

## BRIDGE LOANS TO AFFORDABILITY

### 2019 ANNUAL REPORT

The Washtenaw County Treasurer created a Delinquent Property Tax Loan Fund for low-income homeowners who are ineligible for other loans and grants. Affordable housing is scarce in Washtenaw County; good public policy keeps families in homes they already own.

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The Board of Commissioners approved the Treasurer's 2018 Focused Strategic Investment budget request for the Bridge Loan demonstration project to promote housing stability. Homeowners with delinquent property taxes are at risk for tax foreclosure and homelessness unless they have a viable strategy to pay off the balance. They may be ineligible for conventional financing or Step Forward Michigan assistance due to title issues, especially for inherited homes. State Emergency Relief, Barrier Busters, and other resources cannot provide large enough grants to bring taxes current.

The typical, successful loan candidate is either employed or has retirement/disability income sufficient to pay the taxes going forward, but is unable to pay off the back taxes. A zero-rate Bridge Loan, often in combination with an annual Poverty Reduction, enables homeowners to pay future taxes as they are due rather than face delinquent taxes which accrue interest at 18%.

The Treasurer designed a racially sensitive screening, application, review, and approval process. The Bridge Loan is interest-free, but becomes a lien on the property so that money revolves back into the Loan Fund when a homeowner dies or sells the property. Bridge Loans are formal, recorded mortgages; a local attorney drafted the legal documents pro bono. Because no administrative costs were charged, the entire budget allocation was available for loans. In 2019, four families received Bridge Loans to pay taxes totaling \$31,095.

Bridge Loans to Affordability prevent tax foreclosure, preserve homeownership, promote family stability and well-being, maintain property values, and retain wealth for low-income families. Tremendous unmet need remains. The Treasurer anticipates seeking additional funding from community resources and Community Reinvestment Act grants to build upon this successful pilot.



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