

STEPHEN HENDERSON PEOPLE & POLITICS

Genesee treasurer seizes property -- and opportunity -- in Flint

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Dan Kildee sounds like a developer as he lurches in his Chevy through decrepit neighborhoods surrounding downtown Flint, pointing out long abandoned properties that are poised for new life.

On one corner is the Durant Hotel, vacant for decades but scheduled to re-emerge as an apartment building. Nearby is a flophouse that will be turned into stable, low-income housing. On one residential street, nearly all the houses have been bulldozed, and there are plans to build fewer new ones on larger lots.

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"The idea is to look at each parcel of land and figure out how it should be used to maximize its impact on the surrounding area," Kildee said.

That's how a developer or, more accurately, a city planner, might talk. But Kildee is the Genesee County treasurer, essentially a tax collector. What's he doing in this role?

The answer is one that has brought Kildee national recognition, and could help other urban areas of Michigan recover from the mounting effects of property foreclosures and abandonment. In two words: land bank.

Kildee has turned the county treasurer's responsibility to deal with properties that fall into tax delinquency into a massive land inventory and development program.

The county keeps control

Rather than allowing private collectors to enter the process -- which would draw many who are simply speculating and have no interest in what happens to neighborhoods -- the county is doing it all on its own, from tax delinquency to foreclosure, and applying principles of smart development all along the way.

Kildee can do this because state law was changed in 2002 to make it easier, and quicker, for counties to get involved. But so far he's the only treasurer to use that law to its fullest potential, and as a result, the only one to have such a dramatic impact.

Remember, we're talking about Flint here, the epitome of an urban wasteland, a place where we who live in Detroit could still say: Thank God we're not them.

In six years, Kildee's program has repurposed 6,300 properties, places that would almost certainly be abandoned now if the county hadn't acted. The county sold 500 of those properties to next-door neighbors for \$1, and volunteered to clear the lot for them. That explains the sprawling gardens some Flint residents have.

About 2,000 of the properties have been resold to new owners. About 90 have been partially rehabbed for new rental or ownership opportunities.

A handful have been redeveloped, full rehabs that Kildee's organization undertook on residences or commercial buildings that had real market potential. The building where his offices are located in downtown Flint is a great example: It was gutted and refashioned into split commercial space and housing. A first-floor condo just sold for \$475,000.

A boon to taxpayers

Kildee's approach costs taxpayers nothing. His program pays for itself through interest collected on back taxes, sales of property and, in some cases, tax credits. A study by the Genesee Institute shows the land bank program has also helped Flint residents reclaim \$112 million in diminished property values by so aggressively dealing with abandonment. It's simple: Bulldoze an abandoned house, and every structure on the block is suddenly worth more.

Don't get me wrong. Flint is still Flint, a dead industrial center whose primary employer up and left. Kildee compares it to New Orleans, a place that lost 40% of its population in a weekend; Flint just took 30 years to get to the same place.

But there are men in hard hats scaling new and rehabbed structures downtown, and there are neighborhoods where dramatic depopulation is being managed to avoid massive abandonment and blight.

Is it all Kildee's doing? No. But his land banking program is working, well, miracles here.

Last month, it was awarded the Innovations in American Government prize from Harvard's Kennedy School of Government.

The changes in law that made all this possible were quite simple. Before, when someone fell behind on property taxes, counties sold off those taxes in the form of liens to investors, who would try to collect, with interest, and could foreclose and take the property in about eight years. It often resulted -- as you see in cities like Detroit -- in out-of-town lien holders and property owners, some without clear title. The process makes repurposing of abandoned property nearly impossible.

The new rules allow counties to hold the liens, collect somewhat reduced interest, then foreclose and take property in just over two years. The county can then bank the land, and do whatever it wants.

Getting in on the action

Most counties use the process, but auction off the property at the end, tossing it to the same speculators who made things difficult before.

But picture what could happen in Wayne County -- some three or four times the size of Genesee -- if the process were used to fight abandonment. Kildee's 800 demolitions could be as many as 3,200 in a city like Detroit. At no taxpayer expense. The 6,300 properties he has processed there could be 24,000 here, which starts to make a dent in the blight that still holds Detroit back.

"If this works in Flint, a city that doesn't have to exist, the weakest of the weak markets," Kildee said, "it has to work in other places."

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