

MEMORANDUM

TO: Working Group on Compensation for Illegal Property Tax Assessments
FROM: Coalition to End Unconstitutional Tax Foreclosures
DATE: January 13, 2020
SUBJECT: Report on Potential Compensation Legislation

The purpose of this memo is to discuss the problem of unconstitutional property tax assessments, corresponding tax foreclosures, and a summary of the working group's discussions and research about how to equitably compensate Detroit residents impacted by illegal tax assessments. Compensation options for tax foreclosure claimants will not compete with existing resources but will instead extend benefits in existing programs to compensate claimants.

The foundational principle underpinning this memo is that unconstitutional property tax assessments and the corresponding tax foreclosure crisis constituted a dignity taking, which is involuntary property loss accompanied by dehumanization or infantilization.¹ Since homeowners lost more than mere bricks and mortar, a robust remedy, called dignity restoration, is required. This involves compensation for property loss in way that honors the agency and worth of each person and aims to make people and the city whole again. That is, dignity restoration puts dispossessed individuals and communities in the driver's seat, allowing them to determine how they are made whole.

I. Unconstitutional Property Tax Assessments in Detroit

Between 2009-2015, the City of Detroit assessed 53 to 84 percent of its homes in violation of the Michigan Constitution and supporting laws, which state that no property shall be assessed at more than 50 percent of its market value.² This led to illegally inflated property taxes that many homeowners could not afford to pay, resulting in the Wayne County Treasurer confiscating their homes at historic rates.³

The magnitude of Detroit's property tax foreclosure crisis is immense. Between 2011-2015, the Wayne County Treasurer foreclosed on about 100,000 Detroit properties.⁴ Given there are about 385,000 properties in the City, that means almost one in four properties completed the property

¹ Bernadette Atuahene, *Dignity Takings and Dignity Restoration: Creating a New Theoretical Framework for Understanding Involuntary Property Loss and the Remedies Required*, 41 Law & Soc. Inquiry 796 (2016).

² Mich. Const. art. IX, § 3 ("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"); Mich. Comp. Laws § 211.27a(1); *Great Lakes Div. of Nat'l Steep Corp. v. City of Ecorse*, 576 N.W.2d 667, 672 (Mich. Ct. App. 1998).

³ See Bernadette Atuahene & Timothy R. Hodge, *Stategraft*, 91 S. Cal. L. Rev. 263, 266 (2018).

⁴ *Id.* at 266-67.

tax foreclosure process during this five year period.⁵ When considering only residential properties with a structure, approximately 30 percent completed the tax foreclosure process during this period.⁶ Americans have not witnessed such massive numbers of property tax foreclosures since the Great Depression. In recent years, foreclosure levels have dropped slightly—Wayne County auctioned about 50,000 Detroit properties between 2015-2018—but these rates are still exceptional.⁷

Property tax foreclosures are the result of delinquent property tax bills. Authorities calculate property tax bills by multiplying the taxable value of a property (minus any exemptions) by the property tax rate. Consequently, if assessed values are inflated, the property tax bills will also be overstated. On several occasions, Mike Duggan has admitted that the City of Detroit is over assessing its residents.⁸ One study, covering the period 2009-2015,⁹ found that Detroit is not only over assessing its residents, but it is doing so in violation of the Michigan Constitution, which states that the property value divided by its market value cannot exceed 0.5.¹⁰

More importantly, this study found that while the City assessed higher-valued properties at or even below this constitutionally permitted limit of 0.5, it assessed lower-valued properties significantly in excess of the limit.¹¹ For instance, in 2009, the Office of the Assessor, on average, assessed the lowest valued properties at levels eighteen times larger than the constitutionally permitted assessment to market value ratio of 0.5 (meaning that properties were assessed at 9.02 times their market value), it assessed middle-value properties at two times more than the permitted limit (1.00), and it assessed the highest valued properties below the permitted limit (0.38).¹² The burden of this unconstitutional practice, therefore, falls on vulnerable populations who are least able to carry it. African Americans and low-income households are most acutely affected. A study shows that unconstitutional tax assessments and property tax foreclosures occur at a significantly higher rate in Wayne County's predominately African American cities than in its predominately white ones.¹³

In another study, scholars examined all residential properties in Detroit sold between 2009 and 2013 and found that—controlling for purchase price, location, and time-of-sale—10 percent of these homes would not have gone through tax foreclosure but for illegally inflated tax

⁵ *Id.*

⁶ See Bernadette Atuahene & Christopher Berry, *Taxed out: Illegal Property Tax Assessments and the Epidemic of Tax Foreclosures in Detroit*, 9 U.C. Irvine L. Rev. 847, 850, Fig. 1 (2019).

⁷ E-mail from Jerry Paffendorf, CEO and Co-founder of Loveland Technologies (Nov. 28, 2018, 11:59 AM) (on file with the author) (data obtained through FOIA requests from Wayne County).

⁸ See Mayor Mike Duggan, *New Property Assessment Reductions*, YouTube (Jan. 28, 2015), <https://www.youtube.com/watch?v=OB4WiRUJzzg> (“As I said when I was campaigning, I felt like the assessments in this city were higher than the actual sales price that people could sell their house for”).

⁹ Atuahene & Hodge, *supra* note 3.

¹⁰ Mich. Const. art. IX, § 3.

¹¹ See Atuahene & Hodge, *supra* note 3 at 288.

¹² *Id.*

¹³ Bernadette Atuahene, *Our Taxes are Too Damn High: Institutional Racism, Property Tax Assessments, and the Fair Housing Act*, 112 N.W. L. Rev. 1455 (2018).

assessments.¹⁴ Additionally, since the Office of the Assessor over assessed lower-priced homes at a greater frequency and magnitude than higher priced homes, the authors estimated that 25 percent of tax foreclosures among homes in the bottom price quintile (less than \$9,000 in sale price) were due to unconstitutional property tax assessments.¹⁵ The empirical evidence resolutely indicates that Detroit's unrivaled property tax foreclosure rates are illegitimate. To make matters worse, many of these homeowners were not even supposed to be paying property taxes in the first place because they lived below the federal poverty threshold and hence qualified for the Poverty Tax Exemption (PTE).¹⁶

The City of Detroit have worked with other state actors to address the tax foreclosure crisis in Detroit. For example, the City provided residents the option of enrolling in a reduced interest payment plan to aid in paying back taxes,¹⁷ provided additional time for individuals to pay back taxes for 2013,¹⁸ and provided financial assistance from the State Department of Human Services to pay all taxes through the State Emergency Relief Program.¹⁹ Additionally, the City has funded and supported many of the City programs discussed below in Part IV in the compensation options section and has partnered with funders to implement local programs discussed below in Part V.

II. The Working Group's Purpose and Process

The Coalition to End Unconstitutional Tax Foreclosures was founded in 2017 to address the illegality and severity of the property tax foreclosure crisis in Detroit. Coalition members include concerned citizens, activists, and community organizations, such as Bridging Communities, Central Detroit Christian, Street Democracy, Community Development Advocates of Detroit, Detroit Justice Center, Dream of Detroit, Detroit Jews for Justice, Good Jobs Now, Detroit Action Commonwealth, We the People of Detroit, MACC Development, Neighbors Building Brightmoor, and Loveland Technologies. The Coalition's work is centered around three primary objectives: (1) ending unconstitutional property tax assessments in Detroit; (2) providing compensation to Detroiters impacted by illegal foreclosures, and (3) stopping owner-occupied homes from being foreclosed upon until the legality of the assessments can be verified.²⁰

As part of the second objective, City Council President Pro Tem Mary Sheffield worked with the Coalition to convene a working group to explore whether it is possible to create legislation that would provide people who were subject to unconstitutional tax assessments and then property tax foreclosure between 2009-2017 a path towards healing through compensation. This working group formed in the spring of 2019 to research, discuss, and evaluate potential

¹⁴ Atuahene & Berry, *supra* note 6.

¹⁵ *Id.*

¹⁶ 40 percent of Detroit residents live below the federal poverty line. See *Community Facts*, U.S. Census Bureau, https://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml (last visited Sept. 21, 2019).

¹⁷ *Avoid Property Tax Foreclosure*, City of Detroit Office of the Assessor, <https://detroitmi.gov/departments/office-chief-financial-officer/ocfo-divisions/office-assessor/avoid-property-tax-foreclosure> (last visited Oct. 21, 2019).

¹⁸ *Id.*

¹⁹ *Id.*

²⁰ *About Us*, Coalition to End Unconstitutional Tax Foreclosures, <https://www.illegalforeclosures.org> (last visited Sept. 21, 2019).

compensation options for Detroit residents impacted by the epidemic of unconstitutional property tax assessments and the resulting tax foreclosure crisis. When necessary, working group members initiated additional sub-meetings with other city departments to follow up on specific questions that arose around capacity, administration, and financing.

The working group consisted of representatives of the following agencies: City Council President Pro Tem Sheffield and District 5 policy analysis division, Corporation Counsel, Legislative Policy Division, Housing and Revitalization Department, Detroit Land Bank Authority, Cass Community Social Services, Southwest Economic Solutions, and the Coalition to End Unconstitutional Tax Foreclosures. The topics of discussion are as follows:

- Introductions, research presentations on unconstitutional property tax assessments, and planning (May 2019)
- In-Kind Compensation Options (June 2019)
- Eligibility and Administration (July 2019)
- Funding (August 2019)
- Community Outreach and Input (September 2019)
- Review and Approval of Final Memo (October 2019)

III. Compensation Administration and Eligibility

The working group recommends that, with community oversight, one existing city department take a leadership role in determining compensation eligibility and administering benefits (the “Department”). The Housing and Revitalization Department of the City of Detroit (HRD) could be the main organizing body for this compensation program. In the event HRD cannot fulfill this task, a non-profit organization could fill this role. Since the key to dignity restoration is providing dispossessed individuals and communities with the power to decide how they are made whole, the Department should allow claimants to select from a menu of options. Like a quarterback, the Department will pass the request on to the relevant compensation partner (see Section IV below), but also make sure the task is completed.

To determine eligibility, the Department will reach out to homeowners who the data show are eligible and also create an application process that allows homeowners to self-identify. The Department will need to verify, at the minimum, that 1) Between 2008-2017, the Assessor’s Office assessed the claimants’ property in violation of the Michigan Constitution, 2) Claimant was the owner-occupier of the home at the time, and 3) Wayne County Treasurer’s Office foreclosed on their home for non-payment of property taxes. The estimated number of potential claimants:

- 98,820: Homes foreclosed between 2008-2017
- 54,351-83,997: Number of these homes which were assessed in violation of the Michigan Constitution (55%-85% of total residential properties, according to research)
- 10,870-33,598: Since rough estimates suggest that about 20-40% of properties in Detroit are owner-occupied, this is the final estimate of claimants.

The working group would like to prioritize certain sub-populations within this larger group of eligible claimants. This could include people who are living at or below the federal poverty level, people who currently do not own property, people who currently reside in Detroit despite foreclosure, people who were long-time Detroit residents prior to tax foreclosure, people foreclosed on while eligible for HPTAP/PTE during 2008-2017 (that is, people not covered by the *Morningside* settlement). The prioritization could include offering a different menu of compensation options, expediting application reviews, etc.

Next steps:

- Community oversight—Determine what community oversight will look like
- Identification through data—Gather lists of foreclosed Detroit houses for each year and agree on process of proving over-assessment
- Identification logistics—Research firms that locate people for class action settlements
- Identify the “Department”—Meet with departments about capacity to undertake this role.

IV. Compensation Options

Due to budgetary constraints, the working group decided to extensively explore in-kind options, which would utilize and extend existing city programs and services to provide compensation. These in-kind compensation options would activate existing home ownership, rental, employment, and small business services currently offered within the City of Detroit and extend benefits in each of these existing programs. These additional benefits would compensate tax foreclosure claimants. The purpose of extending benefits is to ensure the individuals utilizing existing benefits are not competing with new tax foreclosure claimants for resources.

These in-kind compensation options would combine existing and new services to provide people who have been harmed by unconstitutional tax assessments and foreclosures with both (1) an existing option and (2) an additional resource that they cannot obtain on their own, which serves as compensation. For example, a person who would like to purchase a home could receive not only homebuyer education resources, listed in Appendix A, but also down payment assistance or other financial support. Similarly, a person searching for employment could enroll in an employment training program and also receive a navigator to guide them through the employment market. It will be important to give the claimant additional resources, support, or prioritization that is not already available for general applicants within these programs. The working group discussed the following in-kind options:²¹

A. Homeownership Compensation Options:

i. 0% Interest Home Repair Loan

²¹ For descriptions of additional compensation options, including home-buyer education programs, rental assistance services, employment assistance programs, small business assistance programs, and wrap around services, please see Addendum A.

Detroit's 0% Home Repair Loans Program offers 0% interest loans to help Detroit homeowners invest in and repair their homes.²² The loans range from \$5,000 to \$25,000. The program has many requirements that, if waived, could compensate tax foreclosure claimants by creating additional benefits. For example, the city could waive the credit score, home insurance, being current on taxes, and occupancy requirements. In addition, the City could prioritize areas hardest hit by over-assessments and foreclosures to receive these additional benefits.

There are several considerations for this option. First, since HUD money is used, the federal guidelines (re: credit score, income guidelines, prioritizing mold/lead) could be difficult to modify. Second, the waitlist is currently around 3,000 people, so it may be difficult to prioritize compensation claimants and provide expedited accessibility. In addition, the City recently included this program in several Community Benefits Agreements (Herman Keifer, Fiat Chrysler Automotive), potentially increasing the number of applicants in an already oversubscribed program. Third, there is currently a 36% loan approval rate and delays due to the city-managed contractor bidding process, which suggests the program is inaccessible. Fourth, loans are not the best option for many applicants, even with the 0% interest.

Questions:

- What program modifications do CDBG guidelines prevent?
- Can homeowners apply for both 0% interest loan and "lead safe" funds that would help fund lead abatement so the loan can be used for other repairs? Is more lead safe funding available through the state?

ii. Detroit Demolition Bonds

Detroit Mayor Mike Duggan hopes to use \$250 million in bonds to fund home rehabilitations and demolitions throughout the city.²³ If the Detroit City Council approves the project, it will be put on the ballot in March for voter approval. This program is aimed at eliminating blight in the city with the goal of eliminating all vacant homes from Detroit by 2025. Pending approval, bonds could be allocated specifically to compensate tax foreclosure claimants either (1) to rehabilitate homes currently owned by claimants or (2) to rehabilitate abandoned homes that claimants could purchase at a discounted price.

Questions:

- How much of the \$250 million in bonds is reserved to fund home rehabilitations? Could a portion of the home rehabilitation funds be allocated solely for tax foreclosure claimants?

iii. Detroit Land Bank Authority (DLBA)

²² See *0% Interest Home Repair Loans*, City of Detroit Planning and Dev. Dep't, <http://www.detroitshomeloans.org> (last visited Sept. 21, 2019).

²³ Nancy Kaffer, *Mayor Duggan, Your \$250M Plan to End Blight Isn't Going to Work*, Detroit Free Press <https://www.freep.com/story/opinion/columnists/nancy-kaffer/2019/09/20/duggan-bond-demolition-blight-detroit/2352130001/> (last visited Oct. 12, 2019).

The DLBA provides a variety of programs aimed at encouraging homeownership and productive land use such as the own it now, auction, rehabbed and ready, and the side lots programs.²⁴ DLBA currently owns 93,746 parcels in the city.²⁵

There are several possible compensatory options. First, the DLBA could provide un rehabbed homes for free and partners, such as Southwest Solutions, could aid in rehabilitation. Second, DLBA could also provide rehab and ready homes with the 50% purchase discount currently available for Detroit public school and city employees. Third, the land bank could remove certain requirements from their programs like the “no tax delinquency” requirement for purchasing a home or the requirements for bringing a house bought from the land bank up to code within a certain time frame.

There are, however, several challenges including the fact that the Land Bank already sells rehabbed and ready homes at a loss, and so adding a further discount may not be feasible. Additionally, of the 96,289 parcels owned by DLBA in the city, only around 6,000 have been sold over the past five years due to the fact that only two properties are auctioned off a day, which would make auctioning off properties a slow process. Of the 96,289 parcels, around two thirds are vacant land. The other third contain houses. However, about half of these houses, roughly 15,000 total, need to be demolished.

Questions:

- Could tax foreclosure claimants receive priority access to newly rehabbed homes?

iv. Single Family Housing Repair Loans & Grants

The United States Department of Agriculture - Rural Development’s Single Family Housing Repair Loans & Grants program, also known as the Section 502 Home Repair program, provides loans to very low-income homeowners to repair, improve, or modernize their homes.²⁶ The program also provides grants to elderly very low-income homeowners specifically to remove health and safety hazards. To qualify for the loan, individuals must own and occupy the home, be unable to obtain affordable credit, and be low-income. To qualify for the grant, individuals must meet all the requirements of the loan and also be 62 years of age or older and be unable to repay a repair loan. Individuals can receive a maximum loan of \$20,000 and a maximum grant of \$7,500 and can be combined if needed for a total of \$27,500 for qualified individuals. This program is governed by the Housing Act of 1949 as amended.²⁷ The working group could request that additional loans, grants, or both be provided to tax foreclosure claimants. However, because this is a federal program, the federal guidelines may be difficult to modify.

²⁴ See Detroit Land Bank Authority, <https://buildingdetroit.org/?SID=dkp7behf36lc48nca9g1lnl2> (last visited Sept. 21, 2019).

²⁵ Loveland Technologies, *Detroit*, Landgrid, <https://landgrid.com/us/mi/wayne/detroit#b=neighborhoods&o=DETROIT+LAND+BANK+AUTHORITY&op=/us/mi/wayne/detroit> (last visited Sept. 21, 2019).

²⁶ See *Single Family Housing Repair Loans & Grants in Michigan*, United States Department of Agriculture, Rural Development, <https://www.rd.usda.gov/programs-services/single-family-housing-repair-loans-grants/mi>.

²⁷ 7 C.F.R. §3550.2.

Questions:

- How high of a demand is there for these loans and grants?
- Would USDA be amenable to the idea of prioritizing tax foreclosure claimants?

v. Strategic Neighborhood Fund (SNF)

The SNF is a funding mechanism that implements neighborhood improvement programs in 10 specific neighborhoods in Detroit.²⁸ It focuses on improving streets, parks, and has proposed a single-family home stabilization initiative across all 10 of the neighborhoods it is currently working in. The project is a partnership between the City of Detroit, Invest Detroit, residents, and corporate donors. Philanthropic contributions and public subsidies fund this program, but the funds in the SNF are not in a single pot. Funds come in on a yearly basis and are spent on within a five-year time frame, which could create issues involving accessing the payouts of these funds.

If a claimant lives in a strategic area or wants to move there, the claimant could apply and go through the approval process to access housing that comes out of the SNF. Additional funds could be allocated to extend these benefits. Tax foreclosure claimants could be prioritized on these extended lists. However, there are income and other qualifications, such as a mandatory home ownership course, that may limit eligibility.

Questions:

- Is there a way to preserve affordability for individuals who want to stay in the neighborhood they are currently living in or in the type of development they prefer?

B. Rental Compensation Options:

i. Affordable Housing Development and Preservation Fund

The Trust Fund Coalition runs the Affordable Housing Development and Preservation Fund.²⁹ This local housing trust fund is funded through budget allocations from 20% of net sales receipts of city-owned commercial property and through fees from developers for non-compliance with the inclusionary zoning ordinance. The fund will receive an initial amount of \$2 million and the Trust Fund Coalition hopes to receive \$10 million annually. 70% of the funds go to 30% AMI units, and 30% of funds go to 50% AMI. Since there is significant demand for these units, the working group would need to figure out how to obtain additional units specifically for tax foreclosure claimants so they can be prioritized in an equitable way.

Questions:

- Could tax foreclosure claimants be prioritized in an equitable way?

²⁸ See *Strategic Neighborhood Fund 2.0*, City of Detroit & Invest Detroit, https://www.dropbox.com/s/n0r7xjn9p9x6edr/_FINAL%20SNF%202.0%20designed%20book%20-%20single%20page.pdf?dl=0 (last visited Sept. 21, 2019).

²⁹ See *From the Field: Detroit Establishes New Housing Trust Fund and Passes Inclusionary Zoning Ordinance*, National Low Income Housing Coalition, <https://nlihc.org/resource/field-detroit-establishes-new-housing-trust-fund-and-passes-inclusionary-zoning-ordinance> (April 30, 2019).

ii. Affordable Housing Leverage Fund

The Affordable Housing Leverage Fund is a funding mechanism to preserve affordable housing units and develop new affordable housing.³⁰ The fund is composed of three pots of money: Community Development Block Grants (CDBG), Low-Income Tax Credits (managed by MSHDA), and philanthropy dollars. The Fund's dual goals are to preserve existing affordable housing (10,000 units) and encourage the development of new affordable units, with a goal of developing 2,000 units by 2023. The fund's priority is to invest in affordable multi-family rental housing (5,000 new units by 2021).

Claimants could receive prioritization on a new waitlist for one of these new affordable rental units created specifically for tax foreclosure claimants. For instance, the City could mandate a 20% set-aside of affordable units in new developments. There are, however, several considerations. First, the number of available units may be smaller than the demand. Second, the program must avoid de-prioritizing people who need the housing but are not eligible claimants which could be achieved by creating a waitlist solely for tax foreclosure claimants. Third, the fund is designed for developers to access, not individuals, so additional processes are necessary to allow claimants to benefit from the units created.

Questions:

- Could the City set aside affordable units in new developments specifically for claimants?

iii. The Department of Housing and Urban Development (HUD) Housing Choice Voucher

The HUD Housing Choice Voucher program, also known as the Section 8 voucher program, provides housing assistance to qualified low-income families.³¹ Eligibility is determined based on the annual gross income and family size. A family that receives a tenant-based voucher can lease any housing unit that meets the program requirements in the United States, provided the area has jurisdiction. A family that receives a project-based voucher cannot transfer to another housing unit, but they may switch to a tenant-based voucher after one year of residing in a project-based unit. Applicants are frequently selected from the waiting list according to local preferences.

The working group recognizes that Michigan and specifically Detroit already receives a limited number of HUD Housing Choice Vouchers. Additionally, this program already prioritizes certain individuals, with preferences for family unification, families that are homeless, and families that are paying more than 50% of its income for rent. As a result, the working group does not want to further burden this resource and take vouchers away from these prioritized populations.

Therefore, the working group, with the assistance of Representative Rashida Tlaib, suggests asking HUD to allocate additional Michigan §8 vouchers for the sole purpose of compensating

³⁰ See Affordable Housing Leverage Fund, <https://www.detroitaffordablehousingfund.org> (last visited Sept. 21, 2019).

³¹ See *Office of Housing Choice Vouchers*, U.S. Department of Housing and Urban Development, https://www.hud.gov/program_offices/public_indian_housing/programs/hcv (last visited Sept. 21, 2019).

tax foreclosure claimants in Detroit. If these vouchers were allocated for this specific purpose, only tax foreclosure compensation claimants would have access to these vouchers. This could give claimants access to transferable vouchers, if they are given tenant-based vouchers, and also prevent further strain and competition for existing §8 vouchers in Detroit.

Questions:

- Is HUD amenable to this idea?
- How many vouchers would HUD be able to allocate for tax foreclosure claimants? If the amount is limited, how would we prioritize certain claimants to receive vouchers?
- Would federal guidelines, including income, credit score, and other prioritizations limit the use of these vouchers?

iv. The Department of Housing and Urban Development (HUD) Veterans Administration Supportive Housing (VASH) Vouchers

The HUD VASH program combines HUD Housing Choice Vouchers and services provided by the Department of Veteran Affairs (VA) for homeless veterans and their families.³² These individuals will receive monthly rental assistance and will pay no more than 40% of their income in rent. The VA provides other services, including case management, health, clinical services, and other supportive services. Tax foreclosure claimants who are veterans could be prioritized to receive extended benefits for HUD VASH's programs.

Questions:

- How does HUD VASH define "homelessness"?
- Is there a way to prioritize tax foreclosure claimants in an equitable way?

v. Michigan State Housing Development Authority (MSHDA) Housing Choice Voucher Program

The MSHDA Housing Choice Voucher Program is the state version of the HVC program.³³ MSHDA provides rent subsidies to qualified low-income families who find own housing in private homes or apartment buildings. MSHDA currently administers 28,000 Housing Choice Vouchers and gives first preference to families whose HCV was terminated due to insufficient program funding. In awarding applicants with vouchers from the waiting list, MSHDA follows the HCV waiting list preferences in the following order: (1) homeless applicants living or working in the county they applied in, (2) disabled applicants living or working in the county they applied in, (3) applicants living or working in the county they applied in, (4) disabled applicants not living or working in the county they applied in, (5) Michigan residents not living

³² See *HUD VASH (Veterans Administration Supportive Housing) Vouchers*, Michigan State Housing Development Authority, https://www.michigan.gov/mshda/0,4641,7-141-5555_5626-298937--,00.html (last visited Sept. 21, 2019).

³³ See *Housing Choice Voucher Program*, Michigan State Housing Development Authority, https://www.michigan.gov/mshda/0,4641,7-141-5555_41607---,00.html (last visited Sept. 21, 2019).

or working in the county they applied in, (6) disabled out of state residents, and (7) out of state residents.³⁴

Similarly to the HUD Housing Choice Voucher program, the MSHDA Housing Choice Voucher program only has a limited number of vouchers for the entire state. The MSHDA vouchers similarly have a long waitlist, which are only open in some counties. However, all homeless waiting lists are open in each county.³⁵

Due to the limited number of vouchers present in Michigan, the working group suggests asking MSHDA to allocate additional vouchers specifically to be used for the sole purpose of compensating tax foreclosure claimants in the City of Detroit. If these vouchers were allocated for this specific purpose, only tax foreclosure compensation claimants would have access to these vouchers. This could allow claimants to have access to vouchers, and also prevent further strain and competition for existing MSHDA vouchers in Detroit.

Questions:

- Is MSHDA amenable to this idea?
- How many vouchers would MSHDA be able to allocate for tax foreclosure claimants? If the amount given specifically for tax foreclosure claimants is limited, how would we prioritize certain claimants within this group?

C. Employment Compensation Options

The working group discussed multiple compensation options to provide claimants with employment resources, from building foundational skills and securing job placements, to providing navigators to assist individuals working through the pre-hiring and post-hiring processes. Southwest Economic Solutions is an example of a program that provides both existing and additional services. Other programs are included in Addendum A.

i. Southwest Economic Solutions

Southwest Economic Solutions (SWES) provides a comprehensive workforce development training program that assists people with all aspects of obtaining employment.³⁶ SWES's program model includes four key elements: (1) foundational training, (2) workforce training, (3) employment search assistance, and (4) a career coach to guide participants through the program and assist in barrier removal.

SWES's foundation training serves to develop participant's basic skills, including adult literacy, financial literacy, GED prep, and computer proficiency assistance. Included in adult literacy is

³⁴ *Housing Choice Voucher Administrative Plan: Applications, Waiting List and Tenant Selection*, Michigan State Housing Development Authority 4-9, https://www.michigan.gov/documents/mshda/Chap_04_Admin_Plan_600772_7.pdf (last visited Sept. 21, 2019).

³⁵ *MSHDA Housing Choice Voucher (HCV) Waiting List Information*, Michigan State Housing Development Authority, <https://www.michigan.gov/mshda/0,4641,7-141-5555-270458--,00.html> (last visited Sept. 21, 2019).

³⁶ *See Workforce Development*, Southwest Solutions, <http://www.swsol.org/workforce-development> (last visited Oct. 1, 2019).

improving math and reading scores to allow participants the opportunity to become eligible for specific trainings. Our literacy program includes ESL (English as a Second Language). Participants learn English as well as assistance for those who need additional tutoring for the naturalization test. Financial literacy is a key component to the program. Participants receive one-on-one counseling in building budgets, pulling credit scores, reviewing and implementing concepts to help them improve their scores. In addition financial coaches provide a variety of financial classes that help them in making informed decisions when making purchases, savings and budgeting.

SWES provides workforce training to develop industry skills in three different sector areas that include Information Technology, Manufacturing, as well as Construction and Transportation. SWES tracks retention, credentials earned, and all other relevant information to make sure each person is on track. As a result, SWS has an over 80% completion and job placement rate in Detroit. Workforce training combined with the literacy and contextualized math and reading, work readiness skills, career coach assistance and job placement provides individuals with what they need to be successful in training. The depth of services that SWES provides includes their employment search process includes resume assistance, providing clothing for interviews and providing gas cards if a person needs assistance during the first week of work. SWES also has a YouthBuild program that provides 18-24 year-olds with education and basic training and also provides a stipend to help them meet the program's 24-week training commitment.

Throughout this entire process, SWES provides each person with a career coach who serves as a personal navigator. Each career coach directs participants through each step of the training process. This career coach is the extra element that individuals cannot obtain elsewhere and could serve as compensation. Their job is to provide barrier removal and connect them with agencies throughout Detroit to help them with needs such as transportation, childcare, housing, food, mental health services and other needs that impede success in training. The working group's goal is to ensure tax foreclosure claimants receive extended benefits so they can not only access SWES's resources and those of other similar programs, but also receive access to a career coach once they enroll in a training program. SWES's program can be expanded with additional funding to ensure tax foreclosure claimants are not competing with existing program participants for resources, however it is unclear whether other programs have the same capacity.

Questions:

- Are funders willing to expand SWES's grants so that they can provide programs to accommodate tax foreclosure claimants?

D. Small Business Compensation Options

The working group has discussed multiple compensation options to provide claimants with resources to start small businesses, from providing business training courses and industry knowledge, to providing micro loans. Southwest Solutions and Build Institute are two examples of programs that provide these services. Additional programs are included in Addendum A.

i. Southwest Economic Solutions

Southwest Economic Solutions (SWES) provides an entrepreneurship development program to assist people with starting small businesses. SWS's 20-week program called ProsperUS includes twelve business development training sessions that include eight to twelve participants each.³⁷ These sessions are low-cost and take place in six neighborhoods throughout Detroit (ProsperUs charges a fee of \$75 for classes, which have a true value of \$950 per participant). An experienced trainer teaches these sessions and provides one-on-one meetings between sessions to expedite any learning curves. These one-on-one sessions occur frequently and serve as a great resource for individuals to obtain personalized assistance. ProsperUs microloans are available to neighborhood-based businesses in Detroit, Hamtramck, and Highland Park. We encourage and sometimes require business owners, especially start-up entrepreneurs, to complete ProsperUS' entrepreneurship training program before applying for a loan. ProsperUS considers many factors in the underwriting of loans, and is focused on developing relationships with prospective borrowers. In this process ProsperUs helps the borrower understand their credit profile and can provide assistance to help prospects and borrowers enhance their credit. Serious students who complete this training can receive micro loans for up to \$50,000 after a credit score assessment. The average loan at SWES is \$19,000 and SWS has helped develop more than 250 small businesses throughout Detroit.

Throughout this process, SWES provides institutional knowledge, guidance, and financial support. This backend assistance helps guide people through this process and could serve as the extra element that individuals cannot obtain elsewhere, and thus serve as compensation. The working group's goal is to ensure tax foreclosure claimants receive extended benefits by providing additional small business loans and grants through SWES's programs and those of other similar programs. SWES's program can be expanded with additional funding to ensure tax foreclosure claimants are not competing with existing program participants for resources, however it is unclear whether other programs have the same capacity.

Questions:

- Are funders willing to expand SWES's grants so that they can provide programs to accommodate tax foreclosure claimants?

ii. Build Institute

Build Institute provides entrepreneurship trainings at their own facility to assist people with starting small businesses.³⁸ Build Institute's eight week program has twelve to sixteen participants per class. Additionally, the program includes two one-hour one-on-one meetings outside of the classroom with a trained facilitator. Fees for each class depend on the type of course being offered. For some courses, fees are dependent on household income. Build Institute could give tax foreclosure claimants priority access to these courses, however, the level of backend assistance at Build Institute is not as high as with SWS. Thus, individuals may not be receiving the same level of compensation at Build Institute as they would at SWS.

Questions:

³⁷ See *ProsperUS Detroit*, Southwest Solutions, <http://www.swsol.org/prosperus-detroit> (last visited Oct. 1, 2019).

³⁸ See *Our Programs*, Build Institute, <https://www.buildinstitute.org/our-programs> (last visited Oct. 1, 2019).

- Would Build Institute be able to accommodate additional program participants and prioritize tax foreclosure claimants?
- Are funders willing to finance an expansion of Build Institute’s programs?
- What additional form of compensation could be provided if claimants were to access build’s services? Is there a navigator or backend assistance that could guide individuals through this process?

V. Funding

The working group anticipates needing funding to compensate individuals who lost their homes to illegal property assessments in addition to the in-kind options discussed in Part IV. These funding needs include a cash benefit option, outreach and educational materials, administrative costs, additional funds for in-kind options such as home repair costs, expanding employment assistance programs, and down payment assistance, and other compensation mechanisms. As a rough estimate, the working group would like to raise \$1.5 million from a variety of sources, including banks, foundations, and other corporations.

The working group has researched banks, corporations, and foundations whose missions and programs coincide with our funding requests. Additionally, governmental programs whose purpose is to provide revitalization funding are also included. The working group discussed the following fundraising options:

A. Banks

i. Community Reinvestment Act (CRA)

The Community Reinvestment Act is a federal law that requires banking regulators to encourage banks and other financial institutions to “help meet the credit needs of the local communities in which they are chartered.”³⁹ Each financial institution has a CRA officer who is tasked with ensuring that institution follows the CRA’s guidelines. The working group could identify and coordinate with CRA officers in Detroit to expand their use of the CRA to ensure the credit needs of local communities are being met and to prioritize tax foreclosure claimants within these extended programs.

ii. JP Morgan Chase Foundation

The JP Morgan Chase Foundation supports programs aimed at promoting workforce development, small businesses, financial independence, and community development. Specifically, JP Morgan Chase has a program in Detroit called the Tackling Blight in Detroit Program.⁴⁰ This program specializes in revitalizing Detroit by investing in vacant and abandon properties. The Tackling Blight program has partnered with the Detroit Land Bank Authority and the Detroit Blight Removal Task Force by providing \$25 million to help in their efforts to restore properties, end blight, and revitalize neighborhoods in Detroit. The program also has partnered

³⁹ 12 U.S.C. §2901.

⁴⁰ See *Tackling Blight*, JP Morgan Chase, <https://www.jpmorganchase.com/corporate/Corporate-Responsibility/detroit-tackling-blight> (last visited Oct. 1, 2019).

with the Home Restoration Program with Liberty Bank in Detroit to provide a \$5 million loan-loss reserve fund to rehabilitate abandoned properties. The Foundation also provides mortgage loans to rehab residential properties for families purchasing a home through the Neighbors Wanted property auction. The Tackling Blight in Detroit Program specifically supports neighborhood nonprofits in Detroit and frequently partners with nonprofits and community organizations to eliminate blight and improve the neighborhoods of Detroit. The working group could partner with the Foundation's existing programs to fund home ownership in-kind options. The working group could also ask for the Foundation's support for other projects the Foundation is not currently working on but align with its mission, such as providing down payment assistance.

iii. Flagstar Bank

Flagstar Bank has shown it is committed to helping Detroit residents through its Detroit Home Mortgage Program and its revitalization efforts.⁴¹ The Detroit Home Mortgage Program provides financing for purchasing homes within Detroit. The program allows people to borrow the true (not appraised) value of a home they wish to purchase, including funds for renovation expenses.

Flagstar has announced a new partnership with the Old Redford community. Flagstar plans to revitalize this community by partnering with the Strategic Neighborhood Fund and Affordable Housing Leverage Fund.⁴² Flagstar has committed \$5 million over five years to these two funds to revitalize neighborhoods in the city. Flagstar is also offering services such as zero down payment and renovation assistance. These services could be provided to tax foreclosure claimants to supplement the above in-kind options.

B. Corporations

i. DTE Energy

The DTE Energy Foundation supports arts and culture, community transformation, economic progress, education and employment, environment, and human needs throughout Michigan.⁴³ Its community transformation program partners with nonprofits to transform neighborhoods, improve residential use, spur creation of local businesses, and improve the overall quality of life for residents. However, the Foundation perform most of its work throughout the entire state of Michigan and does not currently focus in Detroit. The working group could propose that the Foundation expand to support its mission of community transformation and economic progress in Detroit, although this would be a harder task than some of the other fundraising options.

ii. General Motors

⁴¹ See *Detroit Home Mortgage*, Flagstar Bank, <https://www.flagstar.com/lc/detroit-home-mortgage.html> (last visited Oct. 1, 2019).

⁴² Flagstar Bancorp, Inc., *Flagstar Bank and City of Detroit Announce Neighborhood Partnership with Old Redford*, PR Newswire (Apr. 22, 2019, 2:38 PM) <https://www.prnewswire.com/news-releases/flagstar-bank-and-city-of-detroit-announce-neighborhood-partnership-with-old-redford-300835782.html>.

⁴³ See *DTE Energy Foundation*, DTE Energy, <https://empoweringmichigan.com/foundation/> (last visited Oct. 1, 2019).

General Motors supports social investments in Detroit, including community development programs, and focuses specifically in Detroit.⁴⁴ It provides funding for education, sustainable employment, neighborhood revitalization, and arts and cultural institutions. General Motors' work in community development involves increasing mobility in Detroit, increasing access to jobs and develop employment skills, developing infrastructure, improving housing stabilization, revitalizing neighborhoods, and sponsoring educational projects. Since General Motors focuses in Detroit, the working group could ask for its support in financing community development programs and also for assistance expanding employment assistance programs.

iii. Quicken Loans

Quicken Loans has repeatedly supported the City of Detroit's revitalization efforts and has included housing stability as one of its funding priorities. The Quicken Loans Community Fund is one project that prioritizes supporting communities by investing in housing, employment, and public life.⁴⁵ Specific programs include housing stability, entrepreneurship, education and employment, public spaces, community sponsorships, and volunteer engagement and giving. Quicken Loans can support the above in-kind options, including those supporting home ownership, rental, entrepreneurship, and employment.

C. Foundations and Private Donors

i. Hudson-Webber Foundation

The Hudson-Webber Foundation invests in community initiatives within Detroit.⁴⁶ The Foundation has donated more than \$200 million in grants to Detroit nonprofit in its four mission areas: arts and culture, the environment, community and economic development, and safe and just communities. The Foundation has provided grants to support housing initiatives, including a grant awarded to the United Housing Coalition to help prevent tax foreclosures in Detroit, and has also funded affordable housing developments. The Foundation also has a grant specifically aimed at moving local, state, and federal policy to align resources aimed at improving communities and improving the quality of life in Detroit. The working group could ask the Foundation to provide a similar grant to the one awarded to the United Housing Coalition to compensate tax foreclosure claimants in Detroit, which would be a natural extension of their previous grant.

ii. The Kresge Foundation

The Kresge Foundation collaborates with civil, nonprofit, and business partners in Detroit to invest in education, arts and culture, community and neighborhood development, civil capacity,

⁴⁴ See *Social Investment*, General Motors, <https://www.gm.com/our-company/social-investment.html#development> (last visited Oct. 1, 2019).

⁴⁵ See *Quicken Loans Community Fund*, Quicken Loans, <https://www.quickenloans.org/> (last visited Oct. 1, 2019).

⁴⁶ See *What We Do*, Hudson-Webber Foundation, <https://hudson-webber.org/what-we-do/> (last visited Oct. 1, 2019).

and layered support services.⁴⁷ The Foundation prioritizes collaborating with neighborhood-based, resident-led organizations. Funding from the Foundation can take the form of a direct loan, credit support, or linked deposits. The Foundation specializes in social investing by providing capital to ensure low-income people can be economically secure. This social investing project is providing \$350 million in funding from 2015-2020 and in 2018 alone invested \$20.9 million into Detroit.⁴⁸ The working group could ask the Foundation for financing or to provide loans and credit supports to tax foreclosure claimants.

iii. Ralph C. Wilson, Jr. Foundation

The Ralph C. Wilson, Jr. Foundation invests in children and youth, young adults and working families, caregivers, and livable communities. Their investments focus in Southeast Michigan, including Wayne County, and Western New York. Their livable communities program seeks to invest in parks, trails and green design, nonprofit support and innovation, and entrepreneurship and economic development. The Foundation has not given any grants for housing or revitalization efforts in Detroit and has focused on children and youth services and economic development. The working group could ask the Foundation for investments in economic development training or for programs that provide wrap around services that also benefit children and families.

iv. The Skillman Foundation

The Skillman Foundation focuses on providing educational and economic well-being support for Detroit's children.⁴⁹ The Foundation supports the Cody Rogue Partnership between the Cody Rogue Community Action Alliance, General Motors, Quicken Loans, and DTE Energy to improve physical developments, educational programming, youth development, and workforce development. However, to receive a grant, partners must meet certain qualifications, including having a total revenue of at least \$100,000 for the preceding fiscal year.⁵⁰ This limitation may impede the working group's ability to apply for a grant. However, if the working group created a partnership with another large company, such as one of the companies the Foundation has already partnered with in the Cody Rogue Partnership, the working group could be eligible for a grant.

v. W.K. Kellogg Foundation

The W.K. Kellogg Foundation specializes in ensuring all children have an equal opportunity to thrive. The Foundation has designated Michigan as a priority place to invest in and has pledged

⁴⁷ See *Kresge's Detroit Program*, The Kresge Foundation, <https://kresge.org/programs/detroit> (last visited Oct. 1, 2019).

⁴⁸ *Social Investment Practice*, The Kresge Foundation, <https://kresge.org/programs/social-investing> (last visited Oct. 1, 2019).

⁴⁹ See *Who We Are*, The Skillman Foundation, <https://www.skillman.org/> (last visited Oct. 1, 2019).

⁵⁰ *Grant Partners*, The Skillman Foundation, <https://www.skillman.org/grant-partners/> (last visited Oct. 1, 2018).

to invest \$40 million towards revitalizing Detroit.⁵¹ Specifically, the Foundation has invested in and provided workforce development trainings, small business support, and community revitalization efforts in Detroit. The Foundation has partnered with the Detroit Development Fund and JP Morgan Chase to create the Entrepreneurs of Color Fund to provide funding and training for entrepreneurs and small businesses in Detroit.⁵² In 2017, the fund tripled in size due to new investors and had raised \$18 million. The working group could ask the Foundation to invest in or provide workforce development trainings and small business support. To meet the Foundation's mission of ensuring all children have an equal opportunity to thrive, the working group could also ask for support for programs that provide wrap around services that also benefit children and families.

D. Government Programs

i. Community Development Block Grant Program (CDBG)

The Department of Housing and Urban Development (HUD) administers the federally funded Community Development Block Grant (CDBG) Program. CDBG provides grants to states and localities to develop communities, which can involve creating affordable housing, providing services to the community, and developing economic opportunities for low and moderate income persons. HUD determines the amount of each grant, which vary from year to year. In 2019, Detroit alone received \$34,516,333 in CDBG grants.⁵³

CDBG funds can be used for a variety of projects, such as home rehabilitation, construction and rehabilitation of communities, demolition of blighted buildings, property acquisition, relocation and new development, economic development, public services, project planning, and project administration costs. Detroit's CDBG program focuses on building decent housing, providing economic opportunities, strengthening community services, and creating suitable living environments.⁵⁴ The Mayor of Detroit and the City Council determine how the funds will be spent after citizen input. In the past, Detroit has used CDBG funds for projects to increase neighborhood resiliency, fund summer employment programs, sponsor small business development, and create loan funds for home repairs.⁵⁵

⁵¹ See *Statement from W.K. Kellogg Foundation on Commitment to Detroit's Revitalization*, W.K. Kellogg Foundation (Jan. 28, 2014) <https://www.wkkf.org/news-and-media/article/2014/01/statement-from-wk-kellogg-foundation-on-commitment-to-detroits-revitalization>.

⁵² See *Detroit's Entrepreneurs of Color Fund Nearly Triples in Size to Over \$18 Million*, W.K. Kellogg Foundation (Dec. 13, 2017) <https://www.wkkf.org/news-and-media/article/2017/12/detroits-entrepreneurs-of-color-fund-nearly-triples-in-size-to-over-18-million>.

⁵³ *Detroit, MI*, HUD Exchange, <https://www.hudexchange.info/grantees/detroit-mi/?program=2> (last visited Oct. 1, 2019).

⁵⁴ See *Community Development Block Grants*, City of Detroit <https://detroitmi.gov/departments/housing-and-revitalization-department/hud-programs-and-information/community-development-block-grants> (last visited Oct. 1, 2019).

⁵⁵ See *Building and Restoring Civic Capacity: The Obama Administration's Federal-Local Partnership with Detroit (2001-2016)*, The Executive Office of the President https://obamawhitehouse.archives.gov/sites/obamawhitehouse.archives.gov/files/documents/DFWG_Report_Final_120216.pdf (last visited Oct. 7, 2019).

Within the CDBG program, there are separate individual grant programs that target specific needs. The Section 108 Loan Guarantee Program (Section 108) provides communities with flexible financing that can be used for economic development, housing rehabilitation, public facilities, and other physical infrastructure projects.⁵⁶ Loans can range from a few hundred thousand to several million dollars. Detroit is classified as a current or prior Section 108 user and has \$118,216,665 available in current borrowing authority, the fifth highest current borrowing authority of all cities nationwide.⁵⁷ This is based on the FY 2019 CDBG grant awards and grantees' outstanding Section 108 guaranteed loans and commitments as of April 2019.

Detroit's 2019 CDBG allocation amount of \$34,516,333 is currently the fifth highest in the nation. However, Detroit has historically underutilized its CDBG money. In 2010-2012, Detroit failed to spend a portion of their CDBG funds.⁵⁸ This almost caused HUD to recapture unspent funds and lower future grant amounts. Despite this, Detroit has steadily increased its utilization of CDBG grant funding; its CDBG funding was even increased during its 2018-2019 process year.⁵⁹ Detroit's historic underutilized of its CDBG grant funds may make HUD more receptive to allocate funding for other community focused projects that would make it easier for Detroit to spend more of its CDBG grant funding.

Therefore, the working group could, with the help of Representative Rashida Tlaib and the Detroit City Council, (1) ask HUD to allocate Section 108 CDBG loan funds for specific projects in Detroit and/or (2) ask HUD to allocate previously underutilized CDBG funds from the amount Detroit currently receives. These funds would then be allocated by the Mayor and the Detroit City Council to be used for the sole purpose of compensating tax foreclosure claimants. A portion of these CDBG funds could also be allocated to help support the working group's outreach and administrative costs.

ii. Local State and City Programs

The State of Michigan and the City of Detroit have multiple programs to assist homeowners, renters, entrepreneurs, and individual seeking employment. The City of Detroit provides some of these options, including the 0% Interest Home Repair Loan, the Affordable Housing Development and Preservation Fund, the Affordable Housing Leverage Fund, and the Strategic Neighborhood Fund. These options are discussed above in Part IV, the in-kind compensation options section of this memo, and could be used to fund the single programs or a combination of programs to provide compensation.

⁵⁶ *Section 108 Loan Guarantee Program*, HUD Exchange, <https://www.hudexchange.info/programs/section-108/> (last visited Oct. 1, 2019).

⁵⁷ *Current Availability of Section 108 Financing – CDBG Entitlement and State Grantees*, HUD Exchange, <https://www.hudexchange.info/resource/5197/current-availability-of-section-108-financing-cdbg-entitlement-and-state-grantees/> (last visited Oct. 1, 2019).

⁵⁸ Dominick Russel, *Detroit's Revitalization Funds Could Re-Empower Residents, Too*, Roosevelt Institute, <https://rooseveltinstitute.org/detroits-revitalization-funds-could-re-empower-residents-too/> (last visited Oct. 10, 2019).

⁵⁹ Memorandum from David Whitaker to The Honorable Detroit City Council (June 15, 2018) <https://detroitmi.gov/sites/detroitmi.localhost/files/2019-05/CDBG%20Funding%20Priorities.pdf>.

VI. Community Input Plan

In keeping with the working group's goal of providing dignity restoration to dispossessed individuals and communities by giving them the power to decide how they are made whole again, the working group has proposed a plan to receive community input. Seeking community input would not only give potential claimants a meaningful voice, but also give them back a piece of power and dignity that was taken away by illegal tax assessments and the resulting foreclosures. To accomplish this, the working group has developed a Community Input Plan, which is a series of four focus groups throughout the city in early January 2020. The main point of these focus groups is to receive ideas on how to best provide relief to these individuals and gather input on how they would like to be compensated.

The working group suggests that four organizations from different areas of Detroit assist in targeting individuals to participate in these focus groups. The four organizations could include United Community Housing Coalition, Community Development Advocates of Detroit, Bridging Communities, and Eastside Community Network. The focus groups would contain around eight to twelve individuals that fit into the three groups of people the focus group would like to target for compensation: (1) individuals who have been over assessed and overpaid, (2) individuals who have been over assessed and are delinquent, and (3) individuals who have been over assessed and consequentially lost their home through tax foreclosure. A trained facilitator will moderate each focus group.

VII. Conclusion

This memo provides an overview of the problem of unconstitutional property tax assessments, the corresponding tax foreclosure crisis, and the working groups discussions and research on how best to compensate Detroit residents impacted by illegal tax assessments. Providing support for homeowners, renters, individuals seeking employment, and entrepreneurs would best address the needs of tax foreclosure claimants and ensure the maximum amount of compensation can be provided.

Unconstitutional property tax assessments and the corresponding tax foreclosure crisis constituted a dignity taking. These homeowners should be compensated not only for their property loss, but also the dehumanization and infantilization accompanied by these injustices. Thus, the working group's proposals outlined in this memo strive to dually compensate tax foreclosure claimants in the best way possible by extending benefits to ensure they are not competing with existing program beneficiaries.

Addendum A

This Addendum includes four tables listing programs currently operating in Detroit that provide (1) employment and workforce development support, (2) entrepreneurship/small business support, (3) homebuyer education courses, or (4) homebuyer coaching programs. The table includes a short description of the services provided, the organization’s website, whether they provide wrap around services, and any other relevant information. Please click on the organization name to be directed to its website. Wrap around services are defined by this addendum as any additional services aside from services provided in the main category. For example, if a program which provides homebuyer education courses also provides additional family services or economic development training, this program would provide wrap around services for the purpose of this addendum.

1. Employment and Workforce Development Support

The following programs provide employment and workforce development support services:

	Organization Name	Employment and Workforce Development Services:	Does this organization provide foundational training, workforce training, employment search assistance, and/or a navigator/coach? Does this organization also provide wrap around services?
1	Detroit Employment Solutions Corporation (DESC)	DESC offers extensive support services for businesses, including recruitment, job listings, customized training programs, and human resource training. DESC’s programs only provide services for businesses and their current employees. DESC does not offer training programs or employment support services for individuals seeking employment.	No , this organization does not provide foundational training or a navigator. No , this program does not provide wrap around services.
2	Growing Detroit's Young Talent Program (GDYT)	The GDYT program offers summer employment for youth (14-24) for up to 120 hours with a variety of community and government partners. GDYT divides work opportunities into three areas, based on previous experience and age of the youth: career exploration, ready to work, and career pathway internships. The goal every summer is to match 8,000 youth with employment and training. Participants in this summer employment program are paid, with pay rate dependent on age and/or position.	Yes , this program provides foundation training, workforce training, and employment search assistance. There is not an individual navigator for each student, but GDYT provides students with many resources to obtain employment through their job matching service. No , this program does not provide wrap around services.
3	Southwest Economic Solutions	Southwest Economic Solutions (SWES) provides opportunities for individuals to gain the skills necessary for a career and credential attainment. Comprehensive services include: Math and Reading support, GED prep., English as a Second Language classes, digital literacy, financial	Yes , SWS provides foundational training, workforce training, employment search assistance, and a navigator. Yes , SWS provides wrap around services.

		<p>literacy, work readiness, job placement, and career coach support. Career coach help with barrier removal such as transportation, food assistance, emergency housing, childcare and other needs to help with retention in education and training. Trainings vary and each training has specific required prerequisites. Orientations occur each week on Wednesday at 10:00 a.m. at the Harris Lab located at 8640 W. Vernor Hwy. In addition, SWES is a Detroit at Work Center. Individuals can use the center for employment opportunities with the Pure Michigan Talent Connect and are can attend a variety of classes to help them on their path towards employment. Those individuals that are WIOA eligible can select trainings from 5 sector trainings to help them in their career path and work one-on-one with a career coach and business service representative.</p>	
4	Mayor's Workforce Development Board	<p>The Mayors Workforce Development Board provides training and opportunities in targeted industries to ensure individuals are prepared for employment. The board provides assistance in preparing to enter five industries, including construction, healthcare, information technology, manufacturing, and retail hospitality & entertainment. This program is free of charge. The board's key initiatives include: Detroit at Work, which helps jobseekers learn about jobs and trainings available, Returning Citizens, which helps citizens with criminal records re-integrate, Grow Detroit's Young Talent (see above), a Career and Technical Education program, a SNAP Reimbursement program, and a Healthcare Training Program.</p>	<p>Yes - The board provides foundational training, workforce training, employment search assistance, and specific programs at the Board provide navigators to guide individuals, specifically those with convictions, through the employment search process.</p> <p>No, the Board only focuses on workforce development and employment training.</p>
5	Detroit PAL	<p>The Detroit PAL focuses on training young adults from age 17-20 in the sports and entertainment industry. Specifically, the program focuses on program management and administration, program operations, communication and media, field and facility maintenance, and hospitality and customer service. The program is four weeks and if completed successfully, individuals may obtain paid internships or employment with Detroit PAL. Program participants are paid for their four weeks in the program.</p>	<p>No, Detroit PAL only provides workforce training, although they do provide close training by trained supervisors during their intensive program.</p> <p>No, Detroit PAL only focuses on workforce development and employment training in the sports and entertainment industry.</p>
6	Detroit at Work	<p>Detroit at Work provides assistance to individuals at any stage of the employment process. Detroit at Work provides training in various industries, such as health care,</p>	<p>Yes, Detroit at work provides foundational training workforce training employment search assistance, and also provides one-on-one assistance to individuals looking for</p>

		<p>information technology, manufacturing, construction, retail, hospitality, and entertainment. Job training workshops and classes are free to Detroiters who qualify and are conducted in multiple neighborhoods throughout the city. Youth employment programs are also available to help individuals search for employment, apply for college, develop industry skills, and provide career pathway advice. However, employment assistance events occur on a specified time frame, and new events and the application process will open up in 2020.</p>	<p>personalized help navigating the employment process. Although it is unclear whether a navigator similar to that given by SWS is provided, this close assistance resembles a navigator.</p> <p>Yes, Although Detroit at Work mainly focuses on workforce development, it also provides additional services in related fields, including childcare assistance, expungement, and educational classes including GED prep.</p>
<p>7</p>	<p>HUD Section 3 Program</p>	<p>The HUD Section 3 Program requires recipients of certain HUD programs to provide workforce development training to section 3 residents and contract opportunities to section 3 businesses. The program aims to spur local economic development, neighborhood economic development, and self-sufficiency. §24 CFR 135 defines a section 3 resident as (1) a public housing resident or (2) a person who meets the requirements of household income for low or very low income persons. §24 CFR 135 defines a section 3 business as (1) 51% or more of the business is owned by section 3 residents, (2) 30% or more current permanent full-time employees are section 3 residents or within 3 years of the date of 1st employment with the business concern were section 3 residents, or (3) the business can subcontract over 25% or more of the total dollar amount of contracts to section 3 businesses.</p>	<p>No, the HUD Section 3 program provides workforce development training but does not provide foundational training or navigators.</p> <p>No, the HUD Section 3 program only provides workforce development training to section 3 residents and contract opportunities to section 3 businesses.</p>

2. Entrepreneurship/Small Business Support

The following programs provide entrepreneurship and small business support services:

	Organization Name	Entrepreneurship/Small Business Support:	Does this organization also provide wrap around services?
1	Southwest Economic Solutions	<p>Southwest Economic Solutions (SWES) provides an entrepreneurship development program to assist people with starting small businesses. SWS's 20-week program called ProsperUS includes twelve business development training sessions that include eight to twelve participants each. These free sessions are low-cost and take place in five six neighborhoods throughout Detroit (ProsperUs charges a fee of \$75 for classes, which have a true value of \$950 per participant). An experienced trainer teaches these sessions and provides one-on-one meetings between sessions to expedite any learning curves. These one-on-one sessions occur frequently and serve as a great resource for individuals to obtain personalized assistance. ProsperUs microloans are available to neighborhood-based businesses in Detroit, Hamtramck, and Highland Park. We encourage and sometimes require business owners, especially start-up entrepreneurs, to complete ProsperUS' entrepreneurship training program before applying for a loan. ProsperUS considers many factors in the underwriting of loans, and is focused on developing relationships with prospective borrowers. In this process ProsperUs helps the borrower understand their credit profile and can provide assistance to help prospects and borrowers enhance their credit. Serious students who complete this training can receive micro loans for up to \$50,000 after a credit score assessment. If needed, SWES will provide assistance to help people raise their credit scores. The average loan at SWES is \$19,000 and SWS has helped develop more than 140 250small businesses throughout Detroit.</p> <p>Throughout this process, SWES provides institutional knowledge, guidance, and financial support. This backend assistance helps guide people through this process and could serve as the extra element that individuals cannot obtain elsewhere, and thus serve as compensation. The working</p>	<p>Yes, this organization provides not only homeownership resources, but rental assistance, employment and workforce development support, entrepreneurship and small business support, children and youth services, veterans support, counseling, and community engagement programs.</p>

		group's goal is to ensure tax foreclosure claimants receive extended benefits by providing additional small business loans and grants through SWES's programs and those of other similar programs. SWES's program can be expanded with additional funding to ensure tax foreclosure claimants are not competing with existing program participants for resources, however it is unclear whether other programs have the same capacity.	
2	Build Institute	Build Institute provides entrepreneurship trainings at their own facility to assist people with starting small businesses. Build Institute's eight week program has twelve to sixteen participants per class. Additionally, the program includes two one-hour one-on-one meetings outside of the classroom with a trained facilitator. Fees for each class depend on the type of course being offered. For some courses, fees are dependent on household income.	No , this program only focuses on providing resources and educational programs to support small business growth.
3	Detroit Economic Growth Corporation (DEGC) – Motor City Match Program	The Motor City Match Program provides grants to prospective small business owners and helps them find spaces to open their businesses that fit their needs. They also provide multiple resources to help entrepreneurs start businesses, including information about local contractors to build spaces and market support services, including BizGrid. However, HUD recently halted CBDG funding to this program due allegations that the City program improperly used federal funds. ⁶⁰	No , this program only provides resources to individuals who have a business plan and need preliminary financing and a physical space to open their business in.
4	HOPE Inside - Detroit branch	HOPE Inside is a company that provides financial assistance and training programs across the country. Its Detroit location provides Credit and Money Management training, Homeownership training, and Small Business Development trainings. However, their website does not have any future events listed in Detroit and their last event took place in 2018.	Yes , HOPE Inside's Detroit location provides not only small business support services but also homeownership training and financial management trainings.
5	Detroit BizGrid	BizGrid is a directory with resources for Detroit business owners. It has an online platform and also can be downloaded as a printable flyer. It is designed to help business owners navigate the process of starting a business and of keeping a business running. The resource is free of charge.	No , BizGrid only provides business support information.

⁶⁰ See Candice Williams, *Feds Review Motor City Match Over Documentation, Low-Income Assistance*, The Detroit News, <https://www.detroitnews.com/story/news/local/detroit-city/2019/06/19/feds-probe-whether-detroits-motor-city-match-program-misused-funds/1482635001> (last visited Oct. 10, 2019).

6	HUD Section 3 Program	<p>The HUD Section 3 Program requires recipients of certain HUD programs to provide workforce development training to section 3 residents and contract opportunities to section 3 businesses. The program aims to spur local economic development, neighborhood economic development, and self-sufficiency. §24 CFR 135 defines a section 3 resident as (1) a public housing resident or (2) a person who meets the requirements of household income for low or very low income persons. §24 CFR 135 defines a section 3 business as (1) 51% or more of the business is owned by section 3 residents, (2) 30% or more current permanent full-time employees are section 3 residents or within 3 years of the date of 1st employment with the business concern were section 3 residents, or (3) the business can subcontract over 25% or more of the total dollar amount of contracts to section 3 businesses.</p>	<p>No, HUD Section 3 program only provides workforce development training to section 3 residents and contract opportunities to section 3 businesses.</p>
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3. Homebuyer Education Courses

The following HUD approved programs offering homebuyer education and financial literacy courses are all located in Detroit. This information was retrieved from HUD's website.⁶¹

	Organization Name	Homebuyer Education and Financial Literacy Courses:	Does this organization provide wrap around services?
1	Abayomi Community Development Corporation	<ul style="list-style-type: none"> - Financial Management Education - Foreclosure Prevention Counseling - Homebuyer Education - Group and Individual - On-Line Homebuyer Education - Pre-Counseling Assessment - Pre-Purchase / Individual - Counseling - Rental Counseling 	Yes , this organization provides not only homeownership resources, but also economic development support and youth and family services.
2	Amandla Community Development Corporation	<ul style="list-style-type: none"> - Financial Management Education - Foreclosure Prevention Counseling - FSS/Key To Own Counseling - Homebuyer Education - Group and Individual - Pre-Counseling Assessment - Pre-Purchase / Individual Counseling - Rental Counseling 	No.
3	Jewish Vocational Service	<ul style="list-style-type: none"> - Financial Management Education - Foreclosure Prevention Counseling - FSS/Key To Own Counseling - Homebuyer Education - Group and Individual - On-Line Homebuyer Education - Pre-Counseling Assessment - Pre-Purchase / Individual Counseling - Rental Counseling 	Yes , this organization provides not only homeownership resources counseling, training and supportive services for people with disabilities, job seekers, seniors and others in need.
4	MSU Extension - Wayne Co. Office	<ul style="list-style-type: none"> - Financial Management Education - Foreclosure Prevention Counseling - Homebuyer Education - Group and Individual - Online Homebuyer Education available - Pre-Purchase / Individual Counseling 	No.
5	National Faith Homebuyers Program	<ul style="list-style-type: none"> - Financial Management Education - Foreclosure Prevention Counseling - FSS/Key To Own Counseling - Homebuyer Education - Group and Individual - MSHDA Down payment Assistance - On-Line Homebuyer Education - Pre-Counseling Assessment - Pre-Purchase / Individual Counseling - Rental Counseling 	No.
6	Neighborhood Legal Services of Michigan	<ul style="list-style-type: none"> - Financial Management Education - Foreclosure Prevention Counseling - FSS/Key To Own Counseling - Homebuyer Education - Group and Individual - Pre-Counseling Assessment 	Yes , this organization provides not only homeownership resources, but also children's services, including educational services, and elder law services.

⁶¹ See HUD Approved Housing Counseling Agencies, HUD.Gov, <https://apps.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?webListAction=search&searchstate=MI> (last visited Oct. 7, 2019).

		<ul style="list-style-type: none"> - Pre-Purchase / Individual Counseling - Rental Counseling 	
7	New Hope Community Development	<ul style="list-style-type: none"> - Financial Management Education - Foreclosure Prevention Counseling - FSS/Key To Own Counseling - Homebuyer Education - Group and Individual - Pre-Counseling Assessment - Pre-Purchase / Individual Counseling - Rental Counseling 	No.
8	Southwest Economic Solutions/Southwest Housing Solutions	<ul style="list-style-type: none"> - Financial Management Education - Foreclosure Prevention Counseling - FSS/Key To Own Counseling - Homebuyer Education - Group and Individual - Online Homebuyer Education available - Pre-Purchase / Individual Counseling 	Yes , this organization provides not only homeownership resources, but affordable rental housing, employment and workforce development support, entrepreneurship and small business support, youth employment training services, veterans support, counseling, and community engagement programs.
9	U-SNAP-BAC Non-Profit Housing Corp.	<ul style="list-style-type: none"> - Financial Management Education - Foreclosure Prevention Counseling - Homebuyer Education - Group and Individual - Pre-Purchase / Individual Counseling 	No.
10	Wayne-Metro Community Action Agency-Corporate Office	<ul style="list-style-type: none"> - Financial Management Education - Foreclosure Prevention Counseling - FSS/Key To Own Counseling - Homebuyer Education - Group and Individual - Pre-Counseling Assessment - Pre-Purchase / Individual Counseling - Rental Counseling 	Yes , this organization provides not only homeownership resources, but also educational workshops, employment programs, food access resources, health care resources, nutritional education, and youth and child services.

4. Homebuyer Coaching Program

The following HUD approved organizations offering homebuyer and financial management coaching programs and workshops are all located in Detroit. This information was retrieved from HUD's website.⁶² Contact information for each organization can be retrieved from HUD. No information was provided on the HUD website as to whether the following programs provide wrap around services and thus, that information is excluded.

	Organization Name	Homebuyer and Financial Management Coaching Programs and Workshops:	Parent organization
1	Abayomi Community Development Corporation	<ul style="list-style-type: none"> - Financial Management/Budget Counseling - Mortgage Delinquency and Default Resolution Counseling - Pre-purchase Counseling - Rental Housing Counseling - Speaks English and Spanish 	MSHDA
2	Amandla Community Development	<ul style="list-style-type: none"> - Financial Management/Budget Counseling - Financial, Budgeting, and Credit Workshops - Mortgage Delinquency and Default Resolution Counseling - Non-Delinquency Post Purchase Workshops - Resolving/Preventing Mortgage Delinquency Workshops - Speaks English 	MSHDA
3	Bridging Communities, Inc.	<ul style="list-style-type: none"> - Mortgage Delinquency and Default Resolution Counseling - Pre-purchase Counseling - Pre-purchase Homebuyer Education Workshops - Resolving/Preventing Mortgage Delinquency Workshops - Speaks English and Spanish 	
4	Central Detroit Christian CDC	<ul style="list-style-type: none"> - Fair Housing Pre-Purchase Education Workshops - Financial Management/Budget Counseling - Financial, Budgeting, and Credit Workshops - Home Improvement and Rehabilitation Counseling - Mortgage Delinquency and Default Resolution Counseling - Non-Delinquency Post Purchase Workshops - Pre-purchase Counseling - Pre-purchase Homebuyer Education Workshops - Predatory Lending Education Workshops - Rental Housing Counseling - Rental Housing Workshops - Resolving/Preventing Mortgage Delinquency Workshops - Speaks English 	Housing Action Illinois
5	Detroit Hispanic Development Corporation	<ul style="list-style-type: none"> - Fair Housing Pre-Purchase Education Workshops - Financial Management/Budget Counseling - Financial, Budgeting, and Credit Workshops - Pre-purchase Counseling - Pre-purchase Homebuyer Education Workshops - Speaks English and Spanish 	Nueva Esperanza, Inc.
6	Family Tree, Inc.	<ul style="list-style-type: none"> - Fair Housing Pre-Purchase Education Workshops - Financial, Budgeting, and Credit Workshops - Home Improvement and Rehabilitation Counseling - Mortgage Delinquency and Default Resolution Counseling - Non-Delinquency Post Purchase Workshops 	

⁶² *Id.*

		<ul style="list-style-type: none"> - Pre-purchase Counseling - Pre-purchase Homebuyer Education Workshops - Predatory Lending Education Workshops - Rental Housing Counseling - Rental Housing Workshops - Resolving/Preventing Mortgage Delinquency Workshops - Services for Homeless Counseling - Speaks Arabic and English 	
7	GreenPath Financial Wellness	<ul style="list-style-type: none"> - Fair Housing Pre-Purchase Education Workshops - Financial Management/Budget Counseling - Mortgage Delinquency and Default Resolution Counseling - Non-Delinquency Post Purchase Workshops - Pre-purchase Counseling - Pre-purchase Homebuyer Education Workshops - Rental Housing Counseling - Services for Homeless Counseling - Speaks English and Spanish 	Greenpath, Inc.
8	Michigan State University Extension Service – Wayne Detroit	<ul style="list-style-type: none"> - Financial Management/Budget Counseling - Financial, Budgeting, and Credit Workshops - Mortgage Delinquency and Default Resolution Counseling - Pre-purchase Counseling - Pre-purchase Homebuyer Education Workshops - Rental Housing Workshops - Speaks English 	Michigan State University Extension
9	National Faith Homebuyers	<ul style="list-style-type: none"> - Fair Housing Pre-Purchase Education Workshops - Financial Management/Budget Counseling - Mortgage Delinquency and Default Resolution Counseling - Non-Delinquency Post Purchase Workshops - Pre-purchase Counseling - Pre-purchase Homebuyer Education Workshops - Predatory Lending Education Workshops - Rental Housing Counseling - Services for Homeless Counseling - Speaks English 	Homefree – U.S.A.
10	Neighborhood Legal Services	<ul style="list-style-type: none"> - Financial, Budgeting, and Credit Workshops - Pre-purchase Counseling - Pre-purchase Homebuyer Education Workshops - Resolving/Preventing Mortgage Delinquency Workshops - Speaks English 	MSHDA
11	New Hope CD Non-Profit Housing Corporation	<ul style="list-style-type: none"> - Financial Management/Budget Counseling - Financial, Budgeting, and Credit Workshops - Mortgage Delinquency and Default Resolution Counseling - Pre-purchase Homebuyer Education Workshops - Speaks English 	MSHDA
12	NID-HCA Borrower Help Center	<ul style="list-style-type: none"> - Financial Management/Budget Counseling - Financial, Budgeting, and Credit Workshops - Home Improvement and Rehabilitation Counseling - Mortgage Delinquency and Default Resolution Counseling - Non-Delinquency Post Purchase Workshops - Pre-purchase Counseling - Pre-purchase Homebuyer Education Workshops - Rental Housing Counseling - Rental Housing Workshops 	National Association of Real Estate Brokers-Investment Division, Inc.

		<ul style="list-style-type: none"> - Resolving/Preventing Mortgage Delinquency Workshops - Services for Homeless Counseling - Speaks English 	
13	Seed – Sowing Empowerment and Economic Development	<ul style="list-style-type: none"> - Pre-purchase Counseling - Pre-purchase Homebuyer Education Workshops - Speaks English 	Seed-Sowing Empowerment & Economic Development, Inc.
14	Southwest Economic Solutions	<ul style="list-style-type: none"> - Fair Housing Pre-Purchase Education Workshops - Financial Management/Budget Counseling - Financial, Budgeting, and Credit Workshops - Home Improvement and Rehabilitation Counseling - Mortgage Delinquency and Default Resolution Counseling - Non-Delinquency Post Purchase Workshops - Pre-purchase Counseling - Pre-purchase Homebuyer Education Workshops - Predatory Lending Education Workshops - Resolving/Preventing Mortgage Delinquency Workshops - Speaks English and Spanish 	MSHDA/HUD Funding
15	U-SNAP-BAC Non-profit Housing Corporation	<ul style="list-style-type: none"> - Mortgage Delinquency and Default Resolution Counseling - Pre-purchase Counseling - Pre-purchase Homebuyer Education Workshops - Rental Housing Counseling - Speaks English 	MSHDA
16	Wayne Metropolitan Community Action Agency	<ul style="list-style-type: none"> - Financial Management/Budget Counseling - Financial, Budgeting, and Credit Workshops - Mortgage Delinquency and Default Resolution Counseling - Non-Delinquency Post Purchase Workshops - Pre-purchase Counseling - Pre-purchase Homebuyer Education Workshops - Rental Housing Counseling - Rental Housing Workshops - Speaks Arabic, English, and Spanish 	MSHDA