

Public Policy Memo: The City of Detroit and Wayne County Need a Homeowner-
ForwardProperty Tax Solution
By Ryan Haas

The City of Detroit and Wayne County have endured a property tax crisis for approximately 15 years. The housing market crash of 2008 saw the average value of a Detroit home to fall from \$80,000 to \$25,000 from 2008 to 2010 [1]. After the drop in value, Wayne County, not wanting to lose revenue, assessed properties at over 50% of market value, an act that is illegal according to the Michigan constitution [2]. Because of these illegal assessments, property tax foreclosures in the city and surrounding area skyrocketed. According to the University of Michigan's Poverty Solutions, "From 2005 to 2015 ... nearly half of all residential properties in the city experienced mortgage or tax foreclosure"[3]. While foreclosures have cooled off in recent years, there is fear they will begin to climb again because of a backlog created when the county suspended foreclosures due to COVID-19. This crisis has created a pervasive need for property tax assistance. Detroit's response to this is a program called the Homeowner's Property Exemption (HOPE), which allows homeowners to become exempt from paying property taxes, either 100%, 50%, 25% or 10% rate depending on the homeowner's income. The issue is the income levels necessary to receive these exemptions. According to the city, the income level that a household of four must meet in order to qualify for the full exemption is \$28,860 [4]. For many homeowners, these income requirements mean that even if they are granted a partial exemption, they still have difficulty paying their taxes because of living expenses. There is a need for a reassessment of the City of Detroit's property tax exemption program income guidelines so homeowners qualify at an exemption level that allows them to stay in their homes while allowing them to cover their other expenses.

Sources:

[1] Atuahene, B. (February 2020) Predatory Cities, *California Law Review* VOLUME 108 NO. 1

[2] Atuahene, B. (2021, January 8). Unjust property tax assessments still burden some Detroit homeowners . *Detroit Free Press*.

[3] Akers, J. & Seymour, E. (October 2019) Stopping The Eviction Machine in Detroit. *University of Michigan Poverty Solutions*

[4] City of Detroit (2023). Homeowners Property Exemption (HOPE). detroitmi.gov. Retrieved March 15, 2023, from <https://detroitmi.gov/government/boards/property-assessment-board-review/homeowners-property-exemption-hope>