

Detroit housing crisis deepens with county tax foreclosure auction

By Debra Watson
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Thousands of Detroit and Wayne County residents fear eviction in the coming months in what could be one of the biggest dislocations of low-income residents to result from the Wayne County treasurer's yearly tax auction. The latest tax auction started only weeks after Wayne County Circuit Chief Judge Robert Colombo Jr. ruled in September on a lawsuit the American Civil Liberties Union filed in July against the county. The ACLU lost its bid for a moratorium on tax foreclosures on owner-occupied homes in Detroit.

The ACLU sued on behalf of several owner-occupiers and neighborhood associations in Wayne County's largest city, Detroit, and was joined by the NAACP Legal Defense Fund. The plaintiffs framed the case primarily as racial discrimination related to the federal Fair Housing Act (FHA).

Underlying the case brought against the Wayne County Treasurer's office was Detroit's illegal over-assessment of taxes underlying each plaintiff's tax debt. While Detroit Mayor Mike Duggan has acknowledged the city overcharged residents, his Corporation Counsel Melvin "Butch" Hollowell, invoked the terms of the Detroit bankruptcy to reject the claims and support the county in the suit.

The plan of adjustment was enacted in 2014 as the culmination of the Detroit bankruptcy conspiracy. Enacted with the collaboration of the unions, the Obama administration, bond holders, the banks and the courts, it was used to legitimize attacks on city workers, privatization of city services, and the illegal looting of pensions of Detroit city workers and retirees.

The scale of home foreclosures in the city is staggering. According to the Michigan State Housing Development Authority, one in every 275 housing units faced mortgage foreclosure in Detroit during the first quarter of 2009, one of the highest rates in the US. Since 2005, more than one in three Detroit properties—139,699 of 384,672—have been

foreclosed either because of mortgage arrears or property tax delinquency.

The 2016 County tax auction was completed at the end of October. Over 14,000 properties were offered for sale. In the first round of tax sales in September only 400 bidders participated and only about 1,000 properties were sold. The county attempted to sell off the remainder in October with lower minimum bids and property tax waivers.

Evictions would leave 2,000 owner-occupiers and 6,000 renters with few, if any, options for housing. According to the Urban Institute, between 2000 and 2013 affordable housing units for Extremely Low Income (ELI) renters in Wayne County were cut almost in half, from about 48,000 units to about 24,500.

Detroit is now the poorest big city in the US and suffers from the precipitous decline in affordable housing occurring nationwide. From 2000 to 2013 the share of housing units available to ELI renters declined nationwide, from 37 per 100 to just 28 per 100 families searching for a place to live. The Urban Institute notes that the decline in affordable housing is primarily the result of losing unassisted affordable units. This is consistent with the loss of cheaper private market housing such as the single family homes in Detroit that are being pulled down apace. Some 39.8 percent of households in Detroit fall below the poverty threshold, that is families of three making \$20,000 annually and individuals making under about \$12,000.

The median income in Detroit is abysmally low, just over \$26,000 annually per family—half the US median income. These families look to affordable housing to offset their low-income status. While the ACLU case was filed on behalf of owner-occupiers, renters are affected if their landlord is foreclosed on. Over more than a decade, landlords have bought up whole swathes of single-family homes in Detroit, once owner-occupied, and then milked

desperate tenants for rent. As a result the number of neglected properties and blighted neighborhoods is legion.

Millions in back taxes owed by rich scofflaws for blight and back taxes went unpaid for years while the speculators did their dirty work. *Crain's Detroit Business* reported last month that Detroit finally filed nearly 600 lawsuits seeking a total of \$12.2 million in blight violation fines and unpaid property taxes by large landowners stemming from properties sold in the 2013 Wayne County tax foreclosure auction.

Their list of blight violators includes many of the biggest national and international banks such as Deutsche Bank, \$495,803.50, Wells Fargo Bank, \$302,534.50, J.P. Morgan Chase: \$210,190.

Dan Gilbert, billionaire owner of Quicken Loans, is said to have 60 office buildings downtown now in his empire of real estate bought on the cheap. For his part, Gilbert is asking the Detroit City Council for waivers from requiring that his housing properties that receive tax abatements contain "affordable" units. He wants to segregate "low-income" apartments built as part of any tax abatements granted away from units he builds to house the wealthy.

Even most of the low-income rents related to Michigan tax abatement building programs are beyond the reach of current city residents. ELI renters are often priced out of developer-friendly tax abatement programs where \$700 or more of the rental price eats up most of the monthly income of the many retirees, disabled, and minimum-wage and part-time workers in this group.

The judge in the ACLU case allowed a portion of the case to go forward, and negotiations on streamlining assistance programs are expected. There should be no illusions that the housing crisis and abject poverty that have led to a growth of homelessness in the US will be resolved in the courts or in deals with politicians beholden to big property interests.

The organization Detroit Eviction Defense, an affiliate of Moratorium Now, founded by the pseudo-left Workers World Party, has played a role in creating illusions in the courts as a venue to fight foreclosures and evictions. During the Detroit bankruptcy they covered up for the Democratic Party by claiming the source of the Detroit housing crisis was racism. This simply ignores the fact that a series of African American mayors and city council members have presided for decades over the social disaster in Detroit.

The *World Socialist Web Site* spoke to Ronda, who lost

her family home in Detroit. She said: "I lost my home and never knew anything about it until this guy came knocking on my door and said 'can I take some pictures?' And I said pictures of what? He said your home has been foreclosed. I told him I didn't know anything about the foreclosure—no one ever told me about it. I was on a payment plan. Though the value of the house went down, my yearly taxes actually went up.

"All this happened at the time I was drawing disability because I had been injured in a head-on car collision. I worked for the State of Michigan and Henry Ford hospital for a total of 18 years. For a long time I had kept up with the payment plan I got on the house.

"I went to the Department of Social Services to get help with the back taxes, the taxes that my uncle had owed. They could never find anything to get it out of his name so the taxes started to build up. The house had been in our family for three generations, since my great-uncle bought it. Some time after he passed, it went to me.

"The highest tax bill I received during this whole situation was \$4,000. DHS paid a thousand and I paid some of it. Then I was making payments, like maybe two hundred a month. When, at the suggestion of the city inspector who came to the house, I went to renew the hardship, they denied me the hardship.

"I say they denied me because to renew the hardship you have to pay half the back taxes. They did not extend my payment plan, but instead demanded that I come up with half the balance due before they would re-establish the hardship. Why would they do this?

"I watched the house online for awhile to see if I should try to get it back. The person from out of town who bought up all these houses was going out and reselling them for more than the back taxes owed. I was checking it everyday and saw the back taxes had gone down to \$1,000, but then they went back up because obviously the person who owned it was not paying them."

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