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TO: Detroit City Council

FROM: David Whitaker, Director 
Legislative Policy Division

DATE: March 4, 2025

RE: Resolution Urging Anti Speculation Legislation

The Legislative Policy Division (LPD) has been requested by Council Member Angela Whitfield Calloway to draft a resolution urging the Michigan Legislature to pass anti-speculation legislation. LPD submits the attached draft resolution for your consideration.

**RESOLUTION URGING THE MICHIGAN LEGISLATURE TO ENACT
ANTI-SPECULATION LEGISLATION**

BY COUNCIL MEMBER ANGELA WHITFIELD CALLOWAY

WHEREAS: Real estate speculation is the practice of purchasing property with a low value and holding that property in hopes of the market value increasing to obtain a higher return on the investment. The real estate speculator often puts little or no investment into the property which often results in further deterioration of the property, creating blight and often unsightly and dangerous conditions for the community: and

WHEREAS: Real estate speculators have a direct impact on housing costs, building management, increased eviction and vacancy rates, and encourages predatory landlord practices.

WHEREAS: The purchase of property by speculators in Detroit has been estimated to be as high as 20% of real estate sales in Detroit. In fact, Eric Seymour, an assistant professor at Rutgers University has indicated:

“Speculation is often correlated with historical processes like racial disinvestment and segregation,” he said. “Detroit is such a highly segregated, racialized place, which is one reason why there’s so much of it”. and

WHEREAS: In a series of articles by Outlier Media on real estate speculation, including one dated October 22, 2024, stated:

“The scale at which speculators have been able to operate in Detroit — and the effects on neighborhoods, families and the real estate market — is difficult to overstate. Detroit has paid the price for speculators’ mostly unchecked activity in lost tax revenue, dilapidated properties that require taxpayer-funded demolition, and huge swaths of the city pockmarked with blight or vacant land. By hoarding real estate, speculators also prevented other people from developing those properties”. and

WHEREAS: The Citizens Research Council report titled “Detroit’s Split-Rate Tax Proposal—Concerns with Unintended Effects” spoke of the impact on real estate speculators in Detroit, stating:

“In the time between when investors cash in and cash out, the city and residents are deprived of the direct and indirect benefits from development, as speculators may do little to create demand and allow properties to deteriorate. Often out of necessity, the city must bear remediation costs for these undeveloped properties to address crime and environmental hazards. More to the point, speculators that allow property to deteriorate pay little in taxes. Why? Because the property is of low value, the property tax bill remains low too”.

WHEREAS: Efforts have been undertaken to combat real estate speculation. Entities such as Create.umn.edu. has identified several methods of taxation to discourage real estate speculation. Emory University’s Emory Economic Review suggests taxes, financial regulations or other legal reforms to combat negative real estate speculation. The State of

California modified the foreclosure auction process to give owner-occupants, tenants, local governments, and housing nonprofits the first right to purchase after a foreclosure sale.

WHEREAS: The Detroit City Council believes that some of these tools could be utilized in the State of Michigan; **BE IT THEREFOR**

RESOLVED: That the Detroit City Council urges the Michigan Legislature to consider the adoption of Anti-Speculation legislation which may include some of the tools referenced in this resolution; and **BE IT FINALLY**

RESOLVED: That a copy of this resolution be sent to Mayor Mike Duggan, Governor Gretchen Whitmer, Michigan House Speaker, Matt Hall and Senate Majority Leader Winnie Brinks.