



Marcus
BY GOLDMAN SACHS

Get a rate you deserve.
Marcus by Goldman Sachs



[LEARN MORE](#)

OPINION

New program could keep thousands of Detroiters in their homes

[Nancy Kaffer](#), Detroit Free Press | Published 11:30 a.m. ET Oct 9, 2019 | Updated 2:57 p.m. ET Oct. 9, 2019



In Wayne County, 451 occupied homes are headed to the annual tax foreclosure auction in 2018. Some residents, like the occupants of this home – marked for auction in 2017 – post signs pleading with prospective buyers not to bid. (Photo: Junfu Han, Detroit Free Press)

A new program backed by Detroit Mayor Mike Duggan, Wayne County Executive Warren Evans and Wayne County Treasurer Eric Sabree could offer significant relief to impoverished Detroiters who owe back taxes.

And if it works, thousands of Detroiters facing displacement could keep their homes.

In nearly a decade of writing about the damage caused every year by the Wayne County Tax Foreclosure Auction, this is the first good news I've been able to report.

The Pay As You Stay program, which requires the state Legislature's approval, would allow county treasurers to dramatically reduce the back taxes owed by homeowners who qualify for a state-mandated poverty exemption, Detroit CFO Dave Massaron said Tuesday.

For the payment plans currently offered through the Wayne County Treasurer's Office, the median monthly payment is \$110, Massaron said. For a homeowner paying off tax debt via the new program, the median monthly payment would be \$20.

The Pay As You Stay Program would wipe out fees and interest associated with the back-tax debt for qualifying homeowners, and cap the amount of taxes owed at 10% of the home's taxable value, about half the home's market value. Homeowners would have three years to pay off the remaining debt, interest-free. Homeowners who are able to pay off back-tax debt immediately would get an additional 10% discount.

This is a real change in the way Detroit and Wayne County have handled tax foreclosure, and it acknowledges something advocates for impoverished Detroiters facing tax foreclosure and this newspaper have argued for years: the value of occupied homes in a city that's lost too many.

This isn't quite the retroactive poverty exemption some had advocated for, which would have allowed eligible homeowners to wipe out all their property tax debt. That's an idea that never got traction with Sabree, or Duggan, who worries that tax forgiveness wouldn't be fair to Detroiters who did pay.

But this is pretty close. And it's a big deal.

Homeowners who believe they qualify for the poverty tax exemption must fill out an application. Those who pass the assessor's office preliminary vetting must then ask the Detroit Board of Review, which can grant a full or 50% exemption.

Homeowners granted either exemption will be eligible to enroll in the Pay As You Stay program, including those who are already in a county payment plan.

It's hard to overstate the harm the foreclosure auction has caused to Detroit and to Detroiters: Around 17,000 occupied homes were auctioned between 2014 and 2018. Because the average Detroit household has roughly 2.6 residents, that's about 39,000 Detroiters displaced over four years. This year, around 500 owner-occupied homes were sent to the auction, a record low.

A Quicken Community Loans Fund survey found that roughly 90% of Detroit homeowners with back taxes were eligible for the poverty exemption. But few know the exemption exists, something the city effectively acknowledged last year, settling a lawsuit brought by the ACLU on behalf of homeowners who should have been exempt from property tax.

Because the poverty exemption isn't retroactive, a homeowner who qualifies in the current tax year can still owe for past years, and can lose a home to foreclosure over those old taxes, even if he or she *would* have been eligible for the exemption.

That's part of the problem with the annual tax foreclosure auction: Some Detroiters have lost homes over back taxes they shouldn't have had to pay.

County treasurers currently offer payment plans, but with fees and interest payments frequently exceed what delinquent homeowners can afford.

More: [How Detroit's mistakes cost this woman her home. \(\(story/opinion/columnists/nancy-kaffer/2019/06/21/detroit-tax-foreclosure-abuse/1511525001/\)\)](https://www.detroitnews.com/story/opinion/columnists/nancy-kaffer/2019/06/21/detroit-tax-foreclosure-abuse/1511525001/)

More: [Demolishing homes won't cure Detroit's blight problem. Here's what we're doing wrong. \(\(story/opinion/columnists/nancy-kaffer/2019/06/06/detroit-demolitions-blight-poverty/1297977001/\)\)](https://www.detroitnews.com/story/opinion/columnists/nancy-kaffer/2019/06/06/detroit-demolitions-blight-poverty/1297977001/)

The new program acknowledges that.

One home Massaron offered as an example has a taxable value of \$10,400, but the owner owes \$11,702 in back taxes. The owner's income is \$814 a month. Under the county's existing payment plan, the delinquent homeowner has to pay \$192 a month for five years. Under the new plan, it's \$29 a month over three years.

"We've been pushing for some sort of retro (poverty exemption) for a long time," said Ted Phillips, executive director of the United Community Housing Coalition, a nonprofit that works directly with tax-delinquent Detroit homeowners.

"When we get to the auction, we see that most of the homes being sold are low-income households that shouldn't have had to pay taxes in the first place. This looks like a good edit, maybe in a little different way than we envisioned, but a good edit that would have the same results, and save hundreds, if not thousands from potential foreclosure."

This year, about 3,510 poverty exemptions had been granted by July, a city spokesman said last week, compared to 5,836 last year. Massaron hopes the prospect of a lower tax bill may encourage more homeowners to apply for the poverty exemption.

Here's what happens next:

State Rep. Wendell Byrd, D-Detroit, previously introduced legislation that would have made the poverty exemption retroactive. Massaron said he expects Byrd to amend the previously introduced bill to replace the retroactive poverty exemption with the Pay As You Stay Program as early as Thursday.

Then, it's up to the GOP-controlled Legislature.

House Speaker Lee Chatfield, R-Levering, and Senate Majority Leader Mike Shirkey, R-Clarklake, signaled this summer that they're open to allowing local treasurers this kind of flexibility. Massaron said he's hopeful that the Legislature will approve the program by the end of this year.

The city needs time to do outreach, to get eligible homeowners signed up for the poverty exemption.

Because the county treasurer starts to foreclose on homes in March.

OPINION

Columns from Nancy Kaffer

→ [Rep. Tlaib, your anger with Trump is justifiable –](https://www.freep.com/story/opinion/columnists/nancy-kaffer/2019/09/27/trump-impeachment-tshirts-rashida-tlaib/3786041002/?utm_source=embed&utm_medium=onsite&utm_content=news&utm_term=3786597002)
([https://www.freep.com/story/opinion/columnists/nancy-kaffer/2019/09/27/trump-impeachment-tshirts-rashida-tlaib/3786041002/?](https://www.freep.com/story/opinion/columnists/nancy-kaffer/2019/09/27/trump-impeachment-tshirts-rashida-tlaib/3786041002/?utm_source=embed&utm_medium=onsite&utm_content=news&utm_term=3786597002)
[utm_source=embed&utm_medium=onsite&utm_content=news&utm_term=3786597002](https://www.freep.com/story/opinion/columnists/nancy-kaffer/2019/09/27/trump-impeachment-tshirts-rashida-tlaib/3786041002/?utm_source=embed&utm_medium=onsite&utm_content=news&utm_term=3786597002))



[hirts are too](https://www.freep.com/story/opinion/columnists/nancy-kaffer/2019/09/27/trump-impeachment-tshirts-rashida-tlaib/3786041002/?utm_source=embed&utm_medium=onsite&utm_content=news&utm_term=3786597002)
([https://www.freep.com/story/opinion/columnists/nancy-kaffer/2019/09/27/trump-impeachment-tshirts-rashida-tlaib/3786041002/?](https://www.freep.com/story/opinion/columnists/nancy-kaffer/2019/09/27/trump-impeachment-tshirts-rashida-tlaib/3786041002/?utm_source=embed&utm_medium=onsite&utm_content=news&utm_term=3786597002)
[utm_source=embed&utm_medium=onsite&utm_content=news&utm_term=3786597002](https://www.freep.com/story/opinion/columnists/nancy-kaffer/2019/09/27/trump-impeachment-tshirts-rashida-tlaib/3786041002/?utm_source=embed&utm_medium=onsite&utm_content=news&utm_term=3786597002))

→ [Michigan teacher salaries look good on paper, Tl](https://www.freep.com/story/opinion/columnists/nancy-kaffer/2019/09/18/teacher-salaries-michigan-pay-schools/2314368001/?utm_source=embed&utm_medium=onsite&utm_campaign=storylines&utm_content=news&utm_term=3786597002)
([https://www.freep.com/story/opinion/columnists/nancy-kaffer/2019/09/18/teacher-salaries-michigan-pay-schools/2314368001/?](https://www.freep.com/story/opinion/columnists/nancy-kaffer/2019/09/18/teacher-salaries-michigan-pay-schools/2314368001/?utm_source=embed&utm_medium=onsite&utm_campaign=storylines&utm_content=news&utm_term=3786597002)
[utm_source=embed&utm_medium=onsite&utm_campaign=storylines&utm_content=news&utm_term=3786597002](https://www.freep.com/story/opinion/columnists/nancy-kaffer/2019/09/18/teacher-salaries-michigan-pay-schools/2314368001/?utm_source=embed&utm_medium=onsite&utm_campaign=storylines&utm_content=news&utm_term=3786597002))

→ [To fix Detroit's dangerous dog problem, we have to understand 4 things](https://www.freep.com/story/opinion/columnists/nancy-kaffer/2019/09/14/explainer-detroit-dangerous-dogs/2293195001/?utm_source=embed&utm_medium=onsite&utm_campaign=storylines&utm_content=news&utm_term=3786597002)
([https://www.freep.com/story/opinion/columnists/nancy-kaffer/2019/09/14/explainer-detroit-dangerous-dogs/2293195001/?](https://www.freep.com/story/opinion/columnists/nancy-kaffer/2019/09/14/explainer-detroit-dangerous-dogs/2293195001/?utm_source=embed&utm_medium=onsite&utm_campaign=storylines&utm_content=news&utm_term=3786597002)
[utm_source=embed&utm_medium=onsite&utm_campaign=storylines&utm_content=news&utm_term=3786597002](https://www.freep.com/story/opinion/columnists/nancy-kaffer/2019/09/14/explainer-detroit-dangerous-dogs/2293195001/?utm_source=embed&utm_medium=onsite&utm_campaign=storylines&utm_content=news&utm_term=3786597002))

→ [Mayor Duggan, your \\$250M plan to end blight isn't going to work](https://www.freep.com/story/opinion/columnists/nancy-kaffer/2019/09/20/duggan-bond-demolition-blight-detroit/2352130001/?utm_source=embed&utm_medium=onsite&utm_campaign=storylines&utm_content=news&utm_term=3786597002)
([https://www.freep.com/story/opinion/columnists/nancy-kaffer/2019/09/20/duggan-bond-demolition-blight-detroit/2352130001/?](https://www.freep.com/story/opinion/columnists/nancy-kaffer/2019/09/20/duggan-bond-demolition-blight-detroit/2352130001/?utm_source=embed&utm_medium=onsite&utm_campaign=storylines&utm_content=news&utm_term=3786597002)
[utm_source=embed&utm_medium=onsite&utm_campaign=storylines&utm_content=news&utm_term=3786597002](https://www.freep.com/story/opinion/columnists/nancy-kaffer/2019/09/20/duggan-bond-demolition-blight-detroit/2352130001/?utm_source=embed&utm_medium=onsite&utm_campaign=storylines&utm_content=news&utm_term=3786597002))

→ [What we get wrong about standardized testing](https://www.freep.com/story/opinion/columnists/nancy-kaffer/2019/09/07/standardized-testing-michigan/2209047001/?utm_source=embed&utm_medium=onsite&utm_campaign=storylines&utm_content=news&utm_term=3786597002) ([https://www.freep.com/story/opinion/columnists/nancy-kaffer/2019/09/07/standardized-testing-michigan/2209047001/?](https://www.freep.com/story/opinion/columnists/nancy-kaffer/2019/09/07/standardized-testing-michigan/2209047001/?utm_source=embed&utm_medium=onsite&utm_campaign=storylines&utm_content=news&utm_term=3786597002)
[utm_source=embed&utm_medium=onsite&utm_campaign=storylines&utm_content=news&utm_term=3786597002](https://www.freep.com/story/opinion/columnists/nancy-kaffer/2019/09/07/standardized-testing-michigan/2209047001/?utm_source=embed&utm_medium=onsite&utm_campaign=storylines&utm_content=news&utm_term=3786597002))

Nancy Kaffer is a Free Press columnist. Contact: nkaffer@freepress.com.

Read or Share this story: <https://www.freep.com/story/opinion/columnists/nancy-kaffer/2019/10/09/wayne-county-detroit-tax-foreclosure-auction-duggan/3910728002/>



PAY AS YOU STAY

(Helping Low-Income Homeowners Avoid Tax Foreclosure)

Recently-introduced state legislation would help thousands of disabled veterans and impoverished homeowners fend off foreclosure for unpaid real-property taxes, continuing Detroit Mayor Mike Duggan's efforts to give sorely needed tax relief to residents of Michigan's largest city.

Sponsored by Representative Wendell Byrd (D-Detroit) and endorsed by both Wayne County Executive Warren Evans and Wayne County Treasurer Eric Sabree, **House Bill 5124** would amend the General Property Tax Act (*Public Act 206 of 1893*) and, until July 1, 2023, permit a county treasurer to:

- Reduce the amount of unpaid delinquent taxes on a home that is owned and occupied by a disabled, honorably discharged veteran or an individual who qualifies for the poverty exemption. {See Sec. 78g (8)(a) on P. 7}
Note: Section 211.7b of the General Property Tax Act prescribes the disabled veterans' exemption. Meanwhile, Section 211.7u of the Act prescribes the poverty exemption, for which eligible homeowners must (1) apply annually and (2) meet federal guidelines stipulated by the U.S. Department of Health and Human Services.
- Discount said homeowners' tax bills to "10 percent of the most recent taxable valuation of the property", if the total levy for which the home is set to be forfeited is greater than 10 percent of the property's taxable value. {See Sec. 78g (8)(a)(i) on P. 7}
- Eliminate "some or all of the interest, penalties, and fees" that said homeowners must pay to redeem their foreclosed home. {See Sec. 78g (8)(a)(ii) on P. 7}
- Cut said homeowners' tax bills even more – by an amount equal to as much as 10 percent of the unpaid delinquent taxes – if they make a lump-sum payment within a specified period. {See Sec. 78g (8)(b) on P. 8}
- Apply the aforementioned provisions to a property for which there is an existing delinquent property tax installment payment plan. {See Sec. 78g (8)(c) on P. 8}
- Waive future interest, penalties and fees on compliant homeowners' real property tax bills for the duration of their enrollment in a delinquent property tax installment payment plan.

The bill represents Mayor Duggan's latest effort to give tax relief to Detroit homeowners. Previously, he championed *Public Acts 499 and 500 of 2014*, which allowed county treasurers to, until June 30, 2016, enter delinquent tax payment plans with distressed homeowners; reduce interest charges on their property tax bills to as low as 6 percent from the statutorily mandated 18 percent; and reduce property taxes they owe to no more than 25 percent of the market value of their home ... *Public Act 518 of 2016*, which extended to June 30, 2019, the sunset on the delinquent tax payment plans that county treasurers can enter with distressed homeowners ... and *Public Act 35 of 2019*, which further extended to June 30, 2026, the sunset on such plans.

Like those previous efforts, House Bill 5124 holds the promise of ...

- Helping homeowners – and, by extension, families – remain in their homes. *Note: An estimated 17,000 previously owner-occupied homes in Detroit were auctioned between 2014 and 2018.*
- Stabilizing hard-hit neighborhoods throughout the state;
- Mitigating crime, especially in sparsely populated urban communities;
- Repopulating Michigan's largest city and economic hub, which formerly was home to 1.8 million residents compared to roughly 700,000 today; and ...
- Scoring taxing jurisdictions at least some of the revenue owed them by distressed homeowners.

VOTE YES ON HOUSE BILL 5124!

