Interview of Dan Kildee, CEO of the Land Bank of Genesee County, Michigan
Interviewed by Steve Dubb, Senior Research Associate, The Democracy Collaborative
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Dan Kildee has been Genesee County Treasurer since 1997. Kildee initiated the use of Michigan’s new tax foreclosure law as a tool for community development and neighborhood stabilization. He founded the Genesee Land Bank - Michigan’s first land bank - and serves as its Chairman and Chief Executive Officer. In 2007, the Land Bank received national recognition as one of seven $100,000 winners for the Innovations in American Government Awards of the Ash Institute for Democratic Governance and Innovation at Harvard University. Kildee is also President of the Genesee Institute, a 501(c)(3) nonprofit research and training organization, created in 2004, that provides planning and technical assistance for other communities seeking to develop land bank authorities of their own.

To begin with, could you explain what a land bank is and what functions it serves?

A land bank, by our definition anyway, is a public authority of some type that is charged with acquiring, managing, and ultimately repurposing vacant, abandoned, and under-utilized properties. That takes different forms in different communities, but these are public authorities that take care of the worst, most difficult properties in the real estate market.

How was the Land Bank of Genesee County formed? In particular, given the importance of the 1999 Michigan statute that allowed for the formation of the Land Bank, please discuss also the political history of the legislation that has enable the formation of land banks like yours in the state.

There were two distinct reforms: the 1999 reform changed the tax foreclosure law – eliminating the sale of tax liens to speculators (government’s right to collect tax). Those liens were sold to investors; the investor could collect on the tax at a high rate of tax and foreclosure if wasn’t paid. We eliminated that. That was the main change. That allowed us to control the land rather than have the land controlled by speculators.

I decided we needed something more. We needed more than a rational method of acquisition. We needed a way to dispose of those properties, which could be achieved by creating a land bank authority. We formed our Land Bank in 2002 and, in 2003, we persuaded the [Michigan state] legislature to take our idea and put it into law. We take those two fundamental reforms together and we got a system that creates a lot of potential. It is a very effective way of gaining
control of abandoned property and a much more effective way of disposing of abandoned property.

Could you talk a bit about how your land bank is funded?

It is funded in a couple of ways. One source of funds comes from the fees that delinquent taxpayers pay when they actually pay investors. This is the money that previously had been used to attract investors to purchase tax liens. Now we use a portion of the revenue to support the land bank – this year, $2 million. The second primary source comes from the land sales themselves – many of the properties we get can be redeveloped or sold. Rather than enriching speculators, we use that money to fund what the land bank does.

Beyond that we have created some mechanisms to help finance land bank activity. We developed the Brownfield refinancing act, to make all land bank-held brownfields eligible for financing. We can use TIF [tax increment financing] or other sources to fund remediation. It allows us to cross-finance the clean-up and redevelopment cost across the whole county. The essential value of that is we can use money to clean up vacant neighborhoods where we otherwise would not have the wherewithal – by connecting abandoned neighborhoods to basically functioning neighborhoods we can basically do things we could otherwise never do.

How do you generate political support in the suburbs and rural areas of the County for a countywide land bank given that not all of Genesee County is as poor as Flint?

That is a difficult part of this job – most people don’t think about it. It’s tough. I have to use basically every method of persuasion I can come up with. I generally start by using a rational market-based explanation of our work, which makes the point that suburban and rural communities are affected by conditions in the urban center. The value of their property, the quality of their community, is to one or extent or another affected.

Second is the fairness and equity argument: for 70 years, the city was the economic engine that delivered wealth to the whole region. We imported money by exporting cars, so that wealth that passed through the city was distributed to the entire area. Now that the shoe has passed to the other foot, the region has some responsibility to help its weakest member.

Another thing to note is that we can’t sit around waiting for unanimous approval. I don’t let an obsession with unanimous support get in the way of progress. I don’t let the perfect be the enemy of the good. We get the political support we need to make progress and then move forward.

Have you had to make any specific compromises to maintain suburban backing?

Not so many. I wouldn’t call it a compromise, in part we just have to ensure that those suburban communities not only see the benefit by cleaning up the city, but also receive some of the direct benefits. In those suburban and rural communities, we will do some demolition and we will do
some rehabilitation. It is not that they are not a priority, although they are not as high of a priority. But just because their problems are not as great doesn’t mean they should be ignored. They need to understand that there is some direct benefit for them.

**What role has the Land Bank played in terms of policy advocacy?**

Quite a bit, I would say. Mainly through my participation on behalf of the Institute and the whole effort, we’ve been able to improve the Land Bank Act. We’ve amended the Brownfield Act to allow acquisition of property to be a brownfield fund eligible process. I am working on a couple of changes right now to give me authority to assist folks who are really poor avoid losing their property in the first place.

At the Reclaiming Vacant Properties conference in June, you noted that Flint has lost 45% of its population and that General Motors’ employment in Flint has fallen over time from 79,000 at its peak to 6,000 today. With GM’s bankruptcy, that number may fall further. **How has the land bank in Genesee County been affected by the continuing crisis of the auto industry?**

It has certainly made our job harder mainly because there is a lot of economic uncertainty in our community. It means higher foreclosure rates and a weakened demand for property. It does make our job tougher. It’s not so much the bad news. We’ve been dealing with now in our community for 35 years. But it’s this uncertainty, this cloud over the future. It makes it very tough—it makes our job a lot harder.

**Even though you are not an auto expert, since you are from Flint, do you have any thoughts on how the U.S. government, now majority owner of General Motors, should exercise its ownership control in the reshaping of that company?**

There are a lot of people in Flint who are not auto experts, which doesn’t prevent us from having opinions. My concern is that the company needs to take a longer-term view of things. They’ve only focused on next quarter’s earnings or next year’s earnings – they need to think more about how to position the company for the future. Focus on the product. Where I think GM took a wrong turn some number of years ago was of focusing on profit in the short term rather than product in the long term.

By focusing so much on large trucks, much of the profit came from large trucks. That’s fine until people don’t want them anymore. Where is the GM hybrid? Where was that when Honda came out with theirs and Toyota came out with theirs? It would make them a more sustainable company when the market shifts – so when things change, they don’t fold.

**How does Flint view the Shrinking Cities movement? Do residents envision the future as a shrinking city or something else?**
Part of the challenge is that this city has already shrunk. It is not a concept that—gee, these cities should become smaller. It’s about us admitting we are smaller. We’ve lost half of our population. Our city is designed for twice the population we have and we cannot sustain this. We have a job to do. We have 30 years of politicians telling us that they can get us back to the good old days. It’s just pandering to the public and grotesquely unfair. We need to acknowledge that we are smaller—and then become better. I think we have a long way to go on this subject. There are some fundamental principles: 1) we are not advocating making our city smaller, we just accept the fact that we are smaller; 2) the focus should be on the people, what is life like for the people who live in the neighborhoods of Flint—if we keep our focus on that everything will make more sense; 3) we need to focus on market factors – make the point that this is not a socialistic ideological concept, this is a market concept – we have an oversupply of housing. The only way we can adjust to that is to reduce the supply and increase the quality; if we do those things, we’ll essentially be following a shrinking cities model; and 4) the decision to redesign the city must be inclusive and voluntary —people have to be involved and movement out of sections that will receive less city investment has to be entirely done on a voluntary basis—so residents have a choice to relocate from a blighted to a more vibrant neighborhood or to remain and live in a greener, lower density part of the city.

What would you say have been the primary achievements of the Land Bank in Genesee County? How would Flint and Genesee County look different if the land bank did not exist?

We would have a lot more abandoned houses. That’s the most significant immediate benefit. We’ve been able to demolish 1,000 abandoned houses and wipe them off the landscape. These are properties that diminish the quality of neighborhoods and cost the government a lot of money. Abandoned houses cost more than occupied houses. There is more cost for fire prevention, police protection, and building inspectors. Empty houses cost more than occupied homes. The first effect by tearing down these structures has been to reduce these costs and rid the neighborhoods of blight.

We’ve also redeveloped some really old buildings that have essentially been forgotten. In the long-term that will have greater value. Restoring old buildings that have architectural value and connect our past to our future is valuable. Those are more intangible benefits, but really significant values we’ve been able to deliver.

Could you talk about the evolution of the Land Bank? What changes have you had to make over time during its seven years of operation?

We are in a constant state of evolution. We’ve learned a lot and the conditions have also changed, especially in the last couple of years with the housing crisis. We’ve had to develop new capacity that we didn’t expect to need to have. The most significant is managing rental properties. We have a goal of stabilizing those properties and not just selling those to the first buyer. In order to do that, we have had to develop in-house capacity to be a benevolent, “good-
guy” landlord. We put the proceeds from the rentals right back into improving the housing. That’s been a big part of what we’ve had to develop as we’ve grown. Another thing we didn’t expect initially is that we would become a developer. We thought the market would soak the properties right up directly. But we’ve had to become a catalytic developer. We’ve done several buildings that have spurred other private development. We didn’t expect to have to do that, but I’m glad we did.

**Has the land bank been involved with in terms of urban agriculture or deconstruction? If not, are these areas you anticipate expanding into in the future?**

There has been some deconstruction – we make our properties available for deconstruction. But first of all, with the kind of property we acquire there has already been a tremendous amount of “informal deconstruction” [stripping]. So most of the property we get is ready for demolition or potentially rehabilitation. There are not as many properties ripe for deconstruction as many people may expect. Another issue: without more attention to the market for deconstruction material, it’s going to be hard to bring it to scale. We are very much in favor of it and have worked with Habitat for Humanity and even some for-profit firms.

As for urban agriculture, there is a lot of that. I got up at four o’clock this morning to be in the field with a television crew from a local TV station to get in front of one of our urban agriculture projects—to show that this really does work. Urban agriculture to me is one of those important alternatives. It is intentional use of land that has value but doesn’t require a house on top of it to be part of the neighborhood. I imagine a city of Flint that has large and small gardens and even larger scale agriculture scattered across the city. It is beautiful, replaces blight, and helps reshape the city without having to rebuild houses on every lot. Plus it feeds people and provides a source of fresh food — this is especially in poor neighborhoods. I think this is very important initiative. We’re actually doing some exploration on hoop houses [large greenhouse structures] combined with geothermal systems, which once developed could provide a low cost way to extend the growing season several months.

**Could you talk about the Land Bank’s efforts in the area of brownfield remediation?**

A lot of our sites – we get them and they’re contaminated. We’ve been able to do a significant amount of environmental cleanup. What distinguishes our effort from most is we can cross-collateralize all of our property, so if the cost of cleanup cannot be covered by federal EPA [Environmental Protection Agency] or state funds, we can essentially borrow or rely on another party — we have a different bottom line than a typical developer. For us, we get paid when we see good things happen. We don’t have to make money: we just can’t lose money. By using internal subsidy, we are able to take the traditional brownfield tools and add that cross financing to those tools. It has allowed us to clean up a lot of property that would otherwise sit dirty and abandoned.
How does the Land Bank link with community groups like community development corporations (CDCs)?

We do work with CDCs. We will very often become the land assembly vehicle for a nonprofit. We sometimes will become a partner. It all depends on the nonprofit’s capacity. The issue we have here with CDCs is they have historically not been strongly supported. Our role is to bring our substantial capacity in partnership with a CDC to help that organization do more. The relationship can be as simple as supplying marketable land right up to us being a majority partner – we’ve done everything in between. We have a relationship with LISC [Local Initiatives Support Corporation] to help us to create that relationship. LISC helps us in evaluating the capacities of the CDCs to help us determine what role we should play in a potential development project.

I personally thought there would be more capacity, but I think this is a problem across the country — nonprofits have not been sufficiently supported and struggle with issues of capacity.

How does the Land Bank involve the public in land use planning?

Well, we have a few different ways: 1) we hold neighborhood meetings annually; 2) we have a very active citizens advisory committee with 30-40 members—they meet monthly and give us very important input, generally meeting the week before the board meeting; and 3) we are very much deferential to local planning and zoning decisions. Land bank properties are subject to local zoning. My own planning staff gets engaged with city and township development staff to work out what we’re going to do with property. Right now, we are involved in encouraging and supporting a new Master Plan for the City of Flint.

Could you talk about the Neighborhood Stabilization Program (NSP) and its 2008 and 2009 variants? What has worked and not worked with the 2008 program? Has the 2009 variant fixed these problems?

We don’t know what has worked yet, because very little has been spent. The 2008 money is just now getting into the field. The 2009 program did correct some of the problems – being more explicit that communities can use money to support the operation of land banks, that’s really important to us. NSP 1 [the 2008 allocation] was based on some assumptions about the viability of markets that I don’t think are correct. NSP 2 [the 2009 allocation] fixes some of these. There are still some changes that I am pushing for. NSP should really be structured so the money coming in can be used as leverage for public and private sources. It is not so much how NSP is written that is a problem, but the way HUD [Housing and Urban Development] is interpreting it. If HUD becomes overly regulatory in its approach, then the localities will take the shortest path to spend the money and not be creative – not use it as a source of leverage. A good use of NSP would be for subsidies or credit enhancement to help potential purchases get mortgages. A fund that could be used as a risk pool or provide a credit enhancement to potential buyers. NSP 2 could be a step forward – the grants will be larger, because they are more competitive I think they will result in more creativity.
Even though very little money has been spent on the ground so far, what has been the impact to date of the passage Neighborhood Stabilization Program legislation on land banking?

It has certainly brought a lot of attention to the concept. It is the first time the federal government has recognized the role of land banks. That’s a big open door for those of us who have been advocating urban land reform.

Here’s my concern: while that’s a big step in the right direction, I want to make sure that the NSP program, whether it relates to land banks or anything else, is a catalyst for fundamental reforms of urban land practices and not just a short-term infusion of capital. That would be a big mistake and a really big lost opportunity.

Could you talk a bit about the work of the Genesee Institute – how far has the land bank model spread since you formed the Institute five years ago?

It has certainly grown a lot in Michigan. It stared with just us and now we have 21 – in virtually every type of market — strong and weak, large and small.

Plus we’re doing a lot of work around the country – Baltimore; Cleveland; Little Rock, Arkansas; New Orleans (helping with post-Katrina); and Palm Bay, Florida (land assembly) – maybe a dozen states. That’s all good. The shift the Institute is working on now is to focus on state policy changes. Most of the barriers to addressing abandonment are embedded in antiquated state policy. Over the next year, the Institute will focus its attention in 15 cities in several states where there is a potential to create land banks and change state policy. That effort is funded by the Ford Foundation through a grant we just got notice for last week. The Institute is the brain and teaching vehicle for this land bank concept that we’ve developed.

Do different cities and counties need to adopt different models? If so, what are the types of factors you think that need to be considered in developing land bank authorities in other communities? Are there any particular examples of innovation in other communities that you would like to highlight?

I think Cuyahoga County (Cleveland) is going to be the next big innovation. It’s not so much innovation as replication of our principles, but they’re getting it – they are really connecting the economics with land disposition.

Many communities don’t see that connection. They want one of these shining land banks, but they don’t want to go upstream and deal with the antiquated system of tax foreclosure liens. But Cuyahoga County really “gets it.”
Every community needs to adapt it to their own conditions. We’ve assisted with 21 in Michigan and others across the country and no two of them are alike because the markets are different, and the community capacity is different, and the political will to bring this to the public sector varies from one community to the next. We advocate for a very aggressive use of these tools but not every community is either willing or able to do that.

A task force you chaired addressing the incoming Secretary of HUD [Housing and Urban Development] noted the historic success of the community development corporation industry, but cautioned that the foreclosure crisis is “now undermining 30 years of locally sponsored accomplishments and investments.” What measures do you advise to stop the undermining of past community development achievements and bring community development back on track?

Number one, the federal government needs to have a stake in this game and not just put money out on the stump. For the past eight years, the role of the federal government has been to say here’s a bunch of money and don’t steal it. And if you do good things with the money, that’s great, but we really don’t care so much about your plan. So the first thing to do is to put the UD back in HUD.

Second part: the design of the urban form really matters. There has been almost an abdication of the federal government role on that question. They are agnostic on the issue of urban design and sustainability of the urban environment. As we see more federal investment, while there has been some progress made, the current meltdown is erasing even that modest gain.

Let’s not make the mistakes of the past. Let’s think more carefully – how we use the federal/state/local role all in concert to invest in more sustainable communities?

These all sound like platitudes, but these words mean something. We’ve been so obsessed with growth and expansion that we’ve undermined our urban areas. I was happy to see Donovan announce that he and others will be working on a sustainable development initiative, including HUD [Housing & Urban Development], Transportation, and EPA (the Environmental Protection Agency) – hopefully Treasury and other departments will get involved as well. The goal is to look more holistically, look collectively at investment in transportation and housing – those are really important connections that haven ‘t been made recently.

At the Reclaiming Vacant Property conference in June, you suggested that the crisis has created “an opportunity to make fundamental changes regarding development, communities, the whole business.” Could you outline what the opportunity is and how you think it could be seized?

The big opportunity is to use the federal money to create fundamental change. This is potentially a big investment by the federal government. It could go a lot further if it is used to create some fundamental change.
The NSP: the first NSP – the $3.9 billion passed in 2008 – delivered to Flint & Genesee County a total of $11 million, which is good, but $11 million doesn’t go very far. But if that money was used to create incentives for fundamental reforms of state and local systems of urban development, we could generate a lot more than $11 million.

My land bank concept has generated almost twice that amount of money in the past seven years, just by redesigning the tax foreclosure system. The idea that the infusion of federal capital is going to make a big difference is mistaken if it fails to drive local and state policy changes.

Redesigning these antiquated tax foreclosures systems to get the money out of them and into neighborhoods, instead of the folks watching infomercials and speculating on tax lien foreclosures, is critical. We need to move the money in this direction.

The simple way to put it is that the redesign of state foreclosure tax systems would create local “NSP machines” right at home – with a lot more flexibility in the money’s use, if we think about it that way.

**What is the status of the land banking and vacant property reclaimation movement today?**

We’re sort of at a pivot point. The current crisis has given us a lot more attention. And it is up to us to switch gears a bit. Even for NVPC [National Vacant Properties Coalition]—we have to go from being a campaign to actually being a movement. The campaign is over – we won. People are now paying attention. We need to step up and really function in the way we should. The growing body of knowledge of how to rebuild cities has to become a discipline, not just a campaign. It’s going to be hard, but we have to do it.

**Is there anything else that you would like to add?**

The most important point that I keep making over and over again is that these seemingly sleepy systems of local government really do matter. We cannot just pat ourselves on the back for having good intentions. Sometimes inadvertently in the name of trying to improve things we can make things worse. We need to take a close look at how we do businesses.

*For more information, please see the website of the Genesee County Land Bank at [http://www.thelandbank.org](http://www.thelandbank.org) or the Genesee Institute at: [http://www.geneseeinstitute.org](http://www.geneseeinstitute.org).*