



AUGUST 2018

# COALITION NEWSLETTER

COALITION TO STOP UNCONSTITUTIONAL PROPERTY TAX FORECLOSURES

## The Injustice of Property Tax Foreclosure in Detroit

From 2011 to 2015, the Wayne County treasurer foreclosed upon about 1 in 4 Detroit properties for nonpayment of property taxes. The Great Depression was the last time in American history that we experienced such record numbers of property tax foreclosures. According to the Michigan Constitution, no property should be assessed at more than 50% of its market value. But, between 2009-2015, the City of Detroit assessed 55% to 85% of its properties in violation of the state constitution. Since property taxes were based on these ridiculous and illegally inflated numbers, it is no surprise that residents weren't able to pay. As a result, over 100,000 working families have lost their homes, and many Detroit neighborhoods have been devastated. African-Americans have been hit hardest of all.

In addition, 40% of Detroit residents live below the federal poverty line and so qualify for Detroit's Poverty Tax Exemption, which means they should not have been paying the property taxes in the first place. But, despite widespread eligibility, many Detroit residents did not receive the exemption because the City failed to advertise it and erected several unnecessary barriers that prevented people who did know about it from applying.



### 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 foreclosures.

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, Tricycle Collective, and MACC Development.



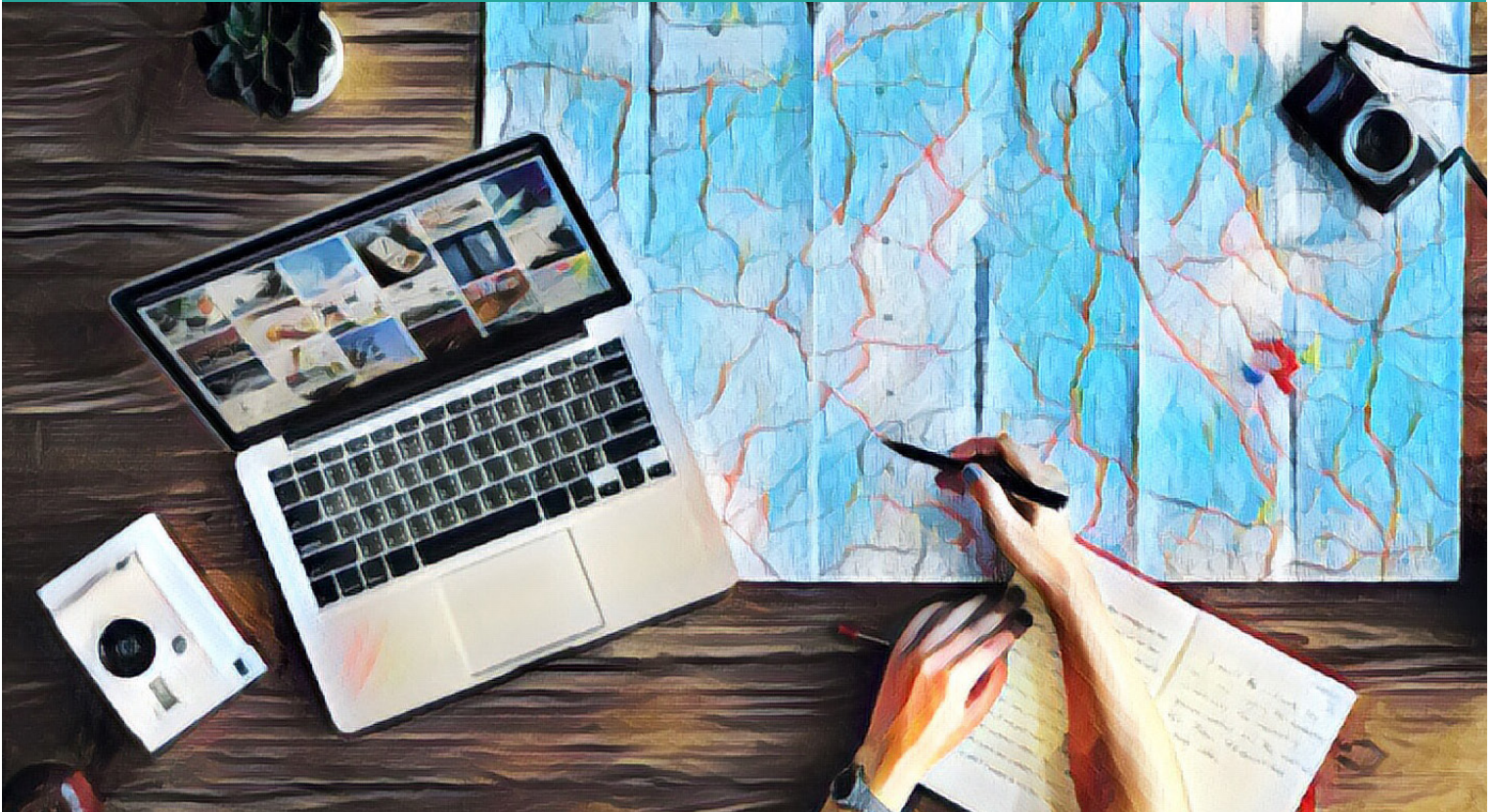


## CEUTF'S GOALS

After hosting a People's Forum in June of 2017, the Coalition agreed upon three demands:

- (1) stop unconstitutional property tax assessments
- (2) compensate Detroit residents who have already lost their homes through illegal tax foreclosures
- (3) suspend pending property tax foreclosures until it is confirmed that the delinquent taxpayers were not unconstitutionally assessed.

In order to achieve these demands, the Coalition is currently working on several different projects.



### **1 Zero Occupied Homes Sold in the 2018 Tax Foreclosure Auction**

The Coalition to End Unconstitutional Tax Foreclosures is working to get the number of occupied homes sold in the 2018 tax foreclosure auction down to zero. We are accomplishing this goal by pushing the Detroit government to exercise its right of first refusal. The right of first refusal is the City's ability to purchase foreclosed homes at a discounted price before they go to foreclosure auction.

In 2017, the United Community Housing Coalition UCHC developed a pilot program where the City exercised its right of first refusal to purchase 95 homes. The program was limited to non-deed holders (who are essentially tenants in their homes) and required them to pay the purchase costs, which ranged from \$2,500 to \$5,500. This year, UCHC plans to expand the program to deed holders, saving a total of 400–500 homes from the foreclosure auction in 2018.

There are, however, about 2,000 occupied homes facing foreclosure this year. The Coalition is fighting to expand the wonderful work of UCHC to save all occupied homes. To find out about and participate in future actions, follow us on Facebook or check the events tab on our website [illegalforeclosures.org](http://illegalforeclosures.org)



## 2 Reparations

The rampant unconstitutional tax assessments and the resulting foreclosures in Detroit have far reaching implications. Losing a home doesn't just mean losing four walls and a roof; it also means losing the sentimental value of homes, losing relationships with neighbors and community, and losing a sense of dignity.

To help victims of illegal foreclosures, the Coalition started the Dignity Restoration Housing Program, which strives to both provide homes and to empower those who have been subjected to unconstitutional property tax assessments. We partnered with the National Community Stabilization Trust to purchase livable properties for \$1 plus closing costs. The plan is to purchase houses for that low price, and then give them to families that: (1) have been unconstitutionally assessed, (2) qualify for the Poverty Tax Exemption, and (3) have the ability to maintain the property in the long-term. On March 27, 2018, the Coalition to End Unconstitutional Tax Foreclosures closed on its first home for the Dignity Restoration Housing Program, which Sonja Bonnett and her family now live in.

The Bonnetts purchased their home in 2012 for \$20,000, but the Detroit assessor taxed them as if their home was worth \$46,000. Worse still, the Bonnetts live under the federal poverty threshold and qualify for the Poverty Tax Exemption, which means that the Bonnetts were not supposed to be paying property taxes at all. After years of trying to pay the illegally inflated property taxes, in 2015 the Wayne County Treasurer foreclosed on the Bonnetts' beloved home, sold it to an investor at the foreclosure auction for \$500, and he evicted the Bonnetts. Through the Dignity Restoration Program, we worked with the Bonnetts to provide them with a home they deserve. We celebrated this win at a widely-publicized press conference on June 14.

Although this first transaction ended well, the process was far from perfect. As such, we have taken feedback from this first transaction and identified ways to improve our work. Going forward, the Coalition will enroll the new homeowners in a financial wellness program, which will include helping them with utility bill management, credit repair, and applying for rehab loans. Additionally, because the homes that we purchase may have problems, we are considering options for managing expectations about them. The Coalition to End Unconstitutional Tax Foreclosures is excited to announce that two of its member organizations, Bridging Communities and Central Detroit Christian, have agreed to take on leading roles for this project. These organizations will guide families through the reparations process in order to ensure they have strong support systems. With their help, the Dignity Restoration Housing Program will be able to make a huge impact on the Detroit community by giving families who were illegally foreclosed upon homes to call their own again.





### 3 Poverty Tax Exemption Outreach

Detroit offers low-income homeowners the Poverty Tax Exemption (PTE), which provides exemptions for paying property taxes for people who live below the federal poverty line. Despite the fact that 40% of Detroit residents live below the poverty line, very few people actually receive its benefits because the City does not widely advertise it, and forces applicants through an unnecessarily burdensome application process.

People aren't losing their homes because they're lazy or spending too much money on frivolous things. People are losing their homes because they are trying to keep up with paying property taxes that they legally do not owe. If you or someone you know has not yet filled out an application for the Poverty Tax Exemption, you can contact the United Community Housing Coalition, or walk in to their offices at 2727 Second Ave. Suite 313, Detroit, MI 48201 at 9:00 am Monday, Wednesday, and Friday for counseling services. Saving a home from foreclosure can be as simple as filing out that application, and that is why people are working so hard to ensure that everyone knows that application exists.



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