City of Detroit
Detroit City Council
Council Member Angela Whitfield Calloway
District 2

TO:	David Whitaker, LPD Director
THROUGH:	Mary Sheffield, Council President
FROM:	Angela Whitfield Calloway, Council Member awc
DATE:	August 1, 2024
RE:	Request for a report concerning the effects of Rafaeli LLC v Oakland County

REQUEST FOR A REPORT CONCERNING THE EFFECTS OF RAFAELI V. OAKLAND COUNTY

Please provide a report concerning the effects of the recent Michigan Supreme Court decision in Rafaeli LLC v Oakland County that gave retroactive effect to an earlier ruling that local governments cannot keep windfalls from property tax foreclosure sales.

During the Great Recession and the decade following, thousands of Detroit houses were subjected to tax foreclosure sales. Some experts claim that 25% of Detroit homes were foreclosed.

In some cases, the Wayne County foreclosure sale brough in more revenue than was needed to cover the amount of the outstanding tax debt. Wayne County routinely kept the excess. All Michigan counties followed this practice.

In 2020, the Michigan Supreme Court ruled that the practice of keeping the excess proceeds was unconstitutional and ordered the practice halted. This ruling applied to all counties including Wayne County.

On July 29, 2024, the Michigan Supreme Court ruled that its earlier ruling would be given retroactive effect. This ruling will positively impact thousands of former homeowners who lost their homes to tax foreclosure and are entitled to a recovery for the excess proceeds from the tax sale.

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Clearly, thousands of former Detroit homeowners will benefit; however, it may be difficult to determine exactly how many may be entitled to a recovery. LPD may need to consult with Wayne County officials to determine the total number of former Detroit homeowners who may benefit and the total dollar amount of the recovery. Media outlets suggest that Wayne County could have to repay an estimated $130 Million from sales between 2013 and 2020 but did not suggest the amount owed to former Detroit homeowners. LPD should provide the estimated amount owed to former Detroit homeowners; explain how the former homeowners will be notified; the mechanics of how they will receive their recovery; and whether there will be a negative impact on the financial condition of the City of Detroit.

Thank you for your anticipated cooperation.

CC: Malik Washington, Liaison
Graham Anderson, Law Department

Please contact our office if you have any questions or concerns – Peter Rhoades at peter.rhoades@detroitmi.gov

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