

## COVER STORY

# Banking on Flint

*County Treasurer Dan Kildee Collects National Attention for Land Bank Program*



by Chris McCarus

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Flint, birthplace of General Motors, manufactured the American Dream. "There is a job in the Flint area for virtually anyone who wants one," declared *Time Magazine's* 1955 man of the year, then-GM president Harlow Curtice. It wasn't hyperbole. Two-thirds of the city's workforce labored for the well-paying industrial giant.

Now GM is but a shadow of its former self, and the city that held almost 200,000 residents has little more than half that. With all the homes and businesses that were built to hold that many people — but no longer enough people around to fill them — the abandoned buildings and vacant lots are overwhelming.

■ You can see "Residential Apts Coming Soon," posted on an old two-story brick warehouse. But that was before 2003. They haven't come yet. Near Martin Luther King Boulevard and Fifth Street are Otis Carpets, Ace Ducey Key Shop, and Consumers Heating and Cooling, all closed. On Saginaw Street, Union Print and Flint Auto Sales are boarded up. Windmill Place is closed. It was a mall thrown up in the 1980s when the locally based Mott Foundation was betting on Flint becoming a tourist town with the help of indoor theme park AutoWorld, now long-closed.



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Saginaw Street is the main thoroughfare. It once rivaled Woodward Avenue in Detroit or Michigan Avenues in Lansing and Jackson. Now, where it runs along residential areas, boats are parked behind houses, grass growing tall around them. Weeds grow between the cracks of school playgrounds. One school has had its guts strewn onto the playground...bricks, windows, doors, insulation and light fixtures. Dozens of one-story drive-in stores, hair salons, rib shacks, gas stations, TV repair places, even a recently built Rite Aid Pharmacy are closed. Some residential blocks are intact. But many are not. 1940s bungalows and sturdier two-stories from the teens no longer make complete blocks. Vandals rip siding off, break windows, strip copper and lead pipes and remove anything else of value, including street manhole covers.

The blocks crossing over North Saginaw Street might include only a house or two where there used to be a dozen. Hundreds have been torn down. Gentle slopes lead southward toward the Flint River. Acres of open land give a feel of

wilderness. People have abandoned it. They're gone. Nature is willing to take it back.

This is what Dan Kildee is working to change.

### **High Profile**

Kildee has been county treasurer since 1997, after serving on the Genesee County Board of Commissioners. Genesee has no elected county executive post like those filled by L. Brooks Patterson in Oakland, Robert Ficano in Wayne or Tom Hickner in Bay. Those are *uber* positions for sometimes *uber* personalities. In Genesee, Kildee has the highest profile. And in 2002 he started on a project that would eventually raise his profile considerably higher, to national prominence in public policy circles.

Kildee came up with an idea for dealing with the blight and worked with a professor at Emory University in Atlanta to design what they would later call a land bank.

"When I first thought of it I didn't use the term land bank," says Kildee. "This issue was forced upon me." That is, he knew that if he were going to collect property taxes as treasurers are supposed to do, he'd have to figure out a more

effective way of dealing with his eroding urban base. "So I decided to find out the way the real estate market works, to get away from this speculative model that allowed people to buy and sell titles to property without treating them as a piece of real estate."

Kildee saw that with all the empty houses and abandoned lots, speculators were buying tax liens at county auctions and buying deeds at state auctions. Just pieces of paper. They could own property in the county, which mostly meant Flint, for up to seven years without ever hammering a nail on a wall or mowing a blade of grass. The paper sales became like trading baseball cards, with the added fun and excitement of money changing hands. But the owners never fixed up houses or commercial properties. Blight worsened, dragging values down farther.

Taking his thoughts to Lansing, Kildee worked with concerned state lawmakers to pass new laws in 2003 regarding tax-reverted property (following a first set of improvements to the 1893 tax-foreclosure law that he and other county treasurers sought in 1999). They came up with the Land Bank Fast Track Authority Act, which allows counties that conduct tax foreclosures and the City of Detroit to create a local land bank. A land bank is a government office that is part realty company, part private developer, part landscaper and part tax collector.

"I can remember the moment when I first thought of the idea," says Kildee, a 49-year-old Democrat who often leaves his Flint office to run or bike. Exercise, he says, is "where I do most of my thinking." He was thinking, as he was "out doing miles" in the Mott Park neighborhood on Bradley street, that Michigan's tax foreclosure process was getting better, but he needed something extra to go with it. As he biked from decayed housing downtown to where the auto barons built huge English tudors and colonials in the 1920s, the long, winding roads and hills made him breath harder and move harder. He made himself think harder. "I could see how these neighborhoods changed and transitioned. Instead of selling these properties at public auction, we needed to figure out how to buy them ourselves."

Cleveland, Atlanta, St. Louis and Louisville all had "land banks." But they didn't do what Kildee wanted to do. They didn't really hold property. So nothing much changed there, or not quickly, and the people in those cities had ideas of what they would have done differently in setting up their land banks. Says Kildee, "We loaded up our idea with everything everyone wished they'd done if they had a chance to start over." And the idea made it through the Michigan Legislature.

The resulting Genesee County Land Bank has put most of the speculators out of business. The land bank, instead, captures the money made from the sale of tax-reverted property. That money is used to run the land bank. After someone fails to pay the taxes on a property, the land bank can get hold of it within two years. Then, it can decide whether to demolish the structure, rebuild it and put it on the market to sell for a profit or link it to some other property. Kildee says the goal is to reduce the city's overall housing supply to better match its smaller population, while increasing the supply and quality of the housing in still-vital neighborhoods and the downtown core.

The county developed an \$8-million self-sustaining fund with revenue generated from the tax delinquent property fees and interest to support cleanup and reinvestment in abandoned properties. County officials also worked with local governments to issue a \$12-million bond issue to be paid off with tax revenue generated from the properties after they returned to productive use. Kildee has tapped foundations and state brownfield redevelopment grants for additional resources.

Its first major project was to foreclose and take clear title to a four-story, former downtown department store that had been vacant since 1980. The land bank invested \$4 million in renovations that turned it not only into headquarters for the land bank, but as a mixed-use building collecting rent from new residential and commercial tenants and providing a spark for downtown redevelopment efforts.

To date, the land bank has demolished nearly 1,000 abandoned properties, while reconstructing 90 affordable rentals and 80 single-family homes. An additional 700 "side yards" have been sold to adjacent property owners so someone is responsible for their upkeep. A study by Michigan State University determined that the land bank's efforts have boosted land values by more than \$100 million by removing blight.

The land bank currently owns 8 percent of Flint real estate, down from a high of 11 percent — which led *Governing Magazine's* headline writer to label Kildee "The Man Who Owns Flint."

Not surprisingly, several counties have copied Genesee's aggressive model, including Saginaw, Ingham and Wayne.

Unlike the typical county treasurer, Kildee has staked his career on land use issues. Land use people talk about fixing up cities and saving farmland, woods and fields. They want to decrease day-to-day use of the automobile and replace it with trains, buses and bicycles. They want to see people live closer together in denser older cities, the way the cities were built with auto money before the auto lifestyle destroyed them. Kildee's old enough to have seen the Flint where he grew up still booming from auto production. "We had the world by the tail," he likes to say. "We were exporting cars and importing cash."



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Kildee and others in the land use community believe Flint is ground zero for the 20th century industrial economy. If no other state has suffered more from the decline of manufacturing than Michigan, then no other city has suffered more than Flint. It was a one-company town. *Time Magazine's* 1955 story said: "Of a work force of 135,400, some 86,700 are employed by GM. The 83,000 hourly employees draw wages averaging \$100 a week — with some skilled old-timers at the forge plants earning \$10,000 a year. Flint has an automobile for every 2.8 persons, v. a nationwide average of one for every 3.7. Nearly 80 percent of the residents own their own homes, and 80 percent of the homes have television (even though 15-or 20-ft. aerals must be stuck on rooftops to pick up Detroit). Spending is heavy, but savings accounts are going up, too. 'People have got money,' says President E.S. Mulholland of Flint's largest department store. 'They feel safe.'"

"The wish, the hope," says Kildee, "would be that other communities that don't think of themselves as being in Flint Michigan's condition still realize that if they intervene now, like we should have 35 years ago, the size of the problem won't be so great and it's a much more manageable situation."

### ***Personal Politics***

Kildee has few political enemies other than Mayor Don Williamson, the millionaire car and scrap yard dealer with a high-school education and a court conviction for writing bad checks. Some "Flintoids" as they jokingly refer to themselves, believe Williamson grew jealous of Kildee's land bank that was created as an appendage to the county treasurer's office. Williamson started the city's own house demolition and house rebuilding operation.

Kildee calls his relationship with the mayor "uneven," adding that he's had a "few skirmishes and a few peace treaties" with him, the latter including land bank funding for a city demolition crew.

The well-known local joke is that Dan Kildee always asks his uncle, longtime U.S. Congressman Dale Kildee, "How are you, Dale?" His uncle is now 78. The nephew got into politics at 18 when he was elected to the Flint Board of Education and has never lacked ambition. According to the joke, Dale Kildee always responds on cue to his nephew's question with a question of his own: "Why do you ask?"

Congressman Kildee doesn't appear ready anytime soon to give up his seat so his nephew can run for it. In the meantime, the treasurer and land bank entrepreneur is taking a most serious look at running for another office: governor of Michigan.

On the Democratic side of the governor's race, Kildee could face competition from a name as big or bigger than his uncle's: former Michigan Supreme Court justice and two-term mayor of Detroit Dennis Archer. Archer has strong appeal among white suburbanites. He grew up in Cass County, so he has a base in Southwest Michigan as well. He's good friends with the former three-term mayor of Grand Rapids, John Logie. So Archer could win votes far outside of Detroit.

Kildee also could face a couple of powerful fellow Genesee County politicians,

Lieutenant Governor John Cherry and current Mayor Williamson. But assuming the competition for governor in the 2010 Democratic primary alone is not impossible to hurdle, Dan Kildee has a shot. After all, he figures, no one thought a county treasurer could ever turn the tide on urban blight.

This summer he's working on one of his biggest redevelopment projects. He's putting together a deal to renovate Flint's version of Detroit's storied Book-Cadillac Hotel. It's the Durant Hotel, named for GM founder William Durant, that has been abandoned for 35 years.

Says Kildee, "I'm not sure that it translates into a campaign, but it sure proves that the things that people think are not possible ARE possible if you're creative and if you don't give up."

Kildee is not afraid to ask for help. He's found some in Grand Blanc, the upscale suburb of Flint. The early auto barons had built homes, churches and schools there, too. But farmland remained between the communities. Today it looks like any other auto suburb with its local and national chain store malls. Its state representative is Republican Dave Robertson, a Certified Public Accountant who knows property taxes. His constituents are different from Kildee's core in Flint. Yet the two have built a level of trust.

"In 2003, Gene DeRosset (the former state representative from Monroe and Lenawee counties) had the land use package," says Robertson. "It was his baby." Then at the same time, "Dan approached me and he was interested in doing things in Flint, and that's how we got involved." Robertson co-sponsored the land bank bills. He and Kildee had known each other from working on the county commission. Robertson says, "we have significant philosophical differences and [yet] we've had dinner together socially and we're both policy wonks."

### ***Restoring a Landmark***

Early this month, Kildee had lunch at Mega Coney Island with Lansing area developers Kevin Prater and Richard Karp, who specialize in restoring old buildings and have taken on the Durant project. This reporter asked the men to get together. Kildee chose that lunch spot because it's across the street from the Durant Hotel. Though most of the city's roughest parts lie to the north of the Flint River, the Durant was built in the shape of a U where the two main streets branch out. The hotel looks south over the river and onto three city blocks that are being revitalized. The Mott Foundation building anchors the street. And the University of Michigan Flint occupies more and more buildings to the north.

"This building hasn't moved, but it's a lot closer to the University of Michigan than it used to be," says Kildee after the coneys are gone and the group is walking up Martin Luther King Blvd toward the front of the brown-brick, eight-story building. "The university has moved steadily across the river and closer to downtown, so now U-M Flint, which was five or six blocks away from this building, is right across the street. So naturally that changes the market for a building of this type."

Kildee bunches redevelopment in blocks. He and the dozen land bank staff members cluster their efforts. That way no blight can creep back in between the

cracks. They want order spreading outward and transforming everything along the way.

"Nobody's done anything on this site since I was a sophomore in high school," Kildee says.

Developer Prater and an excavation worker talk. "It looks like it was a beautiful building at one time," says the worker. Kildee, still in possession of the hotel and the key, opens the padlock and the door to the first floor. The group follows. The developers mention that a parking deck will be built on the lot on the north side of the building. Another shrine to the automobile? "No," says Karp, it's just a necessity. Kildee says the parking lot will at least come at a reduced price. "Site work is one of the benefits of the brownfield redevelopment act," he says. It's more horsepower you can get out of recent Michigan land use legislation.

The first floor lobby is grand. Four Corinthian columns rise up to the second-story ceiling. A long reception desk is still intact with the 330 wooden mail boxes built for each hotel guest. One of them was "Billy" Durant himself. Some walls are busted out and wiring is exposed. Every surface is covered by a gray cement dust.

As the heads of the workers, developers, reporter and treasurer tilt upward, Kildee says: "You have to have imagination. But it doesn't take much if you realize they don't make space like this anymore. It's beautiful." U-M Flint has agreed to assist with marketing the property to upperclassmen, graduate students, international students and faculty as the university transforms from a commuter to a residential campus. The 330 small hotel rooms will be made into 111 much larger units.

Karp describes how he and Prater were driving around one day and noticed this huge building, an anchor much like the Mott Building. "We're a boutique operation," he says. "The size, the scale, the age, the level of deterioration...this is exactly what we do, and it didn't take long to get hooked up with the land bank. A matter of 72 hours."

Prater is asked about the obstacles to restoring the hotel. "Anyone who was in here in the 1920s or 30s won't be able to tell the difference. It'll be exactly like it was....There's not a lot of big obstacles. Most of the obstacles are more political than physical. That's a bad thing to say, but it does seem like all obstacles are political. They're not real. They're just people's personalities not understanding it."

That's where Kildee has a leg up. He's affable, even self-effacing. He can talk to major funders on the east coast or regular Flintoids and make his case.

"The connection to the university is a really important one," he says. "Not just because it's right across the street or that it's part of the downtown renaissance. But because it connects this building to the new economy. A knowledge economy. This [hotel] is the relic of the old economy that was built by rich white guys who formed the auto industry. And that era ended in the early '70s when it closed."

Kildee is happy to approach new people with a joke and a beer. But he can also go straight into policy wonk mode, much like his Republican counterpart Robertson. He rails against the great post-war build-out of the suburbs. He reminds people that while billions of dollars have been spent there, billions more have been spent in the cities that are most attractive to young, usually single, knowledge workers. They are the key to the next economy.

"All that public infrastructure and the parks and the schools," says Kildee. "This building does not just have one life, and when that life ends we dispose of it. We've got to stop treating cities like that, like a disposable commodity."

He's developed the land use talk so well that he's counseled the City of New Orleans on how to rebuild after Katrina. Baltimore, Buffalo, Syracuse, San Diego, Miami and declining factory towns in Ohio are among the many communities that have invited him to speak. In 2007, Kildee's land bank program was named winner of the Harvard University/Fannie Mae Foundation Innovations in American Government Award for Affordable Housing. Closer to home, this past winter Kildee was the recipient of the Michigan "Excellence in Land Use Leadership Award" given by the Michigan State University Land Policy Institute and the Michigan Land Use Funders Network.

He may be closer to mastering the talk so that average Michigan voters can understand it if he seeks the governorship. Still dreaming of the day people in Flint can come back into the Durant Hotel lobby for "oohs and ahs" or to rent out the ballroom for weddings and graduations as they used to, Kildee says: "It's not just good land use. It's not just better stewardship of nature. It's just better economics. It's going to make Michigan more competitive."

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