PROPERTY TAX FORECLOSURE PREVENTION

League of Women Voters Jackson Area, Michigan

The League of Women Voters supports programs and policies to prevent or reduce poverty and to promote self-sufficiency for individuals and families.

Property Tax Foreclosures typically harm families and neighborhoods characterized by poverty and communities populated with individuals struggling with hardship and financial challenges.

Fees and interest penalties in the foreclosure process are set by state law. Proceeds from the sale of Property Tax Foreclosed homes are allowed by state law to be a source of revenue for county treasuries. This is a loss of equity for those resident homeowners whose delinquencies have led to foreclosure. In this position it is our belief that proceeds from foreclosed owner-occupied homes should not be used to make up for losses in the City/County budgets that are unassociated with those foreclosed homes.

This position is focused on helping resident homeowners to pay their taxes and to avoid regressive fees and interest associated with delinquencies and the loss of equity in the legal foreclosure process.

- While fees and interest penalties accumulated during the foreclosure process might cover the direct costs associated with delinquent property taxes and the foreclosure process, operating and capital costs of the County Treasurer's Office and the County should be paid for by revenue raised by general taxation.

- The County Treasurer's Office should include or be connected to and engaged with a social worker/ombudsman/housing advocate who conducts timely and proactive outreach to connect those at risk to education related to financial stability and to local, state, and federal resources, i.e., to help them pay their property taxes either at the local level before they become delinquent or at the county level if taxes become delinquent.

- Property tax and hardship exemptions for resident homeowners set by local taxing entities should be easily accessible.

- Resources to property tax relief programs for resident homeowner should be easily accessible to those who could benefit from them.

- The income threshold for eligibility for property tax exemption should be at least 150% of the federal poverty guidelines.

- There should be a graduated scale for property tax and hardship exemptions set by the local taxing entity with the advice and consent of a local committee that includes resident citizens from the population typically at risk and a person knowledgeable of the process and available resources. This person might be an available social worker/ombudsman/housing advocate.

- Applications for poverty and hardship property tax exemptions should be simple and straightforward and there should be a local resource for helping resident homeowners understand and make use of these applications.

- Applications for poverty and hardship property tax exemptions should have a common format among the local taxing entities.

- Tax bills should bear notices of exemption applications and resources.

- The application process for poverty and hardship exemptions should protect applicants' privacy and self-respect.

- The poverty and hardship exemptions should be well-advertised both before the applications period begins and before it closes.

- County and local clerks and treasurers should make available programs allowed by law that could assist resident homeowners at risk of delinquency and foreclosure, for example Pay as You Stay and an Interest Reduction Stipulated Payment Agreement (IRSPA).

- Community development and economic planning decisions should be easily accessible for citizens and should include the advice of representatives of the neighborhood(s) to be affected.

Approved by LWVJA Membership June 2020