooms should a 2,000 sq ft house have?" For resale in Michigan suburbs, three to four bedrooms is usually the sweet spot at that size. Two bedrooms feels underbuilt unless the home is clearly targeted as a luxury empty nester design. Five bedrooms in 2,000 square feet often means tiny rooms and awkward circulation.

One more practical tip: "What should you not say to a builder?" Do not say, "Just do it the cheapest way," without specifying what you care about. Builders hear that as permission to value engineer all kinds of invisible things you might later wish you had. Talk about priorities instead: energy efficiency, durability, low maintenance exteriors, and so on.

How Property Taxes Tie Back to Value, Appreciation, and Risk

Taxes affect more than monthly budget. They also influence appreciation, buyer demand, and what devalues a house most over time.

High property tax cities can still appreciate strongly if they offer desirable schools, walkability, and amenities. Ann Arbor is a classic case. Southfield is more nuanced: strong regional access and relatively affordable square footage pull one way, while high taxes and some aging commercial corridors pull the other.

If you are trying to protect value, the biggest devaluation risks rarely come from taxes alone. They tend to be:

- Deferred maintenance: roofs, siding, windows, and mechanicals at or beyond their life span
- Functional obsolescence: tiny kitchens, one bathroom in a three bedroom house, no dining or gathering space
- Neighborhood decline: high vacancy, crime spikes, poorly maintained neighboring properties

A house with solid structure and systems in a stable, lower tax township will usually age better financially than a cosmetically updated home on a block that is sliding. Taxes may tilt the scales at the margin, but the fundamentals still matter more.

Are Michigan Prices Likely To Drop By 2026?

People are watching rates and asking, “Are there any signs of house prices dropping in 2026 in Michigan?” Forecasting is risky, but a few grounded observations help:

- Supply in many Michigan markets, especially around metro Detroit, Grand Rapids, and Ann Arbor, remains tight.
- Higher mortgage rates have cooled off some of the frenzy, but not enough to flood the market with listings.
- Barring a major recession or policy change, most local economists expect more of a flattening or modest growth, not a broad crash.

Where price softness is most likely is in overbuilt or slow growth areas, or in segments that shot up fastest from 2020 to 2022. Rural areas with population declines can see stagnant or gently falling prices over longer stretches, even while urban centers grow.

If you are waiting for a perfect 20 percent price drop in Southfield or similar suburbs by 2026, plan on possibly waiting a long time. You might see small corrections, but property tax levels and interest rates will still loom large in the monthly payment.

A Brief Note on Mansions and Curiosity

Every market has its unicorns. People occasionally ask, half jokingly, “Who owns the biggest mansion in Michigan?” The truth is that ownership of very large private homes changes, and some of the largest residential structures, like historic estates in Bloomfield Hills or Grosse Pointe, blur the line between private residence, museum, and institutional property.

Meadow Brook Hall in Rochester, once the Dodge family estate, remains one of the largest historic homes in the state by square footage, but it is now owned by Oakland University. Several private lakefront estates in Oakland County and along Lake St. Clair are enormous, yet their owners value privacy, and there is no single, permanent “champion” recorded in a way that stays accurate for long.

It is an entertaining question, but not one that affects whether you can afford your own 1,500 or 2,000 square foot place in a realistic tax jurisdiction.

So, Is Anywhere a Better Deal Than Southfield?

If you judge purely on property tax rates, yes, dozens of Michigan cities and townships beat Southfield handily. Many northern and rural communities cut your tax bill in half on the same taxable value.

If you judge on total life package, the answer is more personal. Southfield offers:

- Immediate freeway access to all corners of metro Detroit
- A wide range of home sizes and prices
- Urban level services and amenities

What it does not offer is a light tax bill. If you are payment sensitive, every 1,000 dollars of annual property tax roughly adds 80 to 90 dollars a month to your budget. Over 15 to 20 years, that shapes your financial life more than most buyers realize.

The smartest move is to work backward from your true monthly comfort zone, including taxes, and then pick locations that respect that number. If that leads you toward a smaller house in a lower tax township, or toward a different suburb than you first imagined, that is often a better long term deal than stretching to make a Southfield payment work.

The math does not care whether the city logo says Southfield, Alpena, or Ishpeming. But your daily life certainly will, so weigh both the financial and non financial sides before you pick your spot.

Alexandria Home Solutions
24293 Telegraph Rd #180, Southfield, MI 48033
2482775700