

# **Land Bank Strategies For Brightmoor**

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Central cities across the United States have struggled mightily with the abandonment of property since the late 1940s. In the decades that followed, cities that once held thousands of housing units for millions of working-class residents, and provide locations of manufacturing employment saw both of these places abandoned by residents and employers alike. This paper first explores the many factors that triggered property abandonment within central cities, and how the various levels of government responded to this crisis. Of particular note is the development of land banks by local and state governments to combat property abandonment within urban communities. The essay next examines the State of Michigan's response to property abandonment that changed the foreclosure process and authorized the creation of land banks. Finally, this paper looks at possible benefits that land banks offer to the Brightmoor Neighborhood of Detroit in fighting property abandonment.

Property abandonment occurs for numerous reasons. Historically, economic and locational factors played a major role in causing abandonment. The declining economic growth in central cities after the 1940s resulted from many manufacturing firms relocating from obsolete industrial sites to the new developments often located outside urban centers and the traditional industrial heartland of the Midwest and Northeast.<sup>1</sup> As manufacturing firms left their former establishments, employees often followed, leaving old neighborhoods such as Brightmoor and the South Bronx via the new interstate highways to new suburban developments that were subsidized by an array of federal programs that were a hallmark of New Deal Liberalism.<sup>2</sup> Many neighborhoods in cities like Detroit, New York, and Flint were left housing increasingly diverse and poor populations that were denied economic opportunities that had previously existed in

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<sup>1</sup> Patricia W. Murphy & James V. Cunningham, *Organizing for Community Controlled Development: Renewing Civil Society* (Thousand Oaks, CA: Sage Publications, 2003), 11-37.

<sup>2</sup> Paul Grogan & Tony Proscio, *Comeback Cities: A Blueprint for Neighborhood Revival* (Boulder, CO: Westview, 2000), 15-30.

central cities and were increasingly located in suburbs. As detailed by Jordan Rappiact, the economic decline of central cities spread throughout many metropolitan regions, and declining regional economies hurt the aging housing stock of inner city neighborhoods much harder than the newer housing stock located in the surrounding suburbs.<sup>3</sup> As economic growth stagnated in many regions of the United States by the late 1970s and early 1980s, many residents abandoned their property, concluding that the costs of continued ownership of their property outweighed any benefits.<sup>4</sup>

Physical and market obsolescence also caused property abandonment. As detailed by Alan Mallach, many properties were abandoned when the costs of maintaining the physical condition of the property exceeded the market value of the property.<sup>5</sup> Many structures were obsolescence by the 1960s, as the layout and size of these buildings were built without the amenities such as green space and detached single-family housing that new postwar housing developments provided. When coupled with environmental contamination, locational, physical, and market disadvantages, properties in neighborhoods such as Brightmoor were abandoned.<sup>6</sup>

Abandoned property quickly became a monstrous problem within urban communities. Vacant buildings often served as locations of crime and drug abuse, scarring the surrounding properties by becoming blighted eyesores that devalued nearby property values and destabilized neighborhoods. Brightmoor and many other neighborhoods experienced population loss and declining property values, which caused more residents to abandon their properties, furthering neighborhood decline. Abandonment of property became a common feature of many urban

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<sup>3</sup> Jordan Rappaport, "U.S. Urban Decline and Growth," *Economic Review* 3 (2003), 15-44.

<sup>4</sup> Alan Mallach, *Bringing Buildings Back: From Abandoned Properties to Community Assets* (Montclair, NJ: National Housing Institute, 2006), 4-12.

<sup>5</sup> Mallach, *Bringing Buildings Back*, 5.

<sup>6</sup> June M. Thomas, *Redevelopment and Race: Planning a Finer City in Postwar Detroit* (Baltimore, MD: John Hopkins University Press, 1997), 35-52.

landscapes, and required a coherent approach by every level of government in order to provide a long-term strategy to fighting abandonment.<sup>7</sup>

The absence of a federal leadership in shaping urban policy after the failure of Great Society programs in the late 1960s placed the burden of creating a long-term coherent strategy for urban issues for state and local governments. After years of inaction, many local and state governments began using new strategies to combat property abandonment. These governments began to chart their own strategies to combat abandoned properties in the early 1970s that focused heavily on partnerships with neighborhoods and community development corporations.<sup>8</sup> One of the more popular strategies in the past thirty years pursued by state and localities has been the establishment of land banks.<sup>9</sup> According to Frank Alexander, St. Louis, Cleveland, Louisville, and Atlanta were among the first municipalities to create effective land banks that helped address each community's high number of vacant parcels, and at the same time provide a long-term strategy for restoring various communities within each metropolitan region.<sup>10</sup> These land banks were created over a thirty year period, with St. Louis being the first in 1971, followed by Cleveland in 1976, Louisville in 1989, and Atlanta in 1991.<sup>11</sup> Differences and similarities exist with each community's land banking strategy. While all land banks seek to return abandoned or tax delinquent property to productive use, each land bank was placed under a different set of legal structure and priorities. As creations of state government, land banks are established by state laws that set guidelines and create different powers for each organization.<sup>12</sup>

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<sup>7</sup> Mallach, *Bringing Buildings Back*, 132-134.

<sup>8</sup> Murphy & Cunningham, *Organizing for Community Controlled Development*, 38-52.

<sup>9</sup> Frank Alexander, *Land Bank Authorities: A Guide for the Creation and Operation of Local Land Banks* (2005), ([www.lisc.org/resources/vacant\\_abandoned.html](http://www.lisc.org/resources/vacant_abandoned.html)) (Retrieved October 21, 2007).

<sup>10</sup> Alexander, *Land Bank Authorities*, 5.

<sup>11</sup> Alexander, *Land Bank Authorities*, 6.

<sup>12</sup> Alexander, *Land Bank Authorities*, 7.

The Michigan legislature began actively pursuing innovative strategies to combat property abandonment in the late 1990s. In 1999, the Legislature changed the state's existing tax foreclosure law. Under the existing law, abandoned properties were often transferred to private owners through the sale of tax liens or were left in the hands of the state. This process that often took over five years and generally failed to provide a clear title that further discouraged reinvestment.<sup>13</sup> The new state law accelerated the tax foreclosure process, reducing the foreclosure timeline to a two year window, and allowed for abandoned properties to be taken by the state in a year.<sup>14</sup> This streamlining of the foreclosure process also allowed for the transferring of clean titles to parties interested in purchasing foreclosed properties, which legislative sponsors hoped would encourage reinvestment within urban communities.<sup>15</sup>

Four years after the passage of PA 123, the State Legislature approved the authorization of the Michigan Land Bank Fast Track Act. This legislation, known as PA 258 of 2003, allowed for the establishment of county level or multi-jurisdictional land bank authorities, and gave these organizations the power to initiate expedited "quiet title" clearance on abandoned properties to speed up the sale process.<sup>16</sup> The legislation also allowed for land banks to use state Brownfield credits to fund the clearing of titles and the sale of lands, invested land banks with the power to issue bonds, and exempted properties owned by land banks from property taxes for five years from the date of the sale.<sup>17</sup> This legislation gave Michigan a powerful new tool to combat

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<sup>13</sup> Daniel T. Kildee, "Rethinking Urban Land" (Genesee County Land Bank Press Release, May 24, 2006), [http://www.thelandbank.org/downloads/genesee\\_county\\_treasurer1.pdf](http://www.thelandbank.org/downloads/genesee_county_treasurer1.pdf) (Retrieved October 21, 2007).

<sup>14</sup> Mallach, *Bringing Buildings Back*, 79.

<sup>15</sup> Michigan House Legislative Analysis Section, *Michigan Land Bank & Community Development Act, Authority, & Fund: House Bills 4480-4484 & 4488 Analysis* (July 1, 2003), <http://www.legislature.mi.gov/documents/2003-2004/billanalysis/House/pdf/2003-HLA-4480-a.pdf> (Retrieved October 21, 2007), 6.

<sup>16</sup> Charles S. Mott Foundation, "Genesee County Land Bank: putting property back into productive use," (Mott Mosaic, April 26, 2006), 2.

<sup>17</sup> Michigan House Legislative Analysis Section, *Michigan Land Bank & Community Development Act, Authority, & Fund: House Bills 4480-4484 & 4488 Summary* (June 13, 2003), <http://www.legislature.mi.gov/documents/2003-2004/billanalysis/House/pdf/2003-HLA-4480-s.pdf> (Retrieved October 21, 2007), 4.

property abandonment, and made the state a leader in innovative redevelopment strategies of urban space.

The Genesee County Land Bank (GCLB) is considered Michigan's most innovative land bank. Created in 2002, the GCLB uses effective strategies to combat property abandonment, and provides an array of services to county residents, which include demolition, foreclosure prevention counseling, rental management, housing renovation, and property maintenance.<sup>18</sup> As of 2006, the GCLB has sold over 1,000 properties, demolished 531 structures, and currently holds title to over 2,500 properties.<sup>19</sup> The land bank works with local legal aid workers in Flint to provide foreclosure counseling and advice to homeowners faced with losing their homes, and also seeks to encourage home ownership by offering rehabilitated homes to tenants residing in foreclosed properties. Most importantly, the GCLB works with neighborhood organizations and existing community development corporations to create long-term collaborative strategies for the redevelopment of abandoned properties within the county.<sup>20</sup>

Existing efforts are underway within the Brightmoor Neighborhood of Detroit to address the problem of abandoned properties. Developed in the 1920s, Brightmoor has experienced extensive property abandonment since the late 1950s, and the population of the neighborhood declining from its' zenith in the early 1950s to 25,000 people in 2000.<sup>21</sup> Like much of Detroit, Brightmoor is pocketed with vacant lots and residential structures in various stages of disrepair, and like many neighborhoods in Detroit, was largely ignored by city officials after the 1950s.<sup>22</sup> More than 15% of residential structures were vacant in 2000, a percentage that has likely gone

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<sup>18</sup> Mott Foundation, "Genesee County Land Bank," 3.

<sup>19</sup> Mott Foundation, "Genesee County Land Bank," 4.

<sup>20</sup> Mallach, *Bringing Buildings Back*, 129.

<sup>21</sup> Bradford et al., "Towards a Brighter Future: A Plan for Southeast Brightmoor,"

[http://sitemaker.umich.edu/urpoutreachreports/environment\\_land\\_use\\_e\\_/da.data/1900030/ReportFile/towards\\_a\\_brighter\\_future\\_-\\_a\\_plan\\_for\\_southeast\\_brightmoor.pdf](http://sitemaker.umich.edu/urpoutreachreports/environment_land_use_e_/da.data/1900030/ReportFile/towards_a_brighter_future_-_a_plan_for_southeast_brightmoor.pdf) (Retrieved October 21, 2007), 2.

<sup>22</sup> Thomas, *Redevelopment and Race*, 166-177.

up in the past decade due to the poor economy of metropolitan Detroit.<sup>23</sup> In 2007 the Brightmoor Neighborhood was named one of the six neighborhoods in Detroit targeted for over \$100 million in city funding to fight decay and property abandonment.<sup>24</sup> The city's efforts are largely based on a successful neighborhood targeting program in Richmond, Virginia that used a mixture of city and private dollars to restore residential sections of the city.<sup>25</sup> Detroit's efforts will focus on improving salvageable housing structures, demolishing buildings that are nuisances, and will work closely with local community development corporations such as Northwest Detroit Neighborhood Development to ensure that efforts by the city led by citizen participation.

The Brightmoor Neighborhood might consider some of the strategies developed by the GCLB to further redevelopment of residential housing. Existing community development corporations operating in Brightmoor, as well as the city of Detroit, have limited fiscal and physical resources to develop a sustained approach to combating property abandonment. The goals outline in the 2007 plan for Brightmoor that seek to promote redevelopment within the neighborhood would be aided greatly by a county-wide land bank such as the GCLB. As land banks in Michigan have special powers that allow for a speedy and effective taking of abandoned property titles, the Brightmoor Neighborhood might consider working with the recently created Wayne County Land Bank (WCLB) to begin identifying parcels that are in tax-delinquency to claim and maintain these properties. Working with the WCLB would also allow the Brightmoor Neighborhood to create a long-term redevelopment strategy for the community. Neighborhood organizations in the Brightmoor Neighborhood already have a vision for redevelopment within

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<sup>23</sup> Bradford et al., "Towards a Brighter Future," 8.

<sup>24</sup> Amy Lee and David Josar, "Neighborhood Fix-It Plan: Mayor Wants \$225M to Clean Up Six Areas," *Detroit News*, May 16, 2007.

<sup>25</sup> George Galster et al., "Targeting Investments for Neighborhood Preservation," *Journal of the American Planning Association* 72 (4), 457-74.

the community, as the 2007 redevelopment plan shows. A partnership with the WCLB will ensure that the redevelopment of abandoned properties will conform to hopes expressed by concerned parties.

An effective land bank would also provide assistance for current neighborhood residents. The GCLB provides financial counseling for residents within Genesee County that are faced with the possibility of home foreclosure. The WCLB could provide this same service to residents in the Brightmoor Neighborhood and other neighborhoods in Detroit. The WCLB should also serve as an information clearinghouse for residents interested in purchasing side parcels or existing vacant properties or lots. A land bank could also work with community development corporations such as Northwest Detroit Neighborhood Development to redevelop vacant properties. As shown by the GCLB's work, such an authority may provide smaller neighborhood level organizations with a management system and expertise to conduct complex redevelopment efforts that previously might not have been possible for these organizations. Finally, a land bank could allow for closer collaboration between community development corporations and municipal organizations that might have not had the resources to work together on various redevelopment projects.

A partnership with a land bank provides many effective tools for fighting property abandonment in the Brightmoor Neighborhood. The large number of vacant properties within Brightmoor may be quickly processed by a land bank, and be effectively redeveloped to promote the restoration of residential housing in the neighborhood. Michigan's statutes allow for land banks to assume expansive powers to promote the redevelopment of abandoned properties within struggling neighborhoods such as Brightmoor. The Brightmoor Neighborhood should not miss

the opportunity to work with a land bank to further the redevelopment and rehabilitation of its residential housing stock.

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