

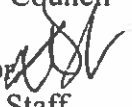
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**TO:** The Honorable Detroit City Council

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

**RE:** Resolution In Support of House Bill 5124, *Pay As You Stay*

**DATE:** February 6, 2020

In response to a request by Council Member Ayers, the Legislative Policy Division (LPD) has prepared a resolution in support of state legislation to further assist homeowners threatened with foreclosure. The resolution is attached for your review and consideration.

Attachment

**RESOLUTION IN SUPPORT OF HOUSE BILL 5124, ALLOWING THE  
CREATION OF THE “PAY AS YOU STAY” FORECLOSURE PREVENTION  
PROGRAM**

**By Council Member Janeé Ayers**

**WHEREAS** Following the major nationwide recession beginning in 2008, but far earlier in Detroit and Michigan generally, Detroit home values dropped close to sixty percent in the year from 2009 to 2010 according to the City’s Assessor; and

**WHEREAS** By early 2015, housing advocates as well as the Detroit City Council warned that the Wayne County Treasurer’s office was preparing to foreclose on approximately 37,000 **occupied** homes in the City of Detroit, impacting an estimated 100,000 Detroit residents -- effectively one-seventh of the city’s population – a number of foreclosures vastly larger than in any other part of the country; and

**WHEREAS** Although it is now estimated that close to 17,000 occupied homes went to auction between 2014 and 2018<sup>1</sup>, the mass foreclosure of citizens’ homes has contributed to a humanitarian crisis in the city, undermining the stability of the city’s most vulnerable residents, disproportionately affecting senior citizens on fixed incomes who have been the bedrock of their communities, leaving many homeless, further reducing population generally, and resulting in the increasing depopulation of the most at-risk neighborhoods, to the extent that local schools and the remaining businesses in these areas have been significantly impacted; and

**WHEREAS** As is now known, the failure of City property assessments to keep pace with the rapid decline in property values contributed significantly to the foreclosure crisis as did qualified residents’ underutilization of the City’s Homeowners Property Tax Assessment Program (HPTAP); and

**WHEREAS** Michigan’s General Property Tax Act, Public Act 206 of 1893, authorizes the City to grant poverty related property tax exemptions, through the HPTAP, to resident property owners who are unable by reason of poverty to pay the taxes assessed on their residences. The current program permits the City to grant 25 percent, 50 percent, and full property tax exemptions to qualifying homeowners. Significant outreach efforts have vastly increased the number of participants. Yet, the foreclosure remains unacceptably high and burdensome on the most vulnerable of our population; and

**WHEREAS** Pending legislation in the State Legislature, labeled “Pay As You Stay”, proposes to amend the General Property Tax Act to further assist homeowners who are eligible for a property tax exemption by: 1) eliminating interest, penalties, and fees for

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<sup>1</sup> [Detroit Free Press](#), *New program could keep thousands of Detroiters in their homes*, by Nancy Kaffer, Oct. 9, 2019.

back taxes, 2) capping the balance due, and 3) giving homeowners a three year term to pay the balance owed with no interest.

**WHEREAS** The City's ability to offer this substantial additional assistance where it is otherwise merited could be the factor allowing a senior citizen or other citizen enduring an extended period of poverty to maintain ownership of a lifetime residence; and

**WHEREAS** The Detroit City Council recognizes the preservation of its residents' homes, shelter, and security as of fundamental importance for the well-being of both the citizenry of the City and the City as a whole. **NOW THEREFORE BE IT**

**RESOLVED** That the Detroit City Council enthusiastically supports the efforts of the Michigan Legislature to add an important new mechanism to the General Property Tax Act by which Detroiters' homes can be protected, and urges swift passage of House Bill 5124. **AND BE IT FURTHER**

**RESOLVED** That a copy of this resolution shall be transmitted to the Detroit delegation of the Michigan Legislature, Mayor Mike Duggan, and Governor Gretchen Whitmer.