



WINTER 2019

COALITION NEWSLETTER

COALITION TO END UNCONSTITUTIONAL PROPERTY TAX FORECLOSURES



In June 2017, when grassroots organizations first met to form the Coalition to End Unconstitutional Tax Foreclosures, our foremost goal was to stop Detroit's tax foreclosure crisis in its tracks. But actually accomplishing this goal has required a mix of approaches.

A key component of the tax foreclosure crisis is the fact that many homeowners whose homes were foreclosed for nonpayment of property taxes weren't even supposed to be paying those taxes in the first place. Due to needlessly complex application procedures and bureaucratic hurdles, thousands of Detroit homeowners were prevented from obtaining the crucial poverty tax exemption now known as the Homeowner's Property Tax Assistance Program (HPTAP). This was the focus of the ACLU settlement with the city last summer.

It quickly became clear to us that in order to halt illegal tax foreclosures, we needed to drastically alter the way the poverty tax exemption was being implemented in Detroit.

Who We Are

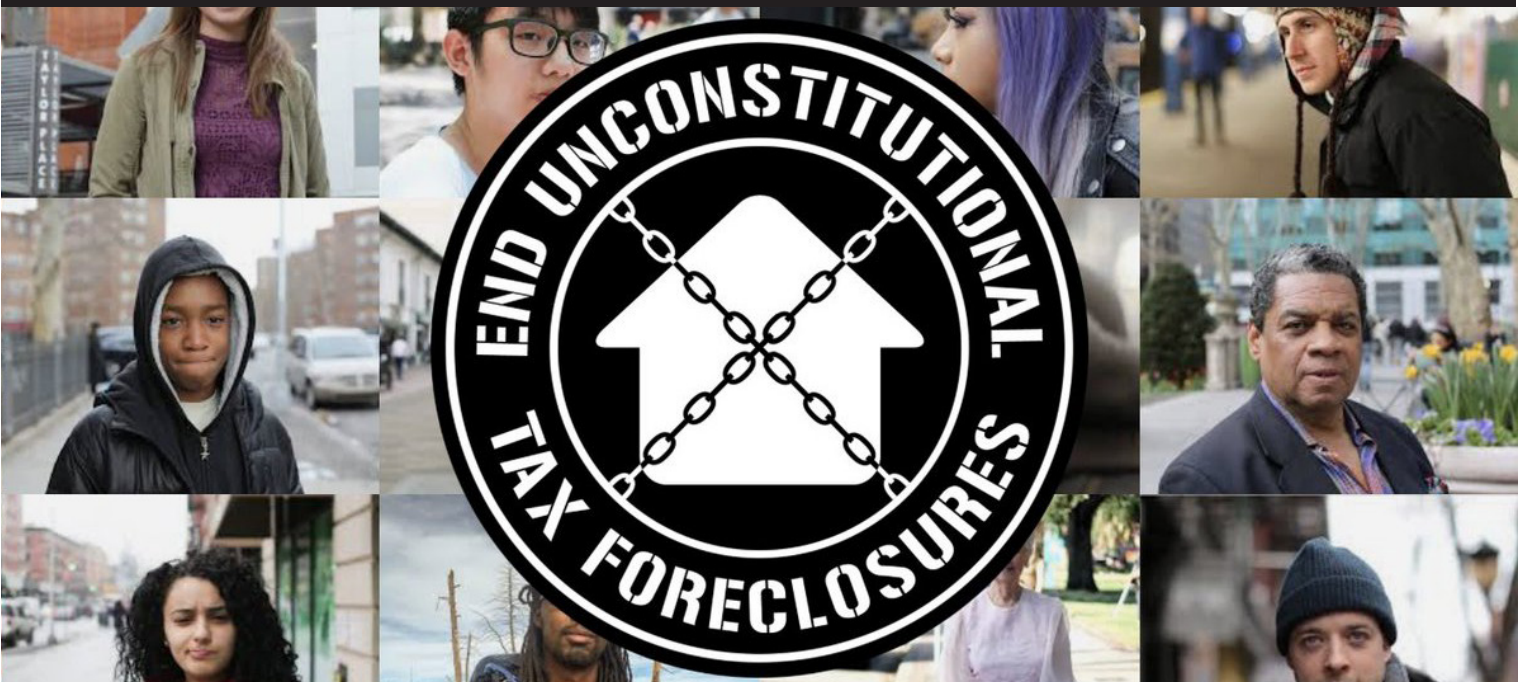
The Coalition to End Unconstitutional Tax Foreclosures is fighting for those who have lost their homes, or are at risk of losing their homes, due to unconstitutional tax assessments. In order to better inform the community about what we're up to and what we're planning, we create and distribute this newsletter on a quarterly basis. If you'd like to keep up with us and receive this newsletter, you can subscribe on our website and follow us on social media—information on how to do this is included below!

In addition to individual community members, the Coalition is comprised of the following grassroots community organizations: We the People of Detroit, Community Development Advocates of Detroit, Detroit Peoples Platform, Loveland Technologies, Central Detroit Christian, Neighbors Building Brightmoor, Street Democracy, Engage Michigan, Detroit Action Commonwealth, Jews for Justice, Detroit Justice Center, Dream of Detroit, Bridging Communities, Good Jobs Now, and MACC Development.

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THE HPTAP ORDINANCE: THE EXEMPTION PROBLEM AND HOW WE SOLVE IT

Homeowners,

Are your property taxes unaffordable?

You may qualify for help.



HPTAP

AKA: The Poverty Tax Exemption

The Poverty Tax Exemption (PTE): What is it?

Under Michigan state law, Detroit and other local governments are required to make a property tax exemption available to homeowners living near or below the Federal Poverty Line. In Detroit, we know this as the Homeowners Property Tax Assistance Program (HPTAP). If a homeowner can't afford their property taxes, they can apply for HPTAP on an annual basis and potentially be relieved of this burden. Property taxes disproportionately burden homeowners in poverty, who tend to pay a greater proportion of their income on property taxes, and this is truer in Detroit than anywhere else in the U.S. The goal of HPTAP—assuming it works the way it's supposed to—is to prevent foreclosure among low-income homeowners who would otherwise fall behind on payments and become tax delinquent.

So, what's the problem?

The vast majority of homeowners that are eligible for relief under HPTAP haven't applied for it. Either they don't know about or find it burdensome to apply. Every year from 2012 to 2016, an average of nearly 35,000 owner-occupied households (28.2% of Detroit's homeowners) were eligible to pay no property taxes at all under HPTAP, while an additional 4,220 qualified for partial relief. Even then, only 4,645 homeowners applied in 2016 (11.9% of those eligible).

In a [report](#) by University of Michigan's School of Public Health and the United Community Housing Coalition, it became clear that this discrepancy was due to (1) low awareness among homeowners of HPTAP, (2) burdensome bureaucratic hurdles in the application process, and (3) limited accountability for those charged with making HPTAP accessible to residents. The longer HPTAP remains inaccessible, the more the tax foreclosure crisis will continue to wreak havoc on Detroit's neighborhoods and communities.

Then how do we fix this?

The report found that those eligible for the exemption experienced hurdles at every step of the application process, from even knowing it existed, to submitting a signed and notarized application. Of those who did know about the exemption and applied, some never heard back from city officials, were not told they had to renew their application, couldn't understand the application materials, lacked access to transportation to submit their application, and faced other challenges in the application process. Many of these issues were addressed by the City's June

2018 [settlement with the ACLU](#), which included promises to reduce paperwork and deadline requirements, a pre-emptive notice to eligible homeowners, and internal training for the program's customer service and application tracking. Last November, the Coalition drafted an ordinance to expand and formally codify many of the solutions created by the settlement.

So, how'd it go?

The Coalition knew that there were stakeholders in the Mayor's office who didn't want to see some parts of this ordinance passed. To combat this backlash, we worked with Councilwoman Mary Sheffield of District 5 to garner support and pass it through City Council. In addition to in-person meetings with City Council members, community workshops, and a whole lot of research, over 40 of our fellow Detroiters came out to provide public comment in front of City Council on November 20. With the leadership of council member Sheffield and the unwavering support of council members Lopez, Leland and Tate, we won! A video recording of the meeting is available on the City of Detroit's [website](#).



Photo courtesy of Dustin Blitchok

"The Homeowner Property Tax Assistance Program is an essential component of the City of Detroit's ability to keep some of the City's most vulnerable residents in their homes. The program also serves as one of the most effective weapons in the City's arsenal for combating blight and stabilizing neighborhoods. Thus, the HPTAP or Poverty Tax Exemption Ordinance is both morally and fiscally responsible legislation.

The partnership with the Coalition to End Unconstitutional Tax Foreclosures and the assistance of its many members and volunteers played a significant role in the crafting and passage of the monumental ordinance which informs and protects tens of thousands of Detroit residents. I was eternally grateful to fight alongside such committed and staunch proponents of keeping some of the City of Detroit's most vulnerable citizens in their home.

As a key part of the People's Bills, the enactment of the HPTAP Ordinance has signaled to the community that City Council and those in academia understand their plight and I for one am focused on improving their quality of life. The HPTAP Ordinance has reinforced my faith in the public policy process and given me the strength to forge forward with the introduction and passage of the remaining People's Bills."

- Mary Sheffield, Councilwoman for the City of Detroit District 5

Ultimately, HPTAP will now serve a vital role in keeping families in their homes and preventing numerous homes from being foreclosed. Though we did not get the removal of the notarization requirement, we did solidify exceptions to the notary requirement put forward in the settlement, which allows homeowners of advanced age, homeowners with limited physical mobility, and caretakers of dependents to waive the requirement. The ordinance, as passed:

1. Guarantees property tax relief at current levels (100% and 50%);
2. Makes permanent modifications to the application that eliminate unnecessary paperwork requirements
3. Allows applicants using certain public benefits programs to show that as proof of eligibility;
4. Institutes a "short-form affidavit" that allows certain owners who have received the exemption in prior years to file a shorter version of the application to renew their exemption;
5. Improves awareness by mandating that the City includes information about the HPTAP on the annual assessment notice and makes the application available at the Office of the Assessor, City of Detroit Recreation Centers, Department of Neighborhood Offices and on all of the City's website;
6. Removes numerous unnecessary deadlines and establishes ways to notify residents of HPTAP eligibility.

If you or anyone you know cannot afford your property taxes, you may be eligible. The application can be found on the City of Detroit's website. If you need assistance filling out the HPTAP application, you can also text 85274 or call 211 for a list of organizations in your neighborhood that provide these services.

NEW YEAR, NEW SUCCESSES: STAY TUNED FOR 2019

Dignity Restoration Housing Program

We're raising funds to provide a real, viable model for Detroit to compensate victims of the tax foreclosure crisis. The DRHP hopes to provide move-in ready homes to families who (1) were unconstitutionally assessed and (2) qualified for HPTAP. The Dignity Housing Restoration Program (DRHP) does not have the capacity to provide a home for everyone who was unconstitutionally assessed, but it is intended to be a model that the City can replicate to address each unconstitutional assessment.

Access our fundraiser here: <http://bit.ly/DRHPDetroit>



Faith-Based Community Education Workshops

The Coalition is engaging local places of worship to host workshops educating Detroiters about the tax foreclosure crisis.



Compensation Ordinance

We're currently working on an ordinance that will create a comprehensive system for the City of Detroit to compensate those who were unconstitutionally assessed and/or who were eligible for the HPTAP but did not receive it. Recipients will be able to select from a menu of compensation options, so as to center the dignity and agency of victims of tax foreclosure.



MSHDA Step Forward

Michigan State Housing Development Authority's (MSHDA) [Step Forward](#) loan program helps homeowners pay their mortgage, property taxes, and other fees. Step Forward's goal is to stabilize neighborhoods and promote homeownership in areas with high rates of foreclosures, so the Coalition is working to extend Step Forward Funds (Hardest Hit Funds) specifically to those affected by the tax foreclosure crisis. This will require support from MSHDA and final approval by the U.S. Treasury.

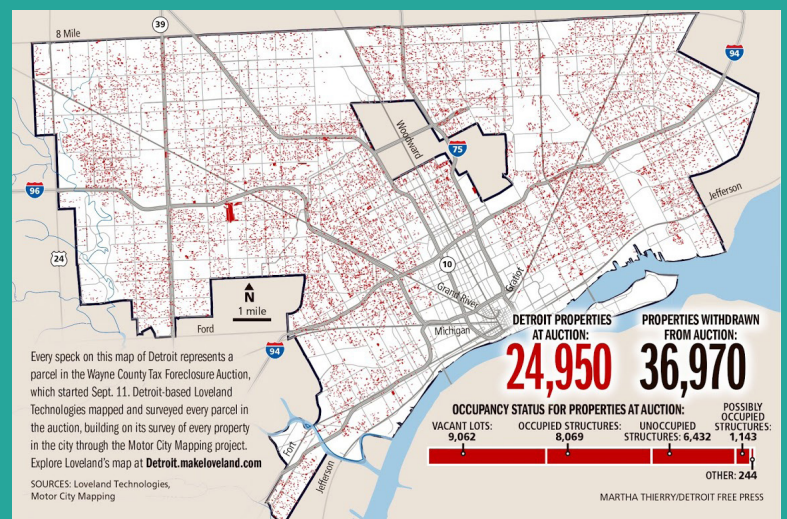


Community Legal Workers

Coalition member organization [Detroit Justice Center](#) is currently running a team of trained Community Legal Workers who are now prepared to advise clients on protesting improper tax assessments. DJC hopes to help Detroiters “understand, use, and shape the laws around property tax assessments in Detroit” by “empower[ing] them to solve justice problems on their own.”

Loan Fund

Wayne County's foreclosure auction is riddled with predatory investors who purchase homes off the auction and sell them back to the previous homeowners at inflated rates. To solve this problem, the Coalition is in the early stages of developing a tax foreclosure loan fund that will provide access to capital for low-income Detroiters facing foreclosure, especially those who are otherwise excluded from traditional banking.



As proud as we are of our accomplishments thus far, we have so much more to do. If you'd like to keep up-to-date with the Coalition's work or happenings in the fight to end the tax foreclosure crisis in Detroit, you can subscribe to our email list and follow us on Facebook and Twitter.



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