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TO: Janeé Ayers, Chairperson
Budget, Audit & Finance Standing Committee

FROM: David D. Whitaker, Director
Legislative Policy Division Staff

DATE: June 5, 2019

RE: **Economic Hardship Exemption in Special Assessment Districts**

The Legislative Policy Division ("LPD") was requested to provide an analysis of City Council's ability to provide an economic hardship exemption in the Special Assessment District Ordinance ("SAD") similar to that provided within the General Property Tax Ordinance through the City's Board of Review. Both State law and City's Code are silent on this issue.

Special assessments are collected and enforced in the same manner as property taxes. As such, homeowners who fail to pay special assessments are in danger of foreclosure. As such, nonpayment a special assessments may become a foreclosable offense if left uncured. Even though, the City provides property tax hardship exemptions for individuals at or below the poverty level, this exemption does not extend to special assessments.

However there are other instances where the policymakers have determined that it is in the City's and it's residents' best interest to provide relief for those impoverished residential owners so that they are protected from foreclosures based on non-payment of assessments. The exemption provided to homeowners for the city solid waste fee is one such example. LPD suggests that such an exemption be provided in the City's Special Assessment District Ordinance given that there exists no express provision in the law that would prohibit this result.

Additionally, it recognition of the need to protect vulnerable property owners the Assessor's Office has agreed to withhold unpaid assessments from the delinquent tax roll for properties that

have received her hardship exemptions through the City's property tax board of review should such be provided for by way of amendment. (See attached amendatory ordinance)

During the public hearing before City Council on June 4, 2019, there were allegations made that the petitions as circulated by the designated neighborhood improvement organization are not legal because they were not signed by the petition circulator. However, no such requirement can be found in either state law or the city code relative to petitions circulated for the purpose of creating a special assessment district. Such requirements are found in state law for petitions being circulated for the purpose of elections, i.e. placing candidates for elective office or initiative/referendum language on the ballot. Those election-related petitions requirements are not applicable to the case at hand.

Should City Council have any further questions or concerns regarding this topic, please advise.

SUMMARY

AN ORDINANCE to amend Chapter 18 of the 1984 Detroit City Code, *Finance and Taxation*, Article XII, *Improvements and Assessments*, Division 7, *Special Assessments For Snow Removal, Mosquito Abatement, and Security Services*, by adding Section 18-12-143, *Hardship Exemptions*, in order to create a hardship exemption for those homeowners who have received a property tax from the Board of Review.

BY COUNCIL PRO-TEMPORE MARY SHEFFIELD:

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IT IS HEREBY ORDAINED BY THE PEOPLE OF THE CITY OF DETROIT THAT:

1 **Section 1.** Chapter 18 of the 1984 Detroit City Code, *Finance and Taxation*, Article
2 XII, *Improvements and Assessments*, Division 7, *Special Assessments For Snow Removal*,
3 *Mosquito Abatement, and Security Services*, be amended by adding Section 18-12-143, *Hardship*
4 *Exemptions*, to read as follows:

5 **CHAPTER 18. FINANCE AND TAXATION**

6 **ARTICLE XII. IMPROVEMENTS AND ASSESSMENTS**

7 **DIVISION 7. SPECIAL ASSESSMENTS FOR SNOW REMOVAL, MOSQUITO**

8 **ABATEMENT, AND SECURITY SERVICES**

9 **Sec. 18-12-143. Hardship Exemptions.**

10 (a) Property owners that have been granted hardship exemptions by the Board of Review
11 pursuant to the City's Homeowners Property Tax Assistance Program are likewise exempt from special
12 assessment under this division for the same year as the property tax exemption.

Section 2. All ordinances, or parts of ordinances, that in conflict with this ordinance are repealed.

Section 3. This ordinance is declared necessary to preserve the public peace, health, safety, and welfare of the People of the City of Detroit.

Section 4. In the event that this ordinance is passed by a two-thirds (2/3) majority of City Council members serving, it shall be given retroactive effect effective April 14, 2014, and become law upon publication in accordance with Section 4-118(1) of the 2012 Detroit City Charter. In the event that this ordinance is passed by less than a two-thirds (2/3) majority of the City Council members serving, it shall be given retroactive effect effective April 14, 2014, and become law no later than thirty (30) days after enactment in accordance with Section 4-118(2) of the 2012 City Charter.

Approved as to form:

Lawrence García
Corporation Counsel