

The State Took Her Home Because She Missed \$900 in Property Taxes

Did you know that in some states, if you miss one tax payment, local politicians will take your home, sell it, and keep *all* the profits?

Really.

Tawanda Hall was behind on her taxes. She was on a payment plan but had missed \$900. She didn't expect Southfield, Michigan, to take her entire house because of that. It was worth \$286,000 more than what she owed.

"I'm still in shock," says Tawanda Hall in my new video. "They took my whole house, my whole family's livelihood."

John Bursch, a lawyer for the county, says while this practice may sound unfair (yes, it sure does), "It's also unfair to force those who pay their taxes to subsidize those who don't."

"I pay taxes!" Hall responds. She works as a nursing assistant. "I lift people. I bathe people. I work hard."

When Hall found out she was going to lose her home, she tried to pay off the debt.

"I went to the mayor's office, I went down to the city county building," she says. "They didn't want our money. They said no."

They wanted her house.

Taking it should be illegal.

"I think it's unconstitutional," says Christina Martin, senior attorney at the Pacific Legal Foundation. "The government can't take more than it's owed."

The Foundation is suing local governments in six states for this type of home theft. Martin won one case in Michigan's Supreme Court. Oakland County had taken an entire home over an \$8 debt.

Matthew Hodges, the county's lawyer, argued, "There couldn't be anything more fair than informing property owners of what is going to happen, giving them time to act and then letting them make an informed choice."

Martin's response: "Do you think if he knew he owed \$8, he would have paid it? Of course! He didn't know, and there wasn't the proper incentive to let him know."

In fact, the town has an incentive *not* to let him know. Officials rarely tell people: “Pay! Or we’ll take your home!” Towns that do this write notices in legalese: “a tax lien acquired under a certain Instrument of Taking from the Collector of Taxes for the city...said instrument of Taking covers a certain parcel of land...”

Hall doesn’t remember receiving “anything other than, ‘Get out.’”

Despite the Michigan Supreme Court ruling, a judge dismissed Hall’s case because the government itself did not make the profit. In her case, the town gave her home to a private business. That business, the Southfield Neighborhood Revitalization Initiative, sold the house and kept the money.

The business says it uses the town’s donations to maintain attractive, safe neighborhoods, protect and raise property values.

“Government shouldn’t be able to steal from its own people and then give it over to their friends,” says Martin.

I ask her how she knows Southfield Neighborhood Revitalization officials are “friends” of the politicians.

She replies, “The company is literally run by the mayor and the city administrator!”

I wanted to interview them. Neither would agree to talk to me.

I’m surprised how common this kind of government home theft is. If you are behind on taxes, even just \$10 behind, 11 states allow local governments to sell your home and keep all its value.

In Massachusetts, a 66-year-old grandmother is “sleeping in her car right now,” says Martin. “The city took her property, turned around and sold it within days of evicting her.”

Although her debt was just \$30,000, they sold her house for \$242,000 and kept the difference.

The Pacific Legal Foundation has gotten three states to stop engaging in this home equity theft. Good.

Eleven more to go.