



Powered by

Land banks gain popularity as way to fight urban blight

By Kathleen Gray, USA TODAY

In downtown [Flint](#), the historic Durant Hotel sat empty for more than 30 years until a financial tool led to its current \$30 million renovation.

That tool is the land bank, an idea gaining national attention for its positive impact on urban blight and abandonment at a time when most cities are dealing with more foreclosures.

Instead of selling abandoned or foreclosed structures at auction, the city or county creates a land bank of properties. Some homes are fixed up and sold. The worst of the homes are demolished, and the land is then sold to nearby homeowners or developers, explains Genesee County (Mich.) Treasurer Dan Kildee, who started that county's land bank.

Municipalities operating land banks include Flint; Cuyahoga County, Ohio; the [Kansas City](#) suburb of Overland Park, Kan.; and [Richmond, Calif.](#) The money generated from sales and the collection of delinquent taxes allows the land banks to pay for rehabilitation or demolition.

"The land bank is changing the conditions and aesthetics in Flint," Kildee says. "Where once there was an abandoned house, there's now a community garden."

The concept was first used 10 years ago in cities such as [Atlanta](#) and [Louisville](#), according to Frank Alexander, a law professor and director of the project for Affordable Housing and Community Development at [Emory University](#) in Atlanta. As the recession continues to impact housing, new land banks are forming to ensure the foreclosure crisis doesn't further erode struggling communities.

- Cuyahoga County, which includes Cleveland, launched a land bank in May. County Treasurer Jim Rokakis says he hopes it will be able to have an impact on its 35,000 vacant properties.

"A vacant home on a street absolutely destroys the value in the rest of the neighborhood," he says. "There are some neighborhoods in Cleveland that have no housing market left."

- The Overland Park City Council approved its land bank last month and plans to use \$700,000 in federal stimulus money to buy, fix up and resell three foreclosed homes, City Manager John Nachbar says. The city has about 400 homes in some stage of foreclosure, he says.

- Maryland passed legislation last year authorizing land banks in an attempt to help Baltimore deal with 30,000 foreclosed homes, but the City Council hasn't approved the concept yet. Pennsylvania and [New York](#) also are considering land bank legislation, Alexander says.

Award-winning idea

Alexander predicts the recent federal Housing and Economic Recovery Act, which is intended to stabilize the faltering housing market, will create a boon for land banks.

"I imagine by the end of 2009, we will easily see 100 to 200 local governments with land banks," he says. "But in a perfect world, land banks should work themselves out of existence."

The Genesee County Land Bank, established in 2002, takes ownership of thousands of parcels of property in the county seized by the government for unpaid property taxes. Kildee says it uses negotiated agreements to sell its more valuable tax-foreclosed properties, mostly in the suburbs, to raise cash. Then it uses that money to fix up blighted areas in Flint — greening vacant lots, demolishing abandoned houses and creating pocket parks where once there was only vacancy.

A 2006 Michigan State University study estimated the land bank's activities in Flint had boosted property values countywide by more than \$100 million. Harvard's [Kennedy School of Government](#) named the Genesee County Land Bank the winner of its 2007 [Fannie Mae](#) Foundation Innovations Award in Affordable Housing.

Impact on property values

Since its founding, the Genesee land bank has sold 1,600 properties and has raised \$6.4 million through the sales, Kildee says. That fund has enabled the land bank to reconstruct dozens of single-family houses, sell off hundreds of vacant lots to adjoining homeowners and create incentives for downtown redevelopment projects such as the Durant Hotel.

The eight-story, 250-room hotel, built in the 1920s, is being renovated for use as residential housing with 93 apartments and a restaurant and bar on the ground level. Kildee says the project is on track to be completed by the end of the year.

In one Flint block of West Dayton Street, where there are seven abandoned homes and several vacant lots, neighbors have teamed up to mow the lawns and trim the shrubs at the homes and convert two of the vacant lots owned by the Genesee County Land Bank into a park and community garden.

"We're trying to keep our neighborhood value up," says Sue Graham, 54, who grew up in the neighborhood and bought her parents home in the 1980s.

Gray reports for the Detroit Free Press. Contributing: John Gallagher, Detroit Free Press.

Find this article at:

http://www.usatoday.com/news/nation/2009-07-09-landbanks_N.htm

Check the box to include the list of links referenced in the article.

Copyright 2009 USA TODAY, a division of Gannett Co. Inc.