

MAYOR'S MEMO

News of Interest to Southfield Residents from Mayor Ken Siver

Southfield Non-Profit Housing Corp. funds neighborhood renewal program

Looking back a decade ago, Southfield neighborhoods were under siege following the unraveling of the mortgage fraud scandal and the recession it sparked.

In 2008, 2009 and 2010 Southfield had a rolling 1,600 vacant homes as thousands of homeowners found themselves financially underwater.

Vacant homes were vandalized and stripped of copper, appliances, fixtures, etc.

Property values and the city's tax base plummeted. Foreclosed homes were "dumped" by banks and mortgage companies for a fraction of their value. The number of HUD controlled properties in the city spiked as mortgage companies collapsed.

Speculators, home rental companies, flippers were buying up Southfield, bringing a dramatic rise in rental and group homes city neighborhoods.

A second wave of foreclosures followed due to property owners failure to pay taxes. Many of the tax foreclosures were acquired at "give-away" prices but the owners found they could not afford Southfield taxes and water bills or basic home maintenance. Between 2010 and 2015, 402 properties were foreclosed by the Oakland County Treasurer's office.

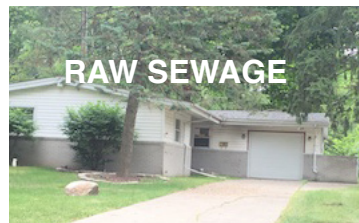
The result of bank and Oakland County foreclosures left many homes in serious need of repair. Southfield neighborhoods were pock-marked with distressed homes.

SNRI INTERVENTION

The Southfield Neighborhood Revitalization Initiative (SNRI) was created to mitigate the threats to viable neighborhoods. The Southfield Non-Profit Housing Corporation stepped in to finance housing renewal in partnership with Habitat for Humanity Oakland County. City Council acquired the homes and then deeded them to the SNRI with repayment of back taxes. This action blocked slumlords, flippers, rental companies, speculators, etc. from further intrusion in Southfield neighborhoods.

Conditions prior to the creation of the Southfield Neighborhood Revitalization Initiative in 2016

Some examples follow



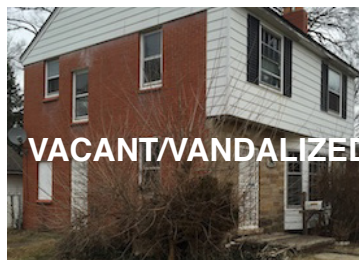
Purchased from US Bank for \$10,000, slumlord pumped raw sewage into back yard rather than repair sewer line. Failed to pay property taxes.



Purchased at the 2014 Oakland County property tax auction, buyer turned property into marijuana grow house and didn't pay taxes. Acquired and demolished by the SNRI.



Firebombed after disgruntled client was turned down by HUD. Previously, bank abandoned home. HUD took possession.



Bank of America mortgage foreclosed this home and left it vacant for six years. Vandalized repeatedly. Many other banks held foreclosed properties for years.



Home flipped 10 times starting in 2002; went from good to beyond repair. Last owner never paid property taxes. Tax foreclosed. SNRI acquired, paid back taxes and demolished. Total loss for SNRI.

Neighborhood Revitalization Initiative Q & A

What is the Southfield Neighborhood Revitalization Initiative (SNRI)?

The SNRI is a partnership between the Southfield City Council, the Southfield Non-Profit Housing Corporation (SNPHC) and Habitat for Humanity Oakland County. The SNRI was approved by the Southfield City Council in 2016 to:

- Eliminate flippers, real estate speculators and rental home companies from “buying up” Southfield at the annual Oakland County Property Tax auction
- Maintain attractive, safe neighborhoods
- Protect and raise property values
- Reduce or contain the growing number of rental homes
- Reduce neighborhood blight

Why was SNRI formed?

From 2010 to 2015, 402 Southfield properties were tax foreclosed by Oakland County. The majority of these homes were purchased at auctions by speculators, flippers and rental companies. In many cases no maintenance was performed on homes before they were sold by flippers or rented. In some cases, landlords collected rent and didn't pay taxes knowing the property would be foreclosed again. Speculators held on to properties without performing maintenance. Besides tax foreclosures, thousands of Southfield homeowners faced bank/mortgage foreclosures. A crisis loomed in Southfield neighborhoods. (Southfield led Oakland County in bank foreclosures.) The city had a rolling number of 1,600 vacant homes in 2008, 2009 and 2010.

What happens when an owner fails to pay property taxes?

The County Treasurer initiates foreclosure when taxes have not been paid for a minimum of three consecutive years or after property owners fail to maintain their tax payment plan. In many cases tax foreclosure is forestalled to five, six, seven years. The County Treasurer's Office is committed to helping individuals, families and business owners avoid tax foreclosure and keep their properties. There are several assistance programs to help delinquent property taxpayers, as well as payment plans as the county attempts to work on resolution of back taxes.



Nice home, squatters thought so too. A handful of vacant homes in the city attracted squatters.



This home had \$84,750 in back taxes and a \$6,527 water bill dating back over a decade when the Oakland County Treasurer finally foreclosed.



A new house is being built by SF Community Renewal on a county tax foreclosed vacant lot that had tax arrears of \$33,170. The SNRI absorbed the lot cost so a new home could be constructed. Otherwise, no builder would purchase a lot at this price.

Can a local community foreclose on tax delinquent properties?

No. Working with the courts, only a county treasurer has the legal authority to foreclose on tax delinquent properties.

How does the SNRI partnership work?

Under Michigan Law, the City Council exercises “first right of refusal” on properties foreclosed by the County Treasurer. The Southfield Non-Profit Housing Corporation reimburses City Council for the back taxes, water bills and county fees and finances the rehabilitation of the foreclosed properties. Habitat for Humanity contracts the rehabilitation of the properties and when complete lists them with independent Realtors. Anyone who can qualify for financing can put a bid on the SNRI homes.

What is “first right of refusal?”

By law, local municipalities may acquire tax foreclosed properties before they go to auction. Annually, the county treasurer holds an auction to sell off tax foreclosures not optioned by local governments.

Do other communities have an SNRI?

No, but many other Detroit area communities exercise first right of refusal on tax foreclosures. They have done this to keep properties out of the hands of slumlords. In other communities the foreclosed homes are put up for bid to contractors for repairs. The contractors may profit on the sale of the refurbished homes.

How does Southfield's housing renewal program differ from other cities?

Southfield turned to the Southfield Non-Profit Housing Corporation to fund the SNRI for the acquisition of properties and their rehabilitation. In doing so, the SNRI maintains tighter control over the depth and quality of the rehabilitation. Further, it places a deed restriction on the rehabbed homes to prevent rentals. The SNRI contracts with Habitat for Humanity-Oakland County to provide the renovations. Many times, the cost of the back taxes and rehabilitation have resulted in a loss to the SNRI. The 13, beyond-repair homes the SNRI had demolished resulted in a total loss.

When properties are sold, any dollars in excess of the acquisition and rehabilitation costs go back to the SNRI or SF Community Renewal to fund other home renovations or new home construction.

(SF Community Renewal is funded by the SNPHC for construction of market rate housing.)

Does anyone associated with the SNPHC, SNRI or SF Community Renewal profit from the sale of SNRI properties?

No! Absolutely not. Those serving on the boards of the SNRI, SNPHC and SF Community Renewal are **UNPAID volunteers** who live or work in Southfield. In fact, none of these entities has any employees.

The volunteer board members are interested in neighborhood preservation and affordable housing. The SNPHC has been in existence since 1973 and operates McDonnell Towers, River Park Place and Woodridge apartments. Management, legal and accounting services are contracted. When the Southfield City Council created the Southfield Non-Profit Housing Corporation it mandated that city officials serve on its board of directors for purposes of oversight.



Oakland County foreclosed on this home after four years of tax arrears totaling \$9,754. The owner had purchased this home for only \$21,450 when it was "dumped" by a bank. (Previously it had sold for \$132,000). This same person bought this home while being in tax arrears

of \$13,665 for seven years on his primary residence in Southfield and owing a \$372 water bill. There were numerous others who acquired properties and never paid taxes, including a landlord who abandoned four rental homes.



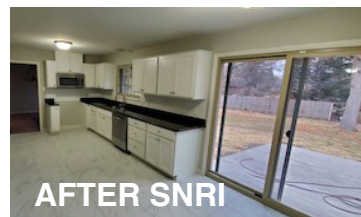
This home was also "dumped" by a bank and sold for \$33,000 in 2009. (It had previously sold for \$130,000.) The Oakland County Treasurer foreclosed after eight years when tax arrears grew to \$27,249 and the water bill

to \$7,059. Sadly, the homeowner could not afford to maintain the home and it became a blight in the neighborhood. The roof failed leading to near total interior ruin.



Kitchen in an SNRI home before renovation and after.

Virtually all of the tax foreclosed properties needed a great deal of work due to lack of maintenance. Habitat for Humanity Oakland County performed total rehabilitation on SNRI homes which included remediation of mold, lead and asbestos.



Home renewal has improved Southfield property values.

What about claims that homeowners have had their properties taken from them?

The City of Southfield does NOT foreclose properties. Court approved county tax foreclosures are the result of failure to pay property taxes. The county treasurer sends numerous warnings and offers tax counseling over a minimum three-year period. The process provides opportunities for property owners to avoid tax foreclosure. City of Southfield offers home assistance and property tax relief to those with income eligibility.

IN SUMMARY

Southfield Neighborhood Revitalization Initiative

2016-2021

The number of Oakland County Tax Foreclosed properties—*PRIOR TO SNRI*—that were mostly acquired by flippers, rental companies and speculators between 2010 to 2015 -- 402

The number of Oakland County Tax Foreclosed Properties Southfield City Council acquired through First Right of Refusal between 2016 and 2019 -- 148*

*No foreclosures in 2020 and 2021

SNRI properties returned to Oakland County due to error or title issue -- 9

SNRI vacant residential lots -- 23
(includes demolished homes)

SNRI properties beyond repair and demolished -- 13

SNRI Properties rehabbed and sold -- 98**
*28 homes went to Habitat for Humanity clients as affordable housing

Properties currently under construction -- 4

Funds expended by the SNRI from 2016 to July 31, 2021 on neighborhood renewal -- \$15.41 Million***
*** Non tax dollars

Additional funds expended in neighborhood renewal via Community Development Block Grant funds and the Oakland County Home Program -- \$3.56 Million

The objective of the SNRI is to break even on its expenses. Currently, the program has a deficit of (\$110,000).

SNRI for the betterment of our community



**CLEANUP OF
ILLEGAL DUMPING**

The SNRI took possession of this property after it was tax foreclosed by the Oakland County Treasurer's Office in 2019.

The former owner purchased the property above in 2013 for \$60,000 and immediately fell behind in property taxes. He used the rear of this property to illegally dump refuse, including bags of asbestos containing materials. (See black plastic bags marked "Danger".) The SNRI acquired the property for \$14,500 in unpaid taxes and spent \$40,000 clearing the land of debris and the appropriate disposal of the asbestos materials.



NEW WORKFORCE HOUSING

Habitat for Humanity-Oakland County, in partnership with the SNRI, is completing construction on six workforce (affordable) homes in the Nine Mile / Evergreen area. There is a need for affordable housing.

The KIMMIE HORNE Jazz Festival 2021

Southfield Civic Center, 26000 Evergreen Rd.
★ Southfield, MI

"I am honored to present, the Fifth Annual, Award Winning, KIMMIE HORNE Jazz Festival, come out and be my Guest!"

-- Kimmie Horne

Friday, August 13th



Saturday, August 14th



★ Saturday's Fun Events

*High Stepping Majorettes 8:30a

*Jazzy Roll Bike Cruise 9:00a

*Hula Hoop Workout 10:00a

VARSITY
LINCOLN

MGM GRAND
DETROIT

BEANS & CORNBREAD

Ascension
Providence

Jazz

HOLLY
CONSTRUCTION

Free Festival - Food, Drink and Merchandise Vendors - \$10 VIP Parking

Kimme Horne Jazz Festival returns Aug. 13-14

The City of Southfield will host the 5th annual Kimmie Horne Jazz Festival on Friday, August 13 from 6-10:30pm and Saturday, August 14 from 3-10:30pm on the front lawn of the Southfield Municipal Campus.

The free, outdoor two-day event will feature the best in live music, food trucks, boutique vendors and a beer and wine tent, as well as a Jazzy Roll Bike Cruise and the presentation of a lifetime achievement award to a legendary artist.

Saturday, August 14 the festival will kick-off with a Fitness and Fun morning for the entire family from 8am to noon featuring the High-Stepping Majorettes at 8:30am followed by the Jazzy Roll Bike Cruise at 9am and a Hula Hoop Workout at 10am at the Southfield Municipal Campus. A Classic Car & Bike Show will take place at the corner of Evergreen Road & Civic Center Drive from 10am to noon.

The Kimmie Horne Jazz Festival is free and open to the public. Bring lawn chairs or blankets for seating. VIP Parking will be available on the Southfield Municipal Campus for \$10 in both the north and south parking lots and on the corner of Evergreen and Civic Center Drive. Parking proceeds will benefit the Southfield Public Arts Commission.

A variety of food will be available for purchase from several food trucks in addition to boutique vendors offering unique products for sale.

MAYOR'S MEMO

The Mayor's Memo is an occasional newsletter produced by Mayor Ken Siver and not done at city expense. The Memo provides city news & updates to residents. To subscribe, send an email to bastrop@cityof-southfield.com Feel free to pass this newsletter on to others.