Dan Kildee
The Federal Reserve Board
Genesee County Treasurer
Chairman/CEO of the Genesee Land Bank
President, Genesee Institute
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Strategies for Transforming Vacant and Abandoned Properties from Liabilities To Assets
What is a Land Bank?

A land bank is a public authority created to efficiently acquire, hold, manage and develop foreclosed property, as well as other vacant and abandoned properties.
Flint’s Story...

- Birthplace of GM and the UAW
- 1970 population: 193,000
- GM employment peaked at 76,000 in the late 70’s
- 2000 population: under 120,000
- 12% of housing stock abandoned – “Roger and Me”
- City government incapacitated – receivership 2002-2004
Former Foreclosure Law

- 4-7 year process
- No clear title
- Hundreds of owners
- Low-end speculation
- Indiscriminate foreclosure – homeowners at risk
- Contagious blight

PA 123 of 1999

- 1-2 year process
- Clear title judgment
- Property titled to county
- Tax liens eliminated
- Hardship postponements
- Intervention

Liquidation vs. Investment. A lesson for lenders?
Michigan’s Land Bank Law

• Created Michigan Land Bank Fast Track Authority
• Allows counties that foreclose to create Land Banks through intergovernmental agreement with state Authority
• Allows the City of Detroit to create a Land Bank
• Defines all Land Bank properties as “Brownfields”
• Land Bank properties are tax-exempt
• Provides 90-day expedited quiet title action
• Can sell at less than fair market value
• Can lease, sell, demolish, maintain, rehab, improve
• 5yr/50% tax capture
The Genesee County Land Bank

- Michigan’s first land bank
- Created in 2002, modified in Dec. 2004
- 7 member Board of Directors
- 12 staff, including sales, rehab., property management
- Land development team
- Planning team *(University of Michigan faculty and staff)*
- Funding: tax foreclosure fees: $8.2 million over 6 years,
- Land sales revenue, tax capture *(Brownfield and 5yr/50%)*
The Genesee County Land Bank: A New Pathway for Property

- Foreclosure Prevention
- Housing Renovation
- Side Lot Transfer
- Property Maintenance
- Planning
- Rental Management
- Clean & Green
- Demolition
- New Development
The Genesee County Land Bank

Progress since 2003...

• 7,400 foreclosures (12% of Flint)
• 2350 foreclosure prevention cases
• Over 1000 Demolitions
• 2,300 sites maintained
• Over 800 properties in “Clean and Green” program
• 208 new units of housing built, 134 under construction
• $3.8 million mixed-use redevelopment of 30,000 sq. ft downtown building – The Land Bank Center
• Over 1000 tons of debris removed since summer 2004
Barbara Drive
*Flint*

Tax foreclosed in 2003

Acquired for $3,100

Rehabilitation cost: $42,000
Sold in 2005 to first-time homeowner for $55,000
During
• The Genesee County Land Bank Center

• Rehabilitated 2004-2005

• $4.1 million investment

• Commercial, office use on floors 1 and 2

• 7 loft apartments

2007: sold 1st floor unit for $475,000
One additional advantage: revenue

Fees from Tax Delinquency and Equity in real estate can be a source of revenue.

Flint, MI:
- $8.2 million over six years in fees
- Nearly $4 million in sale revenue
- PLUS: Improved surrounding Land Values
Michigan State University Study

Land Policy Institute Study

• 400 Genesee County Land Bank properties
• 2-year study of the impact of intervention on surrounding property values
• 26,000 properties affected
• $3.5 million invested (demolition, cleanup)
• $112 million in increased private value
• $109 million ROI.

http://www.geneseeinstitute.org/reports/index.html
The Current Challenge

- $3.92 billion to states, counties, and cities
- $700 billion to banks
- $11.7 million to Flint and Genesee County
- 5000-6000 mortgage foreclosures
- 7400 tax foreclosures in 6 years

*How can we make a difference?*

*What role will lenders/holders of REO play?*

*What role will Federal Gov’t play to make this work?*
Additional Resources

Genesee County Land Bank
www.thelandbank.org

National Vacant Properties Campaign
www.vacantproperties.org

KnowledgePlex
www.knowledgeplex.org

Smart Growth America
www.smartgrowthamerica.org
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