

BRIDGE LOANS TO AFFORDABILITY

2020

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. All loan recipients since inception remain current with their taxes.

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 other assistance programs 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.

The initial funding was fully expended in 2019 so no new loans were granted in 2020. All 4 original loan recipients remain current with their taxes. The Treasurer received \$10,000 in new funding from TCF Bank's Community Reinvestment Act program in early 2021. The Treasurer anticipates seeking additional funding from County and community resources, as well as Community Reinvestment Act grants from other banks, to build upon this successful pilot.



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