



SOUTHFIELD

Housing & Neighborhood Reinvestment Initiatives

Mayor Kenson J. Siver

2015 to present

Averting a Crisis

Issues Facing Southfield Neighborhoods

- ❖ Aging Housing Stock
- ❖ Aging Population
- ❖ Mortgage Crisis 2007-2010 – Bank Foreclosures
- ❖ Decline in Property Values following 2008-10 Recession
- ❖ Oakland County Property Tax Foreclosures
- ❖ Significant Increase in Rental Homes
- ❖ Increase in Group Homes
- ❖ “Second Wave” Homebuyers – Acquired home but lack funds to maintain
- ❖ Infrastructure Issues – Streets, Sewers, Septic Systems, Water Mains Aging Out
- ❖ Vacant School Buildings

In sum, these issues have caused a decline in property maintenance impacting neighborhood vitality.



To combat neighborhood decline, we have instituted programs to maintain Southfield housing stock and neighborhoods.

Goals of Support Programs for Southfield Neighborhoods

- **Maintain attractive, safe neighborhoods**
- **Improve public infrastructure**
- **Increase property values**
- **Reduce or contain the number of rental homes**
- **Assist older residents with home/yard care so that they may remain in their homes longer ~ age in place.**

Housing Program Action #1

Rental Home Registration & Inspection Programs

City Council Strengthened Ordinances on Rental Homes

- Every rental home must be registered
- Every rental home must be inspected every 3 years
- Landlord pays the registration & inspection fees
- Staff added to the Building Department



Housing Program Action #2

Apartment Registration & Inspection Program

City Council Adopted Ordinance on Apartment Inspections

- Every apartment complex must be registered
- Every year ten percent of apartments are inspected
- Landlord pays the registration & inspection fees
- Staff added to the Building Department



Housing Program Action #3

Assistance for Low Income Homeowners

- SHIP – No interest loan for major repairs
- CHORE – \$500 per client for yard work, minor repairs
- Oakland County Home Program – Major repairs



Housing Program Action #4

Septic System Inspection Program

- Every septic system must be inspected every three years
- Homeowners of failing/failed systems can repair or replace septic or connect to city sewer
- Homeowners are encouraged to hook up to city sewer
- Tap-in fee reduced
- Zero (for low income) or three percent loan plans established to finance connecting to city sewer



Housing Program Action #5

Repair/Replace Neighborhood Infrastructure

- Replace water mains & sewers
- Replace/resurface roads
- Add/replace sidewalks

\$130 Million spent to date

\$40.7 Million budgeted for 2019



Housing Program Action #6

Partnerships for Home Repairs

- Oakland Rebuilding Together
- Habitat for Humanity's Rock the Block Program
- Southfield Parks & Garden Club CHORE Home Yard Makeovers

Over \$2 Million invested & over 100 homeowners assisted
in the past three years



Housing Program Action #7

Assistance for Elderly/Handicapped Homeowners

- The BIG RAKE

1000s of yard waste bags donated; 340 yards raked in the last 3 years



Housing Program Action #8

Historic Designations for Neighborhoods

Property values are stronger in neighborhoods with historic designations

- \$45,000 awarded to Southfield by SHPO (State Historic Preservation Office) to study two neighborhoods

State Historic Designation Advisory Board approves Northland Gardens & Plumbrooke Estates for historic designations as classic Mid-Century Modern communities. Now under federal review.



Housing Program Action #9

Improve & Maintain Subsidized Senior Housing

- Total Renovation of McDonnell Tower & River Park Place

McDonnell Towers & River Park Place, housing for low income seniors, received a total makeover.

\$19.2 million rehab for 408 units with new kitchens, bathrooms, lighting, security systems, roofs, windows, elevators, etc.



Housing Program Action #9

Improve & Maintain Subsidized Senior Housing

- Major Upgrades to Woodridge Senior Apartments

Common areas were renovated, new roof, new appliances, new carpeting, other improvements

- Improved Amenities & Services for Residents

Social worker, activity directors, resident newsletters, security systems, food coop, two large vans purchased for resident transportation, health programs, libraries, lobby internet, etc.



Housing Program Action #10

Create Neighborhood Enterprise Zones

State law allows for the creation of Neighborhood Enterprise Zones. Taxes are reduced for major home improvements in NEZs.

Southfield has designated two areas of the city but has not put the program in operation as we are waiting on legislative action to raise the home value threshold for qualifying properties.



Housing Program Action #11

Southfield Neighborhood Revitalization Initiative

Tax foreclosed properties are captured for rehabilitation and sold to homeowners. Properties are completely renewed with modern furnishings and brought up to code. Turn Key condition.

This program was initiated in 2016 to stem the rise of rental properties & combat slumlords. 130 properties are in the SNRI program.





Housing Program Action #11 -- Continued Southfield Neighborhood Revitalization Initiative

How the SNRI works:

1. After the Oakland County Treasurer forecloses on a property, the property goes up for auction to recoup back taxes, fees, yard maintenance, water bills, etc. Highest bidder takes the property.
2. Fed up with flippers, real estate speculators, unscrupulous landlords, the SNRI was formed. Goals are to reduce or cap the number of rental homes, renew housing, remove blight, raise property values & increase homeownership. (*Owner occupied homes make for stronger neighborhoods!*)
3. Under Michigan law, local governments have “first right of refusal” on tax foreclosed properties. The Southfield City Council began exercising this right in 2016.
4. The City Council then transfers the properties to the SNRI for the back taxes, fees, water bills, etc.
5. The Southfield Non-Profit Housing Corporation finances the SNRI. (The city has no financial stake.)
6. The SNRI contracts with Habitat for Humanity of Oakland County to rehabilitate the homes.
7. Rehabilitated houses are placed on the market. Anyone may purchase and SNRI home if qualified for the funding. Purchaser must live in the home. It cannot become a rental.

Housing Program Action #11 -- Continued Southfield Neighborhood Revitalization Initiative

Why the SNRI

In the height of the mortgage scandal & financial meltdown, Southfield led Oakland County in the number of bank/mortgage company foreclosures.

During the worst of the crisis Southfield had a rolling 1,600 vacant homes.

Many people bought homes in the city with faulty mortgages and soon found themselves underwater. In many cases, home repairs/maintenance were not done.

After foreclosing, banks & mortgage companies then began “dumping” properties at ridiculously low prices, causing a decline in property values.

Southfield properties were being scooped up by investment companies, home rental companies, flippers, land speculators, etc. The number of rental homes skyrocketed in the city.





This home, in decent shape in 2000, sold for \$80,000 in 2002. It had changed hands 10 times since 2000. Now demolished.

Housing Program Action #11 -- Continued Southfield Neighborhood Revitalization Initiative

Banks allowed some properties to sit vacant for years.

A huge spike in vacant home break-ins by scrappers stealing copper pipes, appliances, light fixtures, furnaces, hot water heaters, etc. took place.

In many instances investment companies, home rental companies, flippers, etc. did little or no maintenance to their properties before renting or selling.

Hundreds of homes were purchased very cheaply by people who could buy a Southfield house, but could not afford to maintain it, heat it or pay the property taxes and water bills.

The number of property tax foreclosures by the Oakland County Treasurer's office spiked dramatically. Another round of buying up properties by investment companies, home rental companies, flippers, etc. ensued. In some cases homes were rented while the taxes went unpaid.

Housing Program Action #11 -- Continued Southfield Neighborhood Revitalization Initiative



At this home, the landlord refused to repair collapsed sanitary sewer line. Instead, rigged up pump & dumped raw sewage in back yard until pipe froze & then left six inches of raw sewage in basement while home was occupied.

This home had been purchased for \$10,000 from US Bank in 2011. In 2002, it had sold for \$167,000. Landlord collected rent but did not pay property taxes. County foreclosed in 2016.



This grand home was valued at \$350,000. Purchased in 2009 for only \$74,000. The family immediately fell behind on their taxes & water bills by over \$30,000 before it was foreclosed by Oakland County in 2017. No maintenance was done on the home & the landscaping was allowed to go to ruin.



The family which bought this home in 2009 called it their “dream home” but did not have the means to afford living in it. It became a neighborhood eyesore.

Housing Program Action #11 -- Continued Southfield Neighborhood Revitalization Initiative



The owner of this house failed to pay over \$9,000 in property taxes & water bills and was foreclosed in 2016. Water damage and mold permeated the house from a failed roof. The house was beyond repair. Cost for settling the taxes, water bills, fees, etc. & demolition came to \$31,876. A total loss for the SNRI.



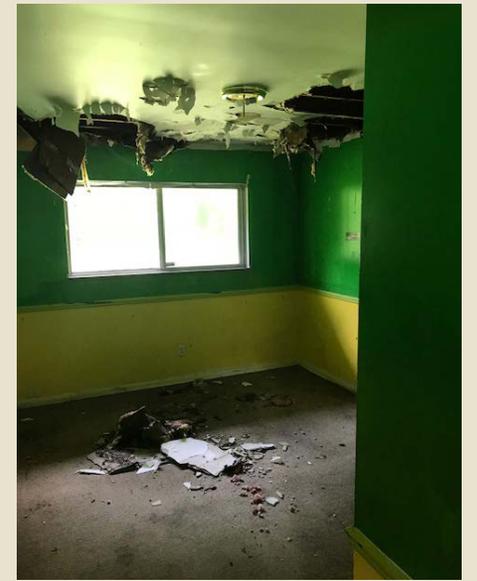
This home was purchased at the Oakland County Tax Foreclosed Property Auction in 2014 for \$21,000. Previously, it had sold for \$73,000. The purchaser in 2014 never paid property taxes & turned the property into an illegal marijuana grow operation. Foreclosed again in 2017. Beyond repair, now demolished.

The SNRI has demolished 18 blighted houses at a cost of over \$800,000

Housing Program Action #11 -- Continued Southfield Neighborhood Revitalization Initiative



This house was purchased in 2009 for \$33,000. Pre-mortgage crisis it had previously sold for \$130,000. The owner immediately fell behind in his taxes, owing \$27,250 in taxes and \$7,059 in water bills. No maintenance or landscaping was done to the property. Oakland County foreclosed in 2017. The owner then sued the city, Oakland County and the SNRI claiming an illegal taking of his property.



While his lawsuit wound its way through the legal system the owner lived in the house tax-free, water bill-free, rent-free in the conditions as shown above. Once he lost the case and the appeal, the SNRI finally took possession. The house is now being gutted and renovated.



Renovation Budget = \$123,000



Housing Program Action #11 -- Continued Southfield Neighborhood Revitalization Initiative

Before & After



This lovely home was purchased in 2011 for only \$60,000. Same story. No maintenance. Failure to pay taxes and water bills. \$14,453 in tax arrears.

SNRI renovation budget of \$203,320.
Sold for \$230,000





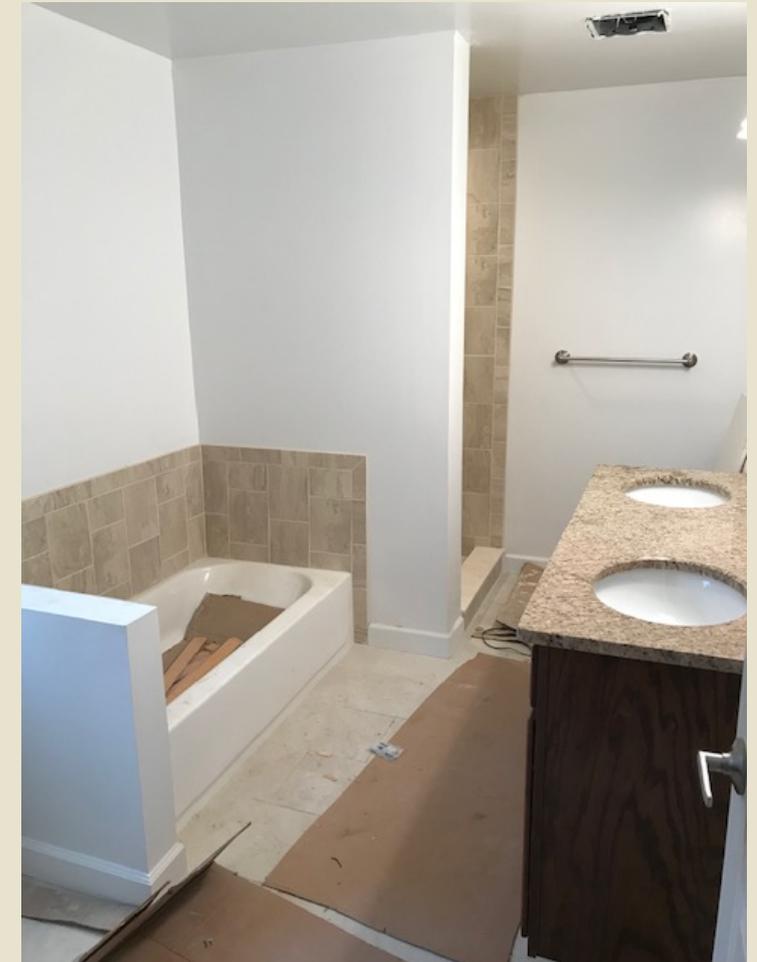
Housing Program Action #11 -- Continued Southfield Neighborhood Revitalization Initiative

Before & After

The financial objective of the SNRI is to break even. On a number of properties the SNRI sustains a loss as the cost of back taxes and renovations exceed the selling price.

The Southfield Non-Profit Housing Corporation and the SNRI have no employees. The Board members are Southfield residents who serve without compensation.

Its non-construction operational costs are for accounting and legal services, closing costs, management fees for the operation of McDonnell Towers, River Park Place & Woodridge (affordable senior apartment complexes).





Housing Program Action #12 Neighborhood Vacant School Conversions

Within the Southfield School District there are currently seven closed & vacant schools.

The Southfield Non-Profit Housing Corporation is working to convert two of the closed schools into housing.



The Southfield Non-Profit Housing Corporation is proposing to convert John Grace School to affordable senior housing.



The original school would contain 23 one- and two-bedroom units. The new addition would contain 49 one-bedroom units. Work on financing this project is continuing.

Housing Program Action #12 Neighborhood Vacant School Conversions



McKinley School on George Washington Avenue.

The original school would contain 18 one- and two-bedroom units. Townhouses would be built on the playfield and have two or three-bedrooms. Each unit would have a two-car garage. This project will be market rate housing. Work on financing this project is continuing.

Both John Grace and McKinley schools are in neighborhoods. The purchase of the properties and the cost of demolition make it unfeasible to develop the land with single family homes.

Housing Program Action #13 Recognition for Well-Maintained Properties



For decades Southfield has rewarded homeowners for maintaining their properties. We hold an annual Community Pride celebration that honors and encourages attractive yards and neighborhoods. Besides businesses, schools, religious institutions, apartment & condo complexes, we recognize outstanding homes, well maintained (but not showy) homes and neighborhood entranceways.



Housing Program Action #14 Annual Housing Fair



The city, along with MSHDA, the Southfield Non-Profit Housing Corporation, Habitat for Humanity Oakland County and a number of other organizations and businesses, hosts an annual Housing Fair to assist homeowners in providing resources.



Housing Program Action #15 Southfield Code Enforcement

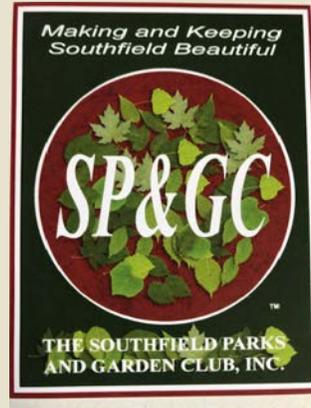


The City of Southfield's Code Enforcement Department includes six code officers, five to seven blight abatement staff, 20 parking enforcement officers and a clerk.

The staff handles all appearance issues, septic tank inspection verifications and parking enforcement. Additionally, abatement staff mows lawns, clears litter, shovels snow when property owners fail to comply,



IT'S ABOUT POOLING RESOURCES & CREATING PARTNERSHIPS



Southfield Non-Profit
Housing Corporation



*Maintaining & Restoring Neighborhoods House by House
Creating safe, attractive, affordable living spaces for Southfield Senior Adults*