



June 14, 2018

Moratorium Now Coalition
Michael Shane
5920 Second Avenue
Detroit, MI 48202

Dear Mr. Shane:

Thank you for your written request and your presentation to our MSHDA Board suggesting changes to Michigan's Hardest Hit program parameters. As you are fully aware our goal is to provide funding to eligible homeowners to prevent foreclosures and to facilitate the elimination of blight through targeted demolition to aid economic growth and increase property values in communities across the state. As of the end of March 2018, we have funded over \$500 million for both efforts and we have active pipelines with commitments for another \$70 million.

Over the last 8 years we have modified our Step Forward program based on homeowner needs to increase household assistance, expand eligibility criteria to assist more families, allow the payment of delinquent property taxes stopping the next wave of foreclosures and to assist with loan modifications. Our core eligibility criteria are the property must be owner occupied, located in the state of Michigan, owner must have had a qualified hardship and be sustainable going forward to continue to be a homeowner. We have worked closely with U.S. Treasury and our Hardest Hit team to expand and strengthen our program with the main goal of increasing assistance to struggling homeowners.

We will begin to address each of your requests in the order they were presented to us:

- **Hardest Hit funds to be provided to the City of Detroit to purchase any occupied home scheduled for tax foreclosure auction and eviction this fall.**

During the last five years our HHF staff have worked very closely with the Wayne County Treasurer's office to complete special mailings to all delinquent clients; attendance at all tax delinquency fairs and other forms of outreach to all tax delinquent clients. We encourage all tax delinquent homeowners to apply at www.stepforwardmichigan.org for assistance. We are also working closely with the City of Detroit and non-profits in Wayne County to channel clients to our program.

The services we currently have established through the Step Forward program meet your request of aiding delinquent tax homeowners and as of the end of May 2018 in Wayne County we have provided over \$61 million for delinquent property taxes.

- **\$1 million be allocated to a program for approved non-profits to inspect homes and provide counseling.**

Michigan Homeowner Assistance Nonprofit Housing Corporation (MHA) is acting through the Michigan State Housing Development Authority

Michigan Homeowner Assistance Nonprofit Housing Corporation (MHA)

Step Forward Michigan

PO Box 30632 • Lansing, MI 48909-8132

Phone (866) 946-7432 • Fax (517) 636-6170

www.stepforwardmichigan.org



Step Forward Michigan program is offered by the Michigan Homeowner Assistance Nonprofit Housing Corporation in collaboration with the Michigan State Housing Development Authority.





Helping Michigan's Hardest-Hit Homeowners

This request for property inspections is not directly tied to an applicant being reviewed for assistance in the Hardest Hit program and appears to be more generally used for inspections on all properties. U.S. Treasury and our office would not view this as an eligible administrative cost. MSHDA currently provides limited counseling dollars to MSHDA approved agencies that can be used for foreclosure counseling. Each of these agencies must apply annually for this funding. These same counseling offices can assist struggling homeowners through the Step Forward on line application process.

- **Hardest Hit assistance to homeowners that are eligible for re-assessment of property taxes or who are eligible for a poverty tax exemption.**

Michigan reached out to U.S. Treasury the administrator of the HHF program, to inquire if we could adjust our eligibility guidelines to add a stand-alone hardship such as less than 60% of Michigan's median income limit (\$31,495) and use that to determine if an applicant is eligible for HHF assistance to pay delinquent property taxes. Treasury advised us that it could be used in conjunction with another eligible hardship event but not as a stand-alone eligibility guideline. We believe many Wayne County/Detroit residents would meet our existing criteria and we can consider their permanent low income as a contributing factor. They must apply online for this assistance.

As to the request for assistance with re-assessment of property taxes as the hardship, we previously provided feedback on this in January 2018. There is a long-established, carefully prescribed and judicially vetted appeal process for such assessments and we believe that if HHF determined that any tax delinquency was the result of an unconstitutional assessment process it would improperly circumvent that appeal process.

- **Additional funds to be set aside to provide for a zero- interest home repair revolving loan fund.**

Many years ago, discussions were had with U.S. Treasury addressing this topic and again the main purpose of the Hardest Hit funds were to aid in stopping foreclosures. This proposed loan fund may be desperately needed in many communities however, it cannot be directly tied to foreclosures.

- **Allocate funds to pay delinquent water bills for families whose water bills exceed the 2.5% income guidelines.**

Our current foreclosure prevention program guidelines require us to assist on a transaction that could cause foreclosure, i.e.: delinquent mortgage payments and/or delinquent property taxes. Water bills by themselves will not cause a foreclosure, however if the bill is filed as a special assessment on the property we can then assist with payment. This is currently happening in many of our communities across Michigan and no new requests are required through U.S. Treasury.

To date we have provided over \$177 million statewide in mortgage assistance, \$97 million in tax assistance, \$372 thousand in delinquent association fees, and \$238 million in blight elimination yet our work is not done. We currently have \$32 million in remaining uncommitted funds that we can continue to use for mortgage and tax assistance. Blight awards have already been committed to cities and communities across the state and cannot be reassigned to new programs. We will continue to reach out to struggling homeowners through marketing, housing fairs, social or digital media campaigns and using our expansive housing education partners. The Hardest Hit

Michigan Homeowner Assistance Nonprofit Housing Corporation (MHA) is acting through the Michigan State Housing Development Authority

Michigan Homeowner Assistance Nonprofit Housing Corporation (MHA)

Step Forward Michigan

PO Box 30632 • Lansing, MI 48909-8132

Phone (866) 946-7432 • Fax (517) 636-6170

www.stepforwardmichigan.org



Step Forward Michigan program is offered by the Michigan Homeowner Assistance Nonprofit Housing Corporation in collaboration with the Michigan State Housing Development Authority.





Helping Michigan's Hardest-Hit Homeowners

program in collaboration with MSHDA are committed to use these funds in the most meaningful responsible manner.

While we have carefully reviewed and contemplated your written request, we believe that the programs currently in place will aid homeowners with tax foreclosures and keep many households in their homes.

Please contact our office if you have any further questions or would like to further discuss your request.

Sincerely,

Mary Townley
Director of Homeownership/VP of Michigan Homeowner Assistance
Nonprofit Housing Corporation
MSHDA
(517) 373-6864
Townleym1@michigan.gov

Cc: Poleski, Earl
Moseng, Will

Michigan Homeowner Assistance Nonprofit Housing Corporation (MHA) is acting through the Michigan State Housing Development Authority

Michigan Homeowner Assistance Nonprofit Housing Corporation (MHA)

Step Forward Michigan

PO Box 30632 • Lansing, MI 48909-8132

Phone (866) 946-7432 • Fax (517) 636-6170

www.stepforwardmichigan.org



Step Forward Michigan program is offered by the Michigan Homeowner Assistance Nonprofit Housing Corporation in collaboration with the Michigan State Housing Development Authority.