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Don't Let Detroit's Revival Rest on an Injustice

By BERNADETTE ATUAHENE JULY 22, 2017

FIFTY years ago on Sunday the Detroit uprising began. Five days of violence left more than 1,400 buildings burned, more than 7,000 people arrested and 43 people dead — 33 African-Americans and 10 whites. TV sets transported images of cars and buildings engulfed in orange flames and black smoke into American living rooms. After the uprising, whites and middle-class African-Americans fled the city, leaving poor and working-class African-American families to fend for themselves.

Today, Detroit is 80 percent African-American. Forty percent of its population lives below the federal poverty line, while many of its suburbs are predominately white and far richer.

Mr. Jones, who was a 13-year-old boy at the time of the uprising (and whose first name I am withholding to protect his privacy), told me that although his memory often fails him now, he will never forget the National Guard's tanks lumbering down his street. Even though they were traumatized, Mr. Jones and his family refused to leave Detroit. Instead, they hunkered down during the city's worst years because Detroit was home. Despite this loyalty, a property tax foreclosure crisis in Detroit is doing what the violence of the uprising and its aftermath never could, displacing Mr. Jones and many other African-American homeowners just when the city is entering its long-awaited revival.

Between 2011 and 2015, one in four properties in Detroit was foreclosed on because the owners owed property tax. The city has one of the highest property tax

foreclosure rates since the Great Depression. More troubling, this is a result of illegal property tax assessments and inflated property tax bills that many Detroit homeowners cannot pay.

Michigan's Constitution, legislation and case law clearly state that properties cannot be assessed at more than 50 percent of their market value. But the findings of a study I recently wrote with a colleague, Timothy Hodge, show that between 2009 and 2015, the city assessed as many as 85 percent of Detroit homes at rates that violated Michigan law. We also found that Detroit subjected lower-valued homes to unconstitutional assessments more frequently than higher-valued homes.

As a consequence of these unjust assessments, Mr. Jones and many other homeowners were unable to pay their taxes, and the Wayne County treasurer's office foreclosed on more than 100,000 homes between 2011 and 2015. Mr. Jones, a proud man who was a mechanic for most of his working life, told me, "It's hard to describe the feeling when you lose your home, but it's an embarrassment that I don't think a person should go through more than once, if they survive it the first time."

Given the high poverty rates in Detroit, many homeowners qualify for the city's Poverty Tax Exemption, which eliminates property taxes for those living under the federal poverty line. But because of a lack of outreach and an application process riddled with unnecessary hurdles, many indigent homeowners did not know about or receive the exemption. In practice, this means that the Wayne County treasurer took over tens of thousands of homes for nonpayment of illegally inflated property taxes that many homeowners were not supposed to be paying in the first place.

When I asked Detroit's mayor, Mike Duggan, about the unconstitutional property tax assessments in January, he said he would not consider reimbursements because every homeowner had a chance to appeal the assessments. But studies consistently show that affluent people are more likely to appeal their property tax assessments and also more likely to win than poor and minority owners. Aside from this, the city should not blame poor residents for not having the information or resources necessary to fight back against its illicit actions.

How did Detroit get into this property tax pickle in the first place? Property values in Detroit declined precipitously in 2008, and the city did not modify

assessments to accurately reflect plummeting market values. The underfunded Assessment Division was ill equipped to perform its duties. A 2012 report by Detroit's auditor general found that "assessing activities and data management activities are inefficient and are not effective." Detroit's problems came to a head in 2013 when it filed the largest municipal bankruptcy in American history, restructuring over \$18 billion in debt and long-term liabilities.

We are told, however, that it is a new day, that Detroit is no longer in decline. In a speech at the Mackinac Policy Conference this year, Mayor Duggan reported: "We are in the first period of growth in 50 or 60 years. People are moving back."

What this comeback story omits is that although Detroit is 143 square miles, only 7.2 square miles are part of the revival. The real story is a tale of two cities. In downtown and surrounding areas, developers receive tax breaks, incentives and subsidies to renovate the portion of the city inhabited by newcomers. Meanwhile, the neighborhoods peopled by the residents who have been holding the city together through its economic turmoil are subject to monumental tax injustice.

MR. Jones remembers one of the main injustices that gave birth to the Detroit uprising: housing segregation. "I was a delivery boy at a fish and poultry market on Kercheval," he recalled. "I did a whole lot of bike riding back then and I knew that black folk were not supposed to cross St. Jean Street. One day, I was delivering a duck order across St. Jean and a group of white folks in a red car chased me back to St. Jean Street, all the while throwing glass pop bottles at me and yelling, 'Nigger, get out of our neighborhood.' I was 8 years old."

In 2012, Mr. Jones finally saved enough money to purchase his first home for \$2,500. It was on the side of St. Jean Street that was once off limits to him. That year, the assessed value of his new home was \$24,912. This means that the city estimated its market value at \$49,824, although the place had been stripped of everything of value and was only a shell with no windows, no furnace, no water lines and no electrical lines. Mr. Jones is a 63-year-old retiree who relies on a disability check, so he undoubtedly qualified for the Poverty Tax Exemption. But he never applied because, like many Detroiters, he did not know about it.

In the end, when Mr. Jones was unable to pay his inflated property tax bill, the Wayne County treasurer foreclosed on his home and sold it at auction to an investor for \$2,900. “This whole mess makes me feel like I was stuck up and robbed,” Mr. Jones said.

Mr. Jones is not alone in his outrage. Several longstanding grass-roots organizations have recently formed the **Coalition to End Unconstitutional Tax Foreclosures** and are demanding that the city of Detroit stop unconstitutional property tax assessments, provide reparations for those who were unjustly foreclosed upon and halt impending tax foreclosures. And a year ago, the A.C.L.U. of Michigan, the NAACP Legal Defense Fund, and the law firm Covington & Burling filed a class-action lawsuit alleging that the Wayne County treasurer’s foreclosures violated the Fair Housing Act.

I should note that the mayor and the treasurer, Eric Sabree, have taken some actions to address the injustice. Mr. Sabree championed legislation that has instituted payment plans for homeowners who are delinquent on their property taxes, which reduce the interest charged on unpaid amounts from 18 percent to 6 percent. So far, however, he has refused to remove delinquent homes from the foreclosure list despite evidence of unconstitutional tax assessments.

Under Mayor Duggan, Detroit also completed a citywide reassessment of all residential properties, which has led to significant improvements. But even after the reassessment, the data show that the city is still assessing almost all homes under \$18,000 in violation of the Michigan Constitution. In 2015, for example, the city assessed Mr. Jones’s home for \$24,912. Today the assessed value has been reduced to \$10,300, but this means the city’s estimate of the market value of his former home stands at \$20,600, which is still way off the mark for a derelict property that last sold for \$2,900 and is surrounded by other derelict homes.

Many things have changed in the half-century since the uprising in Detroit, but many have not. African-Americans still face housing discrimination in the city and beyond. Another 50 years is too long to wait for justice.

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