



Make it Home Presentation Center for Community Progress

Agenda

- History/Context of Make it Home
 - About tax foreclosure in Michigan
 - UCHC services
 - Evolution of Make it Home
 - Detroit tax foreclosure through the years
 - Key Elements of the program
- Where We Are Today
 - MIH Stats
 - Foreclosure Prevention Tools
 - UCHC's Role & Overview of Process
 - City of Detroit's Role & Overview of ROR Timeline
- Q&A



Context and History of Make it Home

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Zimmerman, City of
Detroit



Tax Foreclosure in Michigan

- Properties with delinquent property taxes of 3 years or more can be foreclosed under Michigan state law
- Tax foreclosure in Michigan is for the deed, or title, not a lien
- Each year Wayne County Treasurer generates a list of properties subject to foreclosure
- Includes all property types- residential, commercial, occupied, vacant



Tax Foreclosure in Michigan

- The Owner is the taxpayer, they are the ones with the responsibility and power to stop the foreclosure
- Most property subject to foreclosure aren't foreclosed-owners make arrangements
- The properties that are foreclosed still include all types, but disproportionately non-owner occupied
 - Property ownership is not binary “Homeowner/Renter”



Non-Owner Options Before Make it Home

- 1) Pay the taxes just to avoid foreclosure
 - a) some may have thought this would give them rights to ownership
 - b) some did it just to avoid the auction
- 2) Let it go to foreclosure, try your chance in auction

Many occupants effectively had neither option, they didn't even know the home was foreclosure/for sale.

Outreach and sharing information was and continues to be a huge part of this work.



The Auction

- “Highest bidder wins” - no prioritization for the resident
- Worse outcomes for those who cared for their homes
- Auction has two parts
 - a) September- starting bid is total debt
 - b) October- starting bid is \$500
- Many years, UCHC bid for hundreds of clients. Sometimes winning hundreds and losing hundreds.



The Auction - UCHC Program

- UCHC's program helped people buy their homes. Clients would save money, set the maximum bid they were willing to pay back, and hope for the best
- Advised people not to repair their homes, sometimes even make the house look less desirable
- Many years, UCHC bid for hundreds of clients. Sometimes winning hundreds and losing hundreds.



Make it Home

- UCHC reached out to City of Detroit in 2017 to see if the City would use its right of refusal on behalf of residents
- *After* Wayne County Treasurer takes ownership but *Before auction*, City, State and County have the option to purchase “Right of Refusal”
- City of Detroit exercised its right of refusal regularly, but not previously for occupied properties
- UCHC handled the program management, vetting, etc. City of Detroit used its unique power to purchase.



Home Make It Home Works

1. Property is subject to foreclosure (**Private Ownership**)
2. Property is foreclosed by Wayne County Treasurer (**Wayne County Treasurer**)
3. UCHC works with residents to qualify for Make it Home.
4. UCHC notifies City which homes have qualified.
5. City purchases those from County in Right of Refusal (**City of Detroit**)
6. UCHC purchases Make it Home properties from City (**UCHC**)
7. UCHC sells homes to their residents
 - a. Land contract if time is needed to pay in full (**UCHC/Resident**)
 - b. Deed to resident upon full payment (**Resident**)



Foreclosure over time 2011

- Auction was held in-person
 - Favored local purchasers and residents
 - UCHC assisted about 10 clients this year. All homes sold for \$500-\$1,000



Foreclosure over time 2012

- UCHC saw the opportunity and increased outreach but didn't anticipate the need for fundraising
 - 112 homes purchased with client savings and “financing” from the organization founders



Foreclosure over time 2013 Onward

- Home purchase program increased at UCHC and became more sophisticated. Increased vetting, fundraising.
- UCHC was the only organization in the city who served residents to buy in auction at scale without a profit motive
- Annual high was 383 homes purchased



Foreclosure over time 2014

- 23,771 properties in foreclosure (7,874 occupied residential)
 - 5,796 occupied residential properties sold
 - Nearly 1 in 6 of those homes were vacant within a year
- Many homes sold for only \$500
- Greatest impediment to residents was knowledge of the foreclosure/auction itself ” or how to participate “



Foreclosure over time- 2015-2016

- 2015: 24,793 properties in foreclosure (9,111 occupied residential)
- 2016: 12,554 properties in foreclosure (5,174 occupied residential)
- State law made it ostensibly unlawful for former owner to purchase for less than the debt, gutting UCHC's auction purchase assistance program. Home prices continued to rise
- First year of IRSPA plan which allowed homeowners a way out of foreclosure
- UCHC attempted to intervene for homeowners in many ways



Foreclosure over time- 2017

- 2017: 6,169 properties in foreclosure (1,915 occupied residential)
- First year of Make it Home
- Unprecedented Security and Opportunity
 - a) Resident gets first dibs!
 - b) Fixed price
 - c) No competition
- Homeowners were not eligible for the program in its first year
- Quicken Loans/Rocket provided \$300,000 funding



Foreclosure over time- 2018/2019

- 2018: 2,715 properties in foreclosure (807 occupied residential)
- 2019: 3,351 properties in foreclosure (1,041 occupied residential)
- Make it Home expanded beyond Pilot stage to a massive home purchase program with over 500 homes in 2019 and 2020.
- Included low-income homeowners who were not only eligible to purchase their home back, but were given a reduced rate to do so
 - a) ACLU settlement



Foreclosure over time- 2020/2021

- No Make it Home due to Covid foreclosure moratorium
- Passage of PAYS greatly assists low-income homeowners
- “Rafaeli” decision and state law changes increase possible costs in future Make it Home purchases




Foreclosure over time- 2022

- Moratorium on most owner-occupied residential homes
PLUS many program supports for low-income homeowners
 - a) HOPE/PAYS, IRSPA, MIHAF, MIH if necessary
- Make it Home is able to resume with a focus on non-owner occupied homes
 - a) Covid continues to be a barrier and prices are higher due to 2 more years of accumulated debt



A lesson in contrasts

	Auction	Make it Home
Who Gets to Buy	Highest Bidder	Occupant
Price	Not fixed, unpredictable	Fixed, approximately known in advance
Outcomes	Nicest houses most likely to be lost	Most dedicated residents are most likely to succeed.
Participation	Former owners not eligible	All forms of residents potentially eligible
Outcomes	Fewer occupants win, reduction in homeownership, occupancy, viable housing stock 	More occupants win, increase in homeownership, occupancy, viable housing stock

Essential Program Features

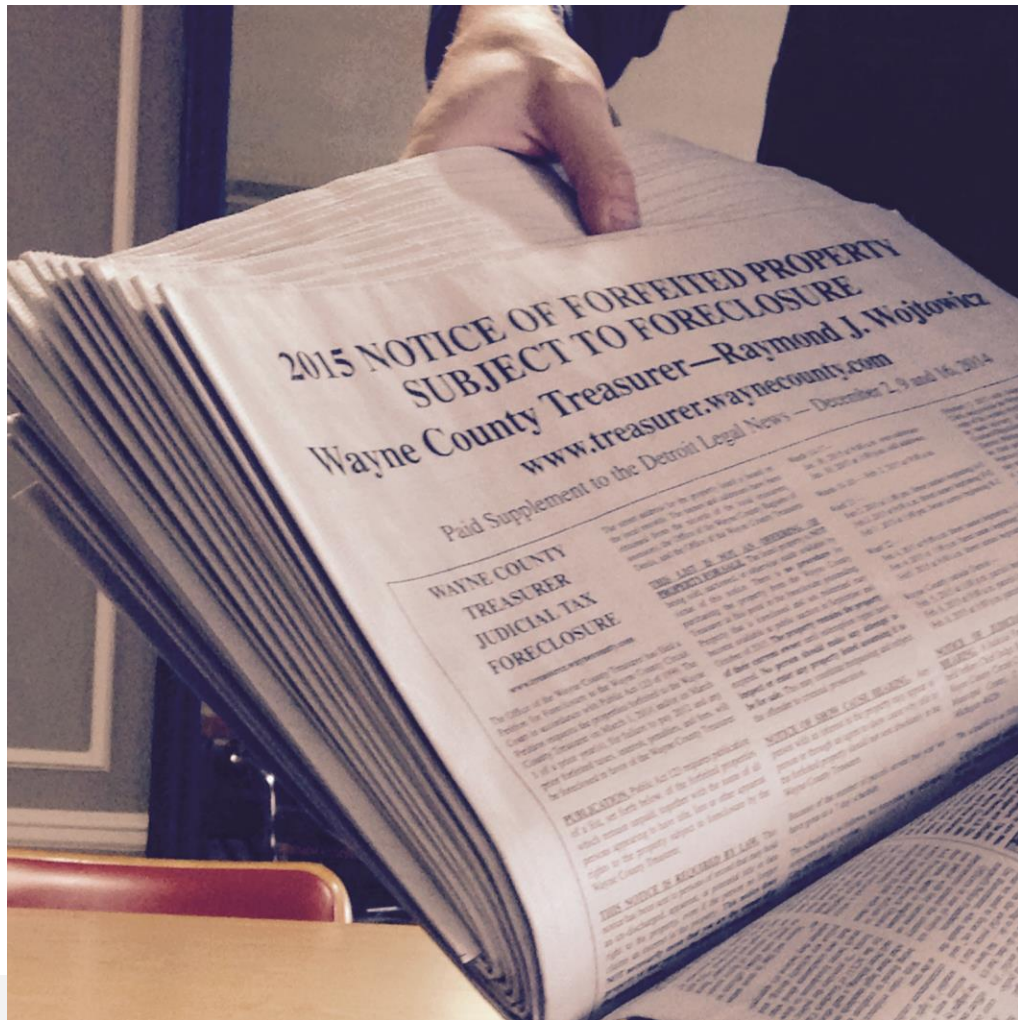
- Work with the *existing* resident
- Low purchase price point
- Opportunity for government to own/purchase
- Trusted program partner



The Win-Win-Win

1. **Resident**- gets to own their home
2. **Neighborhood**- home is owned by someone who cares about it by virtue of the fact that they live there.
3. **Government**- Increases homeownership, neighborhood stabilization. Reduces eviction/homelessness, blight/demolition.

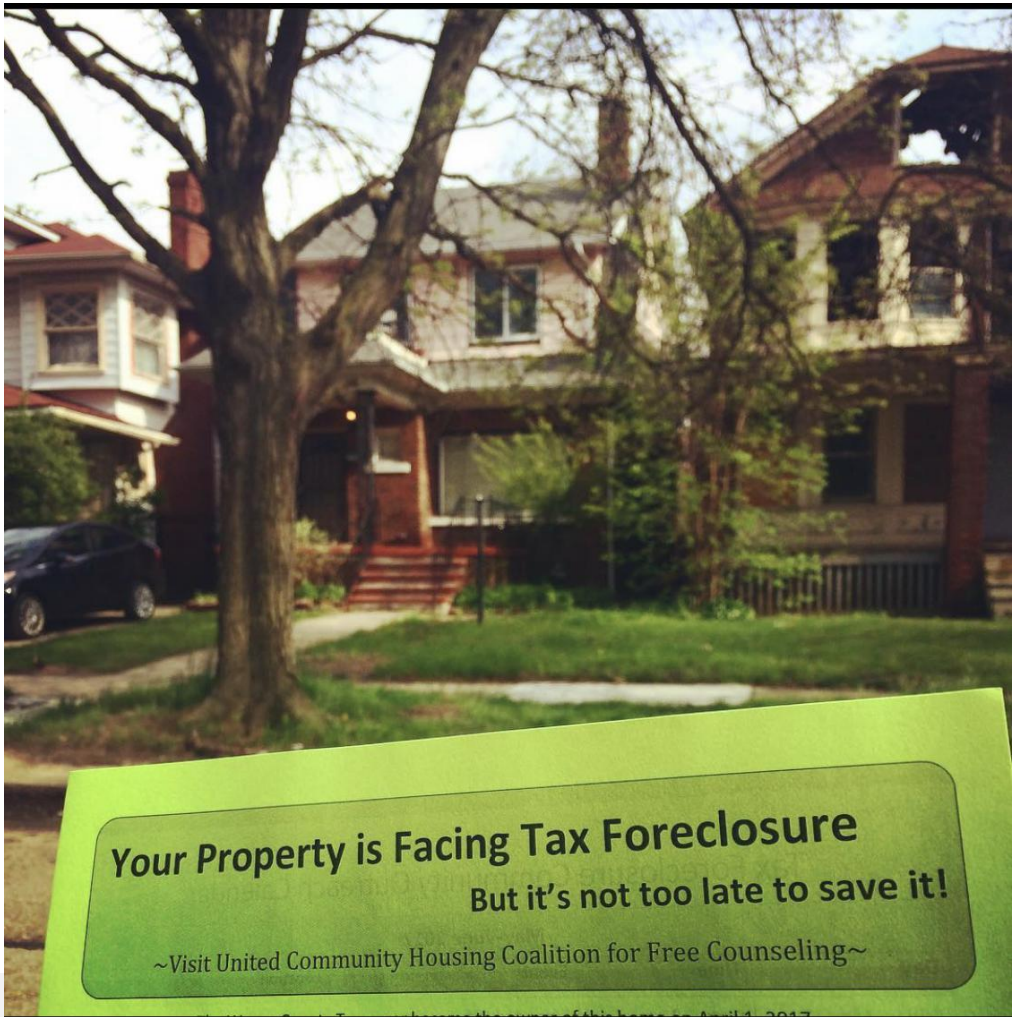












**Your Property is Facing Tax Foreclosure
But it's not too late to save it!**

~Visit United Community Housing Coalition for Free Counseling~







Where we are today

Amy Alexander, UCHC
Chelsea Neblett, City of
Detroit



We've come a long way!

- Poverty Tax Exemption (PTE or “HOPE”)
- Pay As You Stay (PAYS) + Detroit Tax Relief Fund (DTRF)
- Interest Reduced Payment Stipulated Payment Arrangement (IRSPA)
- Distressed Owner-Occupant Exemption (DOOE)
- State Emergency Relief Fund (SER)
- Michigan Homeowner Assistance Fund (MIHAF)
- Increased resources and access to counseling, education and advocacy



Make it Home's Impact

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Total</u>
Entered MIH	80	519	557	none	3	1159
Non-Deedholder	80	341	398	none	2	821
Deedholder	0	178	159	none	1	337
Deed Issued	77	486	473	none	3	1036
Paying Off	3	40	84	none	0	127

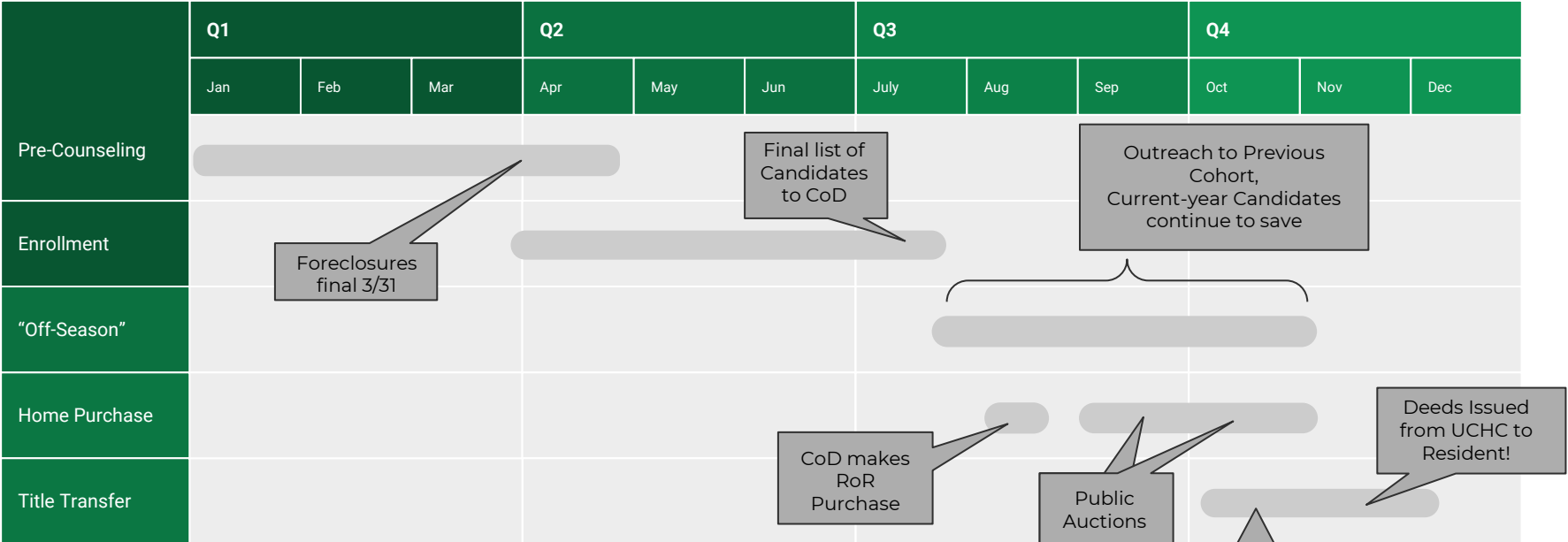


How it works: UCHC

- UCHC's Role
 - “Helping you buy the home you already live in”
 - Conduct targeted outreach
 - Vet potential candidates
 - Holistic Approach
 - Work with “non-traditional” homebuyers
 - Post-purchase counseling
 - Unique willingness to:
 - Hold title if payment in full was not immediately possible
 - Hold funds (escrow or “TWA”)
 - Manage Revolving Loan Fund



How it works: UCHC



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How it works: UCHC

- Eligibility
 - Occupies as primary residence
 - Home foreclosed by Wayne County Treasurer
 - Attend counseling & classes
 - Willing to purchase
 - Home inspection & Background Check
- Pre-Counseling
 - Tenant vs Homeowner
 - Overview of foreclosure process, program requirements & projected cost
 - Home purchase program (Save money!)
- Enrollment Counseling
 - Foreclosure is final
 - Class/Modules
 - Estimated Cost & Commitment
 - Document collection & Service Agreement



How it works: City of Detroit

Goal: zero occupied homes enter into the annual tax foreclosure auction

- General Property Tax Act 1893 PA 206, 211.78m
 - “Granting state right of first refusal; election by state not to purchase property; purchase of property by city, city authority, village, township, county, or county authority...”
- ROR timeline
 - July 1: Deadline for claim of interest filing to WCTO
 - July 5: WCTO sends final list with minimum bid/2xSEV
 - Mid-July: City Council Approvals
 - End of July/ early August: City provide ROR selections to WCTO
 - Early August: City & UCHC wire funds
 - By September: City receive deeds







Questions?