



**For Immediate Release**  
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**LDF and ACLU Settle Tax Foreclosure Case, Enabling Low-Income Detroiters in Foreclosure to Keep Their Homes**

*Eligible Homeowners Must Apply Immediately to be Approved by July 13 Deadline*

The NAACP Legal Defense and Educational Fund, Inc. ([LDF](#)), the ACLU of Michigan, and Covington and Burling LLP have reached a settlement with the City of Detroit that will provide financial relief to residents at risk of losing their homes due to the city's discriminatory tax foreclosure policy.

The settlement resolves *MorningSide Community Organization v. Sabree*, a lawsuit filed on behalf of seven Detroit homeowners and four neighborhood associations. The agreement will save the homes of over 300 homeowners and their families this year, and will make it less burdensome in the future for residents to apply for a city program exempting low-income homeowners from taxes they cannot afford.

"We are excited to partner with the City of Detroit and community organizations to craft a creative settlement that will prevent thousands of Detroiters from losing their homes to tax foreclosure," said Michael J. Steinberg, legal director of the ACLU of Michigan. "It is a win for homeowners unfairly facing loss of their homes, and a win for the city, which will have fewer abandoned properties in residential neighborhoods. This agreement will hopefully mark the beginning of the end of the worst tax foreclosure crises since the Great Depression."

**Detroit homeowners who are currently in tax foreclosure and believe they are qualified should apply immediately, as they must be approved by July 13, to meet requirements of the Wayne County Treasurer. For assistance, contact the [United Community Housing Coalition](#) (UCHC) at (313) 963-3310, ext. 339.**

"Detroit's tax foreclosure crisis has decimated African-American communities throughout the City," said [Ajmel Quereshi](#), Senior Counsel at LDF. "The resolution achieved today will help keep hundreds of families in their homes this summer and ensure that homeowners in Detroit no longer have to pay taxes that they cannot and should not have to pay."

The lawsuit alleged that a series of unfair procedural and logistical obstacles prevented low-income homeowners from receiving a poverty tax exemption under Detroit's Homeowner Property Tax Assistance Program (HPTAP). These obstacles, combined with the fact that few eligible homeowners knew about the program, resulted in tens of thousands of low-income Detroiters losing their homes for inability to pay taxes they never should have had to pay in the first place. Since 2011, the Wayne County Treasurer has foreclosed on more than one in four properties in Detroit.

"Our neighborhoods are stronger when people stay in their homes," said Kenneth Patterson of the Oakman Boulevard Community Association, one of the local neighborhood groups that filed the lawsuit in 2016. "This is good news for our community and for the city. Foreclosed homes often become abandoned, blighted and have to be torn down. It's better to stop foreclosures before they happen."

The MorningSide Community Organization, the Historic Russell Woods-Sullivan Area Association and Neighbors Building Brightmoor were also plaintiffs in the lawsuit.

"We are thrilled to work with the ACLU and our community partners to prevent tax foreclosures in the City," said Eli Savit, senior advisor and legal counsel to Detroit Mayor Mike Duggan. "Over the past several months, we have worked collaboratively to craft a settlement that builds on existing efforts to keep people in their homes. Those efforts are already bearing fruit. We are confident that—working together—we will be able to help thousands of Detroiters, and stabilize neighborhoods across the city. This is a big win for everyone."

Under the terms of the settlement:

- The City of Detroit will mail a notice, each year, to all city homeowners with homes worth less than \$95,000 about tax relief for low-income households available through the Homeowners Property Tax Assistance Program (HPTAP).
- The city will create a streamlined application HPTAP process, similar to other cities, with fewer paperwork requirements for applicants.
- The HPTAP application—which previously could only be obtained by mail after filling out an application in person at the Coleman A. Young Municipal Center—will now be available for download on the city's website at [detroitmi.gov](http://detroitmi.gov).
- For poverty exemption-eligible homeowners with homes currently in foreclosure, the city will exercise its "Right of First Refusal" (ROR) to purchase these homes from the Wayne County Treasurer before the properties are sold at a tax auction.
- The City of Detroit will forgo recovery of its portion of the taxes, resulting in an approximately 40 percent reduction in back taxes owed.
- After acquiring properties of eligible applicants, the city of Detroit will sell the homes at the discounted rate to the United Community Housing Coalition (UCHC). The city will contribute \$275,000 to the funds UCHC will use to purchase homes this year. This will build upon a program that was piloted last year between local philanthropies and the city.
- UCHC will sell the acquired homes back to their original owners for \$1,000, which will be used to save additional homes from foreclosure over the next two years. If a

homeowner does not have \$1,000, UCHC will work with the homeowner to develop a non-interest payment plan.

- The city will continue its “Homeowner Right-of-Refusal Program” to enable poverty exemption-eligible homeowners to save their homes from foreclosure for \$1000 for the next three tax years: 2018, 2019 and 2020.

“This is a great outcome for low-income homeowners and the City of Detroit as a whole,” said Shankar Duraiswamy, partner at Covington & Burling LLP. “The settlement will ensure that the HPTAP tax exemption is actually accessible to those who it was designed to assist: struggling Detroit homeowners. We are hopeful that today’s settlement will help to prevent another tax foreclosure crisis from arising in the City of Detroit in the future.”

Read the settlement order [here](#).

Read the complaint [here](#).

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*Founded in 1940, the NAACP Legal Defense and Educational Fund, Inc. (LDF) is the nation’s first civil and human rights law organization and has been completely separate from the National Association for the Advancement of Colored People (NAACP) since 1957—although LDF was originally founded by the NAACP and shares its commitment to equal rights. LDF’s Thurgood Marshall Institute is a multi-disciplinary and collaborative hub within LDF that launches targeted campaigns and undertakes innovative research to shape the civil rights narrative. In media attributions, please refer to us as the NAACP Legal Defense Fund or LDF.*