



Ingham County Treasurer's Real Estate Auction:

Research on Buyer Patterns and Alternate Models for Auction Management

June 2016

Overview

In early 2016, the Ingham County Treasurer's Office retained Public Policy Associates, Inc. (PPA) to conduct a variety of research activities to explore issues and opportunities related to improving outcomes for tax-foreclosed properties that are sold at auction.

Study Goals

- Understand best practices in tax-foreclosure prevention and foreclosure auction management
- Document current innovations in auction-sale management by the Ingham County Treasurer's Office and compare them with practices in use by other selected county treasurers in Michigan
- Understand the characteristics and needs of recent customers of the Ingham County Tax Foreclosure Auction

Research Tasks

- A review of available literature on promising financial-literacy interventions to prevent tax foreclosure
- A review of literature on alternate models that other county treasurers are using for auction-sale management and property disposition
- Interviews with the Ingham County Treasurer, Chief Deputy Treasurer, and the treasurer and deputy treasurer from two additional Michigan counties
- A telephone survey of 102 individuals who had purchased properties at the Ingham County Tax Foreclosure Auction between 2012 and 2015

Key Findings and Implications

The Literature Is Very Limited, Suggesting Significant Need to Test and Demonstrate Innovation

- The literature review found few sources relating directly to the effects of financial literacy interventions on tax foreclosure or to alternate models for auction-sale management and disposition.
- The existing literature documents several potentially promising practices, but few have been in place long enough to allow for thorough testing of impacts.
- The scarcity of well-tested, proven models within the literature supports the continuing need for innovation. To generate evidence about what works, it will be important that the results of these innovations be tested to determine their impacts on tax foreclosure rates and auction outcomes.

Ingham County Is Implementing Innovative Tax-Foreclosure Prevention and Auction Management Practices, Which Create Opportunities to Test Impacts

- The Ingham County Treasurer's Office is carrying out several innovative practices to improve its tax-foreclosure auction management and to help vulnerable homeowners in the county avoid tax foreclosure.
- Other Michigan counties do not appear to be making wide use of these practices. More information is needed to ascertain the extent to which these innovations are contributing specifically to auction outcomes and on auction practices currently in use by county treasurers throughout Michigan.

Most Ingham County Auction Buyers Are Ingham County Residents with a Stake in the Community and a Need for Good Property Information

- Many buyers at the Ingham County Tax Foreclosure Auction are Ingham County residents who invest significantly in their properties after purchase. They are very interested in more pre-sale information about the properties to help them obtain a fair price and good value at the auction.
- As such, they are likely to benefit from innovations by the Treasurer's Office, such as providing increasing numbers of open-house tours and other details on the properties. As county residents and investors, they can be viewed as potential partners in a mutually beneficial effort to build community prosperity in Ingham County.

Recommendations

Document the Results of Current Innovations

- The Ingham County Treasurer's Office should continue to track and document the long-term outcomes of its current auction sales practices.

Continue to Seek Buyer Feedback

- Continue to survey auction buyers—particularly *new* auction buyers—on a regular basis (e.g., annually) to understand buyer characteristics, habits, and outcomes, and to test the impacts of new public information efforts.

Continue to Adjust Auction Practices as Appropriate

- Provide more—and more readily accessible—information about the characteristics of properties to be auctioned.
- Seek coverage in the local news media or convene community meetings to disseminate accurate, easy-to-understand information about how the foreclosure auctions work and how to participate in them.

Gain a Deeper Understanding of Other Treasurers' Auction Practices

- Survey county treasurers throughout the state of Michigan on their current tax-foreclosure auction practices, innovations, and any impediments that are making innovation difficult.

Consider Increasing Efforts to Educate At-Risk Owners

- Continue working with the Financial Empowerment Center to provide free tax-foreclosure counseling to vulnerable households, and track the results over time.
- Document the long-term results in Ingham County from the Michigan State Housing Development Authority's Step Forward Michigan program.
- Continue to hold periodic neighborhood meetings to discuss housing and foreclosure issues with apartment dwellers, renters, and homeowners in Ingham County.

For questions or to obtain the full report, please contact:



Eric Schertzing
Ingham County Treasurer
(517) 676-7233
eschertzing@ingham.org