



**PLANNING AND
DEVELOPMENT DEPARTMENT**

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"Walk-on"
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July 12, 2024

Detroit City Council
1340 Coleman A. Young Municipal Center
Detroit, MI 48226

RE: Sale of Wayne County Tax Foreclosed Occupied Homes

Honorable City Council:

Under the General Property Tax Act (1893 PA 206) (the "Act"), the City of Detroit ("City") has an annual right of refusal to acquire tax foreclosed property from Wayne County ("County") upon payment of a minimum bid or fair market value as determined by the County pursuant to the Act. Such right of refusal allows the City to acquire tax foreclosed properties prior to any sale by the County through auction.

In 2017, the City instituted a pilot program to help stabilize Detroit neighborhoods by providing assistance to those who found themselves occupying a tax foreclosed home (the "Program"). Under the Program, the City acquires certain residential properties that are tax foreclosed by Wayne County and occupied by qualified Program participants vetted by the United Community Housing Coalition ("UHC"). The City then transfers such residential properties to UHC for potential transfer to the Program participants.

The success of the Program has helped occupants remain in their homes and worked to stabilize the surrounding community by eliminating the potential for further blight in the respective neighborhoods. The purchase price for properties in the Program is supported by philanthropic and private funding that previously seeded the annual revolving loan fund, which is administered by UHC. Program administration by UHC is supported in part by a Subrecipient agreement with the Housing and Revitalization Department.

UHC is a Michigan nonprofit corporation that specializes in homeless prevention and has worked with the City through Community Development Block Grant (CDBG) and Emergency Solutions Grant (ESG) funding programs to provide tenants with eviction and other landlord/tenant related assistance, homeless individuals/families with housing assistance and homeowners with mortgage, tax foreclosure and other housing support. UHC provides housing assistance at all stages, however, its programs are particularly aimed at preventing low-income households from losing their homes by eviction or foreclosure.

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To qualify for the Program, residents must either be renters, victims of property scams, those with unsolvable probate issues or those who would have qualified for property tax reductions as outlined by the City Assessor or Board of Review. The Program requires participants to sign a statement of commitment to purchase the home for the price paid by the City to Wayne County plus UCHC administrative costs, establish an escrow account with UCHC, pass a background check to determine if the home was a problem in the neighborhood, agree to and pass a home inspection by UCHC, and complete full Program enrollment including Program modules and submission of all required documents. In addition, participants must live in the home full-time as their primary residence and must agree to continue to occupy the home as their primary residence. The Program also has a zero percent (0%) interest, 12–18-month, land contract option for those participants unable to meet the purchase price requirements. Monthly payment amounts are affordable to each household.

From 2017–2023, 1501 properties have been transferred to UCHC as a result of the Program. 1447 Program participants have paid in full or are under land contract. Due to the pandemic, UCHC has been flexible and extended payback periods with the remaining participants who have faced financial hardship.

For 2023, the City wishes to capitalize on the success of the Program by transferring to UCHC additional tax foreclosed residential properties acquired by the City under its 2023 right of refusal. UCHC will purchase the properties from the City at the City’s acquisition cost, with funding support provided its partners.

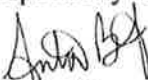
At or around the end of July 2023, UCHC will provide the City with a list of residential Program properties (the “Properties”) that the City will acquire from the County under its 2023 right of refusal. The City and UCHC will close in escrow for the Properties, with the sales price being the amount of funds required by the County for the City to acquire the Properties under the right of refusal (“Purchase Price”). The City will be allowed, pursuant to an escrow agreement, to release UCHC’s purchase money from escrow for purposes of paying the Purchase Price to acquire the Properties from the County. Upon transfer of title from the County to the City, the City’s deeds for the Properties will be released from escrow to UCHC.

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The attached resolution includes a full list of all the properties available to the City from the County - from which UCHC will select specific Properties for the Program.

We, therefore, respectfully request that your Honorable Body adopt the attached resolution that: 1) authorizes the City to utilize the purchase money from UCHC to acquire the Properties from the County, under the City's 2024 right of refusal, for the Purchase Price listed in Exhibit A to this resolution and 2) authorizes the City to transfer the Properties to UCHC for said Purchase Price.

Respectfully submitted,


Antoine Bryant
Director

cc: Malik Washington, Mayor's Office
J. Schneider, HRD

RESOLUTION

BY COUNCIL MEMBER: _____

WHEREAS, in accordance with the foregoing communication and in furtherance of the City of Detroit's initiatives to help stabilize neighborhoods and combat blight, the City of Detroit ("City") wishes to transfer certain occupied foreclosed homes acquired from Wayne County ("County") through the City's 2024 right of refusal (the "Properties") to the United Community Housing Coalition ("UCHC"), a Michigan nonprofit corporation; and

WHEREAS, UCHC will then transfer the Properties to current occupants that qualify under UCHC's program to help stabilize Detroit neighborhoods by providing assistance to those who found themselves occupying a tax foreclosed home (the "Program"); and

WHEREAS, attached hereto in Exhibit A is a comprehensive list of all real property available to the City under the 2024 right of refusal (the "2024 ROR List") that includes the acquisition cost to the City (minimum bid or fair market value) for each respective property as determined by the County ("Purchase Price"); and

WHEREAS, UCHC will provide the City with a list of the residential Properties chosen from the 2024 ROR List that UCHC wishes to acquire from the City in furtherance of the Program; now therefore be it

RESOLVED, the City is hereby authorized to sell any and all Properties to UCHC for the Purchase Price as determined by the County in such 2024 ROR List, in support of eliminating blight and stabilizing neighborhoods in the City of Detroit; and be it further

RESOLVED, that conveyance of the Properties to UCHC may be on multiple quit claim deeds that shall each reflect the Purchase Price for the portion of Properties conveyed in the respective quit claim deed; and be it further

RESOLVED, that the Director of the Planning and Development Department, or his authorized designee, is authorized to execute quit claim deeds to the Properties, as well as execute such other documents as may be necessary or convenient to effect the transfer of the Properties to UCHC consistent with this resolution; and be it further

RESOLVED, that sale of the Properties to UCHC may close in escrow prior to the City's acquisition of the Properties from the County; and be it further

RESOLVED, that the City is hereby authorized to acquire the Properties from the County; and be it further

RESOLVED, that the City may utilize the purchase money from UCHC that is held in escrow to acquire the Properties from the County; and be it finally

RESOLVED, that the Director of the Planning and Development Department, or his/her authorized designee, be and is hereby authorized to execute any required instruments to make or incorporate technical amendments or changes to the deeds and such other documents as may be necessary to effectuate the sale (including but not limited to corrections to or confirmations of legal descriptions, or timing of tender of possession of particular parcels) in the event that changes are required to correct minor inaccuracies or are required due to unforeseen circumstances or technical matters that may arise prior to the conveyance of the Properties, provided that the changes do not materially alter the substance or terms of the transfer and sale.

(See attached Exhibit A)

A WAIVER OF RECONSIDERATION IS REQUESTED

EXHIBIT A

2024 ROR List