

# **The Genesee County Urban Land Redevelopment Initiative**

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Few cities across the nation face greater challenges than Flint, Michigan. But because of Michigan's new tax foreclosure law and the creative ways Genesee County officials are using new authority to deal with abandoned property, one of Flint's toughest problems may soon be under control.

Located in Genesee County, Flint is the birthplace of General Motors. In 1970, as Flint's population peaked at 193,000, it seemed the economic engine of Flint could never stall. General Motors employed 80,000 people at factories scattered around the city. From the 1920s through the 1970s, Flint was a magnet for workers who came to work in those factories, and the newcomers built new neighborhoods — enough for the 250,000 people expected to populate this growing city in the coming decades.

But for Flint, like most older American cities, the expectation born of the optimism of the industrial revolution was replaced by a reality far different than the vibrant, compact, growing city described in Flint's 1965 master plan. By 2000, Flint had lost more than 60,000 of those high-wage jobs, and the city population had fallen to 120,000. People left Flint as manufacturing jobs disappeared. Many left Michigan in search of work, but most of the flight from Flint was to just a few miles outside the city, to one of the dozen suburban communities growing as fast as Flint declined, while the county — with a population of about 440,000 — assimilated into the more stable southeast Michigan economy.

Left behind is a city struggling with a weak real estate market and thousands of abandoned houses and empty lots. According to the 2000 U.S. Census, over 12 % of Flint's housing stock is empty. While the problems associated with abandoned property are obvious - crime, fire, disease - the effects of abandoned property on the city are exacerbated by the resulting loss of tax base. Abandoned properties diminish the value of surrounding property, which directly reduces property tax revenue that could be used to address the problems caused by abandonment.

Sadly, the very system intended to move tax-foreclosed property back to productive use actually contributed to the downward spiral of urban land.

Under Michigan's former system of tax foreclosure, abandoned properties were either transferred to private speculators through tax lien sales or became state-owned property through foreclosure. Under either scenario, local leaders lacked authority to interrupt the decline of tax-reverted land. In fact, the former system encouraged low-end reuse of tax reverted land due to the length of time between abandonment and reuse – often more than five years.

The system actually contributed to contagious blight as one property infected the next as property after property passed through tax foreclosure, and rarely resulted in significant redevelopment because the tax lien sales resulted in countless different owners without marketable title. Thousands of properties not sold at a tax lien sale were titled to the state — the "death penalty" for property.

Worst of all, the system was heartless. The former law provided no way for local officials to intervene to help a family facing the loss of their home. A family facing tax foreclosure was at the mercy of a tax lien holder, usually an out-of-state investor with a personal financial interest in the property being foreclosed.

It was a low-end market free-for-all that rarely accomplished any public good beyond the efficient collection of taxes. Even valuable properties lost in tax foreclosure were destined to tumble through the predictable devolution of use: a family home became a decent rental house, then a dilapidated rental house, then an abandoned house, until the property became a valueless lot scattered among other properties falling through the same pernicious process.

But now, there is some hope. Since the passage of PA 123 of 1999, the State of Michigan and county governments have greater authority in gaining control of vacant abandoned land.

The new system provides for state or county foreclosure after two years, and under certain circumstances abandoned property can be foreclosed after only one year. This process results in a clear title judgment by the state court, a significant advantage in reuse of land. Under the new system, all property lost to foreclosure is titled to the ownership of the county, or to the state for counties that choose to pass this responsibility to the state.

The new law also provides some funding to assist a county in managing tax foreclosed properties by restricting "profit" from the sale of valuable property to a "Land Reutilization Fund" to pay costs associated with managing the inventory of foreclosed land. Together with increased fees for delinquent taxes, this source has brought over \$2.6 million to the Genesee County in the first two years of the program.

The new law also allows a county treasurer to postpone foreclosure on a property owner facing a "substantial financial hardship."

This is a more efficient course, as it delivers property to new ownership much more quickly and typically in far better condition than the former system.

In Flint, however, it was clear that while the new procedure was a significant improvement, a more aggressive approach would be required to use this new law to its maximum potential in dealing with the high volume of vacant and abandoned land.

With funding from the C.S. Mott Foundation, Genesee County engaged a local consulting team and a number of national partners in developing a more creative approach to use tax foreclosure as a community development tool. This research, with the help of The Brookings Institution, Local Initiatives Support Corporation, ICMA, the Urban Land Institute, and others led to the creation of the Genesee County Land Reutilization Council (LRC), a land bank formed by the city, county and local governments. The LRC is funded with proceeds from the tax foreclosure process, and allows the county to acquire land through foreclosure and determine the best use of land with the community's needs in mind, rather than simply selling the land at auction to the highest bidder with no control of the ultimate use.

Some highlights of the Genesee County program thus far:

- In the first two years under the new law, Genesee County has taken title to more than 2,500 parcels of land, including nearly 5% of the land in the city of Flint.
- 750 families have been saved from foreclosure through the County Treasurer's foreclosure prevention program, which allows owner-occupants facing foreclosure a one-year postponement, followed by active case management by the staff of the treasurer's office.
- 140 foreclosed tenant-occupied properties owned by the land bank are managed by non-profit housing agencies. As an alternative to selling tenant-occupied properties to another potentially irresponsible landlord, these properties are assigned to agencies seeking to stabilize neighborhoods and encourage home ownership.
- The LRC has begun rehabilitation of 25 houses for new owner-occupied housing.
- Since February of this year, 138 dilapidated houses have been demolished, with another 140 to be demolished by the end of this year. Using local Community Development Block Grant dollars, the county demolition program has become an

efficient alternative to typical demolition programs primarily because the county is the property owner. Using the experience of the first two years, a more significant demolition program is being planned for the 3,500-4,000 abandoned houses in Flint.

- Over 100 vacant lots have been conveyed to next-door neighbors through the LRC "side lot" program. 600 more side lot transfers are planned from the current inventory.
- Hundreds of empty lots have been assembled for city development projects, as well as for local non-profit and community organizations.
- Two non-profit agencies are developing new infill housing on 16 tax-foreclosed properties.
- Several non-profit agencies are under contract to maintain empty lots owned by the county - cutting weeds, cleaning trash, and boarding buildings, funded entirely from tax foreclosure proceeds.

While this new system is a dramatic change and is having some immediate effect, the real value is best measured in the long-term impact this effort will have on the city.

To ensure intelligent long-term use of this and other tools, Genesee County has initiated a significant land reutilization and community planning effort. This initiative, funded primarily by the Ruth Mott Foundation, combines a neighborhood planning component with regional land use planning. The goal of the neighborhood planning is to assist the LRC in determining the disposition of tax-foreclosed land consistent with an intelligent strategy for each neighborhood, working with existing neighborhood organizations where possible. The challenge to neighborhood planning lies in the answer to the question: "How does a city get smaller and better at the same time?"

A regional land use planning effort, led by the faculty of the University of Michigan School of Architecture and Urban Planning, will seek to connect urban "smart growth" practices such as the tax foreclosure project with better regional land use policies. The recent report of the Michigan Land Use Leadership Council, a bi-partisan panel appointed by Michigan Governor Jennifer Granholm, provides a framework for this local effort to make "smart growth" a reality in the Genesee County area.

Genesee County's progress in addressing the problems of vacant and abandoned property has been a result of partnerships between state and local government, local non-profit community based organizations, academic institutions in Michigan and

around the country, as well as several key national organizations concerned with urban redevelopment. There is much more to learn, and much more to be done in creating a coherent set of policies that embrace urban land as the asset it should be. But Flint, Michigan, has made a bold start, and can provide some important lessons to other communities large and small struggling to deal with forgotten urban land.

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