

FOR IMMEDIATE RELEASE
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Warren Mayor Announces HOP, A Program To Increase Home Ownership

Warren, MI – Warren Mayor Jim Fouts has announced a program to increase home ownership of properties that are delinquent in real property taxes in Warren.

Called Home Ownership Priority (HOP), the program begins with the city exercising its option of buying delinquent property tax homes from Macomb County and then selling the properties to an investor who will be obligated under a contract with the city to sell a certain percentage of the homes as owner-occupied.

State law mandates that counties handle the sale of delinquent property tax homes on a bid basis often with no conditions attached to the sale, if cities decide not to purchase them. “Past purchases of these tax-reverted properties have been sold largely as rentals to private investors,” said Fouts.

Warren will exercise its option of purchasing them before the public bid and force the investor in the properties to sell them to homeowners. Fouts said home ownership “stabilizes neighborhoods and reduces possible neighborhood blight by out-of-town landlords.”

Fouts said Warren home ownership was over 90 percent 15 years ago but has declined because of the increased number of home foreclosures.

“Unfortunately, these foreclosed homes became rentals because of the tight money policies of lending institutions,” said Fouts. “We have to head off the trend of rentals and increase home ownership.”

Under the HOP program, the city advertises for investors and, if it is not satisfied with the proposals it receives for purchase of the homes, it can decline to purchase the properties which would then allow the county to sell the reverted properties on a bid basis to the public. “Warren has passed on these properties in past years but under HOP, we can do something to stem the tide of the increase on rental homes in our city,” said Fouts, who stressed that selling the homes to investors means “the city will not be in the real estate business.”

The city would purchase the properties at a “discounted price” (the cost of taxes, penalties and fees) and sell the properties immediately to investors at a higher price.

Fouts said the monies gained by the city by selling the properties for a price more than the city’s purchase price from the county means more monies are available for city anti-blight programs.

On January 14, 2014, the Warren City Council approved the formation of a request for proposals committee to begin the process of HOP.

HOP should begin in June 2014, when the county treasurer turns over the properties to the city.