



**Moratorium NOW! Coalition**

**STREET DEMOCRACY**

May 12, 2015

Raymond Wojtowicz  
Wayne County Treasurer  
400 Monroe Ave.,  
Detroit, MI 48226

**Re: Moratorium on tax foreclosures of occupied homes in Wayne County**

Dear Treasurer Wojtowicz:

We, the undersigned organizations and individuals, call for an immediate moratorium on all tax foreclosures of occupied homes until your office can ensure that they are done fairly and in accordance with the law. We understand that Wayne County is facing substantial financial constraints. However, as set forth below, the current plan to foreclose on thousands of properties in Detroit on May 12, 2015,<sup>1</sup> will not only create an unprecedented human rights catastrophe, but it will actually undermine the County’s goal of increasing revenue through taxation. Moreover, the impending foreclosures—which stem, in large part, from excessive taxation on based on grossly inflated assessments—are illegal and violate Detroit residents’ constitutional rights.

**Carrying out the planned tax foreclosures will cause an unprecedented human rights catastrophe.**

By your own admission, Wayne County’s present foreclosure crisis is “unmatched in history.”<sup>2</sup> Initially, your office announced that it would foreclose on over 62,000 properties in

<sup>1</sup> Christine MacDonald et al., *Wayne County extends foreclosure deadline to May 12*, THE DETROIT NEWS (Mar. 31, 2015), <http://www.detroitnews.com/story/news/local/wayne-county/2015/03/31/wayne-county-property-tax-deadline/70722084/>.

<sup>2</sup> Lawrence, *supra*, note 4.

Detroit alone, constituting the single largest tax foreclosure in American history.<sup>3</sup> This plan threatened to displace as many as 100,000 residents, or one seventh of Detroit's population.<sup>4</sup> Days before the May 12 deadline, you alleged that the rolls had been reduced to 31,000 properties facing foreclosure, including 9,000 occupied homes.<sup>5</sup> Loveland Technologies estimates that 9,406 of the properties are occupied, which—despite the reduction—still translates into over 25,000 Detroiters losing their homes.<sup>6</sup> Foreclosing on occupied homes threatens to displace thousands of low-income Detroiters, the vast majority of whom are African-American. Detroit's population, which as of 2010 was 82.7% African-American, has faced a barrage of economic misfortunes, including job loss on a massive scale, population decline, city bankruptcy and emergency management. Additionally, African-American homeowners were disproportionately targeted for predatory mortgage lending, a practice that led to mass evictions and the economic meltdown of 2007–2008.<sup>7</sup>

Adding insult to injury, Detroit homeowners have been forced to pay taxes on inflated property values, while at the same time experiencing massive cuts in public services. Racially discriminatory predatory mortgage lending, combined with tax lien foreclosures based on inflated property values, have created a dire housing crisis. The crisis will lead to mass homelessness and displacement of Detroit's majority African American residents, if not corrected. The difference between the mortgage foreclosure crisis and the tax foreclosure crisis is that it is not big banks that are driving people out of their homes based on unfair and illegal practices—it is their own local government.

Detroit is already internationally infamous for creating a humanitarian crisis through the recent mass water shut-offs in homes of its destitute residents. Human rights groups from across the country and, indeed, across the globe, rightly condemned government officials in Detroit for depriving over 33,607 homes of access to safe drinking water and sanitation in 2014.<sup>8</sup> Absent a moratorium, the tax foreclosure crisis will bring more shame to our region.

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<sup>3</sup> Laura Gottesdiener, *Detroit Just Had the Single Largest Tax Foreclosure in American History*, MOTHER JONES (April 21, 2015), <http://www.motherjones.com/politics/2015/04/low-income-black-and-elderly-residents-detroit-isnt-city-rise-one-under-siege>.

<sup>4</sup> *Id.*

<sup>5</sup> Eric D. Lawrence, *31,000 properties in Wayne County face tax foreclosure*, DETROIT FREE PRESS (May 7, 2015), <http://www.freep.com/story/news/local/michigan/detroit/2015/05/07/wayne-county-properties-face-foreclosure/70988752/>.

<sup>6</sup> Estimate based on average persons per household (2009–2013). See U.S. Census Bureau: State and County QuickFacts (March 31, 2015), <http://quickfacts.census.gov/qfd/states/26/2622000.html>; Detroit: 2015 Tax Foreclosure, Loveland Technologies, <https://makeloveland.com/2015/MI/WAYNE/DETROIT> (last visited May 9, 2015).

<sup>7</sup> *Adkins et al. vs. Morgan Stanley*, AMERICAN CIVIL LIBERTIES UNION, <https://www.aclu.org/cases/racial-equality/adkins-et-al-vs-morgan-stanley> (last visited May 7, 2015).

<sup>8</sup> For example, Ms. de Albuquerque, UN special rapporteur on the human right to safe drinking water and sanitation, wrote: "I heard testimonies from poor, African-American residents of Detroit who were forced to make impossible choices - to pay the water bill or to pay their rent." *UN officials criticize Detroit's water shutoffs*, BBC NEWS (Oct. 20, 2014), <http://www.bbc.com/news/world-us-canada-29697767>; Ian Thibodeau, *After 33,607 water shut-offs in 2014, Detroit to focus on commercial accounts*, MLIVE (Mar. 17, 2015), [http://www.mlive.com/news/detroit/index.ssf/2015/03/businesses\\_next\\_up\\_for\\_detroit.html](http://www.mlive.com/news/detroit/index.ssf/2015/03/businesses_next_up_for_detroit.html).

Although we support working with owners to find sustainable solutions to save their houses from foreclosure, payment plans do not fix the structural inadequacies described below, nor do they address the underlying problem of over-assessment. Payment plans do not provide a remedy for taxpayers who have been over-paying property taxes for years, because the debts were grossly inflated in the first place, or because the low-income homeowner was entitled to but did not receive a poverty exemption from taxation. Moreover, payment plans that are unaffordable only mask and delay the problem. Detroit's recent experience with water shut-offs demonstrated that unaffordable payment plan "solutions" are doomed to fail. A recent study by ACLU of Michigan investigative reporter Curt Guyette demonstrated that of the 24,743 households placed into payment plans to avoid water shut-offs, today, only 300 are current with their bills.<sup>9</sup> As of February 2015, 73,457 residential customers were at least 60-days past due, putting 43% of Detroit homes at risk of service termination.<sup>10</sup>

Instituting a policy of mass foreclosures and the resulting homelessness would lead to a humanitarian disaster larger than the water crisis. In the past, the Wayne County Treasurer's Office under your leadership, suspended tax lien foreclosures on occupied properties, only targeting vacant parcels.<sup>11</sup> A moratorium on tax foreclosures is necessary and is supported by historical precedent. During the Great Depression, civic leaders took extraordinary measures to protect homeowners and residents, including implementing a moratorium on tax lien foreclosures.<sup>12</sup> Unemployment in the City of Detroit peaked at 25% in 2010, mirroring the national average during the Great Depression.<sup>13</sup> In your own words, Wayne County has been subjected to an "economic tsunami."<sup>14</sup> The City has not recovered from the recession and continues to be plagued by poverty. This unparalleled emergency requires immediate and decisive action. We implore you to once again embrace this wisdom and implement rational tax foreclosure policies that comport with the law and public policy.

**Carrying out the planned tax foreclosures on occupied homes is counterproductive and will undermine the county's interest in increasing revenues.**

Foreclosing on occupied homes in order to collect delinquent taxes is irrational, because it is counter-productive to the goal of raising revenue. Given the current housing market, there is

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<sup>9</sup> Curt Guyette, *With Detroit's water payment plan a massive failure, Mayor Duggan plans changes*, MICHIGAN DEMOCRACY WATCH BLOG (April 18, 2015), <http://www.aclumich.org/democracywatch/index.php/entry/with-detroit-s-water-payment-plan-a-massive-failure-mayor-duggan-plans-changes>.

<sup>10</sup> *Id.*

<sup>11</sup> Margaret Dewar et al., *Disinvesting in the City: The Role of Tax Foreclosure in Detroit*, URBAN AFFAIRS REVIEW (Oct. 2014), available at <http://uar.sagepub.com/content/early/2014/10/01/1078087414551717> ("The Treasurer suspended tax foreclosures on properties with occupied structures for several years in the mid-2000s.").

<sup>12</sup> During the 1930's, the State legislature utilized its emergency powers to pass the Mortgage Moratorium Act, Act No. 98, Pub. Acts 1933. The Act extended the redemption period during which homeowners could not have their property taken from them after foreclosure from six months, to 5 years.

<sup>13</sup> U.S. Dep't of Labor: Bureau of Labor Statistics, Local Area Unemployment Statistics (April 21, 2015), <http://www.bls.gov/lau/lacilg10.htm>.

<sup>14</sup> Lawrence, *supra*, note 4.

not sufficient demand to recover delinquent taxes through selling the properties at auction. Recent history has proven that the foreclosure auction is a woefully inept way to recover taxes in Detroit. During the last three years (2012–2014) the County was owed \$691 million in unpaid taxes, penalties and interest; however, the auctions only raised \$107 million, or 15%.<sup>15</sup> Displacing residents on a massive scale will only lead to more blight, which will further depress surrounding property values and destabilize neighborhoods. Based on a visual survey of Detroit properties, Loveland Technologies concluded that of the 58,000 blighted properties in Detroit, 50,000 of them were affected by tax foreclosure.<sup>16</sup> Tax foreclosure is a “conveyer belt out of the city,” which results in vacancy and blight.<sup>17</sup> As Mayor Duggan said, “we have to keep people in their homes—it’s really hard to stabilize the neighborhoods when you force people out through foreclosure.”<sup>18</sup>

Research shows that foreclosures greatly depreciate the value of surrounding properties, and that preventing blight in more intact areas can help maintain demand for property in that neighborhood.<sup>19</sup> During the last decade, property values have plummeted in Detroit, in part because the mortgage foreclosure crisis drove people from their homes, resulting in vacancy and blight.<sup>20</sup> By 2012, many homeowners who did not lose their property to mortgage foreclosure, were nonetheless in distress, because they owed more in property taxes, fees and interest than their houses were worth.<sup>21</sup> In short, instituting a policy of mass tax foreclosures of occupied homes now makes no sense from a policy perspective.

**A moratorium on tax foreclosures is necessary where the local government has violated its statutory duty to assess property values, leading to unwarranted taxes based on grossly inflated home values before the Great Recession.**

**Instituting a moratorium on tax foreclosures of occupied homes is not only the right policy decision; it is required as a matter of law. Michigan law obligates local assessing units to determine property values on a yearly basis in order to ensure that residents pay taxes based on the actual value of their home:**

**The legislature shall provide for the determination of true cash value of such property; the proportion of true cash value at which such property shall be uniformly assessed, which shall not, after January 1, 1966, exceed 50 percent; and for a system of equalization of assessments.**

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<sup>15</sup> *A Hurricane Without Water: The 2015 Tax Foreclosure Crisis in Detroit*, LOVELAND TECHNOLOGIES (Jan. 15, 2015), <https://www.youtube.com/watch?v=zi6uoRNtVyQ&feature=youtu.be>.

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

<sup>18</sup> Bill Laitner, *Tax-foreclosure crisis looming as lawmakers set to act*, DETROIT FREE PRESS (Nov. 29, 2015), <http://www.freep.com/story/news/local/michigan/wayne/2014/11/29/detroit-wayne-county-property-tax-foreclosures-evictions-bills-interest-mike-duggan-rick-snyder-evictions/19639265/>.

<sup>19</sup> Dewar, *supra*, note 11.

<sup>20</sup> *Id.* at 11 (“More than 63,000 Detroit properties went through mortgage foreclosure [between 2005 and 2011], equivalent to more than one-fourth of the habitable residential structures in the city in 2009”).

<sup>21</sup> *Id.*

**M.C.L. § 211.10(1).**

**An assessment of all the property in the state liable to taxation shall be made annually in all townships, villages, and cities by the applicable assessing officer as provided in section 3 of article IX of the state constitution of 1963 and section 27a.**

**Mich. Const. Art. IX, § 3.**

**However, it is undisputed that the City of Detroit has not complied with this statute in years and, as a result, residents have been taxed on grossly inflated home values from before the Great Recession.<sup>22</sup> As of 2013, an estimated 47% of Detroit's taxable properties had delinquent taxes due, in part, to over-assessment of property value.<sup>23</sup> As the Detroit News reported, "Houses selling for about \$2,300 were valued by the city at \$42,000, more than 18 times their selling price, and some that went for \$12,500 were pegged at \$62,000 by the city . . . Even homes selling for less than \$100 were valued at nearly \$46,000."<sup>24</sup>**

**The problem is compounded by the fact that homeowners are penalized with fines and usurious interest rates when they are unable to pay the tax bills that are based on unrealistic assessments of the value of their property.<sup>25</sup> It has reached a point where the owed taxes often exceed the actual value of the home.<sup>26</sup>**

Mayor Duggan acknowledged that Detroit property values were grossly inflated when he announced his initiative for citywide reassessment: "For years homes across the city have been over assessed. . . If we are going to make Detroit a place that people will choose to live in, we have to make sure that our property assessments and our taxes are in alignment actual values, and we are doing that."<sup>27</sup> Although City initiatives to reassess property values in the future should be applauded, they do nothing to help thousands of residents in danger of being displaced by foreclosure this year because of inaccurate assessments in the past. Given the fact that the City has failed to comply with its legal duty to reassess home values on an annual basis, a moratorium on tax foreclosures must be implemented until there is a fair assessment of what residents' actual tax bill should have been.

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<sup>22</sup> Christine MacDonald, *Detroit's property tax assessments are inflated, experts say*, THE DETROIT NEWS (Feb. 21, 2013), <http://www.detroitnews.com/article/20130221/METRO01/302210393>; Bill Bradley, *Detroit Finally Reassessing Inflated Property Values*, NEXT CITY (Sept. 5, 2013), <http://nextcity.org/daily/entry/detroit-finally-reassessing-inflated-property-values>; *Detroit to slash property tax assessments by 5% to 10%, mayor's office says*, DETROIT FREE PRESS (Jan. 27, 2014), <http://archive.freep.com/article/20140127/NEWS01/301270081/Duggan-property-tax-assessments>.

<sup>23</sup> Dewar, *supra*, note 11, at 11.

<sup>24</sup> MacDonald, *supra* note 22.

<sup>25</sup> Dewar, *supra*, note 11, at 11.

<sup>26</sup> *Id.* ("In a census tract with weak demand for property, 40% of a random sample of residential properties sent to the auction in 2012 owed more in taxes, fees, and interest than the city assessor said their property was worth, even though the assessments were widely considered too high.")

<sup>27</sup> *Most Detroit Homeowners to See Property Assessment Adjustments this Summer*, City of Detroit (Jan. 28, 2015), <http://www.detroitmi.gov/News/ArticleID/24/Most-Detroit-Homeowners-to-See-Property-Assessment-Reductions-This-Summer>.

**A moratorium on tax foreclosures is necessary where thousands of Detroit residents will lose their homes even though they qualify for a poverty tax exemption under Michigan law.**

Thousands of people in danger of tax foreclosure are entitled under state law to claim an exemption that excuses them from paying property taxes. M.C.L. § 211.7u.<sup>28</sup> An individual who occupies the property in question as a principal residence, and meets the federal poverty guidelines, qualifies for the exemption.<sup>29</sup> Forty percent of Detroiters, including 60% of children, are living below the federal poverty level,<sup>30</sup> and therefore should be eligible for this exemption.

However, the City has made the process of applying for the exemption so difficult that only a fraction of the homes qualifying for the exemption receive it. Principally, many residents are not even aware of the exemption. They are not sent information about the exemption, nor is it included in their tax bill. Even if they know about the exemption, the City has created a cumbersome two-step process to obtain the exemption. First, an individual must travel downtown to City Assessor's office and appear in person to complete preliminary forms simply to have a full application mailed to them. Travel is very difficult for many qualifying individuals, especially those who are elderly or have disabilities, and public transportation in Detroit is unreliable at best. In comparison, many cities, such as Flint, Grand Rapids, Kalamazoo and Lansing, have made the application available online.<sup>31</sup> In the past, Detroit also made the applications widely available at neighborhood city halls, libraries and community services offices. Detroit's mandate that individuals appear personally to pre-apply for the application materials imposes an unnecessary barrier to obtaining the exemption.

Also, contrary to state law, the eligibility guidelines for the pre-screening process are not made available to the public.<sup>32</sup> Additionally, not all qualifying applicants who "pre-apply" in person actually receive the full application in the mail. Those who receive an application are required to return it to the City in as little as a few days. The multi-page application requires residents to, among other things, report and to provide written documentation of their all income,

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<sup>28</sup> M.C.L. 211.7u(1) provides, in part, "the principal residence of persons who, in the judgment of the supervisor and board of review, by reason of poverty, are unable to contribute toward the public charges is eligible for exemption in whole or in part from taxation under this act."

<sup>29</sup> *Id.*

<sup>30</sup> U.S. Census Bureau: State and County QuickFacts (March 31, 2015), <http://quickfacts.census.gov/qfd/states/26/2622000.html>; John Wisely & Kristi Tanner, *Michigan incomes rise 1.7%, poverty levels remained unchanged*, DETROIT FREE PRESS (Sept. 18, 2014), <http://www.freep.com/story/news/local/michigan/2014/09/18/michigan-incomes-rise/15803079/>.

<sup>31</sup> *Assessment forms available to download*, City of Flint, <https://www.cityofflint.com/2015/04/23/assessment-division-available-forms-2/> (last visited May 8, 2015); *Real Property Tax Exemption Application*, City of Grand Rapids, <http://grcity.us/treasury/Assessor/Documents/PovertyExemptionApplication2015.pdf> (last visited May 8, 2015); *City Assessor*, The City of Kalamazoo, <http://www.kalamazoocity.org/departments/management-services/assessors> (last visited May 8, 2015); *Instructions for Poverty Exemption*, City of Lansing, [http://www.lansingmi.gov/media/view/2014\\_HARDSHIP\\_APPLICATION\\_ALL/6288](http://www.lansingmi.gov/media/view/2014_HARDSHIP_APPLICATION_ALL/6288) (last visited May 8, 2015).

<sup>32</sup> M.C.L. 211.7u(4).

assets, and expenses, and attach the prior year's tax returns and the report cards of every minor child in the household. The application must be notarized, and if it is not perfect, the City will reject it.

This convoluted process for receiving an exemption must be repeated annually, and places a particularly high burden on the elderly and disabled individuals. It is no wonder that just a fraction of those eligible for the exemption are able to successfully negotiate the bureaucracy and receive it. Predictably, when homeowners who are poor enough to qualify for an exemption do not receive the exemption, they receive a tax bill that they are unable to pay. And, when they do not pay the tax bill, they are hit with penalties and increased interest rates that make the likelihood of paying off their tax debt low.

We strongly urge you to take immediate action to alert residents to the availability of the tax exemption. Accordingly, we call upon you to implement a moratorium on foreclosures until your office can recalculate the tax bills to account for the homeowners who have been eligible for tax relief under state law, but did not receive it. Homeowners should not be foreclosed upon for taxes that they never should have been required to pay.

**A moratorium on tax foreclosures is necessary where more time is needed to implement new Michigan Laws and federal programs intended to provide relief for those who face foreclosure.**

The Treasurer's office should implement a moratorium on tax lien foreclosures, because there has not been sufficient time to implement a new state law, enacted in December of 2014, to keep families in their homes and prevent foreclosures. Public Acts 499–502 of 2014. The legislation garnered bipartisan support in response to the looming foreclosure crisis. Governor Rick Snyder signed the legislation, stating, "Helping homeowners overcome financial hardship and meet their legal responsibilities will help keep families in their homes in a responsible way, lessen the number of vacant buildings and improve public safety while generating tax dollars to provide vital services to city and county residents. Developing a more transparent foreclosure system also ensures previously foreclosed property does not return to the hands of delinquent taxpayers."<sup>33</sup>

The new statute provides local governments with tools to help distressed homeowners. The new laws grant you the discretion to reduce interest on back taxes from 18% to a more manageable 6%, to cap the amount of taxes owner-occupants owe, and to provide a 60-month payment plan for delinquent taxes. Unpaid taxes can be capped at half of the State Equalized Value (SEV) of the home, meaning that Wayne County can waive delinquent property taxes so that the owner does not owe more than 25% of the value of the property. As you prudently recognized, "while the interest rate serves as an important incentive to pay taxes in stable communities, that same interest rate drives people from their homes in our more economically

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<sup>33</sup> Press Release, Governor Rick Snyder, Gov. Rick Snyder signs legislation to keep families in home, prevent foreclosure, *available at* <http://www.michigan.gov/snyder/0,4668,7-277-57577-345331--,00.html>.

challenged neighborhoods."<sup>34</sup> We strongly advise that you issue a moratorium to allow more time to implement these measures, which you strongly supported.<sup>35</sup>

In addition, the federal government has recognized the dire need of the housing situation in Michigan by granting the state \$498 million in Helping Hardest Hit funds “to help Michigan take a step forward through a comprehensive, statewide strategy that is aimed to help homeowners who are at high risk of default or foreclosure.”<sup>36</sup> Yet, five years into the program only \$188 million has reached homeowners, and \$175 million has been reallocated to blight removal projects.<sup>37</sup> Deputy Treasurer Szymanski credited the program with helping more than 5,000 families in Wayne County.<sup>38</sup> A moratorium would allow time to modify the eligibility requirements and release more of the Hardest Hit funds to help homeowners in need, as the program was originally intended.

### **A moratorium on tax foreclosures is necessary in order to prevent violations of the United States Constitution.**

The announced tax foreclosures raise serious constitutional problems under the Due Process and Takings Clauses of the U.S. Constitution.

**Due Process.** The Fourteenth Amendment to the U.S. Constitution forbids government entities from depriving a person of “life, liberty, or property, without due process of the law.” U.S. Const. Amend. XIV. At a bare minimum, the Due Process Clause requires that individuals have notice and an opportunity to be heard before the state can deprive them of property interests. *Mullane v. Cent. Hanover Bank & Trust Co.*, 339 U.S. 306, 313 (1950).

The planned foreclosures would violate the Due Process Clause in at least three ways. First, homeowners have a state-created property interest in not paying taxes in excess of the accurate value of the home, as measured by annual assessments. However, the homeowners have not received an accurate annual assessment in years, because the local government has completely abdicated its duty to reassess the home values.

Second, even if proper notice was afforded, the current process for challenging an improper assessment is woefully inadequate. Currently, Detroit residents are given a mere two-

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<sup>34</sup> Laitner, *supra*, note 18.

<sup>35</sup> Lawrence, *supra*, note 4 (“With the assistance of Detroit Mayor Mike Duggan we were able to convince legislature to address many of the problems created by the economic tsunami that hit Wayne County over the last seven years. The new legislative programs are helping stabilize our communities and keep people in their homes.”).

<sup>36</sup> *Helping Michigan’s Hardest Hit Homeowners*, Step Forward Michigan, <https://www.stepforwardmichigan.org/> (last visited May 5, 2015).

<sup>37</sup> Press Release, Governor Rick Snyder, Gov. Rick Snyder announces \$75 million in federal funding to fight blight in 12 cities (Oct. 10, 2014), [http://www.michigan.gov/snyder/0,4668,7-277-57577\\_57657-339145--,00.html](http://www.michigan.gov/snyder/0,4668,7-277-57577_57657-339145--,00.html).

<sup>38</sup> Lawrence, *supra*, note 4.



week time period in February to challenge their assessment before the Board of Review. Even if the homeowner is able to meet this short deadline, the appeals are almost always unsuccessful, because of faulty methods used by the Board of Review to assess values. Rather than looking at recent, post-Great Recession sales of comparable homes in the neighborhood and other accepted methods of assessment, the Board simply points to other grossly-inflated assessment values in the neighborhood.<sup>39</sup> So, even though it is broadly accepted that house assessments are inflated and that homes are actually worth a fraction of the tax-assessed value, a homeowner cannot obtain tax relief through the city's defective appeal system.

Third, as referenced above, poverty-stricken homeowners who meet federal guidelines, have a state-created property interest in being exempted from having to pay taxes. However, the City has created such a convoluted, complicated process for applying for the exemption, that a low percentage of qualifying individuals have been able to take advantage of the exemption. The government, by making residents jump through unnecessary and high hoops, has created a process that effectively deprives individuals of their rights.

**Takings Clause.** The Fifth Amendment of the United States Constitution forbids the government from taking private property for public use without just compensation. U.S. Const. Amend. V. This provision, commonly referred to as the Takings Clause, “was designed to bar Government from forcing some people alone to bear public burdens which, in all fairness and justice, should be borne by the public as a whole.” *Armstrong v. United States*, 364 U.S. 40, 49 (1960). Yet, that is exactly what is happening to the majority of the Detroit residents facing tax foreclosure. By grossly over-assessing the property values in certain Detroit neighborhoods and taxing those property owners based on the inflated value, Detroit is, in effect, levying an additional tax burden on those residents that is not shared by new homeowners moving into the city who pay taxes on the actual price paid for the house, not some inflated assessment. Thus, instead of allowing the residents facing foreclosure to pay their fair share of property tax to support the county services they receive, these residents are forced to pay an additional “neighborhood tax” without receiving any additional benefits. This is an unconstitutional taking under the guise of taxation. *See Village of Norwood v. Baker*, 172 U.S. 269, 279 (1898).

We recognize that planners and elected officials are trying to implement a master plan for the future of Detroit called the “Detroit City Future Strategic Framework.” *See <http://detroitfuturecity.com>*. Under this plan, the government will focus its resources on select areas of the city with the goal of withdrawing services from other parts of the city and letting it become open space. Despite the government's desire to remove homes from what it designates as less desirable parts of the city, the Constitution clearly prevents the government from taking houses from Detroiters outright. Similarly, the government may not constitutionally take a home from a family by forcing the family out through excessive taxation.

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Fortunately, this impending foreclosure crisis, which could lead to mass displacement and homelessness of a significant portion of Detroit's population, is fully preventable. As the

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<sup>39</sup> Dewar, *supra*, note 11 at 12.

Wayne County Treasurer, you have the discretion to suspend foreclosures on occupied houses, and you have done so in the past. Given the deficiencies of the current system, a moratorium is the only just and legal course of action. Taxpayers should not be punished for the inadequacies, omissions and failures of local government. The people of Detroit have suffered enough. Therefore, we the undersigned, urge you to use your discretion to implement a moratorium on occupied houses in Wayne County, until (1) homeowners' tax bills can be recalculated based on the accurate assessment of the home's value over the years that Detroit abdicated it's legal duty to assess the property; (2) your office takes into account the years that homeowners were eligible for the poverty tax exemption, and (3) your office has sufficient time to implement the Michigan statute enacted in December to prevent foreclosures.

Very truly yours,



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