



# **Innovative Strategies for Infrastructure Financing: Red Fields to Green Fields**

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[www.cityparksalliance.org](http://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**

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***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

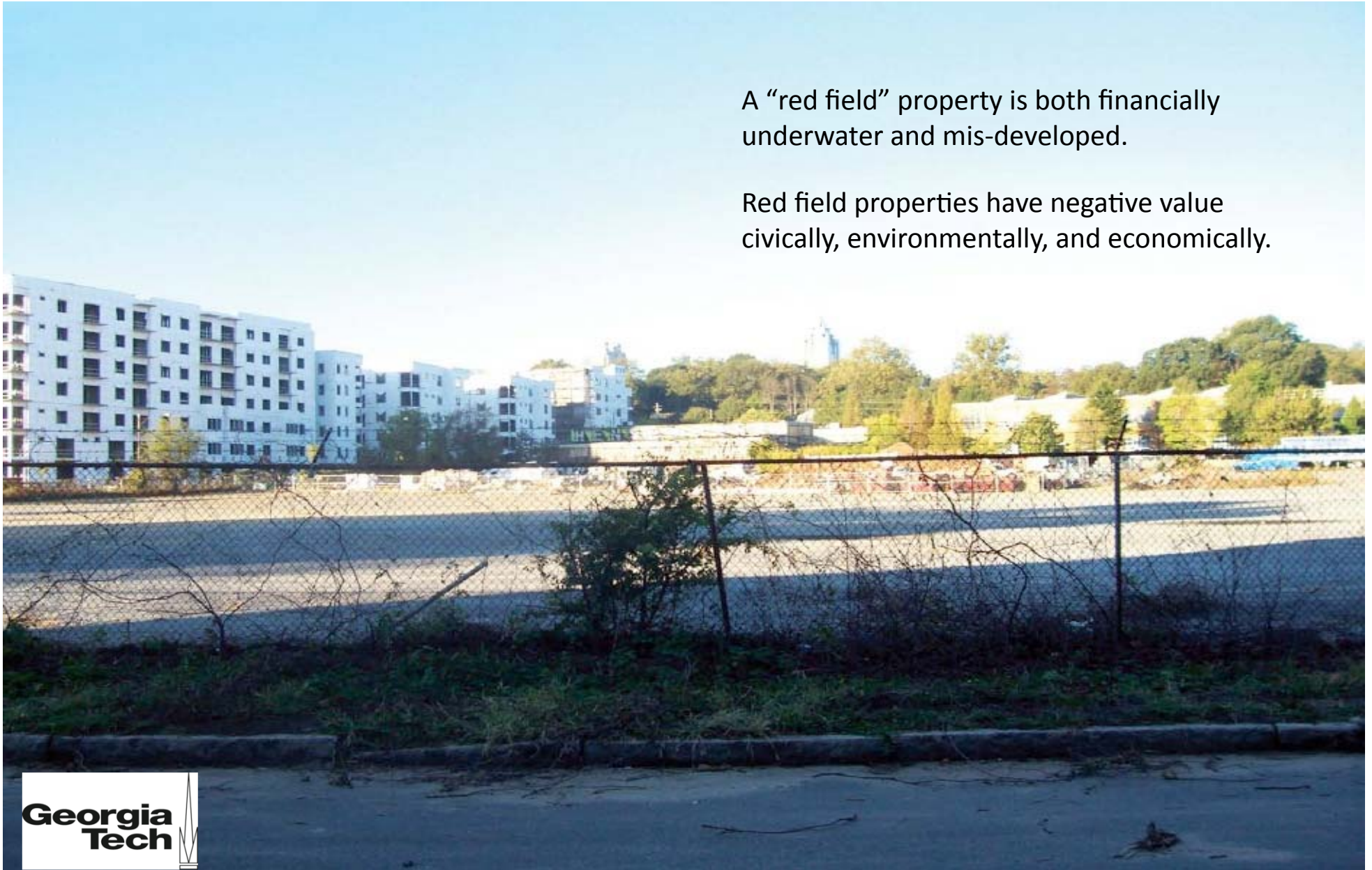
- National research effort by Georgia Tech Research Institute, in partnership with City Parks Alliance, Speedwell Foundation and more than one hundred organizations and institutions
- Studies underway of twelve cities: Atlanta, Cleveland, Denver, Detroit, Hilton Head Island/Savannah, Houston, Los Angeles, Miami, Philadelphia, Phoenix, Wilmington

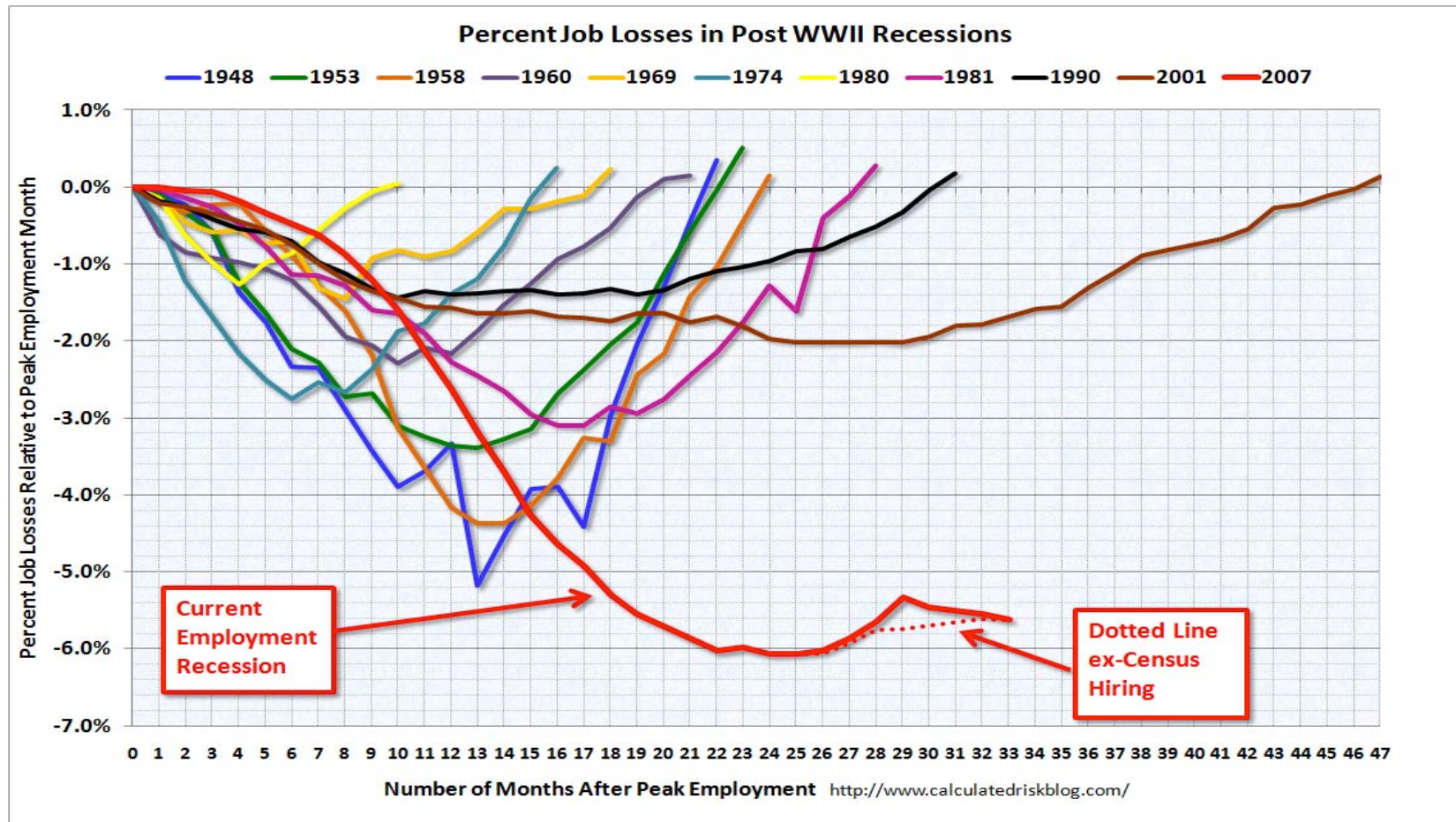




A “red field” property is both financially underwater and mis-developed.

Red field properties have negative value civically, environmentally, and economically.







**All Federal Reserve, Treasury and FDIC Financial  
Rescue Program Allocations**

<b>Federal Reserve Program Allocations</b>		
	<b>Allocated Amount (\$BN)</b>	<b>Size</b>
Commercial Paper Funding Facility LLC (CPFF)	1,800.00	<b>15.8%</b>
Term Auction Facility (TAF)	900.00	<b>7.9%</b>
Other Assets	601.96	<b>5.3%</b>
Unnamed MBS and GSE Program	1,450.00	<b>12.7%</b>
Money Market Investor Funding Facility (MMIFF)	540.00	<b>4.7%</b>
Term Securities Lending Facility (TSLF)	250.00	<b>2.2%</b>
Term Asset Backed Securities Loan Facility (TALF)	1,000.00	<b>8.8%</b>
Discount Window	139.21	<b>1.2%</b>
Other Credit Extensions (AIG)	122.80	<b>1.1%</b>
ABCP Money Market Fund Liquidity Facility (AMLF)	61.90	<b>0.5%</b>
Net Portfolio Maiden Lane LLC (Bear Sterns)	28.80	<b>0.3%</b>
Securities Lending Overnight	10.30	<b>0.1%</b>
Secondary Credit	0.12	<b>0.0%</b>
Purchase of Treasury	300.00	<b>2.6%</b>
<b>TOTAL: FEDERAL RESERVE</b>	<b>7,205.09</b>	<b>63.1%</b>
<b>FDIC Program Allocations</b>		
FDIC Liquidity Guarantees	1,400.00	<b>12.3%</b>
Loan Guarantee to Citigroup	249.30	<b>2.2%</b>
Loan Guarantee to Lending arm of General Electric	139.00	<b>1.2%</b>
<b>TOTAL: FDIC</b>	<b>1,788.30</b>	<b>15.7%</b>
<b>Treasury &amp; FHA Program Allocations</b>		
<b>TREASURY DEPARTMENT</b>		
Troubled Asset Relief Program (TARP)	700.00	<b>6.1%</b>
Fannie Mae / Freddie Mac Bailout	400.00	<b>3.5%</b>
Stimulus Package and Bank Tax Breaks	197.00	<b>1.7%</b>
Treasury Exchange Stabilization Fund (ESF)	50.00	<b>0.4%</b>
Recovery and Reinvestment Act	780.00	<b>6.8%</b>
Auto Supplier Support Program	5.00	<b>0.0%</b>
<b>TOTAL: TREASURY</b>	<b>2,132.00</b>	<b>18.7%</b>
<b>Federal Housing Administration - Hope For Homeowners</b>	<b>300.00</b>	<b>2.6%</b>
<b>TOTAL: FED AND TREASURY PROGRAMS</b>	<b>11,425.39</b>	<b>100%</b>

AIG (\$182 Billion)

TARP Stimulus

ARRA Stimulus

Source: Strategas, Bloomberg, 2009.





## 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

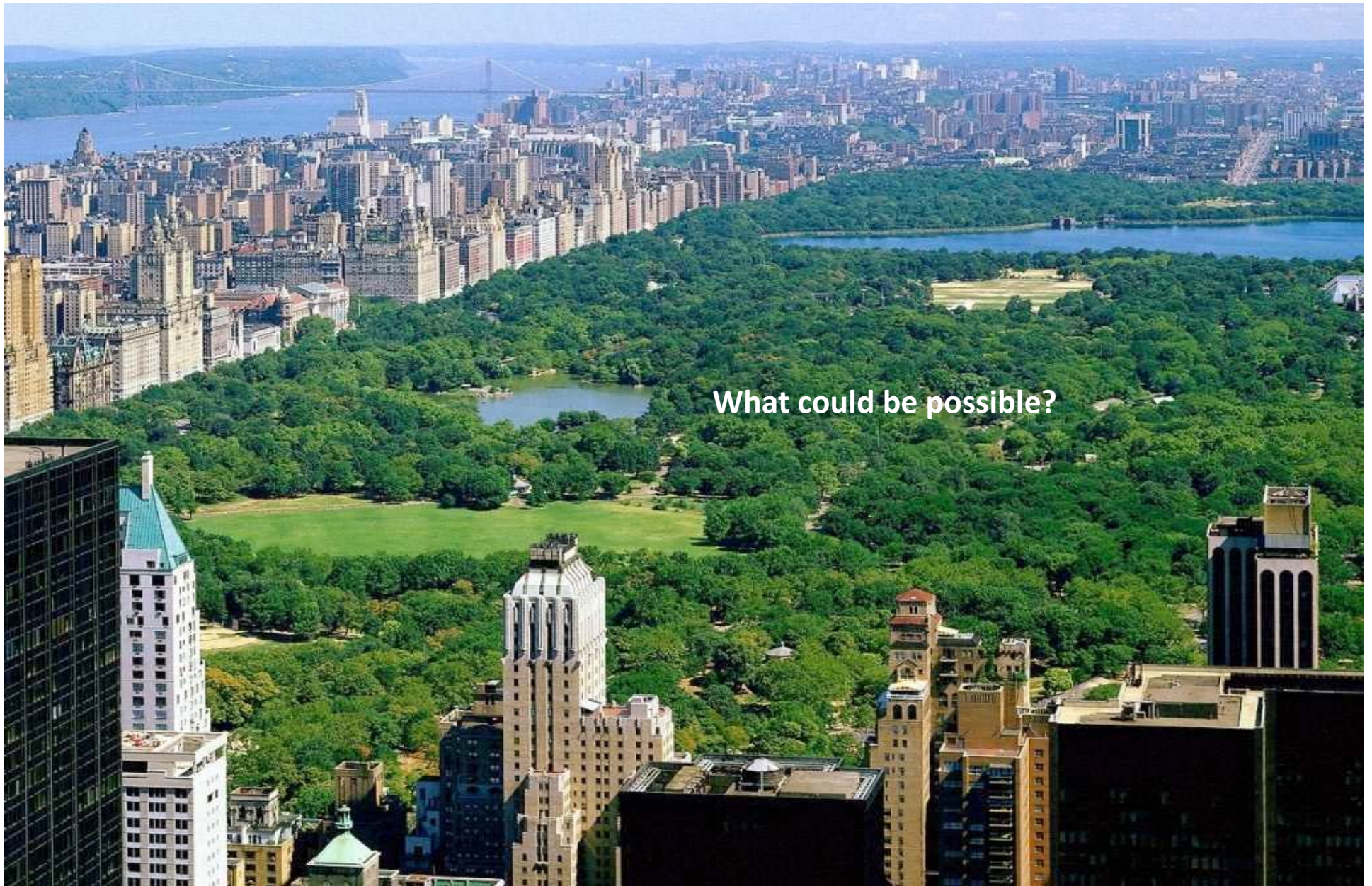


## Problem Statement

- 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?



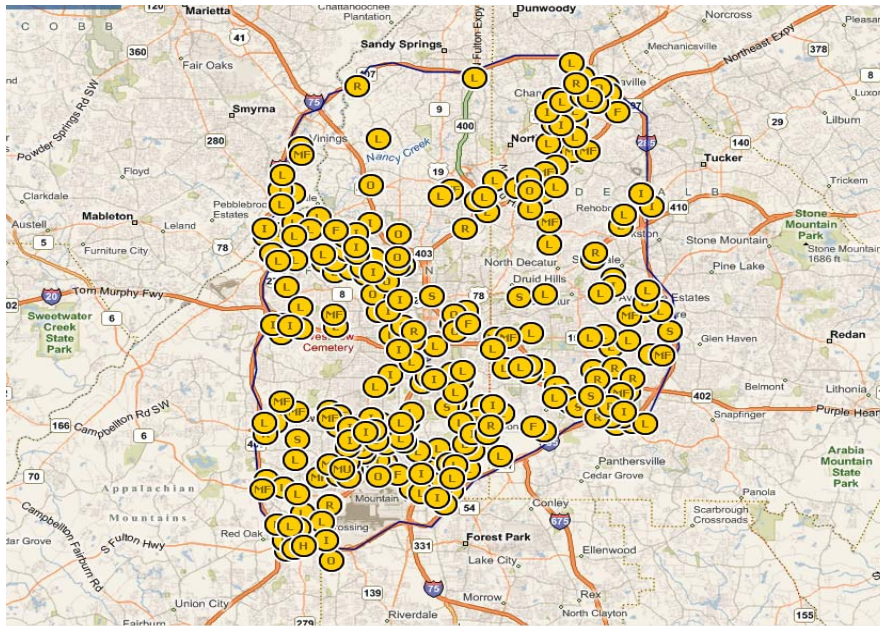




What could be possible?



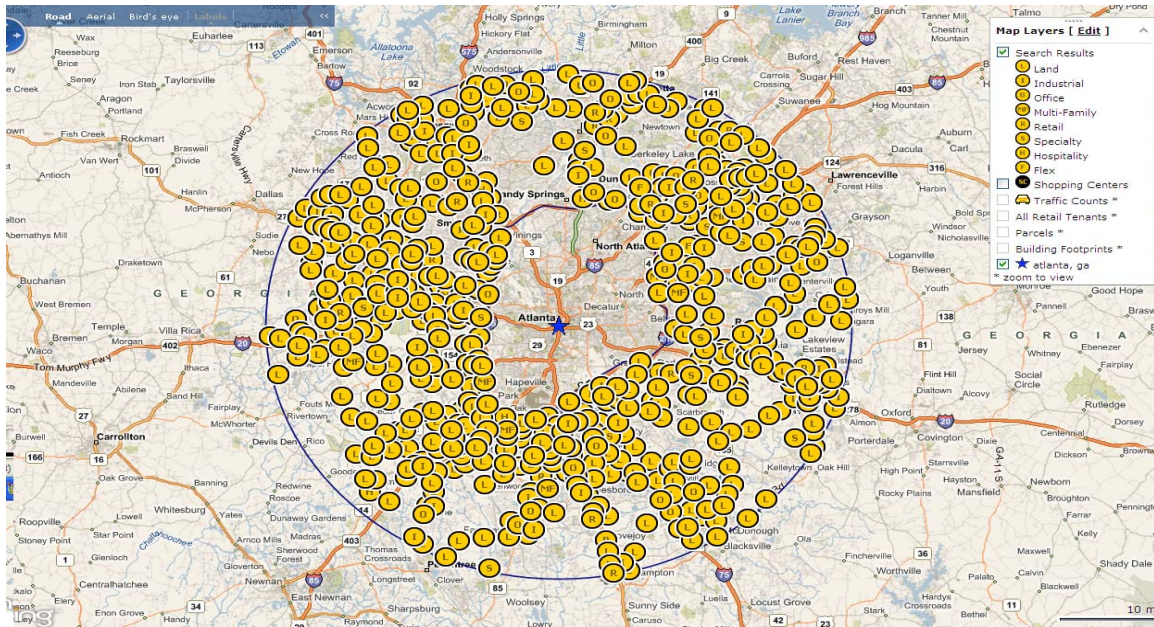
## Inside the Perimeter Market



- 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

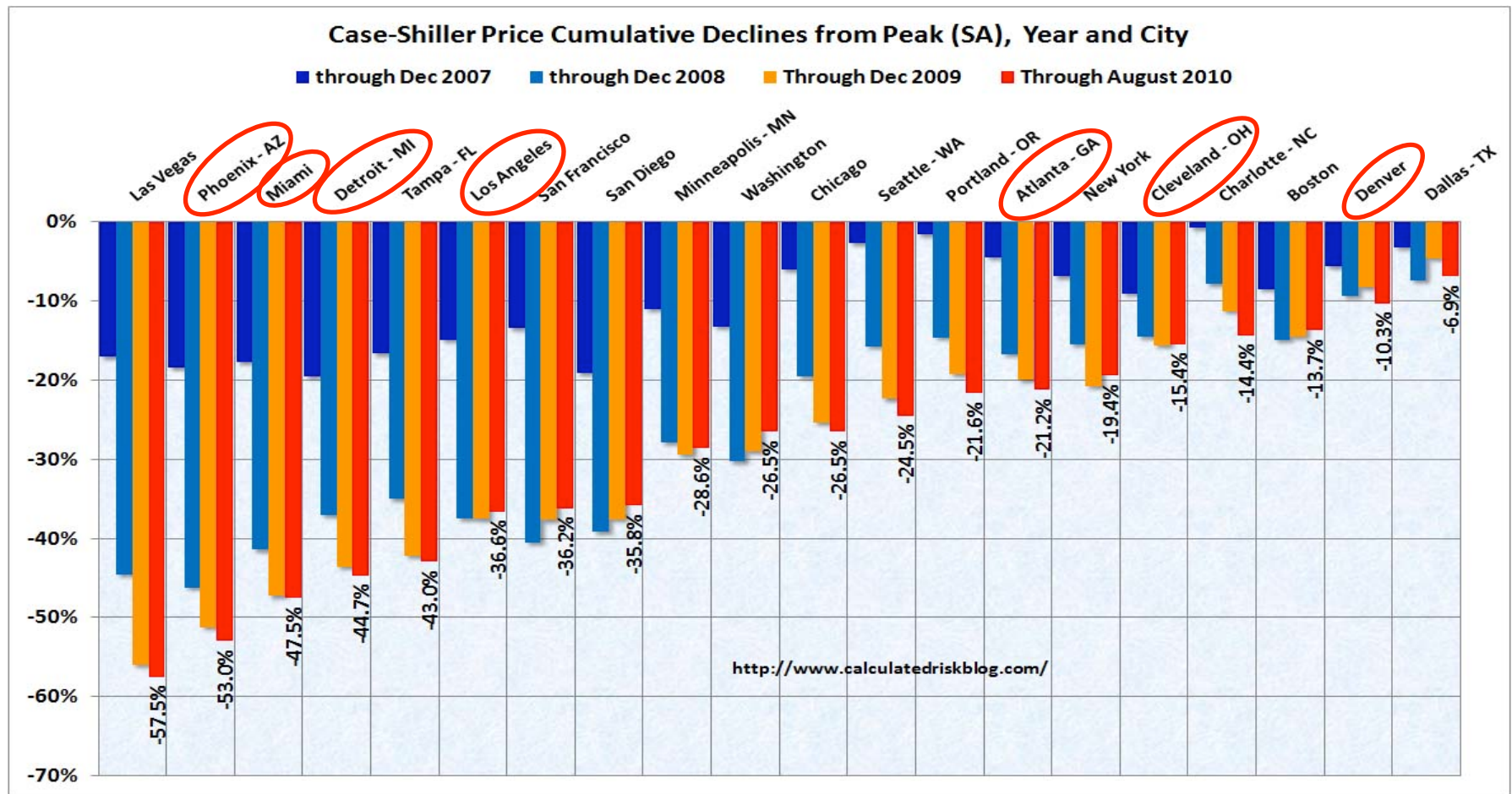


**What if we allocated similar funding to other cities to  
turn red fields to green fields?**





# Housing Problems are Still Significant and Broad



## 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.

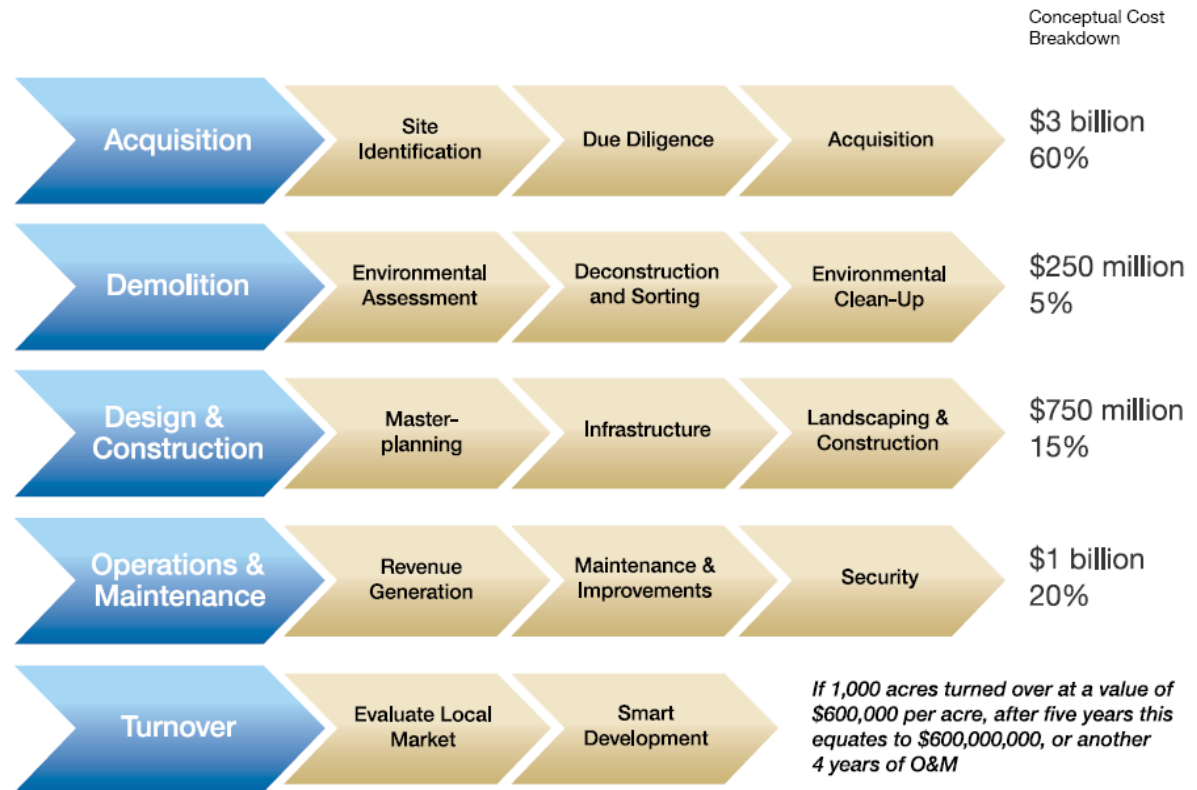
- Acquisition of thousands of urban acres.
- Increase the impact of green space and green infrastructure in our cities.
- Stabilize property values.

*P.S. We just might create a few jobs too!*



## Process

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*)



27<sup>th</sup> Ave and 167<sup>th</sup> St

Existing





**27<sup>th</sup> Ave and 167<sup>th</sup> St**

**Phase 1: Transit Oriented Park (TOP) and new Metrorail Station**



Dover Kohl & Partners  
UM School of Architecture



**27<sup>th</sup> Ave and 167<sup>th</sup> St**

**Phase 2: Mixed-use development**



Dover Kohl & Partners  
UM School of Architecture

## **\$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





## Contact

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