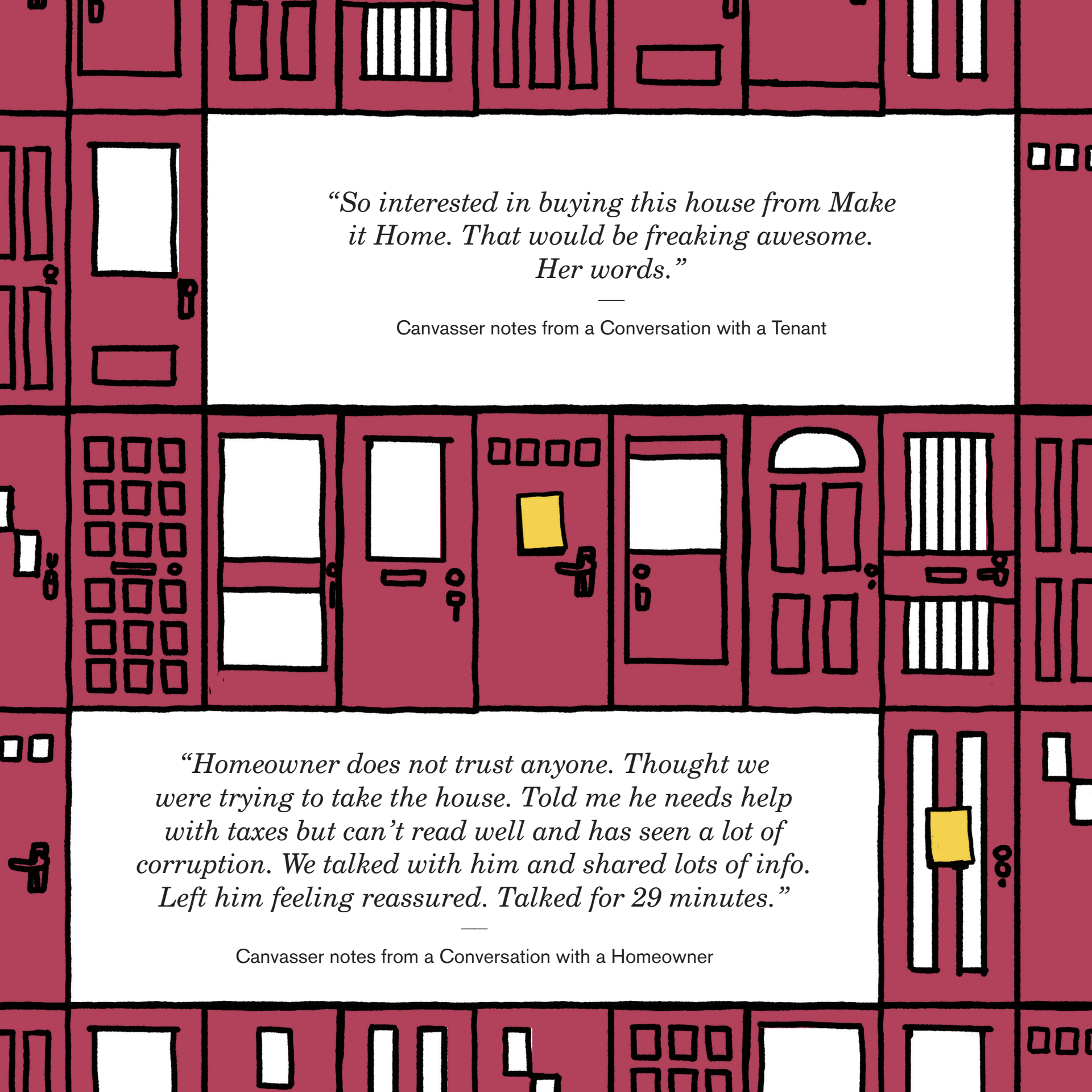

QUICKEN LOANS COMMUNITY FUND

NEIGHBOR TO NEIGHBOR



2020 UPDATE



“So interested in buying this house from Make it Home. That would be freaking awesome. Her words.”

—
Canvasser notes from a Conversation with a Tenant

“Homeowner does not trust anyone. Thought we were trying to take the house. Told me he needs help with taxes but can’t read well and has seen a lot of corruption. We talked with him and shared lots of info. Left him feeling reassured. Talked for 29 minutes.”

—
Canvasser notes from a Conversation with a Homeowner

ABOUT THIS REPORT

This report builds on the findings of the Blight Removal Task Force and the 2018 Neighbor to Neighbor report. Those findings illustrated how Detroit's struggle with vacancy and blight is linked to the tax foreclosure and sale of hundreds of distressed Detroit properties every year.

As part of ongoing efforts to address the tax foreclosure crisis, the Quicken Loans Community Fund partnered with 20+ organizations to build Neighbor to Neighbor, a citywide door-to-door canvassing effort that provides information and resources to Detroit residents at risk of losing their homes to tax foreclosure. 2019 marked the second year of Neighbor to Neighbor tax foreclosure prevention canvassing.

Using grants provided by the Quicken Loans Community Fund, Neighbor to Neighbor partner organizations hired more than 150 Detroit residents to canvass Detroit neighborhoods. These residents were paid \$15 an hour to knock on the doors of the nearly 60,000 Detroit homes that owe delinquent taxes. Canvassers delivered critical information to help residents avoid tax foreclosure and collected data to inform the tax foreclosure prevention efforts of the Quicken Loans Community Fund, the United Community Housing Coalition, and other organizations united in our efforts.

Presented here are the findings of the 2019 Neighbor to Neighbor Tax Foreclosure Census. The information collected through Neighbor to Neighbor is supporting tax foreclosure prevention investments from the Quicken Loans Community Fund and has contributed to reducing tax foreclosures in 2019 to their lowest level in more than a decade.



NEIGHBOR TO NEIGHBOR

THE SECOND DETROIT PROPERTY
TAX FORECLOSURE CENSUS



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NEIGHBOR TO NEIGHBOR: BY THE NUMBERS

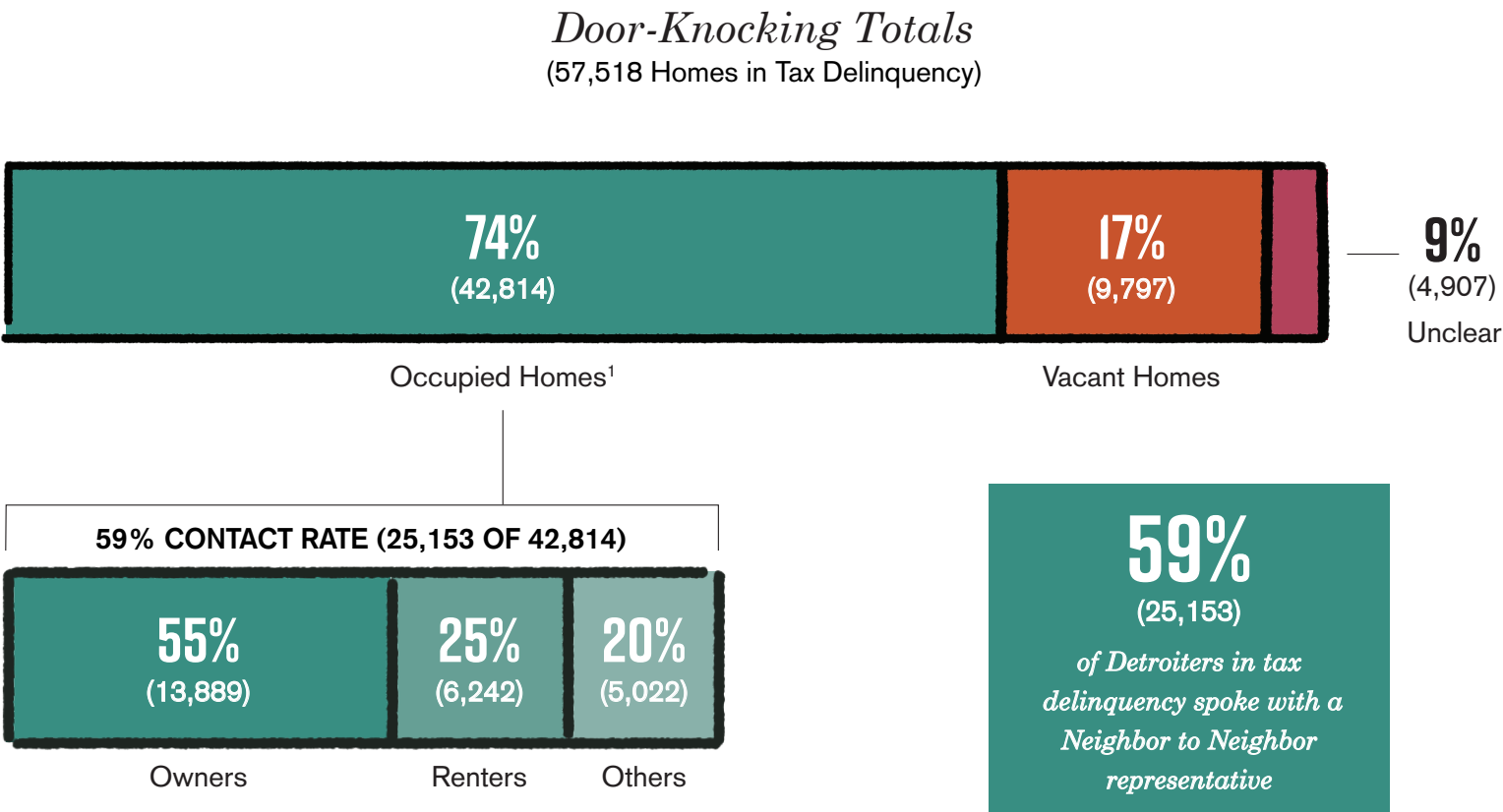
2019 SURVEY

Between May and August of 2019, Neighbor to Neighbor canvassers made more than 75,000 visits to the nearly 60,000 tax delinquent properties in Detroit. Whenever canvassers did not find a resident at home on their first attempt, they returned a second time to make contact.

Regardless of whether residents spoke with canvassers, all of the homes visited during Neighbor to Neighbor outreach received information that could inform their path out of tax foreclosure.

In 2019, Neighbor to Neighbor canvassers made contact with a resident at 59% of all occupied homes, a nearly 7% increase from 2018's already impressive 53% contact rate.

The below graphic provides a breakdown of all the homes visited, including those that were and were not occupied, as well as the home ownership status of the residents.



1: The increased rate of 'Others' for relationship to property compared to 2018 data was localized to several geographies, indicating some misclassification of tenants rather than an increase in non-owner or renter relationships to property.

OUR FINDINGS

When canvassers were able to speak with residents, they collected responses to questions that could inform a more equitable tax foreclosure policy. Based on survey responses, we have identified three key findings. The subsequent sections of this report go into more detail on each of these issues, the work we're doing to address them, and further recommendations for improving the tax foreclosure system.

1. RESIDENTS CONTINUE TO BE ELIGIBLE FOR TAX ASSISTANCE, BUT LACK INFORMATION

The Homeowners Property Tax Assistance Program (HPTAP) offers low-income homeowners up to a 100% exemption on the current year's property taxes. This critical tool is vital for homeowners to break the cycle of delinquency, but often goes underutilized.

According to Neighbor to Neighbor research, 87% of homeowners surveyed reported they would qualify for the program when shown the income guidelines for HPTAP, but 55% were unaware of the exemption².

2. MOST RENTERS WANT TO BECOME OWNERS OF THEIR HOME

Turning renters into homeowners is one of the most impactful ways to address tax foreclosure, because it keeps residents securely housed, creates new homeownership, and prevents a property from entering the foreclosure auction.

According to Neighbor to Neighbor research, an overwhelming 75% of eligible renters said they were interested in owning their home.

3. MAJOR HOME REPAIRS CONTINUE TO BURDEN RESIDENTS

When forced to choose between paying delinquent taxes or making critical repairs, homeowners naturally choose the former so they don't lose their homes. However, this continual neglect makes homes unsafe, particularly for elderly residents and other vulnerable groups.

According to Neighbor to Neighbor research, 38% of homeowners surveyed said their homes needed major repairs.

2: The increase in perceived HPTAP eligibility over 2018 Neighbor to Neighbor canvassing, which found 75% tax delinquent homeowners believed themselves eligible for HPTAP, may be due to increased familiarity with the qualifications of the HPTAP. Significant effort from the City of Detroit and other institutions has gone into raising awareness of the HPTAP and its parameters.

OUR EFFORTS TO ADDRESS A LACK OF INFORMATION

FREE HELP WITH HPTAP TO EXPAND PROPERTY TAX EXEMPTIONS

To raise awareness for the HPTAP and ensure Detroit residents received direct assistance, the Quicken Loans Community Fund partnered with 13 community organizations across Detroit to hold monthly property tax exemption workshops where residents received free help completing their applications.

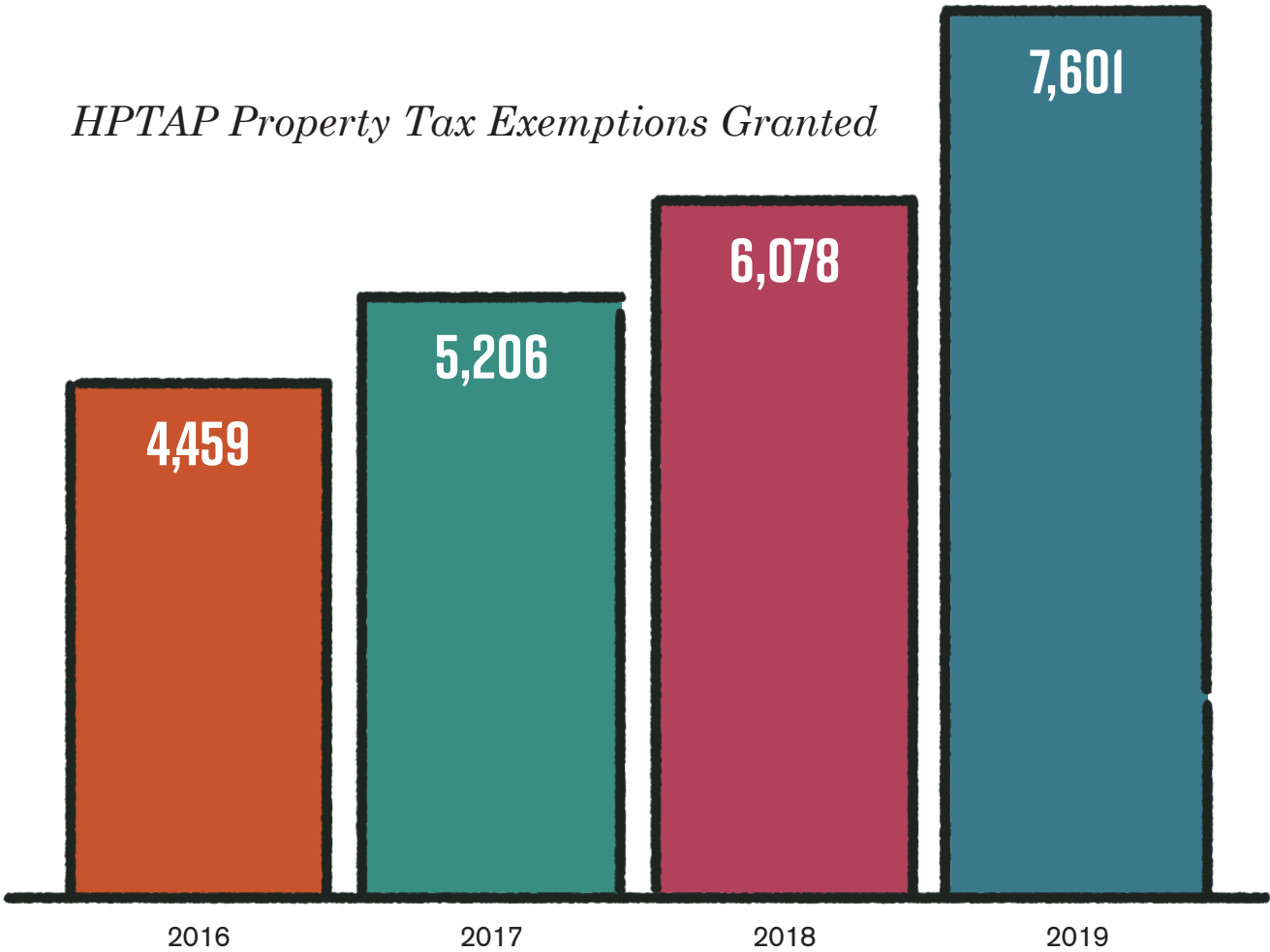
In 2019, these workshops produced 3,600 property tax exemption applications, approximately 40% of all exemptions applied for in Detroit that year.

The number of HPTAP property tax exemption applications increased by

70%

(3,142 applications) between 2016 and 2019.

HPTAP Property Tax Exemptions Granted

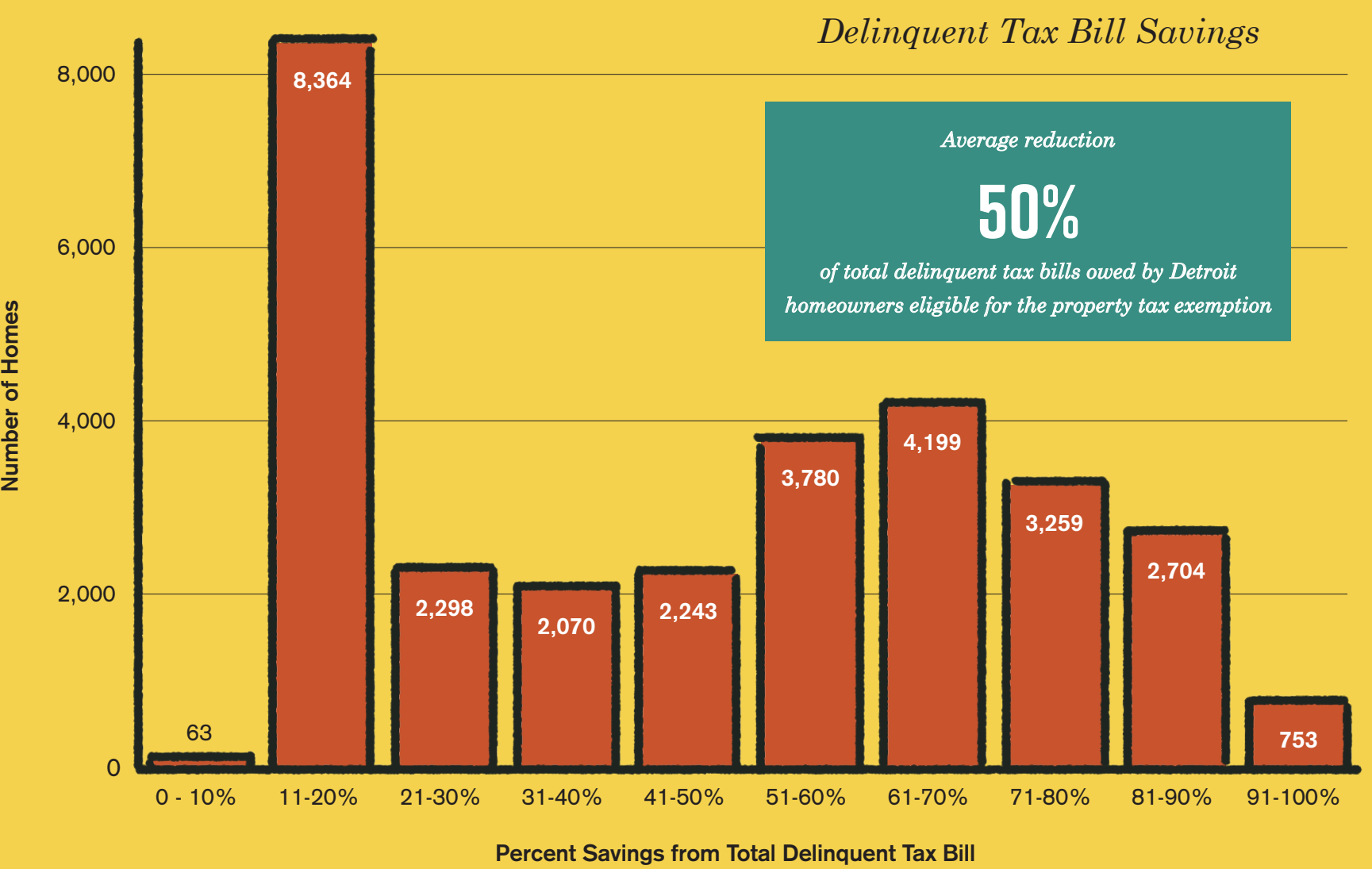


PAY AS YOU STAY PROGRAM REDUCES TAX DELINQUENCY

While the HPTAP can help residents address their current year taxes, it does not help those who also owe delinquent back taxes, even if these individuals would have qualified for relief at the time. In our first Neighbor to Neighbor report, we highlighted the need for a legislative effort to reduce tax debt for Detroit homeowners. In 2020, the legislature took action.

On March 2, 2020, Governor Gretchen Whitmer signed the Pay As You Stay bill into law, which provides homeowners with affordable payment plans to address delinquent back taxes and also eliminates penalties, interest and fees.

The Pay as You Stay Bill will cut delinquent taxes owed by eligible Detroit homeowners by an average of 50%.



AN OPPORTUNITY TO CREATE HOMEOWNERS

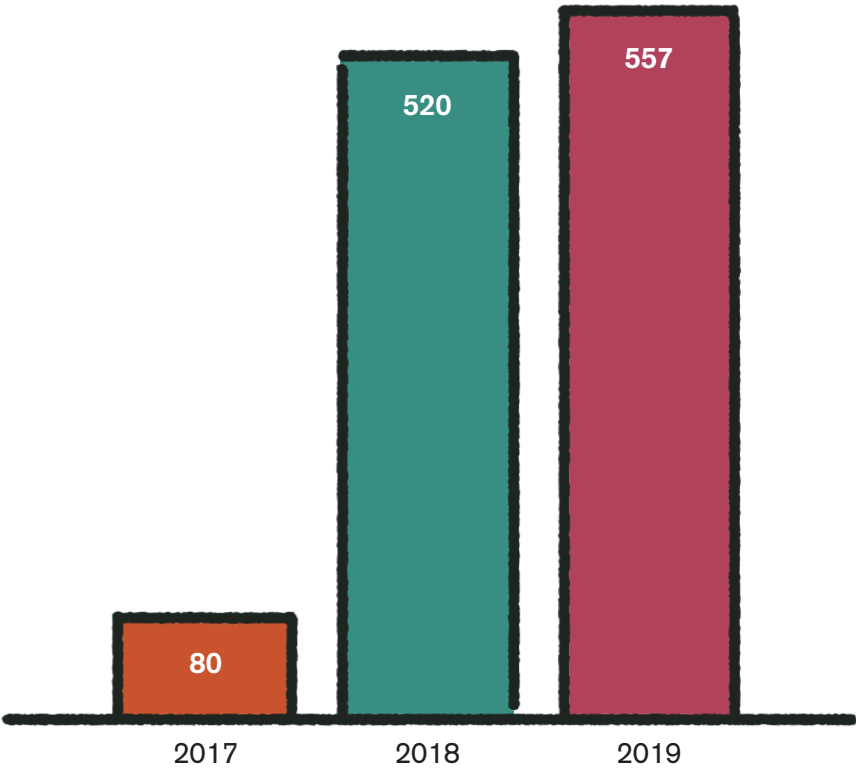
In our second year of canvassing, Neighbor to Neighbor again found that the vast majority of renters in homes at risk of tax foreclosure would like the opportunity to own the home. Tenants are in an especially precarious situation when facing tax foreclosure because they are not responsible for paying property taxes. This makes them uniquely vulnerable to landlords who are more interested in speculation and rent extraction than providing stable housing.

Since 2017, the Quicken Loans Community Fund has worked with the City of Detroit and the United Community Housing Coalition to create and expand the Make it Home program. Make it Home,

now in its fourth year, gives tenants living in a property facing the tax foreclosure auction the opportunity to buy the home they were renting for between \$2,000 and \$7,000, depending on the home value.

The Quicken Loans Community Fund has invested \$1.9M into Make it Home, helping to create and preserve more than 1,100 homeowners across Detroit.

Make it Home Participants
(1,157 Total Homes)



A NEED FOR REPAIRS

In homes where residents are struggling with back taxes, this is rarely the only financial issue facing the household. This is why repair needs are often delayed indefinitely. More than 2,500 residents told Neighbor to Neighbor canvassers that their home needed major repairs. To help address this issue, the Quicken Loans Community Fund has invested \$2 million in repair grants and 0% interest loans to help homeowners complete critical repairs to their homes.

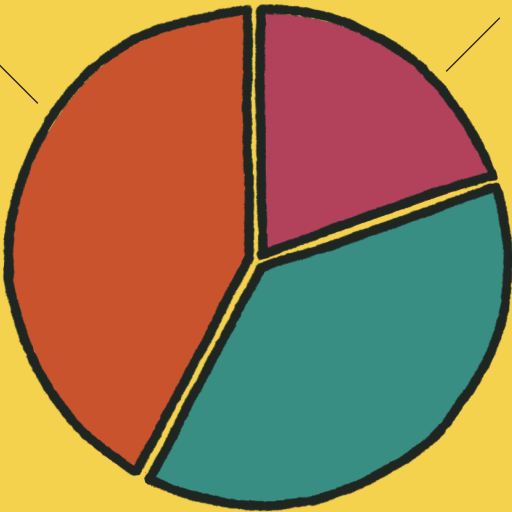
The repair program, which is administered through the United Community Housing Coalition, is a revolving fund of grants and 0% interest loans that helps Make it Home participants complete repairs on their homes. The Quicken Loans Community Fund committed \$1 million to this program in 2018 and 2019.

Additionally, the City of Detroit offers a 0% interest loan up to \$25,000 for Detroit homeowners. The Quicken Loans Community Fund supported this program with an additional \$1 million investment in 2020, which will help hundreds of Detroit homeowners access affordable loans to improve their homes.

Major Home Repairs
(6,627 total)

42%
(2,774)

No major repairs needed



20%
(1,330)

Unsure

38%
(2,523)

of residents contacted in Neighbor to Neighbor reported their home was in need of major repairs.



ENDING THE TAX FORECLOSURE CRISIS IS ONLY THE BEGINNING

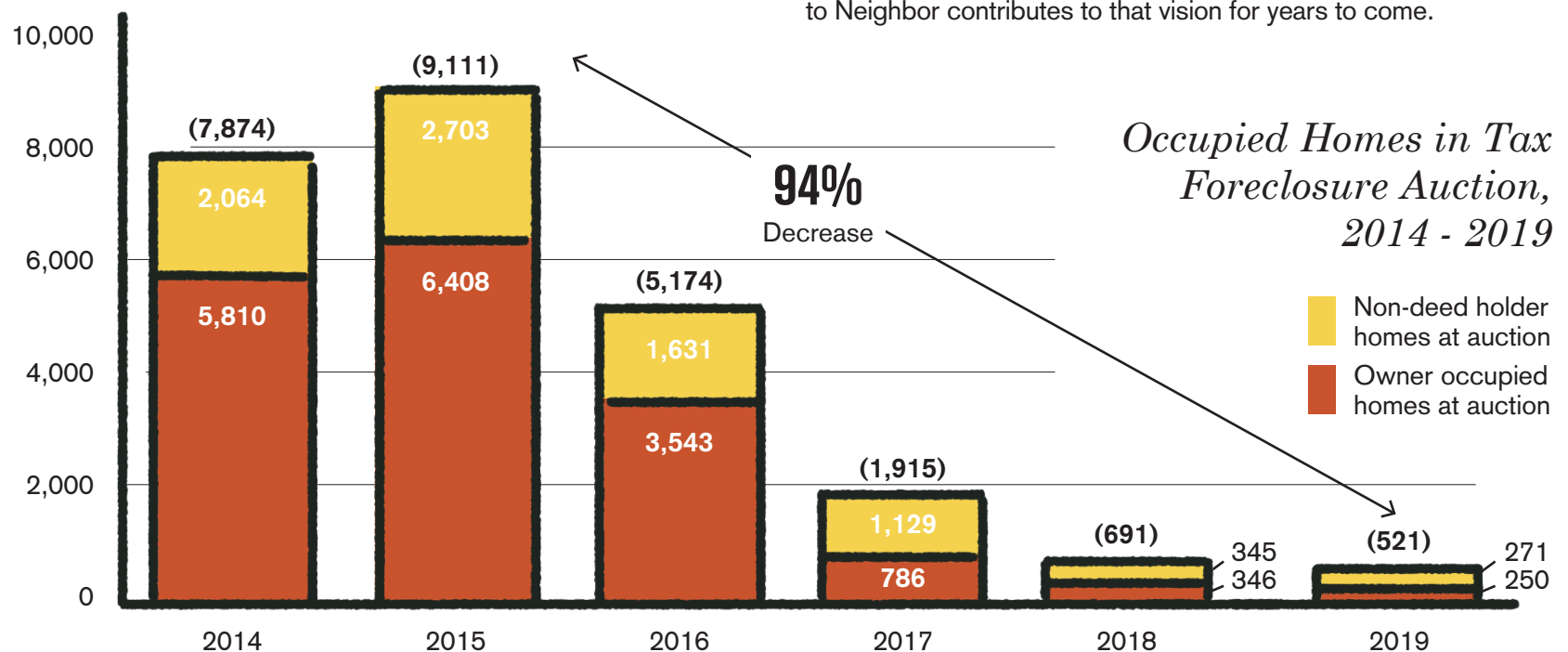
The efforts of stakeholders like the Quicken Loans Community Fund, United Community Housing Coalition, community development organizations and block clubs of Detroit, the City of Detroit, and the Wayne County Treasurer's office have driven the number of occupied homes in tax foreclosure to their lowest levels in over a decade. While that is great progress, it is only one victory in a long campaign to improve housing in Detroit.

Today, that progress is also threatened by the coronavirus pandemic and the associated economic crisis. Detroit has disproportionately suffered through the coronavirus and although the 2020 tax foreclosure auction has been canceled due to the virus, the risk of tax foreclosure will increase in years to come. Soaring unemployment and persistently high tax delinquency means only a herculean effort will be able to preserve the tax foreclosure reductions of recent years. We need to see comprehensive policy reform that ensures low-income homeowners receive their rightful property tax exemptions via the HPTAP before the property tax foreclosure auction is reinstated in 2021. Additionally, existing residents interested in becoming homeowners must be prioritized

over speculators who are not interested in fostering homeownership. Providing the first right of refusal to existing tenants via the Make it Home program is the best option to preserve neighborhood stability and protect vulnerable residents who are at an increased risk of instability due to their landlord's negligence.

Tax foreclosure is a crisis moment for any household, and avoiding it is imperative. Yet we also know that even if a home avoids foreclosure, all the conditions that led a household to that critical point still remain. This can include low or no income, illness, deferred maintenance and repairs, and other debts and liabilities. Avoiding tax foreclosure does not solve all the problems of a tax delinquent home, but rather provides an opportunity to address the next set of issues without the crisis of tax foreclosure overriding all other concerns.

As this report shows, connecting residents with community development organizations in their area through door-to-door outreach, investing in preventative measures such as home repair and tax exemptions, and creating new homeowners through Make it Home are steps that can foster a healthier, more supportive housing environment that builds wealth for Detroit residents through homeownership. We intend to make sure Neighbor to Neighbor contributes to that vision for years to come.



TAX FORECLOSURE IS SOLVEABLE

AFTER THE FIRST NEIGHBOR TO NEIGHBOR EFFORT IN 2018, we presented five key findings that could turn the tide of the tax foreclosure crisis. There has been progress on all fronts, but there is still more work to do. This is especially true with regards to the coronavirus pandemic, which has challenged our communities in unique ways and left vulnerable residents in inadequate housing facing even greater risk. Here is a recap of the progress we’ve seen on these recommendations so far.

1	2	3	4	5
RESIDENTS LACK INFORMATION ON TAX DELINQUENCY AND HELPFUL PROGRAMS	HOMEOWNERS NEED MORE OPPORTUNITIES TO GET PROPERTY TAX EXEMPTIONS	ERASE TAX DEBT FOR VULNERABLE HOMEOWNERS	PAYING FOR PROPERTY TAXES MONTHLY WOULD BE EASIER	TENANTS WANT THE FIRST CHANCE TO BUY TAX FORECLOSED RENTAL PROPERTIES
Neighbor to Neighbor continues to connect residents with critical information that will help avoid tax foreclosure. The program employs Detroit residents, and helps community organizations, who know their neighborhoods better than anyone, build relationships with more and more residents. Continuing this program will see results build year over year as partners identify problems and develop solutions.	The Property Tax Exemption Workshops sponsored by the Quicken Loans Community Fund have contributed to a record number of Detroiters receiving exemptions from their property taxes. Yet we know there are still many more homeowners in Detroit who are eligible for exemptions but do not apply. Outreach efforts including Neighbor to Neighbor and awareness campaigns from the City of Detroit must succeed in helping many more Detroit homeowners apply for and receive property tax exemptions.	The Pay As You Stay legislation created a tool for dramatically reducing the property taxes owed by Detroit homeowners who qualify for property tax exemptions. Now we must focus on making sure the program works as intended by helping Detroit residents enroll. That will require coordination between funders like the Quicken Loans Community Fund, service providers who help residents apply for the exemption, the City of Detroit who grants or denies exemptions, and the Wayne County Treasurer who will enroll applicants in Pay As You Stay.	The City of Detroit unveiled the Plan Ahead program in 2019 to offer residents more flexible property tax payment options, allowing them to budget the payment of their tax bills as they see fit. While that program was rolled out as a pilot in 2019, expanding it to more Detroit homeowners will help reduce the budgeting strain many households feel when paying their property taxes.	Make it Home has succeeded in helping more than 1,100 Detroiters become homeowners and save their homes from tax foreclosure. The collective commitment to see this program grow will ensure that many more homeowners are created in the place of the tax foreclosures that would have occurred in years past.

THANK YOU


NEIGHBOR TO NEIGHBOR PARTNERS

NEIGHBOR TO NEIGHBOR would not have been possible without the coalition of neighborhood organizations, Detroit residents, and others who contributed to its success. This city-spanning network is powerful, informed, and motivated to make change in Detroit. The Quicken Loans Community Fund would like to thank everyone who was involved in this groundbreaking project:

- | | |
|--|---|
| <ul style="list-style-type: none">• BLACK CAUCUS FOUNDATION• BRIDGING COMMUNITIES• CENTRAL DETROIT CHRISTIAN• CODY ROUGE ACTION ALLIANCE• COURVILLE STREET BLOCK CLUB• DETROIT ASSOCIATION OF BLACK ORGANIZATIONS• DETROIT ASSOCIATION OF WOMEN'S CLUBS• GENESISHOPE• GLOBAL DETROIT• GRANDMONT ROSEDALE DEVELOPMENT CORPORATION• HICKORY ON THE MOVE• IN MEMORY OF COMMUNITY GARDEN OF WARRENDALE• MACC DEVELOPMENT• MANSFIELD 4-H | <ul style="list-style-type: none">• MIDWEST CIVIC COUNCIL OF BLOCK CLUBS• MORNINGSIDE NEIGHBORHOOD ASSOCIATION• OSBORN NEIGHBORHOOD ALLIANCE• RUSSELL WOODS ASSOCIATION• URBAN NEIGHBORHOOD INITIATIVES• U-SNAP-BAC• BASED ON ORIGINAL ILLUSTRATIONS BY MIKE BURDICK AND DESIGNS BY JOHN J. CUSTER |
|--|---|

*Thank you to the more than **150 Detroit residents** who worked as canvassers to make Neighbor to Neighbor, the first Detroit Property Tax Foreclosure Census, possible.*

Your efforts are important steps towards rebuilding homeownership and equitable housing for the entire city of Detroit.



“Disabled homeowner. He is locked into \$60 per month payment plan for back taxes, but says he don’t have \$\$\$ left for food.”

—
Canvasser notes from a Conversation with a Homeowner

“Resident has spoken with her landlord about the tax situation. Would be interested in buying the property if the tax foreclosure happens.”

—
Canvasser notes from a Conversation with a Tenant

THIS REPORT is the result of a collaboration between the Quicken Loans Community Fund, the United Community Housing Coalition, and neighborhood associations throughout Detroit. The data presented in this report was compiled during the 2019 Neighbor to Neighbor tax foreclosure prevention program. The door-to-door outreach effort was created by the Quicken Loans Community Fund and completed through a partnership involving the Quicken Loans Community Fund, United Community Housing Coalition, and Detroit neighborhood organizations.



At the time of this report, Wayne County has suspended the 2020 tax foreclosure auction due to the COVID – 19 pandemic. Property taxes for 2020 are still owed.

For free assistance to prevent tax foreclosure, contact the
UNITED COMMUNITY HOUSING COALITION
(313) 405 - 7726