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TO: The Honorable Detroit City Council

FROM: David Whitaker, Director
Legislative Policy Division Staff

DATE: March 25, 2024

RE: **RESOLUTION URGING THE WAYNE COUNTY TREASURER TO EXTEND
THE 2023 MORATORIUM ON PROPERTY TAX FORECLOSURES OF OWNER-
OCCUPIED HOMES INTO 2024**

Council President Mary Sheffield requested that the Legislative Policy Division (LPD) provide a resolution urging the Wayne County Treasurer to extend the moratorium on property tax foreclosures of owner-occupied homes to 2024.

Please contact our office if we can be of any further assistance.

BY COUNCIL PRESIDENT MARY SHEFFIELD

RESOLUTION URGING THE WAYNE COUNTY TREASURER TO EXTEND THE 2023 MORATORIUM ON PROPERTY TAX FORECLOSURES OF OWNER-OCCUPIED HOMES INTO 2024

- WHEREAS** Home ownership has long been the primary method that American families use to build wealth, particularly for low-to-moderate income households; and
- WHEREAS** Detroit has been experiencing a foreclosure crisis for roughly 20 years, and over 135,000 properties in Detroit were foreclosed on at least once between 2002 and 2019;¹ and
- WHEREAS** Property tax foreclosures in Detroit rapidly accelerated after the 2008 housing crisis and the following Great Recession, with foreclosures peaking at almost 25,000 in 2015;² and
- WHEREAS** The increase in foreclosures in Detroit during the Great Recession caused a sharp loss in Black home ownership in Michigan, dropping from 51% in 2000 to 40% in 2016. This has exacerbated the racial wealth gap in Michigan and in Detroit, which had some of the highest levels of Black home ownership in the U.S. until the early 2000s;³ and
- WHEREAS** While the number of foreclosures has declined in recent years, Michigan ranked third in states with the most foreclosures in 2023, and Detroit had the highest foreclosure rate among 223 metropolitan statistical areas with a population over 200,000;⁴ and
- WHEREAS** Detroit City officials have acknowledged that it had systematically over-assessed property taxes for Detroit homeowners from 2010 to 2016, which resulted in a City-wide reappraisal that was completed in 2016 and likely contributed to the high number of foreclosures during those years; and
- WHEREAS** Many homeowners received various forms of federal housing assistance during the COVID-19 pandemic. Although the Public Health Emergency for COVID-19 ended in May of 2023, the financial and health consequences of the pandemic are still ongoing; and
- WHEREAS** On March 16, 2020, Wayne County Treasurer Eric Sabree announced that Wayne County would not foreclose on any homes in 2020 in light of the pandemic, enabling around 13,800 Wayne County residents to remain in their homes; and
- WHEREAS** On May 7, 2021, Wayne County Treasurer Eric Sabree announced that Wayne County would not foreclose on any owner-occupied homes in 2021 in light of the ongoing pandemic, enabling around 13,800 Wayne County Residents to remain in their homes; and
- WHEREAS** On March 29, 2022, Wayne County Treasurer Eric Sabree announced that Wayne County would not foreclose on nearly 1,800 owner occupied homes in 2022; and

¹ <https://portal.datadrivendetroit.org/datasets/33420a419a224e66b6a608cb08f15c1a/about>

² <https://www.detroitnews.com/story/news/local/wayne-county/2023/03/30/property-tax-debt-foreclosures-in-detroit-and-wayne-county-2023/70063233007/>

³ <https://www.bridgedetroit.com/new-detroit-tax-foreclosure-data-reveal-hopeful-signs-with-one-exception/>

⁴ <https://www.attomdata.com/news/market-trends/foreclosures/attom-january-2023-u-s-foreclosure-market-report/>

WHEREAS On April 28, 2023, Wayne County Treasurer Eric Sabree announced that Wayne County would not foreclose on about 3,400 owner-occupied homes in 2023; and

WHEREAS There are multiple property tax funding opportunities such as the Homeowners Property Exemption (HOPE), Pay as You Stay (PAYS), and the Detroit Tax Relief Fund (DTRF) that eliminate the tax burden for low-income homeowners. With funding available to pay these tax delinquencies, there should be no low-income Detroiters facing foreclosure; **NOW, THEREFORE BE IT**

RESOLVED The Detroit City Council urges the Wayne County Treasurer to extend the moratorium on property tax foreclosures of all owner-occupied homes in the City of Detroit assessed between 1,700 and 17,350 (equivalent to market values between \$3,400 and \$34,700); **NOW BE IT FINALLY**

RESOLVED A copy of this resolution be forwarded to the Wayne County Treasurer, Wayne County Assessment and Equalization Division, Wayne County Commission, Detroit Delegation in the Michigan Legislature, the Michigan State House Committee on Tax Policy, the Michigan State Senate Committee on Finance, the Mayor's Office and the Assessor's Office.