Red Fields to Green Fields Atlanta

Progress Report

January 19, 2010
What we believed in the beginning:

– $5 billion federal “pilot program” in Atlanta

– Federal dollars would be used to buy assets and covert to parks

– Target timeframe was February
What we learned in the beginning

- Don’t use the word “stimulus”
- We were NOT interested in a new allocation
- We needed to meet with the Fed and FDIC
Red Fields to Green Fields Atlanta

• Met with the Fed and FDIC
  – Learned that there was a much larger pool of assets:
    • Bank Assets
    • Structured deals with FDIC
    • Get in between banks and FDIC – approach troubled developers
• Everyone focused on value creation

  – Met with FDIC Department of “Resolution and Receivership” Their mission is to “maximize value”

  – Banks want to minimize write-down of assets

  – Potential private equity investors are focused on ROI
Red Fields to Green Fields Atlanta

• **Public/ Private Partnership**
  – Everyone focused on value creation
  – Multi-faceted approach

• Recapture toxic assets
• Take paper assets
• Create economic development and neighborhood revitalization

Together, we can use parks to solve the urban real estate crisis
Red Fields to Green Fields Atlanta

• **Progress to date**
  
  – Met with US senators, FDIC, Federal Reserve
  
  – Spoke with Goldman Sachs about private equity investment
  
  – Raised over $400,000 from CIDS for pilot studies
  
  – Need to raise “social” and “economic” capital
  
  – Could generate more than $20 billion in economic development, 100,000 new jobs, and 175,000 temporary construction jobs
The Race is On

- Meeting with CAS Financial in Boston on 1/21/10
  - Developing financial structure that can be applied nationally
- Meeting with Goldman Sachs in NY on 1/22/10
  - Update on financial structure and potential investment levels
- Goal is to raise $100 million in “social” capital and $400 million in “economic capital” in next 6 months
- Short term: $100 million in purchasing power by July 1, 2010
Red Fields to Green Fields Atlanta

• The Program
  – Red Fields to Green Fields Atlanta, a 501(c)(3), created to make Atlanta a model for other cities.
  – Local MPO (Atlanta Regional Commission) provides credibility and staffing for federal auditing requirement

Program will create a model to remove toxic assets from balance sheets and generate jobs
Governance Structure - Atlanta

- **Executive** Entity: Red Fields to Green Fields -- Atlanta, Inc.
- **Legislative** Entity: Atlanta Program Development Executive Board
- **Judicial** Entity: ARC (local MPO) and Atlanta Program Review Board
Fact Sheet
Red Fields to Green Fields Atlanta
The Atlanta real estate market and the state of Georgia are facing a serious banking crisis involving “toxic” or underperforming commercial and retail real estate properties – a financial situation so dire it threatens to further disable the banking industry and the financial stability of the Southeastern region. At the same time, the city also has a real need for public parks and green space – with plans already moving forward to address this need.

The Need:
- Georgia banks are burdened with Red Field real estate – unused or underperforming commercial and retail property declining in value while taking the surrounding properties’ value with it.
- Georgia leads the nation in bank failures, accounting for 25 percent of the total number. The FDIC projects current losses of $70 billion nationally.
- Atlanta ranks near the bottom of cities of similar size according to acres of total park land, or percent of total park land: only 4.6 percent of land within the city limits is preserved as parks.
- Atlanta has no public green space larger than one-third of a square mile. (Piedmont Park)

The Impact:
- Red Fields to Green Fields could reduce the stifling inventory of non-performing or underperforming commercial and retail real estate.
- One of the most beneficial aspects of the program is to free capital markets and allow banks to begin lending (commercially AND residentially) again.
- The project could potentially create 2,850 acres of park space created **within the Perimeter** – the equivalent of more than 15 Piedmont Parks;
- The result would remove nearly 50% of the land currently for sale **outside the Perimeter** by creating more than 13,000 acres of green space.
- Red Fields to Green Fields could create 6,500 acres of parks, 780 miles of greenbelt, on “distressed” or underperforming Metro Atlanta real estate assets.
The Benefits:
Economic, health, safety, security, and environmental benefits are created by this program:

- **Economic benefits** are many from parks, including the increased value of homes, businesses and properties located close to parks and open space areas.

- **Safety and Security benefits** from removing dilapidated and/or vacant eye sores from areas that may attract crime and vagrancy over time. Georgia Tech Research Institute (GTRI) is currently researching crime rate increases associated with these types of properties and their impact of the value of adjacent property.

- **Environmental benefits** from parks are apparent. The addition of trees and natural environments would replace the detrimental effects of unbalanced urbanization. Parks act as natural air conditioners by reducing the heat-island effect, keeping cities cooler through heat absorption and canopy protection, mitigating the effects of unyielding concrete and glass that can turn cities into ovens in the hot summer months.

- **Health benefits** are derived from parks, allowing people to exercise more. Research has shown that Americans can substantially improve their health by including moderate amounts of physical activity in their daily lives.

The Opportunity:

- $5 billion in currently allocated federal funds would allow the region to invest in this crisis of “Red Fields” in order to answer the need for “Green Fields,” potentially transforming Atlanta and its struggling real estate and financial markets.

- This visionary approach would remove thousands of acres of distressed commercial real estate assets from the portfolios of financially limited banks and struggling developers/owners, to create public parks and open space. A groundbreaking study by Georgia Tech looks at Atlanta as a test case, or “pilot project,” for other major markets.

- For more information, visit [www.redfieldstogreenfields.org](http://www.redfieldstogreenfields.org)

*Updated Nov. 15, 2009*
Frequently Asked Questions
What is Red Fields to Green Fields?

- Red Fields to Green Fields is a visionary concept: remove thousands of acres of distressed commercial and retail real estate assets (“Red Fields”) from the portfolios of financially strapped banks and struggling developers/owners to create public parks and open space (“Green Fields”). This groundbreaking study by Georgia Tech looks at Atlanta as a test case, or “pilot project,” for other major markets.

How will the program be funded?

- Funding for Red Fields to Green Fields would come from the federal government, using funds that have already been allocated to the U.S. Treasury and FDIC.
- It is important to note that this is not a “new” allocation. Between the Bush and Obama administrations, over $13 trillion dollars have been allocated to shore up existing assets.

How will projects be selected and who implements the program?

- A steering committee, called Red Fields to Green Fields Atlanta, will develop three branches to run this program – legislative, judicial and executive.
- As planned, an Executive Program Development Committee would be the legislative branch, helping create the program to acquire, hold and develop the properties. A committee of the Atlanta Regional Commission would be the judicial branch, reviewing and approving applications for the funding, based on the program parameters established by legislative branch. The executive branch would be a non-profit created to receive the federal funds and implement the projects approved through the ARC.

Of the $5 billion, how much do you envision leveraging in our area?

- The full parameters for the program have not been set – Red Fields to Green Fields Atlanta is looking to the CID's and other early partners to assist in creating the program and select the first round of properties.
- By transferring development rights, many properties would be maintained as perpetual green space.
What would the $500,000 raised in Atlanta be used for?

- Similar to how the Olympics were brought to Atlanta, Red Fields to Green Fields Atlanta is forming a small group to go after this multi-billion dollar funding and bring it home to our region. The $500,000 will be used to finalize the program structure, identify potential “Red Fields” assets and prepare for presentation of a “shovel-ready” implementation program, including proposed first round properties, in February 2010.

Why would you go to this extent to create a presentation when you already have a plan from Georgia Tech?

- Georgia Tech has created an illustration of what’s possible. The Executive Program Development Committee will take that illustration and develop an implementation plan for how and where the funds could be spent, and which properties will be targeted.

Where are the jobs?

- In early engineering, in the demolition, in the land planning, in the design of the new parks and public spaces, and eventually in construction, operations and maintenance.
- According to an estimate by the Georgia Tech Research Institute, Red Fields to Green Fields Atlanta program could generate more than $20 billion in economic development, 100,000 new jobs, and 175,000 temporary construction jobs.

You are asking to fund further study, correct?

- The initial study is complete – it shows the need for Atlanta and the opportunity for parks to address this real estate crisis. Georgia Tech did the initial study for Atlanta and is now studying other markets. The local funding will create the Atlanta program and the infrastructure to implement that program.
Frequently Asked Questions

What does this do to our community, long-term?
• The goal is to increase property values and add more parks, while addressing Georgia’s extremely serious banking crisis. We know property values increase next to parks, and that property values are currently at historic lows. The program will benefit our community short-term and long-term.

Who owns the park and is responsible for park maintenance?
• As planned, a not-for-profit will own the park, for up to 10 yrs, and developers would pay a common-area type maintenance fee in perpetuity once the development market rebounds. Some properties may need to be operated by the not-for-profit longer than 10 years, in which case a portion of the proceeds from sales of other assets would be used to continue longer term maintenance and operations.

Will you take back the park space once the market rebounds?
• No. The park will remain. For example, if Red Fields to Green Fields purchases 15 acres of distressed commercial property, perhaps 5 acres would be dedicated towards permanent park space. The remaining 10 acres would be placed in a land bank and the density from the five acres of park space would be permanently reallocated to the remaining 10 acres for future development.

Will the seller be a willing seller?
• Yes, there will be no condemnation as part of this program. Even in foreclosure, the value and price of the land is negotiated. We suggest using language out of a TAD funding bill.

For more information, visit www.redfieldstogreenfields.org

Updated Nov. 15, 2009