




The Man

A photograph of a dilapidated, abandoned building interior. A large, ornate column stands in the center, surrounded by debris and rubble on the floor. The walls are peeling and damaged, and the overall atmosphere is one of decay and neglect.

Michigan's most depressed auto town is full of vacant buildings. One local official has made their redevelopment his personal crusade.

Who Owns Flint

BY CHRISTOPHER SWOPE



On a cold, gray day in Flint, Michigan, Dan Kildee is walking down Stone Street. Like a lot of residential blocks in Flint, it looks as though a tornado has just blown through. But the destruction here is all man-made—urban abandonment run its course. A ground-up tree stump lies where a home once stood, and empty lots on both sides of the street are strewn with weeds, mud and leaves. One remaining house is stripped to its wooden bones, looking naked and vulnerable.

If Stone Street's ragged look is sadly typical of many towns of Rust Belt America, something else here is unusual: rows of brown Century 21 realty signs lining both sides of the block. Kildee owns these properties, in his official capacity as treasurer of Genesee County, because he's foreclosed on them for unpaid taxes. In fact, he owns about 8 percent of the city of Flint, and at one time or another he has controlled 11 percent of it. He's about to build eight new houses on Stone Street, joining forces with a local nonprofit that will renovate five homes, starting with the empty wooden shell. "They call this one a rehab," Kildee says. "I call it a hab."

One might question the wisdom of building anything new in a shrinking town such as Flint. Laid-off auto workers are still leaving what used to be called "Vehicle City," and as Kildee likes to say, they often forget to take their homes with them. But he thinks the houses on Stone Street will sell, perhaps for as much as \$125,000, because the location is close to two universities, a hospital and downtown. As Kildee sees it, what Flint needs is a rebalancing of its housing market—not just reducing the supply to match a diminished demand but also improving the supply in the neighborhoods that are most likely to survive. And that requires building some new product, in addition to tearing down a whole lot of the old one.

If even that modest revival is going to take place, government has to play a role, and Kildee has stretched the bounds of his job title to make sure he's the one to do it. Using state laws that he helped to write,

Kildee has amassed a vast property portfolio throughout Genesee County. Most of it is in Flint, and the bulk of it is vacant lots and boarded-up homes. By virtue of his desire to put as much of this land as possible to productive use, Kildee has become, for all intents and purposes, Flint's chief city planner as well as its most powerful landlord and premier developer. Along the way, he's invented new revenue streams to help pay for demolition work, property maintenance and a 13-person staff to run the whole enterprise. "I didn't run for county treasurer because the idea of wearing green eye shades just thrilled me," Kildee admits. "I ran because I knew there were ways to do things beyond the current definition."

Kildee isn't just an activist tax collector—he's something of a missionary to other depopulating cities. Under the banner of the Genesee Institute, a think tank he founded, Kildee travels across the Midwest and as far

as New Orleans, amusing audiences of local officials with gallows humor while imploring them to take ownership of their vacant-housing problem. He's quick to point out that his strategies don't require the local economy to be as far gone as Flint's is. Every city and county has tax delinquencies. And as the nation's mortgage crisis hits bottom, it's likely there'll be many more.

Kildee's work has won him a lot of praise locally and an Innovations in Government award from Harvard University. It's also made him a few enemies. Donald Williamson, Flint's eccentric mayor and a political rival of Kildee's, has taken to calling him a slumlord, which is a bit unfair when you consider how run-down most properties are by the time Kildee gets hold of them. But the people who dislike Kildee the most are investors who know how to wring dollars out of vacant properties. That's because Kildee has put them out of



From urban to rural to urban again: Eight new homes and five rehabs are coming to Flint's Stone Street.

business in Genesee County and absorbed their profits into his budget.

One aggrieved group is land speculators, who Kildee says were ruining neighborhoods by buying up vacant land for rock-bottom prices and sitting on it. Among his other targets are the firms that buy tax liens from localities—a \$10 billion industry that includes some top names on Wall Street. Kildee likens their services to junk food: The governments snack on a welcome upfront payment, but ceding control of the land to third parties eventually harms the health of blighted neighborhoods.

Kildee's philosophy is winning some converts among county treasurers both in and out of Michigan. One of them is Wade Kapszukiewicz from Lucas County, Ohio, which includes Toledo. When Kapszukiewicz won the treasurer's office three years ago, he pledged to begin auctioning off the county's tax liens. He sold two

batches of liens to a firm based in New Jersey and says he has no regrets about the \$15 million he raised this way. But then he heard Kildee speak at conferences, chatted with him a few times and came away convinced that tax-lien sales are a thing of the past. "It's dawned on me that this is no longer cutting edge," says Kapszukiewicz, who plans to lobby the Ohio legislature to give county treasurers the powers that Kildee has in Michigan. "The new way to do it will be Dan Kildee's way."

Foreclosing to Win

Kildee, who is 49, remembers the Flint of his youth as a safe place where there was always something to do. The neighborhoods were vibrant and prosperous and identified themselves by the nearest Catholic church—Kildee was born in St. Mary's and grew up in St. Luke's. The neighborhood boys would form football teams with names such as

the Genesee Jets or the 8th Street Wildcats and square off in ragtag bowl games with nothing riding on them but parish pride.

Kildee is a Democrat and comes from a political family—his uncle, Dale, has represented Flint in Congress for 31 years. At 18, Dan Kildee won a seat on the Flint school board, serving there while attending classes at the University of Michigan-Flint. Later, he was elected to the county board of commissioners, and eventually became its chairman before winning a campaign for county treasurer in 1996.

The years since then have been a depressing time in Flint, to say the least. General Motors, which for decades was the anchor of the local economy, has reduced its local payroll from 79,000 employees to 15,000 (including those at Delphi, the parts company GM spun off in 1999). The city's population peaked at 197,000 in 1960 and is estimated to be around 117,000 now.



"This was a rich town," Kildee says. "Flint was the auto producer for the world. We had the world by the tail and knew it would never end. But a lot of that wealth has evaporated, and behind it is this legacy of abandonment which is really, really costly."

When Kildee became county treasurer, Michigan had a tax-foreclosure law that dated to 1893. The law's original intent was to help farmers avoid losing their land during depressions. It was totally inadequate for handling the post-industrial problem of urban abandonment on a mass scale. Some vacant properties languished for periods as long as seven years. Others simply cycled through the system of tax-lien sales and public auctions, usually winding up in the hands of out-of-town investors who would do nothing to improve them.

By the late 1990s, momentum was building to change the system. The initial push came from Republicans in the state Senate, backed by research from the Hudson Institute, a conservative think tank. Kildee and other county treasurers weighed

in, and the result was a law that passed in 1999 with bipartisan support. It shortened the tax-foreclosure process to two years, and gave county treasurers all over the state a clean title to foreclosed property.

Within a couple of years, Kildee had 1,339 titles piled up in his office. So he pressed Lansing for a second law allowing counties to form public authorities to manage all the land they were acquiring. These were called land banks, and they were given the power to sell bonds, to contract with local governments, to collect rent and to purchase, hold or sell property. Kildee also got the legislature to include vacant properties in the definition of a "brownfield," a shrewd maneuver that released revenue for the Genesee County Land Bank Authority, which he chairs.

More than any other treasurer in Michigan, Kildee has taken what the legislature offered and run with it. With a couple of startup grants from the Charles Stewart Mott Foundation, he built a new system for moving more than 1,000 properties a year

through the tax-foreclosure process and into public ownership. He also devised a foreclosure prevention program, to keep people in their homes rather than abandoning them in the first place.

If the old system had encouraged speculative investment, the one Kildee devised aimed to hold land in the public domain until productive uses could be found for it. Through its "sidelot" program, for example, the land bank has sold more than 500 vacant parcels to adjacent homeowners who want a larger yard. The treasurer's office pays particular close attention to what's happening in stable neighborhoods, where one vacant property can quickly drag down a whole block. When such homes wind up in the public portfolio, the office rehabs them quickly, and either sells them or rents them out.

With most of his properties, however, Kildee has to play defense. That means demolishing homes that are too far gone to save—more than 800 so far—if only to get rid of eyesores. And it means contracting with churches and community groups to mow



Restoration of the Genesee County Land Bank's headquarters (with For Rent/Sale sign) helped to catalyze development in downtown Flint. Close by is a former auto manufacturing site called Chevy in the Hole. The land bank sponsored planning exercises to begin imagining what the polluted sight might become.

\$200,000.) If a productive and economically sustaining use could be found for the building, Kildee resolved to restore it. If not, he would knock it down.

On a tour of the Durant, Kildee steps carefully down a dark corridor strewn with bricks, crumbled plaster and broken glass. It leads to the hotel lobby, where an arched window lets in enough daylight for a visitor to see tall Corinthian pillars, a second-floor balcony and a reception desk with dozens of empty mail slots behind it. Kildee hums a few bars from Celine Dion's "My Heart Will Go On," the theme song from *Titanic*, and explains that the Durant, too, will go on. He's found developers who want to turn it into off-campus housing for the University of Michigan-Flint. The developers say they're willing to do it largely at their own risk, with a minimum of public resources.

Even as Kildee keeps pushing the limits of his job title, he understands that he's working in one of the toughest economies in the United States. He's not under any illusions that he's somehow reversed Flint's decline. "The effect we're having in Flint is measurable," he says, "but it's only measurable against the effect that the former system would have. The system we had in place was unintentionally designed for the lowest use of the property left behind. It quite literally found the lowest, most negative type of use for single-family residences, commercial properties and just about anything that came through it.

"The reason I point that out," he goes on to say, "is that the way we conceptualize our solution is as a process. Not as a white knight who rides in and fixes all the property. Because we can't do that. There isn't enough money in any system to do that overnight. But we can look at our work as a new pathway for these properties."

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empty lots in the summertime to hold back the jungle. Kildee admits that maintaining so much fallow land is a challenge the land bank can't keep up with, but he argues that the land is still better off as public property than in the hands of speculators. There's some evidence to back him up on this. A Michigan State University study found that the land bank's demolition work had unlocked \$112 million in land value by removing blight. Ryan Eashoo, a Flint Realtor, estimates that the land bank's work has increased land values in the range of 5 to 10 percent.

Frank S. Alexander, a law professor at Emory University in Atlanta and an expert on land banks, says the big breakthrough was seeing beyond Flint's day-to-day crisis to find public value even in its most derelict land. "Dan began to draw lines and see connections that we previously hadn't seen," Alexander says. "He said that what a tax commissioner does is directly related to the long-term health of a community. It's not just maximizing revenue in the short term but actually engaging in land-use planning, development and neighborhood stabilization. Dan was the first in the country, as a tax collector, to do that."

Restoration Dreams

Increasingly, Kildee is delving into development deals where he thinks public-sector investment can have a catalytic effect. The Stone Street project is one example of that. Another is the land bank's own headquarters in downtown Flint. The four-story building was once a department store. It closed in 1980 and sat vacant for more than two decades, in part because there were 22 sepa-

rate title interests attached to the building. "It was stuck in the old law," Kildee says. "It had been abandoned so long, I'd walked past it for 20 years and didn't even think of it as a building anymore. It was just part of this permanent landscape of abandonment."

In 2003, Kildee foreclosed on the building and took title. The land bank put \$4 million into renovations and moved its offices to the second floor. The rest of the building is a mix of commercial units and loft-style apartments that rent for about \$750 a month. Soon after the land bank building opened, changes began happening on Saginaw Street, Flint's main drag. First, an historic building next door converted to apartments.

Today, several more buildings are under restoration, with more apartments, offices and restaurants on the way.

Another potentially transformative project is located a few blocks away. It's the old

Durant Hotel, a landmark building from Flint's glory days. Named after Billy Durant, one of the founders of General Motors, the once-elegant hotel was the place where Flint's notable visitors stayed and where the sons and daughters of high society held their weddings. It closed in 1973. But its ghost, an eight-story brick edifice, still stands at the crest of Saginaw Street. "It's like the Titanic inside," Kildee says. "Without the water."

The Durant was bought and sold several times over the years, but it just kept decaying. The hotel became a metaphor for Flint's decline, and Kildee grew tired of seeing it sit vacant. So he persuaded the land bank's board to buy it for \$200,000. (The C.S. Mott Foundation put in another

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For a Q&A with Dan Kildee, go to governing.com/xtras