Innovative Strategies for Infrastructure Financing: Red Fields to Green Fields

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FEBRUARY 5, 2010

www.cityparksalliance.org
City Parks Alliance (CPA) is the only independent, nationwide organization solely dedicated to urban parks. It unites and serves a growing network of hundreds of civic and community leaders, city officials, funders, park and recreation authorities and others concerned with urban parks from nearly every state and the District of Columbia.
City Parks Alliance urges increased federal, state and local investment, and other policies that support park revitalization.

**Our vision** is that everyone in urban America will live within walking distance of a park that is clean, safe and vibrant.
• We are advocates for urban parks across the United States.
• We are part of a movement to remake the urban landscape.
• We are a vital part of economic development.
• We are an incubator for innovative ideas.
• We are speaking out at a critical juncture.
Urban Parks: Part of the Solution

Nearly four in five Americans now live in metropolitan areas, yet there is no dedicated source of federal money for urban parks. What’s worse, park projects are often dismissed as frivolous in hard economic times. In fact, urban parks can be part of the solution to some of the more intractable problems we are facing to create healthier cities by: anchoring neighborhoods, preventing obesity, spurring growth, creating jobs and reducing pollution.
RED FIELDS TO

green fields

Parks Solve the Urban Real Estate Crisis

New Partners for Smart Growth Conference
Red Fields to Green Fields
Parks Solve the Urban Real Estate Crisis

A public/private effort that will
- Acquire financially distressed properties (real estate “in the red”)  
- Convert them into public parks with adjacent land “banked” for future sustainable development
Red Fields to Green Fields
Parks Solve the Urban Real Estate Crisis

- National research effort by Georgia Tech Research Institute, in partnership with City Parks Alliance, Speedwell Foundation and more than one hundred organizations and institutions
- Studies underway of twelve cities: Atlanta, Cleveland, Denver, Detroit, Hilton Head Island/Savannah, Houston, Los Angeles, Miami, Philadelphia, Phoenix, Wilmington
A “red field” property is both financially underwater and mis-developed.

Red field properties have negative value civically, environmentally, and economically.
## All Federal Reserve, Treasury and FDIC Financial Rescue Program Allocations

<table>
<thead>
<tr>
<th>Federal Reserve Program Allocations</th>
<th>Allocated Amount (SBN)</th>
<th>Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Paper Funding Facility LLC (CPFF)</td>
<td>1,800.00</td>
<td>15.8%</td>
</tr>
<tr>
<td>Term Auction Facility (TAF)</td>
<td>900.00</td>
<td>7.6%</td>
</tr>
<tr>
<td>Other Assets</td>
<td>601.96</td>
<td>5.3%</td>
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<tr>
<td>Unnamed MBS and GSE Program</td>
<td>1,450.00</td>
<td>12.7%</td>
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<tr>
<td>Money Market Investor Funding Facility (MMIFF)</td>
<td>540.00</td>
<td>4.7%</td>
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<tr>
<td>Term Securities Lending Facility (TSLF)</td>
<td>250.00</td>
<td>2.2%</td>
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<tr>
<td>Term Asset Backed Securities Loan Facility (TALF)</td>
<td>1,000.00</td>
<td>8.8%</td>
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<tr>
<td>Discount Window</td>
<td>139.21</td>
<td>1.2%</td>
</tr>
<tr>
<td>Other Credit Extensions (AIG)</td>
<td>122.80</td>
<td>1.1%</td>
</tr>
<tr>
<td>ABCP Money Market Fund Liquidity Facility (AMLF)</td>
<td>61.90</td>
<td>0.5%</td>
</tr>
<tr>
<td>Net Portfolio Maiden Lane LLC (Bear Sterns)</td>
<td>28.80</td>
<td>0.3%</td>
</tr>
<tr>
<td>Securities Lending Overnight</td>
<td>10.30</td>
<td>0.1%</td>
</tr>
<tr>
<td>Secondary Credit</td>
<td>0.12</td>
<td>0.0%</td>
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<tr>
<td>Purchase of Treasury</td>
<td>300.00</td>
<td>2.6%</td>
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<tr>
<td><strong>TOTAL: FEDERAL RESERVE</strong></td>
<td><strong>7,205.09</strong></td>
<td><strong>63.1%</strong></td>
</tr>
</tbody>
</table>

### FDIC Program Allocations

| FDIC Liquidity Guarantees | 1,400.00 | 12.3% |
| Loan Guarantee to Citigroup | 249.30 | 2.2% |
| Loan Guarantee to Lending arm of General Electric | 139.00 | 1.2% |
| **TOTAL: FDIC** | **1,788.30** | **15.7%** |

### Treasury & FHA Program Allocations

<table>
<thead>
<tr>
<th>TREASURY DEPARTMENT</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Troubled Asset Relief Program (TARP)</td>
<td>700.00</td>
<td>6.1%</td>
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<tr>
<td>Fannie Mae / Freddie Mac Bailout</td>
<td>400.00</td>
<td>3.5%</td>
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<tr>
<td>Stimulus Package and Bank Tax Breaks</td>
<td>197.00</td>
<td>1.7%</td>
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<tr>
<td>Treasury Exchange Stabilization Fund (ESF)</td>
<td>50.00</td>
<td>0.4%</td>
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<tr>
<td>Recovery and Reinvestment Act</td>
<td>780.00</td>
<td>6.8%</td>
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<tr>
<td>Auto Supplier Support Program</td>
<td>5.00</td>
<td>0.0%</td>
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<tr>
<td><strong>TOTAL: TREASURY</strong></td>
<td><strong>2,132.00</strong></td>
<td><strong>18.7%</strong></td>
</tr>
</tbody>
</table>

| Federal Housing Administration - Hope For Homeowners | 300.00 | 2.6% |

| **TOTAL: FED AND TREASURY PROGRAMS** | **11,425.39** | **100%** |

### Notes

- **AIG ($182 Billion)**
- **TARP Stimulus**
- **ARRA Stimulus**

The Status of Atlanta Real Estate

- Led the nation in single family home construction, every year, from 1995-2005
- Today Georgia leads the nation in bank failures
- Commercial real estate transactions have dropped 95% since the peak
  - Over 30,000 construction jobs lost
  - 12 yr surplus of office space
  - 20+ years of excess strip mall space
Problem Statement

- Given $5$ Billion, what could be done in Atlanta to:
  - Purchase financially distressed (toxic) commercial real estate (CRE)
  - Create parks
- What impact would be realized?
Inside the Perimeter Market

- Historical 5-yr price per acre average, improved lot: $1.76 million
- Current price per acre, average: $371,000 per acre—a 79% discount
Outside the Perimeter Market

Nearly 22,000 acres of vacant land listed at an average price of $154,000 per acre
The Impacts

- 2,850 acres of parks pace inside the Perimeter (equivalent of over 15 Piedmont Parks)
- 50% of the land currently for sale outside the Perimeter would be removed from the market to create over nearly 13,000 acres of greenspace
- Land values stabilized
- Liquidity returns to banks

AND

- Over 70,000 jobs created
What if we allocated similar funding to other cities to turn red fields to green fields?
Housing Problems are Still Significant and Broad

Case-Shiller Price Cumulative Declines from Peak (SA), Year and City

- Las Vegas: -57.5%
- Phoenix, AZ: -53.0%
- Miami: -47.5%
- Detroit, MI: -44.7%
- Tampa, FL: -43.0%
- Los Angeles: -36.6%
- San Francisco: -36.2%
- San Diego: -35.8%
- Minneapolis-MN: -31.2%
- Washington: -29.6%
- Chicago: -26.5%
- Seattle-WA: -26.5%
- Portland-OR: -25.0%
- Atlanta-GA: -24.5%
- New York: -21.6%
- Cleveland- OH: -21.2%
- Charlotte-NC: -19.4%
- Boston: -14.4%
- Denver: -13.7%
- Dallas-TX: -10.3%
- Houston: -6.9%

http://www.calculatedriskblog.com/
But We Can Clean Up the Mess...

- Acquire land at a fraction of earlier costs
- Best buyer’s market in “80 years”
- Deconstruct vacant non-performing sites and PVC farms
- Protect and restore greenspace
- Study urban forest ecology from its genesis
What seemed impossible in 2005... is now viable.

• Acquisition of thousands of urban acres.
• Increase the impact of green space and green infrastructure in our cities.
• Stabilize property values.

*P.S. We just might create a few jobs too!*
Looking at the scope of this project from an engineering perspective, turning Red Fields to Green Fields is a fundamental part of the profession. From the acquisition phase to park creation to operation and maintenance activities, public/private partnerships provide the impetus for job creation and sustained economic development. Through smart development, bad assets can be turned over, property values can climb and a sufficient return on investment is generated to ensure a safe, vibrant recreation site. Park security is a key factor that starts after acquisition and immediately fuels job creation and promotes local economic development.

$5 billion investment purchases 10,000 acres and includes ~ 10 years of O&M and security.
Day One JOBS—security, site management, planning

Case Study: Atlanta Piedmont Park

- 54-acre expansion
- $41 million
- 800 workers on the project
Conversion of a 100-acre Mall Site

- Purchase price: $30 million ($300K/acre)
- Secure the site, deconstruct, rezone/re-permit, re-design ($5 million)
- Convert 55 acres to greenspace ($15 million)
- “Warehouse” 45 acres for 5 years
- When the market recovers, sell the 45 acres for $63 million (5-yr historical price of $1.4 million/acre)
27th Ave and 167th St

Existing
27th Ave and 167th St

Phase 1: Transit Oriented Park (TOP) and new Metrorail Station
27th Ave and 167th St

Phase 2: Mixed-use development
$5 Billion Invested in Miami Generates:

- 14,375 jobs per year for 5 years
- $58.8 million additional property tax base per year
- 1,625 acres of additional parkland; 312 acres of transit oriented development
- A $6 billion average annual economic impact upon completion of construction with 95% occupancy of the transit oriented developments
$2.5 Billion Invested in Denver Generates:

- 6,650 acres of parkland
- 30,000 jobs/6 years
- $5.1 billion impact
$3.5 Billion Invested in Philadelphia

- Creates a $4.3 billion impact
- Acquires 4,650 acres of distressed property
- Creates approximately 113,000 jobs
Phase 1—Establish National Pilot Sites

- Example: 10 pilot sites on large, high traffic non-performing tracts (i.e. distressed major malls)
- Secure funding via a mix of private, public, and federal sources
- Leverage donated or conservation land
- Immediately start demolition
- Quickly establish greenspace and put people back to work
- Land bank parcels for future redevelopment
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