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PUTTING ASSETS TO WORK

New tools to revitalize cities, invest in our highest priorities and solve our greatest challenges

Playbook prepared for
ATLANTA GEORGIA

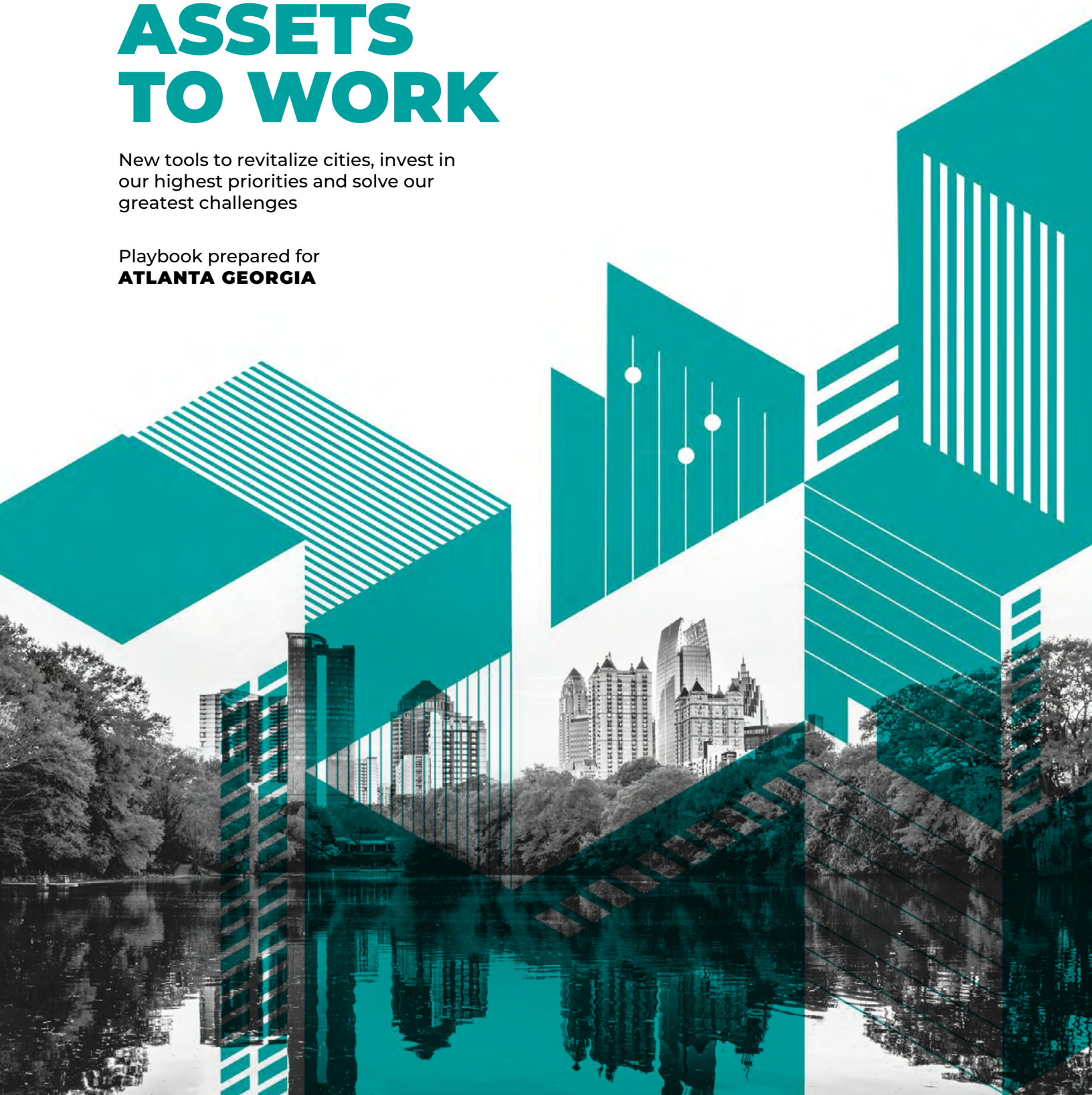


TABLE OF CONTENTS

4 An Introduction from Ben McAdams, Former Congressman and Salt Lake County Mayor

5 Executive Summary

- Introduction
- Asset Mapping
- Onsite and Offsite Impact
- Implementation
- Take Action

10 Asset Mapping

11 Putting Assets to Work (PAW) Structure

- Possible Approaches for the Government PAW Lead
  - Dedicated Staff
  - Center
  - Enterprise Fund
  - Authority
  - Community Land Trusts
  - Community Development Entity
  - Community Development Corporation or other nonprofit entity
  - Entity Considerations
  - Jurisdiction-Specific Considerations
- Private Partnerships
  - PAW Partner Entity Options
  - Real Estate Developers
  - Investors
  - Impact Investors
  - PAW Partner Relationship Options
    - Asset-Specific Relationship/Request for Proposals
    - Portfolio Management Relationship/Request for Qualifications/Long Term Partnership
- Implementation
  - Land Sale
  - Retained Ownership Models
    - Long-Term Land Lease
    - Joint Venture (fractional ownership)
- Governance
  - Role of the Chief Executive
  - Role of the Legislative Body
  - Delegation of Authority
  - Governing Board Appointment Process (Where Applicable)
  - Relationship with Private Sector PAW Partner



27 PAW Financial Tools

- Bonding
  - Revenue Bonds
  - Sustainable Bonds
- Tools to Attract Private Capital
- Outcomes-based Financing
- Local Match for Federal Grants
- Community Reinvestment Act (CRA) Lenders

30 Implementation Considerations

- Onsite and Offsite Impact
  - Onsite Impact
  - Offsite Impact
- Asset Classifications
  - Legacy Assets
  - Policy Assets
  - Yield Assets
  - Hybrid Assets

33 Atlanta Recommendations

- Defining the Objective
- Implementation Next Steps
- Government PAW Lead Recommendation
- Private Sector Partner Recommendation
- Recommendations to Attract Private Capital
  - Catalytic Capital Fund
  - Social Impact Capital Fund Partner

36 Appendix A

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Telosa Community Foundation. Telosa is a vision for a future city in America that establishes a new standard for urban living and an economic model where community owned land is utilized to support enhanced public services. The mission of Telosa is to create a more equitable and sustainable future. There is a strong focus on building community around a set of core values: open, fair, and inclusive — creating a safe and welcoming city. Telosa is about putting people first in the design and in providing access to opportunity and a higher quality of life.

Support for the Putting Assets to Work Incubator does not imply endorsement of the recommendations contained herein.

AN INTRODUCTION FROM BEN MCADAMS

Former Congressman and Salt Lake County Mayor

Millions of people around the world have discovered how to make money right in their backyard – or in their own homes – from resources they own, renting out a spare bedroom, for example, and earning spare cash that helps pay for groceries, gas, or any number of other needs.



Ben McAdams

Former Congressman and Salt Lake County Mayor

Meanwhile, most local governments in the U.S. have at their fingertips a wealth of real estate assets that are underutilized – dormant parking lots, empty plots of land, vacant buildings in quiet parts of town, and more.

What would happen if governments made better use of those assets? What if governments could generate revenue from those assets – without losing ownership? And that new money, earned without raising taxes on a single person, could create benefits for the community and residents. Imagine the playgrounds that young children could play on. Imagine the veterans struggling with addiction who could exit street life, enter evidence based recovery, and earn a paycheck. Imagine new public bus routes connecting a neighborhood to areas of town that are hiring. Imagine filling all those potholes. Imagine the political gridlock that could be avoided.

Imagine increased access to affordable childcare or workforce development programs. Imagine greater investment in green technology and infrastructure. Imagine Putting Assets to Work. Under various names, this approach has been used in several cities across the world already – notably in Hong Kong; Singapore; Hamburg, Germany; and Copenhagen, Denmark, with great success.

With tremendous social and environmental needs growing and strained budgets deepening, the time is right to explore the approach here in the U.S. At a simplified, high-level, the concept is straight-forward:

- The government identifies the goal, including infrastructure investment, social or environmental benefit or other needs it wants to fund with additional revenue.
- In partnership with experts specializing in this work, the government inventories all publicly owned assets in a jurisdiction. Typically, the value of publicly owned assets far exceeds estimates, which are usually developed using the historical cost of purchase, not current market value.
- The government identifies one or more of those assets that are underutilized to be developed to their highest and best use within parameters set by policymakers.
- The government uses internal and external expertise to improve, manage and maintain the asset.
- The additional value and revenue that is created from assets is transferred to the public in the form of concrete benefits, identified in the first step.
- Government and outside entities provide oversight throughout the process.

When I was Mayor of Salt Lake County, Utah, I worked with Urban 3 to map all commercially viable publicly-owned real estate in my county. We discovered a gold mine: government entities owned more than $10 billion in public assets. I said in a speech then, “If we can improve the return on our assets even slightly, we can

start to address some of the major challenges facing our region like increasing the availability of affordable workforce housing and making investments in our transportation infrastructure, and we can do it without raising taxes." Shortly after we completed this asset inventory, I was elected to the United States Congress in 2018 and left this work in the hands of the new mayor and her very talented staff. The County is currently in the process of taking next steps to act on this enormous discovery. Mayor Jenny Wilson, who succeeded me as mayor, and her team have already notched some impressive successes including negotiation of a long-term lease for land adjacent to a government office building housing county lawyers and prosecutors that generates $500,000 per year. And their good ideas continue to flow as they envision reworking their 15 acre government center campus as a mixed-use public private development that could save taxpayers tens of millions and a new tool to track and manage their overall real estate portfolio to unlock new opportunities for partnership.

I'm no longer in elected office, but I'm still motivated to support governments who are working to unlock the game changing potential of their underused assets. Now, I'm working with the Government Finance Officers Association (GFOA), and the Sorenson Impact Center at the University of Utah's Eccles School of Business to support the Putting Assets to Work Incubator; the incubator is working with six local government jurisdictions across the United States to develop polices and recommendations that will support them putting their assets to work. I'm grateful for the brilliant elected and staff leaders we've worked with in this incubator. This Playbook encapsulates the best thinking and ideas we developed working alongside these leaders.

It is worth noting that we intend for this to be a living document. The concepts and policies we are developing alongside the jurisdictions participating in the Putting Assets to Work Incubator are new. These ideas, policies and transparency standards will further develop and evolve as this work moves forward and we gain more experience. We look forward to working with the participating governments, and new jurisdictions, to further refine and evolve those standards as we incubate these ideas together.

EXECUTIVE SUMMARY

Introduction

The City of Atlanta is working to address a shortage of affordable housing. The affordability challenges facing Atlanta and other large cities span more than any one person or entity. New approaches and new partners are needed to move the needle to confront Atlanta's housing affordability challenges.

Atlanta was selected to participate in the Putting Assets to Work Incubator, working alongside other cities and counties facing similar challenges to unlock value from undervalued and underutilized public real estate assets. This playbook provides a summary of the recommendations we developed after studying public asset management concepts, reviewing implementation strategies, and working with the six jurisdictions selected to participate in this Incubator.

Before applying public asset principles to the specific circumstances in Atlanta, we will review how this initiative began and where the concepts of "Putting Assets to Work" originated.

Urban Wealth Funds

Respected author and practitioner Dag Deter called for the creation of an Urban Wealth Fund to professionally manage public assets for lasting benefits to the communities where assets are held. As Deter highlights in his book The Public Wealth of Cities, the concept of an Urban Wealth Fund is a proven model similar to a Sovereign Wealth Fund, successfully implemented in cities such as Copenhagen, Denmark; Hamburg, Germany; and Hong Kong, China.

While not uncommon for jurisdictions to form public-private partnerships to develop a single publicly-owned parcel of land, we are not aware of any jurisdiction in the U.S. that has a formalized and systematized structure for professionally managing their public real estate at scale. Perhaps the closest analogy to an



Urban Wealth Fund in the U.S., while not real estate oriented, is the manner in which state and local governments place pension savings under professional managers making investment decisions and managing the pension portfolio to maximize future returns.

We are convinced that a full-scale creation of an Urban Wealth Fund implemented pursuant to a single legislative or executive action is unlikely in the U.S. Rather, this playbook envisions an incremental approach to systematically place assets under a professional management structure. We also propose a variety of approaches and potential structures that are adaptable to local considerations and differing governing perspectives of the political leaders leading the implementation. Whether that structure is referred to as an Urban Wealth Fund, or by some other name, is likewise something we leave to the discretion of local leadership. For the purposes of this playbook, we use the more descriptive and general terminology of "Putting Assets to Work," or PAW, as white label branding that jurisdictions can use or rebrand as they see fit.

Putting Assets to Work Incubator

This playbook is prepared as part of the jurisdiction's participation in the Putting Assets to Work (PAW) Incubator. The Incubator launched on July 1, 2022 to explore the potential of unlocking underutilized publicly-owned real estate assets to generate new revenue and new development opportunities to create additional affordable housing units. The PAW Incubator is led by the Government Finance Officers Association, the Sorenson Impact Center and Urban 3, in collaboration with Atlanta, Georgia; Annapolis and Anne Arundel County, Maryland; Chattanooga, Tennessee; Cleveland, Ohio; Harris County, Texas; and Lancaster, California.

The PAW Incubator consisted of two phases of work. Phase I consisted of asset mapping to better understand the size and value of the jurisdiction's real estate portfolio. The Phase I work is summarized by the visualizations included as Attachment A to this playbook.

In Phase II, we worked with experts to evaluate various approaches and structures to put the jurisdiction's assets to work. We consulted with representatives of the jurisdiction to understand local priorities and preferences that would maximize the jurisdiction's ability to move this work from concept to implementation. This playbook comprises the implementation recommendations developed in Phase II.

The conclusion of this incubator in April 2023 is intended to mark the beginning, not the end, of the jurisdiction's efforts to put its assets to work. It is our hope that this process can enhance efforts to build support from political and staff leadership, increase community understanding and support for activation of public real estate assets, and attract interest from private capital and impact investors seeking to catalyze benefits in your community. Each will amplify your ability to take action on the recommendations in this playbook.

Jurisdictions implementing this work will pioneer the Urban Wealth Fund concept in the U.S. with incredible potential to benefit their communities, cities, and counties. As pioneers of these concepts in the U.S., they will encounter unforeseen policy or legal hurdles that will require creative problem solving and new tools. Our hope is that the PAW Incubator and this playbook anticipate some of those challenges and provide paths toward success. After this incubator has concluded, we hope that the six participating jurisdictions will continue to support each other by sharing their ideas and innovations, trading legal templates and financial pro formas, and offering encouragement for mutual success in this game changing endeavor.

Asset Mapping

The initiative began with an endeavor to inventory, map and estimate the market value of publicly-owned real estate in Atlanta. Its purpose was to generate ideas for utilizing those assets in new ways that could increase affordable housing development. Other revenue-generating activities could likewise support the creation of additional affordable housing.

Refer to Attachment A of this PAW Playbook for Atlanta's asset mapping presentation and illustrative examples of opportunities to put assets to work.



Onsite and Offsite Impact

The asset mapping exercise highlighted numerous opportunities in Atlanta to better utilize public real estate. Atlanta designated a key objective of this initiative is to address the city's housing affordability crisis.

One way to achieve the city's objective is to use public real estate directly to build new housing units. We refer to this as "onsite impact" because it uses real estate directly to achieve the designated impact objective.

Another approach is to develop a parcel according to its highest market value, which won't always include affordable housing units, in order to generate the maximum financial return for the city that can subsidize the creation of affordable housing units at another location. We refer to this approach as "offsite impact" because it uses real estate for a purpose other than housing to generate a financial return that can then support the designated impact objective.

A hypothetical example of an onsite versus offsite impact would imagine a developable publicly-owned parcel adjacent to a major convention center. The jurisdiction could offer the parcel to private development at a value that is below market in exchange for a commitment to include a percentage of affordable housing in the development. The parcel is developed as a 200 unit mixed-income housing project with 20% of the units being affordable, creating a total of 40 new affordable housing units (an onsite impact).

Alternatively, the parcel's proximity to the convention center might make it highly desirable for a hotel development. The jurisdiction could offer the parcel to private development at full market value, committing that the financial return generated for the jurisdiction will support affordable housing development at another location (an offsite impact). In this hypothetical example, the financial return generated from a hotel development instead of a housing development adjacent to the convention center would subsidize a greater number of affordable housing units at another suitable location such that the net offsite impact is far greater than the onsite impact potential.

We recommend that the City of Atlanta consider both onsite and offsite impact opportunities to maximize its efforts addressing the city's lack of affordable housing. There are advantages to both approaches and the city can choose to adapt to either one of these approaches depending on the nature of the asset involved and the availability of comparable offsite impact opportunities. Before deciding which approach to pursue with respect to any individual public asset opportunity, we recommend calculating the potential net impact from each approach in order to quantitatively and qualitatively compare the net benefits of an onsite approach versus an offsite approach to create new affordable housing units. Certainly, over time, Atlanta can create a portfolio of individual developments that encompass both onsite and offsite impact in order to maximize both financial return and affordable housing stock.

Implementation

Nothing about implementing a PAW initiative should be entirely novel. Instead, it is a realignment of time tested interventions and best practices optimized around asset maximization for the purposes of investing in those areas we know our communities want government to invest in. Even a realignment, however, can be daunting when working in deeply embedded bureaucracies, dealing with political pressures, and contending with financial and time capacity issues.

Our advice is this: Don't wait. Take Action. Do not let perfect be the enemy of better. Find the most efficient and logical way to test the concept and do it in the way most rational to your context. Evaluate the outcomes when you're done. Innovate. And keep moving.

Oftentimes, starting a pivot or realignment is the most difficult part for a jurisdiction. Just start. Optimize as you go. The potential that could be unlocked here is dynamic. Start with the opportunities you see in front of you and evolve this work to respond to capacity, needs, and preferences as you grow it.

Start with Requests for Proposals (RFPs) and broaden the approach to include Requests for Qualifications (RFQs)-selected partners.

Issuing RFPs is a common approach governments take to create public private partnerships for the purpose of real estate development. This well-defined approach is an ideal way to begin implementation of a PAW initiative. Identify a key parcel, or discrete set of parcels, with a high likelihood of success, issue an RFP, select a private partner and put an asset to work. Achieving early success is important to demonstrate to other elected and community leaders the direct benefits of tapping into public assets.



Ultimately, we believe that a parcel-by-parcel RFP framework for a PAW initiative is unlikely to scale across a large-sized portfolio of public assets. The time and effort of issuing separate RFPs for each underutilized asset will delay efforts to reach scale and will ultimately create inefficiencies with respect to working with a private partner. An RFP process is both time consuming and expertise-intensive and places the burden of this workload solely on government that may lack the staff capacity and real estate development expertise to perform this function alone. An RFP-only approach will likely result in bottlenecks, missed opportunities and an inability to scale the work across a large public asset portfolio. We believe there are additional approaches to alleviate bottlenecks from an RFP-only approach.

One way to maximize the efficiency and minimize the administrative burden of the process for putting assets to work is to consider packaging related parcels into a single RFP. By bundling assets under one RFP, private partners are given access to more projects, creating sufficient economic motivation to attract numerous respondents and a more competitive process to the benefit of the jurisdiction. Furthermore, the time and administrative burden of drafting and issuing an RFP and administering the ensuing selection process is dispersed across several parcels instead of just one.

Taking this concept even further, a jurisdiction could consider an RFQ approach to select a partner, or partners, for a defined period of time. Under this approach, selected partners are pre-qualified to identify asset opportunities, present development proposals and negotiate terms directly with the jurisdiction and ultimately enter into an agreement respective to agreed upon public assets. This approach is likely similar to how a jurisdiction pre-qualifies outside legal counsel or bond underwriters to represent the jurisdiction generally, and not confined to individual legal matters or one-time bond issuances.

Moving from an RFP to an RFQ approach would allow the jurisdiction to focus its time and attention on elements of the initiative where the jurisdiction's staff has expertise. Specifically, staff can focus on evaluating broadly whether various public assets meet the jurisdiction's criteria for inclusion in a PAW portfolio and seeking approval from legislative and executive officials to transfer assets to the PAW portfolio along with their desired policy direction for the asset.

We believe this RFQ approach is better suited to quickly scale the PAW initiative to the size of the jurisdiction's asset portfolio. Under this approach, the jurisdiction would not be expected to solely conduct the time consuming and expertise-intensive process of envisioning and modeling real estate development opportunities for each asset in a vacuum, as would happen in the context of an RFP. Rather, the jurisdiction can rely on the RFQ-selected partners with a high level of expertise who are empowered to conceptualize, financially model and make proposals to the jurisdiction relating to PAW portfolio assets for their consideration.

Take Action

Because so much of the work to sustain this initiative will feel "new," another temptation to avoid is analysis paralysis.

As this work progresses, it is important to focus on institution building and establishing guardrails that will support this work. Good data collection, evaluation, and assessment will be integral to piloting and optimizing this work. Establishing transparent and achievable metrics will be important. Reporting out to the elected leaders and the public in accordance with the highest standards of transparency and accountability is a priority. However, avoid the impulse to conduct numerous cumbersome studies or have redundant commissions.

The concept is relatively simple and the elements are tried and true. Essentially, you're entering into a real estate transaction with a private partner. Because you own the land, you're in a good starting place to negotiate advantageous terms and to mitigate any risks you're not willing to assume.

Over time, you'll refine the model to an approach that works best for your circumstances. The most significant and costliest risk jurisdictions will encounter in this work is one they are already experiencing—the opportunity cost of precious public real estate sitting vacant or underused for years incurring incidental costs without generating important benefits to the community.

The City of Atlanta is the subject matter expert on your residents, geography, and needs. Take action to put your assets to work using structures that meet your needs while adhering to basic protections for transparency and accountability. There will be time for optimization and growth as the process continues. Do not succumb to the trap of analysis paralysis that could potentially complicate the issues needlessly while opportunities are lost.

Timeline for Success

One of the first questions we hear about this work is "How long before we start seeing the benefits?" The answer to that question will vary depending on the approach you take to the assets you're putting to work. If you sell a parcel of land, you can have cash almost immediately. In most cases, we think there's a better approach than liquidating your assets so you have money to spend today. Your asset portfolio was slowly accumulated over a century of taxpayer investment and you have a unique opportunity to create ongoing revenue that will support your community for decades to come.

As you incrementally put individual assets to work, you can likely expect to receive revenue, or other desired community benefits, from those assets within a few years. That revenue will continue to grow as you put more and more assets to work. Ideally, as you start to see successful returns from your assets, you'll invest a small portion of your success in growing your public asset management capacity and staff expertise so you can accelerate the pace and scale at which you put more assets to work.

With your success in the short-term enabling you to invest in the highest priorities of your community, we hope you will also gain a greater level of trust and political and community support to scale this work. Over the long-term, you have the potential to generate substantial revenue to support important public priorities and even reduce the tax burden on your residents.



ASSET MAPPING

An asset map is a tool for taking stock of the land and buildings owned by government entities of all kinds. Most local governments aren't aware of the breadth of assets they own and, where they are aware of the asset, likely don't know the market value or potential of the asset. An asset map addresses both of these problems.

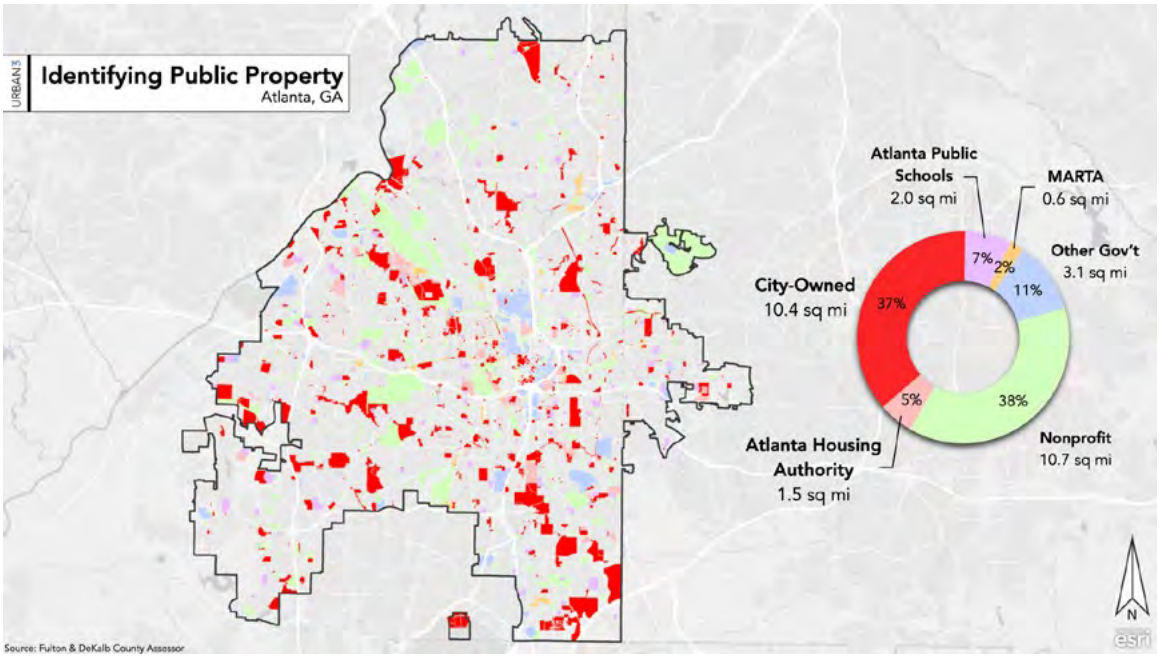
As the name implies, an asset map is a geospatial representation of publicly-owned assets. Thus, mapping begins with geographic information system (GIS) data on publicly owned properties. This data is combined and cross-checked from the county assessor, internal data from jurisdictions, and interviews with community staff who have day-to-day interactions with the respective property.

The City of Atlanta made the wise decision also to evaluate assets owned by Atlanta Public Schools and the Metropolitan Atlanta Rapid Transit Authority (MARTA), even though these are legally separate entities. The market for real estate does not care which government owns the land. There could be cases where the greatest returns on public assets will come from cooperation between these different public entities to pool their available assets and collaborate to unlock new opportunities for their mutual benefit.

Asset mapping is a critical step towards establishing a PAW initiative. As part of the PAW Incubator, Urban 3, developed asset maps for each participating jurisdiction. For each jurisdiction, the asset maps identify assets owned, document the current market value and, through an analysis of comparable developments, estimate the increase in value that would accrue to the property if it were developed to its potential financial value. The asset maps also identify specific parcels as examples of how a jurisdiction might consider realizing its potential value.

Please see **Attachment A** for the jurisdiction's Asset Map related to this project.

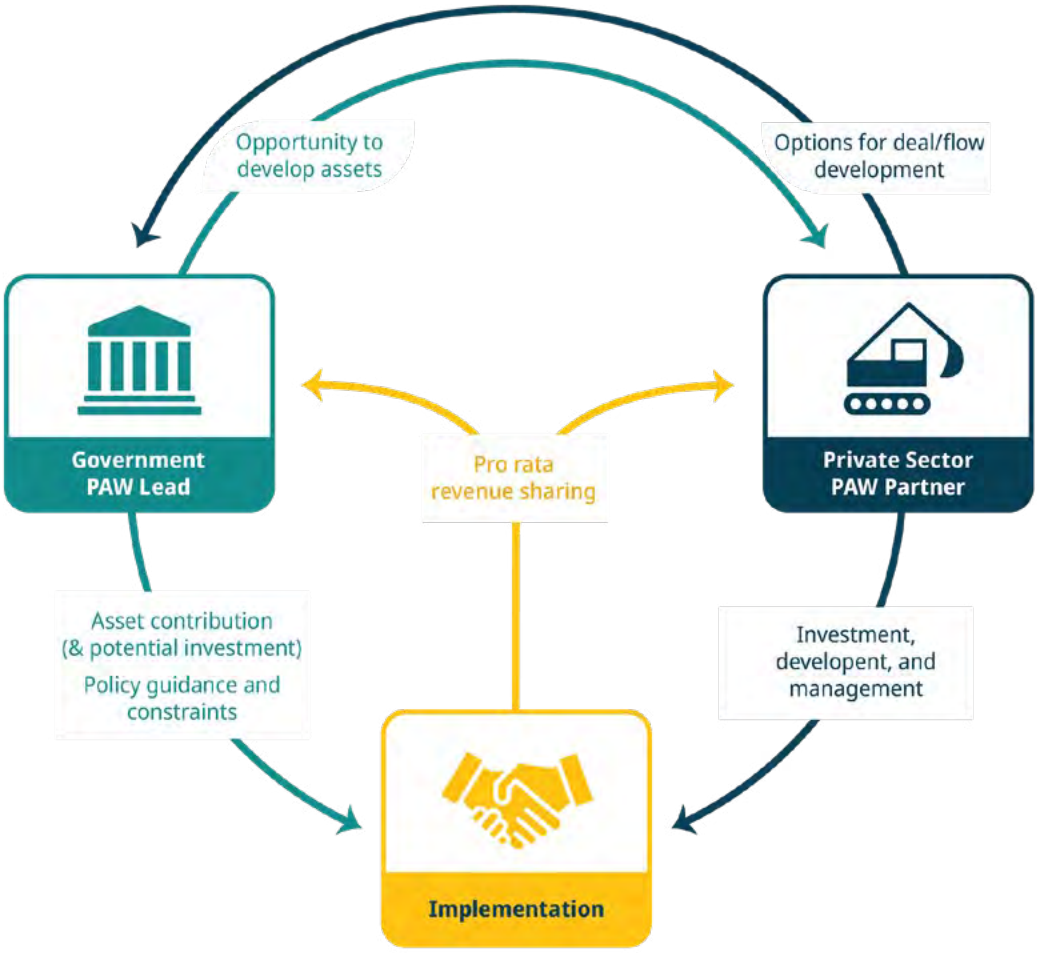
Attachment A: Asset Map



PUTTING ASSETS TO WORK (PAW) STRUCTURE

The diagram below illustrates the general framework for the structure of a PAW initiative. There are three essential components: the Government PAW Lead, Private Sector Partner(s), and a vehicle, distinct to each individual PAW project and tailored to the specifics of the particular transaction, to implement the development of PAW assets to create value and revenue for local communities (Implementation in the diagram). The Government PAW Lead grants the opportunity to develop assets to one or more Private Sector Partner(s), which in turn, develops options for deal flow and development of the assets.

In implementation of the PAW initiative, the Government PAW Lead and the Private Sector Partners will collaborate to develop the assets. This collaboration can take several forms and will be discussed in more detail later in the Playbook. Government can contribute assets (land or other real estate assets), along with any priorities, policy guidelines and constraints on the project the government leaders deem appropriate. Private Sector Partners contribute investment (additional capital), development and management expertise, and services to the project with agreed upon outcomes and terms.



Once development of the asset is completed and it begins to generate revenue, the revenue generated from the development of the PAW assets will be shared in accordance with the previously agreed upon terms. For instance, if the local government's asset contribution was pledged to the joint venture representing 20% of an eventual project cost, 20% of the revenue generated would accrue to the local government for investment in social or environmental impact or other identified needs or priorities.

Governments will designate an entity or person to lead a PAW initiative. These tasks may include identifying assets to include and assess within the PAW initiative; seeking valuations on those assets; negotiating the agreed upon value of the asset; and communicating the outcomes and social benefits prioritized by the local government. Local governments have a wide array of entities that may be effective in accomplishing this work, with factors such as autonomy requirements, transparency, and others (described in greater detail later in this document) determining the ultimate entity chosen to best achieve the goals and priorities as determined by the jurisdiction.

The Private Sector Partners complement the project through their access to financial and technical resources and help alleviate the burden from local governments. This allows the government to focus on its core functions and areas of expertise. There are a variety of potential private partners in any local ecosystem. Local governments must identify their priorities and preferences and engage partners most likely to fulfill those qualifications. To do so, local governments can issue either an RFP (or series of RFPs) or an RFQ, depending on how the work is classified. These processes and determinations are also discussed later in this document. When selecting a Private Sector Partner, in addition to capacity, local governments could also consider factors such as public perception of partners, track record, and responsiveness to social impact motivations.

Possible Approaches for the Government PAW Lead

One key consideration at the designing stage of the PAW initiative is to determine which government structure to lead this work. The appropriate structure will be determined by various factors unique to each jurisdiction including political considerations, governing laws, and staff and budgetary capacity. No matter which structure is chosen, the goals are (1) to create a structure to allocate the most effective and efficient use of time, energy, and resources to this initiative and (2) allocate decision-making authority and responsibility for action to the entity best situated to meet expectations.

Jurisdictions should thoughtfully and deliberately allocate real estate assets, and decision-making authority relating to those assets, and ensure that public and private incentives are strategically aligned to maximize the benefits of putting assets to work and the ability to scale the initiative.



Government PAW Lead Options

- Designated Staff
- Center
- Division
- Enterprise Fund
- Independent for-profit and non-profit (i.e. CDFI, CDE)

Leadership and staff of the responsible government entity will ultimately determine the appropriate governing structure of the PAW initiative. Leaders should consider several factors including, but not limited to, state and local laws and policies, community interests and the feasibility of respective options when evaluating respective structures. Whatever structure is decided, it is important to ensure that appropriate safeguards are enacted to provide transparency, alignment of interests and accountability and the potential for the respective approach to successfully implement and scale the PAW initiative.

Hong Kong

The Mass Transit Railway Corporation (MTR) was established in 1975 and has been an integral part of Hong Kong's growth and development.

Its Rail + Property (R+P) approach integrated urban and transport planning to increase land value and generate revenue through co-development partnerships with real estate developers.



The goal of the PAW institution is to create a structure where development activities can be conducted separately from the government's daily operation with a management team and staff who are exclusively dedicated to the work. Another objective in creating a PAW institution is to accumulate institutional expertise that avoids information asymmetry between public and private partners. A jurisdiction can bridge asymmetries through staff sophistication, supplemented as necessary by external consulting expertise. Below are some commonly used structures to consider for a PAW institution. These options are listed in an order of increasing autonomy and specialization, but also increasing complexity to establish. A PAW initiative could start with the simplest form and evolve to achieve greater specialization and autonomy over time as guardrails are created and staff experience and sophistication increases.

Dedicated Staff

In jurisdictions where staff capacity and financial resources are limited, or where the volume of assets underlying an initiative is small, the Government PAW Lead could be an individual government staff person or small team of staff tasked with implementing this work. This staff should have the ability to work interdepartmentally with a degree of delegated authority to create fluent, efficient processes for the work and the ability to innovate as needed within the bounds of the delegated authority.

The key to success of the PAW initiative is to ensure policy guidelines and other decisions relating to individual assets are provided in a timely manner and that identified assets proceed toward implementation at a steady pace while the initiative also scales to include additional assets. In order to accomplish this objective, sufficient staff time should be dedicated to the work, with an appropriate degree of deference and delegation of authority so staff is able to move the work forward.

As the initiative grows within the jurisdiction, leaders should add additional staff to increasingly grow the jurisdiction's capacity to implement this work. This additional staffing capacity could be funded from incremental revenues created from the implementation of the PAW initiative itself. Furthermore, the jurisdictions might consider implementing other more formalized structures described in this document.

Implementing this work can seem daunting and leaders may not know where to start, especially where a jurisdiction has identified real estate assets worth billions of dollars. It's important not to let "analysis paralysis" take hold. At the early stages, a dedicated staff person or team of individuals can usher an early project through to completion while also helping the jurisdiction learn how to accomplish the goals of this work. The most important objective is that someone is empowered to begin putting your assets to work. Leaders should



identify opportunities for early success while aspiring to full scale implementation of the PAW initiative.

Center

Creating a center within the executive branch to implement the PAW initiative is similar to approaching a PAW initiative by dedicating staff to the endeavor, but locating the initiative and staff within a center can give additional focus and attention to the initiative. The general idea is to create a concentration of personnel, authority and attention on a particular issue. The number of people, scope of work, and metrics for success are highly customizable by the jurisdiction. This option can create a "brain trust" and an energized momentum for PAW initiatives with a tangible structure that facilitates community engagement while allowing stakeholders to retain oversight and control at higher levels.

A jurisdiction can generally create a center with minimal effort. For this reason, the jurisdiction may initially take this approach to launch a PAW initiative and secure early success. Ultimately, a center will have inherent limitations on the autonomy and discretion it can assume that will slow its ability to scale the work to the size of the jurisdiction's asset portfolio. As the initiative secures early success, leaders may explore more formal structures with delegated authority and a greater degree of autonomy and independence.

Enterprise Fund

An enterprise fund is a vehicle that allows the government to segregate revenues and expenditures of public service from other governmental activities. It affords clarity in the functional and fiscal activities that occur within the enterprise fund, as well as a highly specialized skill set, oversight, and reporting that allow for efficiency and effectiveness.

The separation of the financial information and dedicated focus from other governmental activities provides better clarity on the revenue and expenses generated, asset valuations, and other financial and investment activities carried out by the entity. Dedication of PAW revenues to important community objectives such as addressing affordable housing, clean energy or other locally identified priorities can help to foster public support for the initiative.

Authority

An authority is an entity that has the ability to exercise executive, legislative, judicial, taxing, regulatory, or administrative powers or functions of the government.[11] The entity operates with autonomy to the degree negotiated and delegated by the enabling jurisdiction. This degree of autonomy can streamline implementation of the PAW initiative and allow the work to achieve scale comparable to the jurisdiction's real estate portfolio.

The jurisdiction can vest the authority with specific powers particular to the mission they are being asked to accomplish. The jurisdiction creating an authority would also enact provisions establishing financial and government accountability, transparency and outcome metrics. The authority's jurisdiction can be circumscribed by a geographical area as is the case of a port authority or airport authority, or by subject matter as is the case of a redevelopment authority; both offer the opportunity to create a clear, concise mission and vision while allowing the creating entity to retain some element of dynamic oversight as the authority evolves and grows.

Community Land Trust

A Community Land Trust (CLT) is an entity created to employ strategies for promoting increased housing affordability or other community needs through a property-based approach. While the model itself is quite time-tested, its structure, process, and best practices are adaptable for the jurisdictions seeking to implement this tool.

The community is generally involved in the creation and ongoing governance of the entity, with a significant voice in determining the public benefits derived from the use of the publicly-held land that is subject to the CLT's discretion. The primary function of a CLT is to manage publicly-held land for the community benefit.

1 https://www.lawinsider.com/dictionary/governmental-authority

Examples of those public benefits include affordable housing, long-term affordability for commercial and retail spaces, public gardens, shared workspaces, and conservation properties.

The ownership of the land is a collaborative effort, although the exact entity that holds ownership can vary. In some iterations, jurisdictions maintain ownership; in others, a collective of community members becomes the owning entity under a formalized entity such as a 501(c)3 nonprofit.



The CLT focuses on ensuring that the community benefit, typically the asset's affordability benefit, continues in perpetuity. The "improvements" to the land, whether housing, commercial, or other communal determination, are subject to price control via deed restrictions or covenant restricted pricing. The benefits and profits accrue to the trust in an effort to achieve the long term goals set at the inception. Typically, the governing board is ⅓ leaseholding community members, ⅓ non-lease holding community members, and ⅓ public representatives (both elected or non). This board guides the trust in perpetuity to advance the organization's long term outcomes.[2]

This model is highly adaptable, ensuring that a community can use this vehicle to address unique goals and preferences in a time-tested manner. Additionally, the governing board can adapt the long term metrics of success according to evolving community needs and preferences.

The CLT approach also effectively adheres to the long-term objectives determined at the onset of the initiative which typically related to holistic group benefits rather than predominantly financial considerations CLTs can also work in conjunction with traditional municipal relief programs for rising housing costs, such as vouchers and subsidies, but are set up for longer term sustainability because of the structure.[3]

Finally, CLTs can support first time or unlikely homeowners in robust ways including support through the purchasing process, maintenance of home ownership, and building intergenerational wealth through property ownership. Because the individual homeowner's success is tied to the success of the entire CLT, there is a social reinforcement and incentive to protect and support at all stages, where other home buying initiatives drop off after purchase.[4]

From inception through the creation and ongoing administration, CLTs require extensive collaborative, oversight and intensive ongoing stakeholder engagement. These processes require time and energy. For this reason, a CLT approach can be difficult to expand and scale for a jurisdiction with a sizable real estate portfolio.

2 Bourassa, S. C. (2005). Community Land Trusts as Tools for Protecting Public Investments in Affordable Housing. In The Community Land Trust as a Highway Environmental Impact Mitigation Tool (pp. 3–7). Lincoln Institute of Land Policy. http://www.jstor.org/stable/resrep18168.4

3 Angotti, T. (2007). THE COOPER SQUARE COMMUNITY LAND TRUST. In C. Jagu (Ed.), Community Land Trusts and Low-Income Multifamily Rental Housing: The Case of Cooper Square, New York City (pp. 4–21). Lincoln Institute of Land Policy. http://www.jstor.org/stable/resrep18540.4

4 Davis, J. E., Jacobus, R., & Hickey, M. (2008). Municipal Support for Community Land Trusts: In Search of Best Practices. In Building Better City-CLT Partnerships: A Program Manual for Municipalities and Community Land Trusts(pp. 1–13). Lincoln Institute of Land Policy. http://www.jstor.org/stable/resrep18252.4



The primary focus of CLTs is affordable housing, with a few CLTs focused on land conservation objectives. Jurisdictions seeking to address other needs by using their real estate portfolio for commercial development revenue may be limited under a CLT approach and current model. Other needs could include environmental concerns, clean energy, workforce development, new government financial and revenue needs, or any number of emerging concerns.

Community Development Entity (CDE)

A CDE is a stand alone entity distinct from government that the jurisdiction would create and charge with managing a PAW initiative as the Government PAW Lead. Because this entity is created by the jurisdiction, the jurisdiction can ensure certain control, transparency, and accountability requirements are built into the charter and bylaws of the organization.

The jurisdiction can identify publicly-held real estate assets that are desirable for the PAW initiative and can transfer such assets to the CDE, along with any policy or implementation restrictions or direction the jurisdiction deems appropriate.

Furthermore, the jurisdiction can place expectations and restrictions on the CDE as to how revenue generated by the CDE under the PAW initiative will be allocated.

Certified by the CDFI Fund in the Department of the U.S Treasury, a Community Development Entity (CDE) acts as an intermediary to provide loans, investments, or financial counseling in Low-Income Communities (LICs).

To become and continue to be certified as a CDE, an organization must meet the following requirements:

- Be a legal entity;
- Have a primary mission of serving LICs; and
- Maintain accountability to the residents of the LICs it is serving.[5]

Community Development Corporation or other nonprofit entity

A community development corporation (CDC) is a nonprofit created to provide services and engage in other activities that promote and support communities. CDCs usually serve a geographic location such as a neighborhood. Their mission is often focused on lower-income residents and creating opportunities for underserved populations. They engage in a variety of activities including real estate development, particularly focused on affordable housing development, education, and economic development and small business support.

Entity Considerations

The chart below outlines a matrix to help jurisdictions identify the structures for the government-entity in a PAW initiative that are most practical for executing PAW initiative work. The work of this entity will be what determines the final contribution of the jurisdiction to the public-private partnership entity, or other asset value creation efforts, that is ultimately created.

None of these entities possess immutable characteristics—none are inherently autonomous, politically neutral, transparent and accountable, or efficient.

5 https://www.cdfifund.gov/programs-training/certification/cde#:~:text=A%20Community%20Development%20Entity%20(CDE,counseling%20in%20low%2Dincome%20communities.

However, each carries different degrees of likelihood for each of those considerations. Jurisdictions may choose entities based on any number of reasons, including their level of comfort with one over another, legal considerations, or simply individual preference. This information is provided as a road map to help jurisdictions ensure they have good policies and appropriate safeguards for the approach they take, while raising potential pitfalls early in the process.

Factors to be considered are ranked either "High," "Medium," or "Low," based on the following factors:

1. What level of autonomy does this entity enjoy?

   Ultimately, autonomy is delegated by the jurisdiction to whichever entity is selected and to the degree the jurisdiction deems appropriate. Some entities lend themselves more naturally to greater or lesser independence. That propensity is marked in Table 1 below. As autonomy is delegated and not inherent in these structures, the jurisdiction determines the degree of autonomy and independence that is best suited to its local circumstances. Examples of ways to delegate authority include giving an entity power to handle all transactions under a certain dollar threshold without requiring further approval from the governing body, giving an entity the right to enter into certain negotiations, or charging them with project outcomes that are desired, with little intervention in how those outcomes are achieved.

2. How well does this entity benefit from public engagement?

   A successful PAW initiative will seek to solicit public input and maximize the benefits of public engagement. Public engagement will inform any policy restrictions and implementation direction that leaders give to the Government PAW Lead generally and relating to individual real estate

Table 1: Entity Considerations

	Level of Autonomy	Public Engagement	Transparency / Accountability	Project Pace / Scale Management	Legal Considerations
Enterprise Fund	High	High	High	Medium	Requires legislative action by the jurisdiction. Verify with legal counsel whether any state or local legal considerations apply.
CDE / CDFI / Other Nonprofit Entity	High	Medium (High with Appropriate Policies and Practices)	Medium (High with Appropriate Safeguards)	High	Requires legislative action by the jurisdiction. Verify with legal counsel whether any state or local legal considerations apply.
Authority	High	Medium	High	Medium / High	Requires legislative action by the jurisdiction. Verify with legal counsel whether any state or local legal considerations apply.
Center	Low	High	High	Low	None (informal structure)
Designated Staff	Low	High	High	Low	None (informal structure)

assets specifically. As with autonomy, the jurisdiction should create public engagement procedures and expectations at the onset and continually work to ensure the public is engaged in the PAW initiative.

3. Ensuring accountability and transparency from the entity.

   Jurisdictions will want to ensure the Government PAW Lead is held to high standards of accountability and transparency as a steward of public assets and the public's trust. Jurisdictions must also take responsibility to ensure the Government PAW Lead is held to a high standard of transparency and accountability.

4. What is the potential for the Paw Initiative to increase the pace of projects and to scale?

   This consideration centers heavily on efficiency and autonomy of the entity and the ability of the overall structure to attract private sector partnership and private capital. Other considerations, listed below such as "jurisdiction-specific considerations" can also impact this consideration. Certainly, greater staffing and funding enhance the ability of a PAW initiative to scale and pace projects quickly. The mission of the government entity should be focused narrowly on PAW work in order to achieve these goals. This is another domain where jurisdictions can create some clarity and set high expectations, but should be aware of the inherent propensity of each entity option with respect to its ability to scale when determining the structure and characteristics of the PAW entity.

Jurisdiction-Specific Considerations

The following practical considerations may also influence which model described above is most appropriate for the jurisdiction.

1. Staff Capacity: How many staff members will be dedicated exclusively to this project? How heavy is the workload (i.e. Are there administrative concerns like back tax properties? Is there coordination required with other levels of government?)

2. Financial Resources: Is there seed money available to begin investments? Any ongoing revenue? One time revenue?

The answers to these questions will be critical to the ability of the jurisdiction to effectively set expectations and capacity of the PAW initiative so that goals and outcomes are measurable, effective, and reasonable.

Private Partnerships

Selecting and working with one or more Private Sector Partners is an important component of implementing a PAW initiative. These partners provide financial and technical resources and can significantly affect the outcome of a project. Their contributions help improve the initiative's viability and ability to scale while focusing government resources on core government functions and areas of expertise.

PAW Partner Entity Options

Here we highlight a few types of private partners and their potential roles in a PAW initiative. This is not an exhaustive list and different approaches, including the private parties involved, may be different depending on the particular asset or overall goals for the initiative. In determining the appropriate Private Sector Partner and relationship to the government entity, the jurisdiction



PAW Partner
Entity Options

- Developer
- Investor
- Social impact investor

will want to structure a partnership where incentives are aligned to maximize the benefit to the public, deliver on expectations and scale the work to the size of the jurisdiction's asset portfolio.

Real Estate Developers

A PAW initiative will inevitably involve real estate development professionals. The professional expertise

of the developer, the term and nature of this public-private relationship, and the alignment of incentives between the government and the respective developer are important factors to ensure the relationship is structured to maximize the benefit to the public and achieve the jurisdiction's goals with the project. The developer can provide technical expertise with respect to market demand and feasibility of particular product types, experience of building and operating similar projects, access to innovative design and construction techniques, and the potential for a higher level of maintenance of the properties once they are built.[6]

In structuring the relationship with a real estate development partner, the jurisdiction should be aware of information and expertise asymmetries between government and private parties to a real estate partnership and the overall competitive nature of these relationships. Typically, these relationships take on "zero sum" qualities where the private party benefits at the expense of public partners and may have expertise and information asymmetries to structure partnerships to their disproportionate benefit. The jurisdiction can take steps to minimize any potential downside in this arrangement and align the partnership toward a mutually beneficial arrangement. Allowing for longer-term partnerships rather than one-time deals, expectations for project financial transparency and a willingness to share upside benefits and downside risks could make for better aligned partnerships with private development partners.

A properly structured relationship with a private developer can maximize the jurisdiction's ability to maintain a timely development schedule, control costs of the project, achieve greater cost certainty and attract additional private capital to the transaction. This leads to quicker revenue generation and maximized overall public benefit of the project.[7]

For the developer, a partnership with the government PAW initiative provides access to key parcels for development and greater up-front clarity on public sector support for a particular development plan.

6 https://uli.org/wp-content/uploads/ULI-Documents/Successful-Public-Private-Partnerships.pdf
7 https://www.naiop.org/en/Research-and-Publications/Magazine/2017/Fall-2017/Development-Ownership/CRE-Development-Opportunities-In-Public-private-Infrastructure-Partnerships

Singapore

Tamasek was created in 1974 as a separate entity for the government to invest in commercial entities.

As of March 31, 2021, the initial portfolio of S$354 million has grown to S$381 billion and generated an annualized return of 14% since its inception. It declares annual dividends to its sole shareholder, the Minister for Finance, and helped fund many of the Country's initiatives.





Consequently, early public-private collaboration relating to publicly-held parcels in a PAW initiative may result in a streamlined entitlement process and development approval for the project. Finally, access to publicly-held real estate assets may equate to an overall lower cost of capital for the project; private partners would gain access to development opportunities and would not need to seek private financing to acquire the real estate underlying such developments.[8]

Investors

A PAW initiative will require additional capital investment that will presumably come from private investors to put public assets to work through development opportunities. A PAW initiative can leverage public investment of underutilized real estate to attract additional private capital thus lowering the financial obligations from government. Investments are often in the form of equity or debt.

In debt financing, investors provide capital to the project and receive interest on the investment at regular intervals. Principal is either paid back at the end of the term of the loan or amortized over the life of the loan. Debt financing provides certainty on the cost of capital for the project. Although the regular interest payment increases the cash requirement during the life of the loan, it is often considered to be cheaper than equity financing as debt investors do not share any of the upside from an increase in the valuation of the project.

In equity financing, investors become a shareholder, and their interests are aligned with other equity holders. Typically, equity investors do not receive interest payments unless it is structured as a dividend paying preferred stock. While this reduces the cash outflow during the project (i.e. no interest payments are made on equity), equity investors will share in the proceeds of the sale of the project at a future time.

Equity participation increases the overall shares in a project or vehicle, lowering the percentage ownership for each equity owner. Typically, equity investors receive a higher rate of return on investment than debt holders; however, they also take more risk. Investors are often willing to accept a lower return for downside risk protection or might be willing to participate in a project if there is sufficient first loss capital supporting the project.Government can explore ways to de-risk the project in exchange for favorable terms from investors. Financial tools that government can use that are designed to de-risk and leverage private capital are discussed later in the Playbook.

Impact Investors

Impact investors provide another type of potential capital. Similar to investments structured for commercial investors, impact investment can either be structured as equity or debt. However, in addition to financial returns, impact investors are interested in impact outcomes and, in some cases, are willing to take a subordinate position to attract other investors to participate. Some examples of the subordinate role include mitigating the risk of other investors through a guarantee, taking a first loss position, or delaying their returns until other investors have received their respective returns. Impact investors can also attract investor participation by accepting a lower return. By taking a lower return, it lowers the cost of capital to the project and increases the returns for other investors and therefore makes the investment more appealing to them.

Impact investors look for projects that are aligned with their mission. There is an opportunity for government to leverage these investors' expertise to improve the overall social and environmental outcome of the project. In addition to the provision of capital and technical assistance, the participation of impact investors may increase the profile of the project especially if they have public recognition. This may help create more awareness of the initiative and lead to other opportunities in the future.[9]

8 https://uli.org/wp-content/uploads/ULI-Documents/Successful-Public-Private-Partnerships.pdf
9 https://blogs.worldbank.org/ppps/scaling-ppps-engaging-impact-investing-charities-and-foundations

PAW Partner Relationship Options

Structuring the collaboration between the Government PAW Lead and the Private Sector Partner in a way that aligns long-term incentives and maximizes the public benefit can harness the power of both side's strengths in ways that promote mutual benefits.

The government's ability to assess property, offer zoning and overlay options, and operate with high levels of transparency are among the greatest strengths they bring to this model. However, the Government PAW Lead must enter into this collaboration mitigating the beliefs among potential private sector partners that the jurisdiction is unable to accomplish projects with any degree of time-sensitivity or efficiency and develop a reputation for competency and responsiveness.

Similarly, the Private Sector Partner brings an ability to execute projects with efficiency and effectiveness, and if the public-private partnership is structured appropriately, in a way that maximizes the public benefit. The jurisdiction should take great care to structure the partnership in a way that mitigate any public distrust of developers.

These factors will be central when forming the collaborative entity or vehicle that will sit between the Government PAW Lead and the Private Sector Partner to execute development of the jurisdiction's assets chosen for this purpose. The jurisdiction can take different approaches to structure the public-private partnership as described below.

Asset-specific Relationship/Request for Proposals

The typical approach for jurisdictions seeking a private partner for the development of a parcel of publicly-owned land is to issue an RFP and weigh responses from various potential partners with their ideas and proposed economics for the deal. These partnerships are highly specific to the particular asset the jurisdiction is putting forward. This approach allows jurisdictions to approach each project in a deliberative and precise way. Additionally, RFPs for land development are historically awarded to one partner, creating an exclusive limited partnership.

The strength of this approach comes from the familiarity with the procedure. Staff understands how to execute RFPs; the public relies on them as a standard component of local government land acquisition, disposition, or development; and potential developers and partners



PAW Partner Relationship Options

- Asset-specific (RFP) relationship
- Long-term (RFQ) relationship
- One / Multiple partners

will be able to respond to them as a standard course of interaction. This approach is also a way to maintain explicit agreement between parties. Since the scope of the proposal is limited to one project, the terms required by the municipality and agreed upon by the developer are clear and trackable. This approach to forming the collaboration is transparent, well understood, and predictable.

There are also disadvantages to this approach. The traditional RFP selection process creates a competitive tension between the government and the private partner that is zero sum in nature.[10] The private partner seeks to maximize their upside in the deal, within the bounds tolerated by the public partner, at the expense of the public. This win-lose approach to forming

10 Mullins, R. A. (2013). Corruption in Municipal Procurement: Foreclosing Challenges of Disappointed Bidders —Augusta, Georgia, and the Need for Reform. Public Contract Law Journal, 42(2), 281–325. http://www.jstor.org/stable/24430383

public-private partnerships does not always work out in the advantage of the public sector.[11]

Another disadvantage of this approach is that each transaction is time and labor intensive for the jurisdiction. This process requires a case-by-case approach to project development for each asset. Each RFP process requires time, staff resources, and deliberation to conduct. This perceived cumbersome and time intensive process may be a potential deterrent to private partners. For smaller publicly-owned parcels, the jurisdiction might judge it not worth the time and effort. For jurisdictions with a large portfolio of publicly-held real estate, the single asset RFP approach is unlikely to ever reach the scale of the jurisdiction's assets.

Portfolio Management Relationship/ Request for Qualifications/ Long Term Partnership

Jurisdictions can seek public-private partnerships to secure a partner or partners with a particular set of qualifications to provide asset management services pursuant to agreed upon parameters. Under this approach, the jurisdiction will issue an RFQ and weigh the qualifications of various respondents and their proposed approaches to management of the jurisdiction's real estate portfolio.

Under this approach, jurisdictions would view publicly-held real estate in the aggregate as an ongoing asset management function, with certain properties designated for the PAW process and subject to this partnership with a private asset management partner. This approach would differ from the asset-specific approach where the land itself is the primary consideration of the procurement process. In this RFQ framework, rather than seeking a singular partner for a project, jurisdictions gain the opportunity to select one or more partners who would be qualified for an extended period of time. The relationship could encompass several projects, a defined geography, or an open-ended invitation to receive proposals from the

11 Mironov, M., & Zhuravskaya, E. (2016). Corruption in Procurement and the Political Cycle in Tunneling: Evidence from Financial Transactions Data. American Economic Journal: Economic Policy, 8(2), 287–321. http://www.jstor.org/stable/24739224



Copenhagen

The Copenhagen City and Port Development Corporation, owned by the City of Copenhagen and the state of Denmark, revitalized the waterfront district to accommodate 40,000 residents, and workspaces for another 40,000. Funds from these projects are further reinvested into the community to develop additional homes and workspaces and the expansions of their subway, all without using tax dollars.



qualified asset management partners to put the jurisdiction's assets to work.[12]

This approach shifts the burden of evaluating individual assets for their potential PAW value, performing economic modeling around an asset and drafting an asset-specific proposal away from overworked public servants to the previously selected and qualified private sector asset management partner. Public sector staff's role is to receive and evaluate asset-specific proposals prepared by their qualified private partners for consideration, adaptation and approval. By shifting the analysis and proposal workload to private partners, with final approval of any proposal resting with the public sector lead, the PAW initiative can increase the pace and scale of its work to match the size of the jurisdiction's public asset portfolio.

Additionally, this approach can be extremely useful in aligning government and private sector incentives.[13] By creating a long term, ongoing relationship, the cost-benefit analysis for all interested parties is considered over the entirety of the interaction, not limited to one project where zero sum calculations prevail. Instead, the preservation of the relationship and possibility for long term profitable engagement is centered in this framework.

This RFQ approach is not a new or unique approach under local government procurement. The RFQ process is commonly used for selecting outside legal counsel or municipal bond underwriters who provide ongoing services for a defined period of years. For example, rather than devising a complex bond structure and then writing and issuing a standalone RFP every time the jurisdictions wants to issue a municipal bond, a process that would be extremely unwieldy, the jurisdiction selects a qualified bond issuer or issuers who stand ready to engage any time the jurisdiction determines that a bond issuance is needed. They advise on current market trends, developments and strategies in the municipal bond market. Each bond issuance is an eligible assignment for bond underwriters qualified under the RFQ for the work.

Under this approach, the jurisdiction should take care to place measures that ensure an appropriate level of transparency and accountability to govern the relationship. Earning and maintaining the trust and public support for the PAW initiative is critical.[14]

Implementation

There are also various options the jurisdiction can consider to achieve its priorities in a PAW project, such as land sale, long-term land lease, and shared equity. All of these options are worthy of consideration for publicly-owned real estate, depending on the circumstances of the opportunity. One particular benefit of all of these approaches is that returning government-owned parcels to private use will generate new tax revenues in addition to any one-time or ongoing benefits relating to the specific transaction.

Land sale

Jurisdictions who identify publicly-held real estate parcels may sell these parcels in private market transactions. While a land sale is certainly the cleanest and simplest approach to derive value from a jurisdiction's holdings, the jurisdiction will lose opportunities for long-term value and revenue creation. Unless specific circumstances justify a land sale, we do not recommend liquidating assets because revenues from the sale are often used to meet immediate and ongoing needs with a limited one-time revenue. Assets acquired over decades of the jurisdiction's existence can create sustainable ongoing revenue options that will benefit the jurisdiction's residents into the future.

12 Li, P., Tang, L., & Jaggi, B. (2018). Social Capital and the Municipal Bond Market. Journal of Business Ethics, 153(2), 479–501. http://www.jstor.org/stable/45022828

13 Steinfeld, Jenn, Berkaw, Phil, and Rice Corianne. (2020). Inclusive Procurement and Contracting: Policies, Programs, and Practices for Local Leaders. Municipal Action Guide: National League of Cities Center for City Solutions. https://www.nlc.org/wp-content/uploads/2021/06/Inclusive-Procurement-Toolkit_NLC.pdf

14 Schöberlein, J., Kukutschka, R., & Wathne, C. (2019). Lessons learned from anti-corruption efforts at municipal and city level. Transparency International. http://www.jstor.org/stable/resrep20501



Implementation Structure Options

- Cash sale of assets (not desireable)
- Long-term land lease
- Joint venture (fractional ownership)

Retained ownership models

There are also various options the jurisdiction can consider to achieve its priorities in a PAW project, such as land sale, long-term land lease, and shared equity. All of these options are worthy of consideration for publicly-owned real estate, depending on the circumstances of the opportunity.

Long-term land lease

In many instances where a city is looking to retain ownership of an asset, the default is often a residential or commercial land lease. Under this approach, the jurisdiction would negotiate to lease land to a private partner for an extended period of years. Such land leases provide for a flat rate, lease escalation provisions triggered by certain favorable conditions, and protections against default if the project is not successful. Land leases typically entail a flat rate and may include provisions to increase the rate under certain favorable conditions as well as protections against default on the lease if the project is not financially successful. While land leases provide stable predictable revenue, they limit the potential for the jurisdiction to benefit from the appreciation in value of the asset.

Joint venture (fractional ownership)

For real estate assets with a low present value in a neighborhood where real estate values are expected to appreciate in the future, or neighborhoods where the jurisdiction intends to focus efforts and investments to improve community conditions and thereby improve the overall value of real estate in the community, the jurisdiction should strongly consider options where it maintains a percentage equity share of the future development to fully benefit from value appreciation.

A land lease arrangement forces the private developer to assume the risk of the pace of neighborhood improvements, which is often difficult to finance and leaves the jurisdiction, and community members, out of upside benefits in later years that come from neighborhood improvements. Whenever a land lease option is being considered, the jurisdiction should also consider a model that preserves the jurisdiction's percentage ownership in the contemplated development.

In the case of a joint venture, a jurisdiction may want to require performance guarantees that ensure a development partner is moving forward with the proposed partnership in a timely manner and in accordance with expectations or the government may cancel the joint venture agreement.

Governance

Governance and governmental roles within the PAW initiative should be clearly outlined upfront in order to ensure success. A variety of factors will affect these roles and powers, including the form of government in a jurisdiction, political forces, and historic precedent.

Role of the Chief Executive

Depending on the form of government of the jurisdiction, the chief executive may be the mayor, the city manager (in concert with the mayor), the chief county executive, or even a majority of the jurisdiction's legislative body. As a primary decision maker and leader in policy direction, the chief executive role in a PAW initiative is symbolic and substantive. By proactively offering a vision for how the jurisdiction can leverage its assets through a PAW initiative, the chief executive will set direction for the work and drive toward successful outcomes. By delegating appropriate staffing, resources, and partnerships to the initiative, and supporting the creation of partnerships with private entities and private capital, the chief executive can facilitate the incremental success of the initiative.

Additionally, the chief executive should determine the best structure for the government lead in the PAW

initiative. This may include collaborating with other governmental entities, such as the jurisdiction's legislative body or other levels of government. The chief executive will negotiate issues with other policy makers such as the level of autonomy and authority that the entity should possess to give clear direction and lines of authority to the Government PAW Lead.

Finally, the chief executive should be prepared to make the political case for the PAW initiative work with a variety of stakeholders including constituents, potential private partners, other levels of government, and within the municipal administration. Clearly understanding and embracing the municipal vision for the PAW initiative and translating that into a political case will be of paramount importance.

Role of the Legislative Body

The jurisdiction's legislative body may navigate some novel issues and concerns. Legislative leaders will require buy-in to the strategy and principles of the PAW initiative, including the need to scale and increase speed for implementation. In so doing, legislative leaders will work with the chief executive to determine which entity type will work best for the Government PAW Lead and endow it with appropriate autonomy and authority.

The legislative body has an important role setting boundaries for staff decision-making on matters both general and specific. The jurisdiction should consider policy guardrails to manage risks on the kinds of financial instruments that will be used, and how the jurisdiction will work with private partners. Staff should also be afforded an appropriate degree of autonomy. Examples of how to provide autonomy and authority include allowing transactions under a certain dollar threshold to be exempt from requiring council approval; providing zoning or overlay assistance to projects; creating systems to ensure reinvestment in agreed upon social impacts; and addressing political or messaging challenges.

Furthermore, the legislative body should establish direction relating to specific assets and how staff should proceed relating to individual projects. For example, policymakers may direct the preservation and restoration of historic structures, direct that projects include a determined amount of open space, affordable housing or compliance with environmental sustainability goals.



By creating and agreeing upon explicit terms for the execution of the initiative work, elected officials can set their community up for greater success.

Delegation of Authority

One of the primary decisions elected leaders will decide is the degree of delegation of authority to the Government PAW Lead. No matter the entity type (authority, enterprise fund, center, CDE, etc), the efficiency and scalability of the PAW initiative will rely on a comprehensive, agreed upon delegation of authority to that entity. Suggestions for the type of authority that can be delegated can be general or specific to a particular asset and may include, but are not limited to the following:

1. A monetary threshold, under which approval from municipal authority is not required (ex: all transactions up to $3 million are delegated without requiring legislative approval).

2. Pre-determining parcels transferred into a real estate portfolio for PAW initiative (ex: a grouping of 5 plots of land are considered one portfolio to be managed in accordance with the pursuit of predetermined outcomes, covered by partners selected from an RFQ designed to identify qualified Private Sector Partners)

3. Creating clear and codified metrics for success (ex: PAW initiative will generate 30 units of on-site affordable housing and revenue streams for up to 50 units of affordable housing off site) and standards of transparency and accountability for PAW activities.

The jurisdiction should take an active role to determine the general guidelines and dictate parcel-specific parameters for the PAW initiative early in the process and then empower and defer to the PAW entities who can implement the jurisdiction's direction without ongoing interference. The jurisdiction's ability to refrain from ongoing micromanaging of the initiative is critical to the scalability and success of the PAW transactions as well as jurisdiction's ability to attract private capital to support the work.

Governing Board Appointment Process (Where Applicable)

The entity selected by the jurisdiction as the Government PAW Lead may require a governing board that is distinct from the jurisdiction's legislative body. Some of those entities include Authorities, Enterprise Funds, and CDEs. The appointment process to these entities must be clearly outlined and understood by all stakeholders, including the public. Approaches to safeguard the integrity of this process could include measures such as:

1. Establishing seats for important constituencies (i.e. other pertinent levels of government, local nonprofit partners, neighborhood representatives, relevant subject matter experts, etc.).

2. Diversifying who can appoint to the board (mayor can appoint a certain number, council another, etc.).

3. Setting clear terms about service on the board (length of term, number of renewals, etc.).

Hamburg

The corporation HafenCity Hamburg GmbH manages all assets in HafenCity, Germany, and has completed 85 projects with 55 more under construction or planned through private investment and the sale and leasing of land.

These projects include the construction of 7,500 homes (including 1,500 subsidized housing units), schools and universities, daycare centers, and a concert hall.



4. Having a clear conflict of interest policy by which all board members are vetted and to which they must all be signatories.

5. Outlining the role of the board and the outcomes expected.

Relationship with Private Sector PAW Partner

The partnership with the private sector is integral to achieving the desired outcomes of a PAW initiative. There are certain safeguards that should be in place in order to avoid unnecessary stress in the interaction. Some of these safeguards include but are not limited to:

1. Having a clear RFP/RFQ process whereby Private Sector Partners are identified and engaged. All information about this process should be publicly available.

2. Creating clear understanding about realistic expectations of each entity within the PAW initiative, with clarity around each entity's role at the various stages of the process.

3. Outlining the delegation of authority and responsibilities so that parties can implement the jurisdiction's direction for the initiative while maintaining accountability.

4. Setting clear terms and durations for engagement with the Private Sector Partner(s), with clear options for renewal or termination of the relationship.

Establishing and sustaining a productive and successful relationship between the Government PAW Lead and the Private Sector Partner(s) will also rely on acknowledging and capitalizing on the strengths and motivations of each with an eye toward maximizing those opportunities presented through strengths. Typically, government will bring a highly developed skill set at valuation of assets and the ability to control zoning and land use. Priorities for the governmental entities will revolve around public engagement, transparency and accountability. Private Sector Partners will bring a highly developed skill set at efficiently and promptly completing projects and access to private capital. Priorities will exist around completing tasks in cost and time efficient ways. With a well aligned partnership, it will be possible to maximize the public benefits and opportunities as wise stewards of public assets.

PAW FINANCIAL TOOLS

The process of implementing and scaling a PAW initiative is incremental. It may take several months for a jurisdiction to assess the property it owns and determine the value of this real estate portfolio and additional time to formulate a structure and get the public and private entities in place. Even after a public-private partnership is formed and a PAW project is initiated, it can be two to three years before the respective asset begins to produce a revenue stream. For jurisdictions looking to begin community investments utilizing revenue generated from a PAW initiative, financial tools are available to allow these investments to begin immediately based on the likelihood of future PAW revenue streams.

The following is a description of various financial tools that jurisdictions can utilize to either accelerate the timing of needed investments or leverage additional private capital to amplify the magnitude of the impact of a jurisdiction's investments, depending on the goals they seek to achieve.

Bonding

Revenue Bonds

Revenue bonds are common in municipal finance. A municipal revenue bond is issued to fund specific projects and the repayment of principal and interest is supported by the revenue from the project. Similarly, jurisdictions may have the option to issue other types of municipal bonds where the debt service on those bonds is backed by the revenue from a PAW project or initiative.

Realistically, revenue streams from PAW activities will be viewed by bond markets as less reliable than revenues from traditional government activities. Bond

markets may expect issuers to back PAW bonds by a general obligation of the issuing jurisdiction. In instances where a PAW bond is not back by the full faith and credit of the jurisdiction, an inability to service the debt on a PAW bond due to inadequate revenues could harm the creditworthiness of the jurisdiction. The jurisdiction's governing body should set clear policy limits around the use of PAW-related bonds and be prepared to assume any related debt as a general obligation of the jurisdiction.

Sustainable Bonds

Green bonds and social bonds are types of municipal bonds issued to invest in environmental sustainability or climate benefits, or social projects and activities intended to create positive social outcomes such as health, education or affordable housing initiatives.

Sustainable bonds are essentially revenue bonds where the intended use is linked to desirable social or environmental community investments. Sustainable bonds are increasingly desirable to a class of investors seeking ESG investment opportunities.

In November 2022, the City of Atlanta raised $369 million in general obligation bonds designated as "social bonds" under the banner of "Moving Atlanta Forward" to finance recreation, transportation, public safety and other capital projects with social benefits in priority locations where the city determined they need to take climate actions. The bonds were popular with environmental, social and governance (ESG) investors drawing orders of more than $1.2 billion from 54 institutional investors. The strong demand enabled bond yields to be reduced by 2-5 basis points, depending on maturity, cutting the city's interest payments and saving taxpayers millions of dollars.

Tools to Attract Private Capital

The revenue or other public contribution (e.g. land) from a PAW initiative can also be used as "catalytic capital" to attract and leverage private capital to magnify impact. Catalytic capital is defined as patient, flexible and risk tolerant financing. Typically, it is used to attract additional conventional financing to multiply the amount of total capital that can be deployed. Catalytic capital usually accepts a disproportionate amount of risk, thereby protecting conventional capital that is less risk tolerant, from a proportion of losses from a project or investment. In this way, catalytic capital "de-risks" conventional private capital, and in doing so, can attract more private capital into a project or transaction that they might not otherwise participate in.

Two simple examples may help to illustrate how public catalytic capital can attract and leverage private capital. Suppose a goal of a jurisdiction is to build more affordable housing. The total investment needed is anticipated to be $50 million.

> Example 1: The jurisdiction has underutilized land that would be best suited for a mixed use development. The investment is expected to earn an annual return of 8%. The jurisdiction, through a PAW initiative, contributes the land which is currently valued at $10 million to a fund, or special purpose vehicle. This contribution reduces the amount of additional capital to be raised to $40 million. To attract private capital, revenue from the mixed use development will first pay back the $40 million provided by private investors. Once the private investment has been paid, the jurisdiction will receive a return on its contribution worth $10 million. In this way, the $10 million of land contribution de-risks the private investment as the expected return of 8% on $50 million first supports repayment of $40 million.

> Example 2: Revenue from a PAW initiative (derived from development of real estate assets) that revert back to the jurisdiction could be deposited into a restricted fund. When the revenue deposited into the fund reaches a certain threshold, the fund could be utilized as a first loss reserve to attract private capital to invest alongside the jurisdiction to pursue projects of greater size than what the jurisdiction could achieve solely with the revenue it deposited into the fund. This would allow the jurisdiction to build more affordable housing units, for instance.

Outcomes-based Financing

Jurisdictions can use PAW projects to attract private and philanthropic capital interested in supporting outcomes-based financing for investments in achieving specific community goals.

Outcomes-based financing is an innovative financing mechanism that changes the way government and other funders of social and environmental strategies enable those programs. Outcomes-based financing can take several forms, but the common element is



that an outcome payor, typically government but can also be a health system or a corporation (employer), pays for outcomes after they have been achieved rather than upfront.

One example of an outcomes-based financing model is "Pay for Performance" (PFP). An example of this model is when a government enters into a contract with a service provider to deliver services for a specific target population and the contract specifies success metrics and a fixed payment for each metric.

Another example of an outcomes based financing model is "Pay for Success" (PFS). Rather than government funding an intervention upfront, private investors provide the upfront working capital to implement a program, and measurable outcomes (or success) metrics are agreed upon and established in a contract. An independent evaluator determines if the outcome metrics have been achieved during (and sometimes as a causal result of) implementation, and if so, the government or other "outcomes payor" will pay back the private funders with a modest return on investment. Payments are only made if outcomes are achieved. In this way, the risk of performance or success is transferred from government or other "outcomes payor" to the private funders. PFS contracts incentivize collaboration between government, service providers, and financial partners to problem-solve and innovate in real-time to achieve measurable results.

Revenue from a PAW initiative can be dedicated, in part or in whole, to pay for improved social outcomes within the jurisdiction. Dedicating future revenue to pay for outcomes will attract private funders to provide the upfront capital to fund needed social programs, such as early childhood education, workforce development, re-entry programs, etc.

Local Match for Federal Grants

Federal government grants and loans often require a local match. Dedicating a portion of the revenue from a PAW initiative to the local match can bring in an increase in federal funding for high priority uses into the jurisdiction.

For example, the Transportation Infrastructure Finance and Innovation Act (TIFIA) program is a federal program that provides credit assistance for qualified transportation projects of regional and national significance. The TIFIA credit program requires the jurisdiction identify a local revenue source to repay the funds pursuant to the program. Similarly, the Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Transportation Discretionary Grant program, formerly known as BUILD grants or TIGER grants, provide federal funds to invest in road, rail, transit and port projects. Applications under this program are benefited from a pledge of local matching funds that could come from PAW projects.

Numerous examples of federal affordable housing grants requiring local matching funds could also benefit from PAW-derived revenue including HOME grants,

CDBG programs, Choice Neighborhood grants and federal broadband funding programs.

Community Reinvestment Act (CRA) Lenders

The Community Reinvestment Act (CRA) was enacted in 1977 to encourage financial institutions to provide credit solutions to underserved segments of their communities, specifically low- and moderate-income neighborhoods and individuals. This can be another potential source of capital if the target population for the PAW initiative falls under these categories.

To meet the CRA requirement, a bank must have one of the following as their primary activities:

- Affordable housing
- Community services targeted to low- and moderate-income individuals
- Activities that promote economic development
- Activities that revitalize or stabilize LMI geographies[15]

The amount of CRA lending has increased steadily over the years and has reached $468 billion as of 2020.[16] A large part of the growth can be attributed to affordable multifamily property lending.[17] CRA lending is potentially a source of catalytic capital to support PAW projects with community impact objectives

IMPLEMENTATION CONSIDERATIONS

Onsite and Offsite Impact

Part of the consideration when designing the PAW initiative is to decide whether the social, environmental, and community impact involved should be generated onsite or offsite. In an onsite impact scenario, the associated impact is directly tied to the development of the real estate asset, whereas in an offsite scenario, the revenue generated by the asset is channeled to an initiative that is not directly linked to the development of the asset.

The impact area of focus is different depending on the local jurisdiction's preference and needs. There are advantages to both options depending on the assets involved and the local social and/or environmental impact priorities. Below is a list of advantages for each option, keeping in mind that this is not an exhaustive list as local circumstances may vary.

Onsite Impact

Achieving impact on site creates the opportunity to combine the social, environmental, and community impact with the development and economic outcome of the project within a specific geographic area. The possibility of integrating the impact and economic outcome together creates synergies within the PAW initiative.

For instance, if the desired social impact is additional affordable or workforce housing, the PAW initiative may focus on developing these types of housing development from the real estate assets transferred into the PAW initiative. In this case, the development would increase the supply of affordable or workforce housing thereby also achieving the desired impact. The project might also create a future revenue stream for the jurisdiction, which could further support the effort to expand access to affordable or workforce housing units at other locations.

15 https://www.fdic.gov/regulations/resources/director/presentations/cra.pdf
16 https://www.ffiec.gov/craadweb/national.aspx
17 https://www.urban.org/urban-wire/under-current-cra-rules-banks-earn-most-their-cra-credit-through-community-development-and-single-family-mortgage-lending



In addition to operational efficiency, achieving the impact onsite allows the positive outcome more obvious to the public as they are directly connected to the project. This leads to the potential of creating favorable public goodwill associated with the PAW initiative.

Offsite Impact

An example of offsite impact might be developing a mixed use shopping/office development near a transit hub and allocating the revenue received from the development over time to the jurisdictions other impact priorities such as developing affordable housing in a different location, or allocating revenue to climate mitigation or workforce development needs.

A major benefit of having the impact offsite is the flexibility of managing the revenue potential of the asset and the desired social or environmental impact separately. In this way, revenue might be commercially maximized and the revenue generated from the assets can be channeled to different social, environmental, and community projects depending on local needs, which may change over time. It also creates a clearer line of separation between the asset and the impact initiative, which may allow for greater flexibility in meeting needs across geography and time. Another benefit of offsite impact is the creation of revenue to fund non-revenue, or low financial return, social impact investments with high social value. One example might be to pursue a project that developed an asset with high commercial value and revenue potential, the revenue from which could fund low interest loans to childcare providers in areas with childcare deserts. This would increase both affordability and access to high quality childcare by using the revenue from the PAW initiative to subsidize borrowing costs for childcare providers. Similarly, revenue from a PAW initiative commercial development could be used to fund wrap-around services to improve a community's social determinants of health either within the same geography of the PAW development or in another high need area.

Certainly, a PAW initiative can develop a portfolio of real estate assets that has both onsite and offsite impact. Acknowledging the value and benefits of each, depending on specific commercial and social circumstances, will allow a jurisdiction to maximize both economic value and social and environmental impact.

Asset Classifications

Before designating real estate assets in a Putting Assets to Work framework, it is helpful to recognize various classifications of publicly-held real estate assets. We've termed these classifications Legacy Assets, Policy Assets, Yield Assets, and Hybrid Assets. These asset classification options are discussed below.

It is also worth noting that once decision-makers determine their legacy, policy, yield or hybrid priorities for publicly-owned real estate assets, there are also various property ownership options the government entity can consider to achieve its priorities, such as shared equity, land lease, and land sale. We discuss several considerations of these ownership models below.

Evaluating properties through this lens recognizes that preserving open spaces and historical structures or creating civic spaces is also a way of putting assets to work. Not all "work" is about generating revenue. Nevertheless, jurisdictions that have done asset mapping find that asset yield opportunities abound on vacant land and through hybrid uses of legacy and policy assets.

Legacy Assets

Public asset decision-makers could deem certain public assets as legacy assets, or assets the jurisdiction intends to preserve in a legacy state or for a legacy purpose. Legacy assets could include real estate assets such as watershed lands, or other parcels held subject to a conservation easement, historic structures the jurisdiction intends to hold and preserve in its current state, or any other asset for which the present and future use removes the asset from a Putting Assets to Work consideration.

Policy Assets

Public assets may also be deemed as policy assets, or assets the jurisdiction intends to utilize to accomplish a policy objective. Policy assets could include real estate assets such as public safety or library assets. These assets are used to advance important public policy objectives and are not desired for Putting Assets to Work considerations.

Yield Assets

Certain other assets have no overriding legacy or policy objectives and may be considered purely for their value as public asset yield opportunities. The jurisdiction may utilize various mechanisms or approaches to generate a public asset yield from these yield assets as discussed below under Putting Assets to Work Implementation Models.

Hybrid Assets

Certain assets may accomplish multiple objectives. For example, some assets the jurisdiction intends to hold and preserve in a historic state may also have value as policy or yield assets. One example of a hybrid asset is constructing a new library with several stories of mixed-income housing above the library, thereby serving policy objectives, such as providing a library and community gathering space and access to affordable housing in the community. Such an asset could simultaneously serve yield objectives through the inclusion of on-site retail and market-rate housing. Revenues could be used to support related legacy and policy objectives. This hypothetical example would serve as a policy and yield hybrid asset.

ATLANTA RECOMMENDATIONS

The affordability challenges facing Atlanta and other big cities are larger than any one person or entity. New approaches and new partners are needed to move the needle on the housing affordability challenges facing city residents.

Atlanta (the City) is leading the way, showing other local governments around the country the power that can be tapped from putting public assets to work. The City has identified numerous underutilized assets that can support the efforts of the mayor's Affordable Housing Strike Force and unlock new tools and opportunities that can make a difference. The next step is to put these assets to work incrementally and steadily while continuing to build support across government entities, with staff and elected officials and from the community. Demonstrating early success and tangible outcomes from putting some assets to work will help to build support for streamlining policies and additional initiatives to scale this work and further leverage public land to deliver realized solutions at scale. Success with these efforts can deliver meaningful and measurable results in improving equity and affordable housing for the people of Atlanta.



Defining the Objective

The City of Atlanta, like many cities, faces a shortage of affordable housing. The mayor's goal is to create or preserve 20,000 affordable housing units between 2022 and 2030. Achieving this goal will require both better land use strategies and more resources. Moreover, it will require an entirely new structure within local government: a structure that can generate new resources and coordinate publicly-owned land and assets that could have a significant role in achieving the City's affordable housing goal.

Implementation Next Steps

As a first step, Atlanta should proceed with piloting a finite asset or set of assets and select a private sector partner through an RFP process to lead the project development with negotiated terms and designated onsite or offsite impact as determined by staff and elected officials.

As the initiative secures early success, the City can look to formalize and streamline the process of putting public assets to work through a series of actions.

1. Establish a Government PAW Lead. Under the leadership of the mayor, with policy direction and guardrails established by the city council, establish a formal government structure with independent staffing and operating budget and a delegation of authority and mandate to develop proposals, form partnerships and engage in projects to implement the PAW initiative.

2. Engage Private PAW Partners. Form partnerships with Private PAW Partners by issuing RFPs relating to key assets and long-term partnerships created through an RFQ process to attract private sector talent and private capital to focus long-term attention on the city's broader public asset portfolio. In the long run, however, establishing a long-term relationship with selected partners through an RFQ process would create better synergies and flexibility, and provide better alignment between the parties involved.

Government PAW Lead Recommendation

Determining the approach for the Government PAW Lead appropriate to Atlanta's unique circumstances and appetite requires considering a variety of structures, both internal and external to government. Because the City is hoping to entice collaboration with Atlanta Public Schools and the Metropolitan Atlanta Rapid Transit Authority (MARTA) and their public assets, we recommend an entity external to city government that is created with high standards of public accountability and transparency.



The city has a history and familiarity with development corporations that performed a similar asset management function during the 1996 Summer Olympic Games. The Government PAW Lead role could be performed by one or more community development corporations (CDC). As the history of the Corporation for Olympic Development in Atlanta (CODA) demonstrated, benefits included the ability for the entity to raise capital through the public issuance of bonds. It also incorporated leaders from the public and private sectors as well as community members on the board of directors to ensure representation from involved stakeholders.

The City's positive experience with a CDC provides a familiarity and comfort level to build on. A CDC would have an appropriate degree of autonomy and form long-term relationships with important private partners and attract the private capital necessary to put assets to work and unlock the onsite and offsite impacts sought by city leaders.

Private Sector Partner Recommendation

Selecting and working with one or more Private Sector Partners is an important component of implementing a PAW initiative. These partners provide financial and technical resources and can significantly affect the outcome of a project and the City's ability to scale the initiative across the broader public asset portfolio. Their contributions are distinctly different from the focus of the Government PAW Lead.

Whereas the Government PAW Lead will interact primarily with public entities and focus on shepherding identified assets through the public engagement and approval process, the Private Sector Partner will lead on traditionally private sector functions like negotiating with private investors and lenders, managing the development process and overseeing the ongoing operations of facilities. The Private Sector Partner identifies potential projects from the portfolio of public assets, creates financial models for public asset opportunities, negotiates with the Government PAW Lead to secure the right to lead the development of a public asset opportunity, and then moves the project forward by securing private capital and overseeing the construction, operation and management of assets.

Initially, we recommend the City identify a key asset or finite set of assets and issue an RFP to attract private partners who can put the assets to work. Showing community and market interest and the potential to deliver additional affordable housing units through onsite or offsite approaches will gain additional support and build momentum for continuing implementation of a broader PAW initiative.

As the initiative moves forward, we believe the City can achieve greater return and a better ability to scale the initiative by establishing a long-term relationship with selected partners through an RFQ process that qualifies selected partners to explore opportunities over a broader public asset portfolio. Such an approach could reduce bottlenecks and tap into private sector creativity and expertise by allowing qualified partners to evaluate opportunities independently and make unsolicited proposals. The Government PAW Lead would then evaluate the proposals, consult with the City and other public entities and negotiate a partnership relating to such proposals.

We believe that such an approach can better assign traditional public sector responsibilities to public entities and traditional private sector responsibilities to private entities and create a more collaborative relationship between public and private parties rather than the traditional zero-sum competitive approach that exists in an RFP approach.

Specifically, the Government PAW Lead and government staff can focus on evaluating broadly whether various public assets meet the jurisdiction's criteria for inclusion in a PAW portfolio and seeking approval from legislative and executive officials to transfer assets to the PAW portfolio along with their desired policy direction for the asset. Private partner staff can focus on evaluating desirable market conditions, project construction and management considerations, minimizing overhead costs related to construction and operation of the asset and maximizing returns to all stakeholders, including returns on investments from the public asset portfolio.

Recommendations to Attract Private Capital

A key goal of a PAW initiative is to leverage and multiply the impact of public assets by attracting private capital to support the City's affordable housing goals.

Catalytic Capital Fund

The City can also consider creating a catalytic capital fund to leverage public resources and attract private investments to scale the PAW initiative for affordable housing needs. This catalytic capital fund could be initially capitalized from public financial resources and public real estate, and sustained from a percentage of revenue generated by investment activities of the catalytic capital fund from a percentage of revenue generated from PAW activities.

Catalytic capital is defined as investment capital that is patient, flexible, risk-tolerant and sometimes concessionary. Typically, it is used to attract additional conventional financing to multiply the amount of total capital that can be deployed. Catalytic capital usually accepts a disproportionate amount of risk, thereby protecting conventional capital that is less risk tolerant, from a proportion of losses from a project or investment. In this way, catalytic capital "de-risks" conventional private capital, and in doing so, can attract more private capital into a project or transaction that they might not otherwise consider.

A catalytic capital fund can attract investments of private capital that multiply any investment from the catalytic capital fund from private sector sources. CRA investments, social impact investment and traditional investment capital can support PAW projects that might not otherwise be possible. There are several examples, especially at the federal level, where public catalytic capital is employed to attract private investments. The most familiar are: The Small Business Administration (SBA) and Small Business Investment Companies, The CDFI Fund, and The Development Finance Corporation.

Within the PAW initiative, the City may provide publicly-held land and a commitment of public dollars to attract private investment in the development of a real estate asset. These contributions can be structured in a number of ways, including those described above with varying degrees of risk and return.

The contribution of public capital that is patient, tolerates a higher degree of risk and is flexible will attract private capital, potentially in an amount that is a multiple of the public capital amount. The private capital can be used to further scale and multiply the impact of the PAW initiative.

Revenue generated by the catalytic capital fund from investment activities can replenish the catalytic capital fund, creating a virtuous cycle of investment and impact.

Social Impact Capital Fund Partner

Private Partners selected through an RFQ approach should not be limited to real estate development partners. As the City experienced with its recent issuance of the "Moving Atlanta Forward" social bonds and the oversubscription from potential investors, there is a strong private sector appetite for ESG investment opportunities.

The City should seek long-term partnerships through an RFQ approach with one or more social impact real estate investment funds. Such a fund would be a private entity with private capital assets under management that is seeking opportunities to invest in real estate development with double bottom line ESG opportunities. Such an entity could explore diverse types of PAW opportunities including residential multi-family, commercial office, retail and adaptive reuse of existing facilities, forming partnership with private developers respectively with expertise in various types of projects.

A social impact capital fund partner could leverage public asset opportunities and allow public catalytic capital support to (1) interface with a variety of private capital opportunities including CRA investments, private foundations and philanthropies and for-profit investors (2) streamline the process of attracting private capital (3) build a development team with a diverse skill set and qualifications and (4) execute the City's diverse portfolio of PAW opportunities.

This type of private sector partner would provide financial and technical resources and can significantly affect the outcome of a project and the City's ability to scale the initiative across the broader public asset portfolio.

APPENDIX A

The contents in Appendix A were prepared for the City of Atlanta by Urban 3.

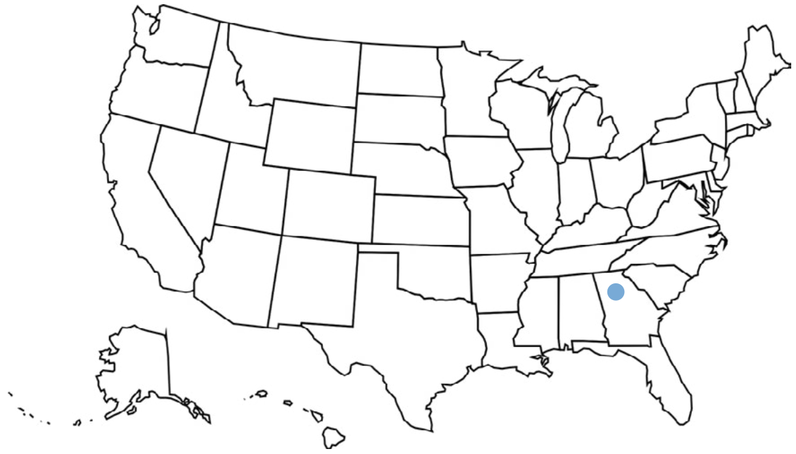
City of Atlanta Public Asset Map & Indicative Valuation

Urban3 & Common Ground Institute

URBAN3



Value per acre map of Auckland, New Zealand



Public Asset Valuation

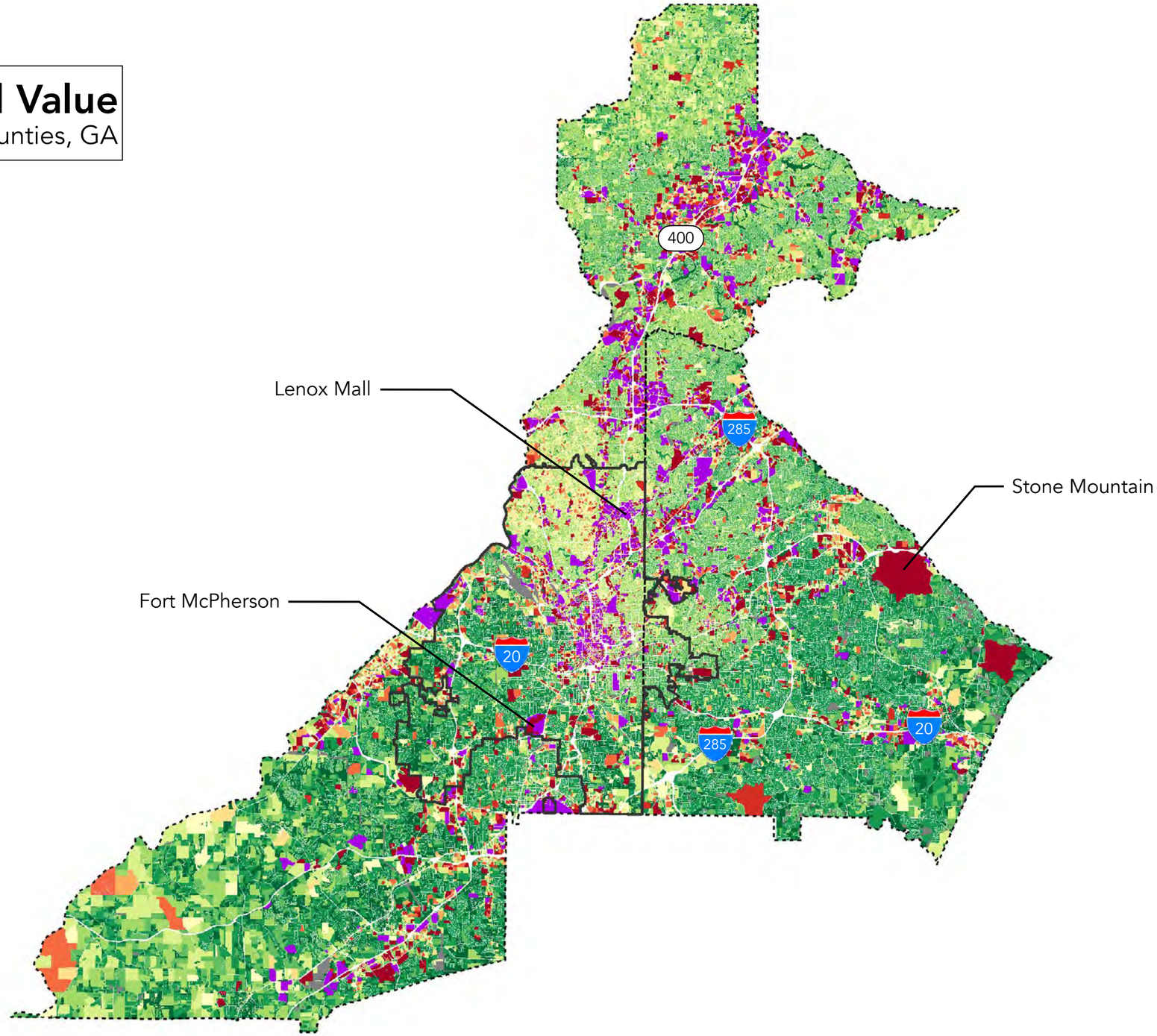
Atlanta, Georgia

URBAN3

URBAN3

Total Appraised Value

Fulton & DeKalb Counties, GA



Total Appraised Value ($)

- 0
- < 100,000
- 100,001 - 200,000
- 250,001 - 500,000
- 500,001 - 1,000,000
- 1,000,001 - 2,000,000
- 2,000,001 - 3,000,000
- 3,000,001 - 4,000,000
- 4,000,001 - 5,000,000
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- 7,500,001 - 10,000,000
- 10,000,001 - 25,000,000
- >25,000,000

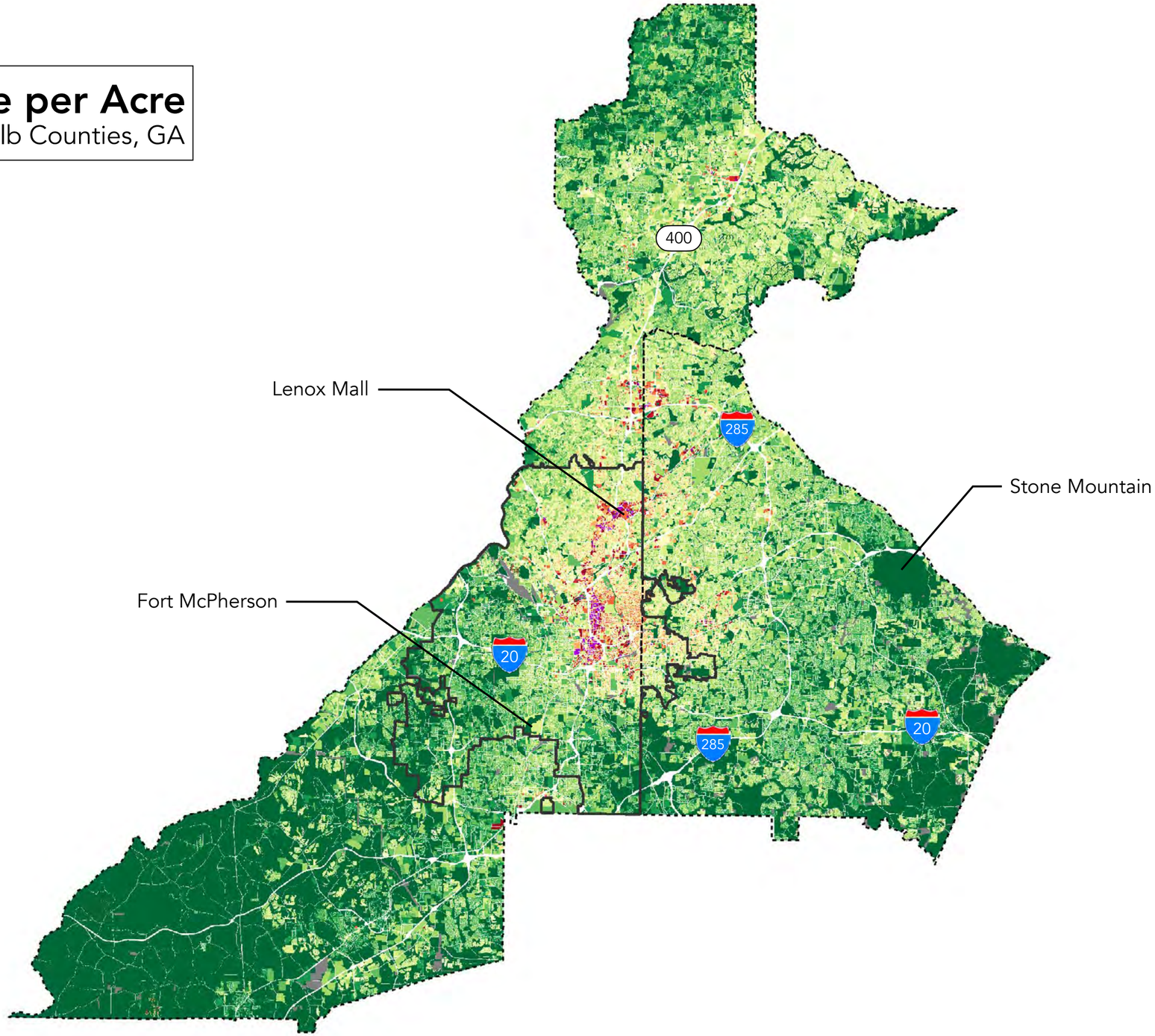
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Source: Fulton & DeKalb County Assessor

URBAN3

Appraised Value per Acre

Fulton & DeKalb Counties, GA



Appraised Value Per Acre ($)

- 0
- < 100,000
- 100,001 - 200,000
- 250,001 - 500,000
- 500,001 - 1,000,000
- 1,000,001 - 2,000,000
- 2,000,001 - 3,000,000
- 3,000,001 - 4,000,000
- 4,000,001 - 5,000,000
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- 10,000,001 - 25,000,000
- >25,000,000

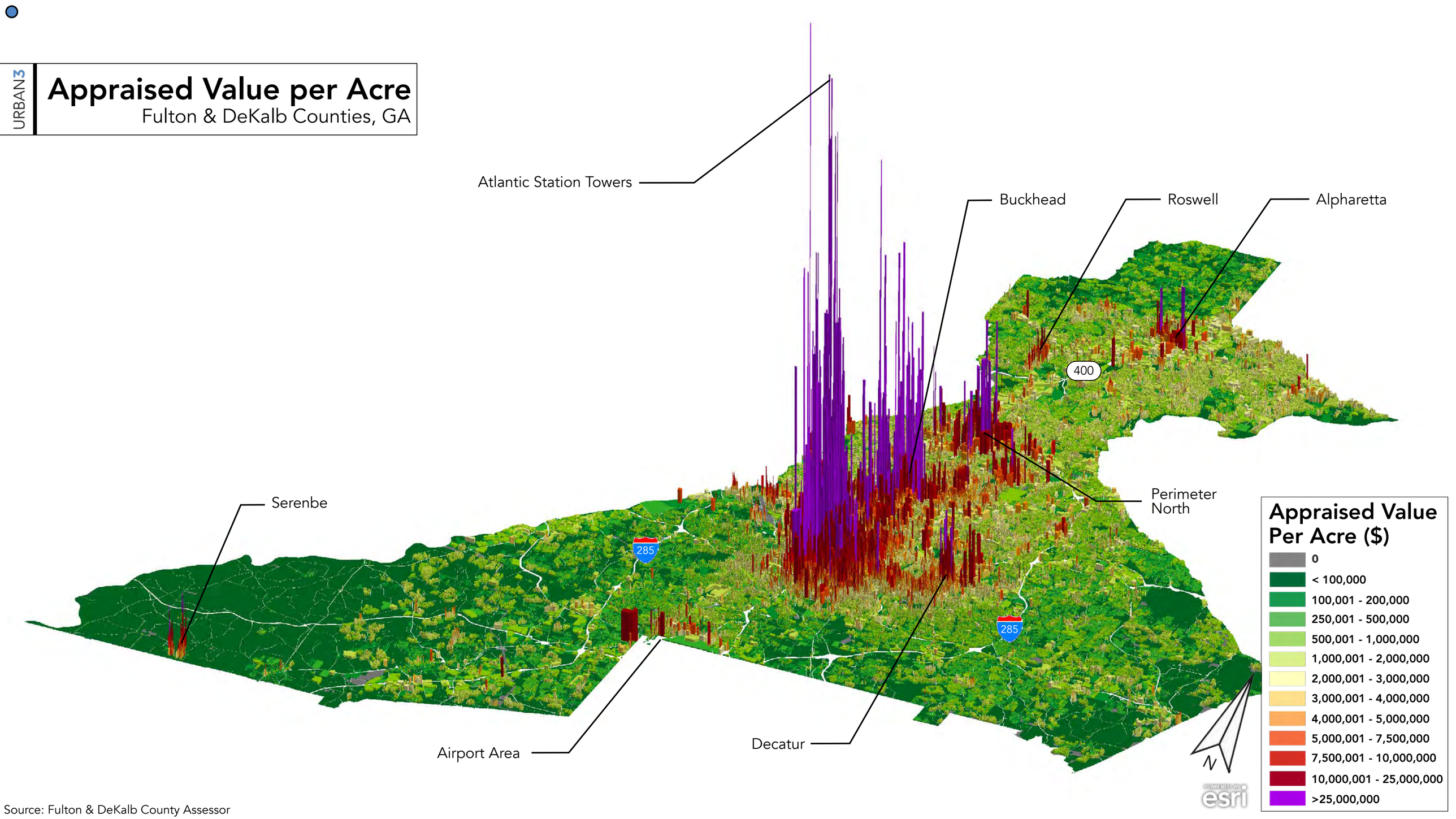
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Source: Fulton & DeKalb County Assessor

URBAN3

Appraised Value per Acre

Fulton & DeKalb Counties, GA

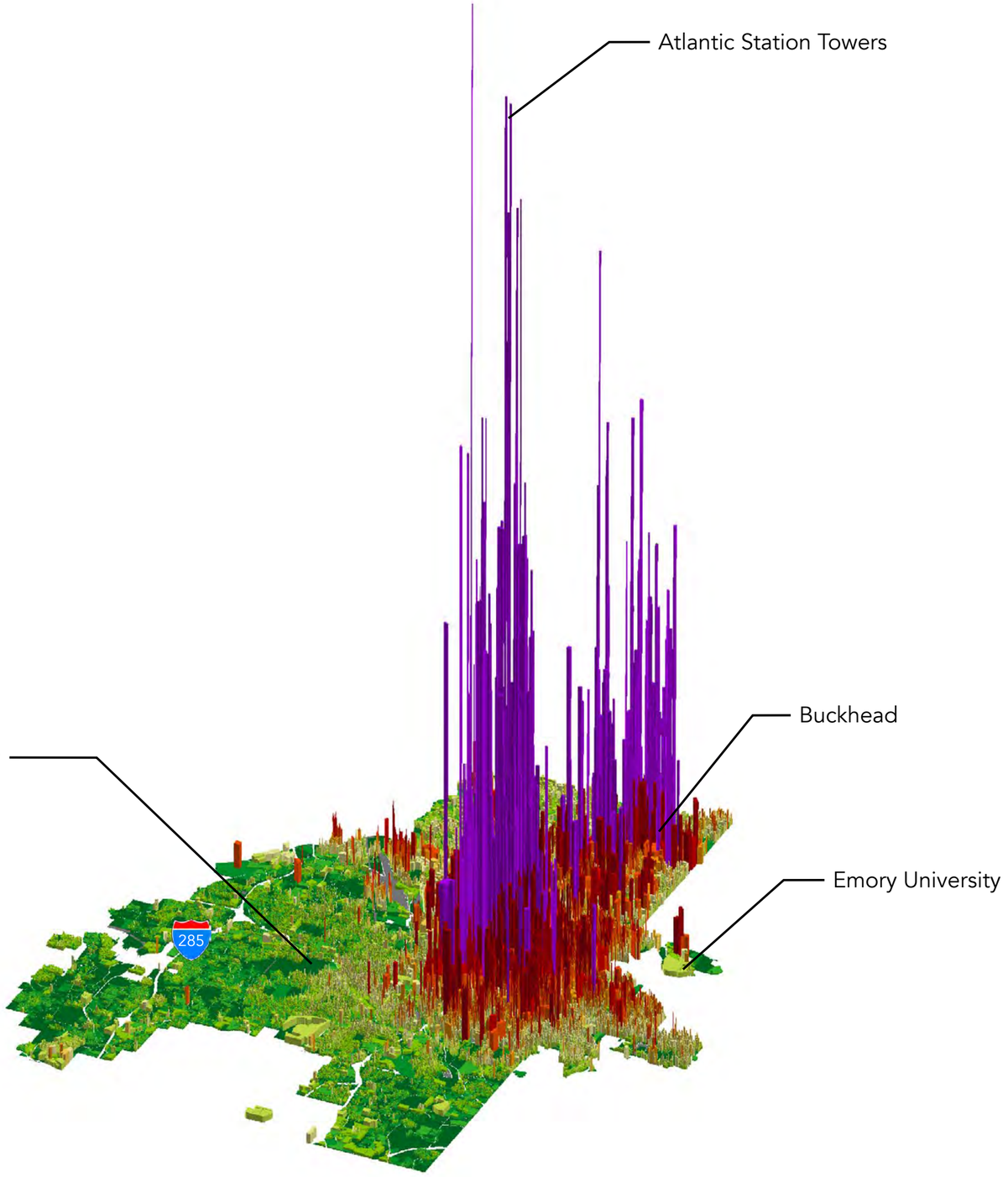


Source: Fulton & DeKalb County Assessor

URBAN3

Appraised Value per Acre

Atlanta, GA



Appraised Value Per Acre ($)

- 0
- < 100,000
- 100,001 - 200,000
- 250,001 - 500,000
- 500,001 - 1,000,000
- 1,000,001 - 2,000,000
- 2,000,001 - 3,000,000
- 3,000,001 - 4,000,000
- 4,000,001 - 5,000,000
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- >25,000,000

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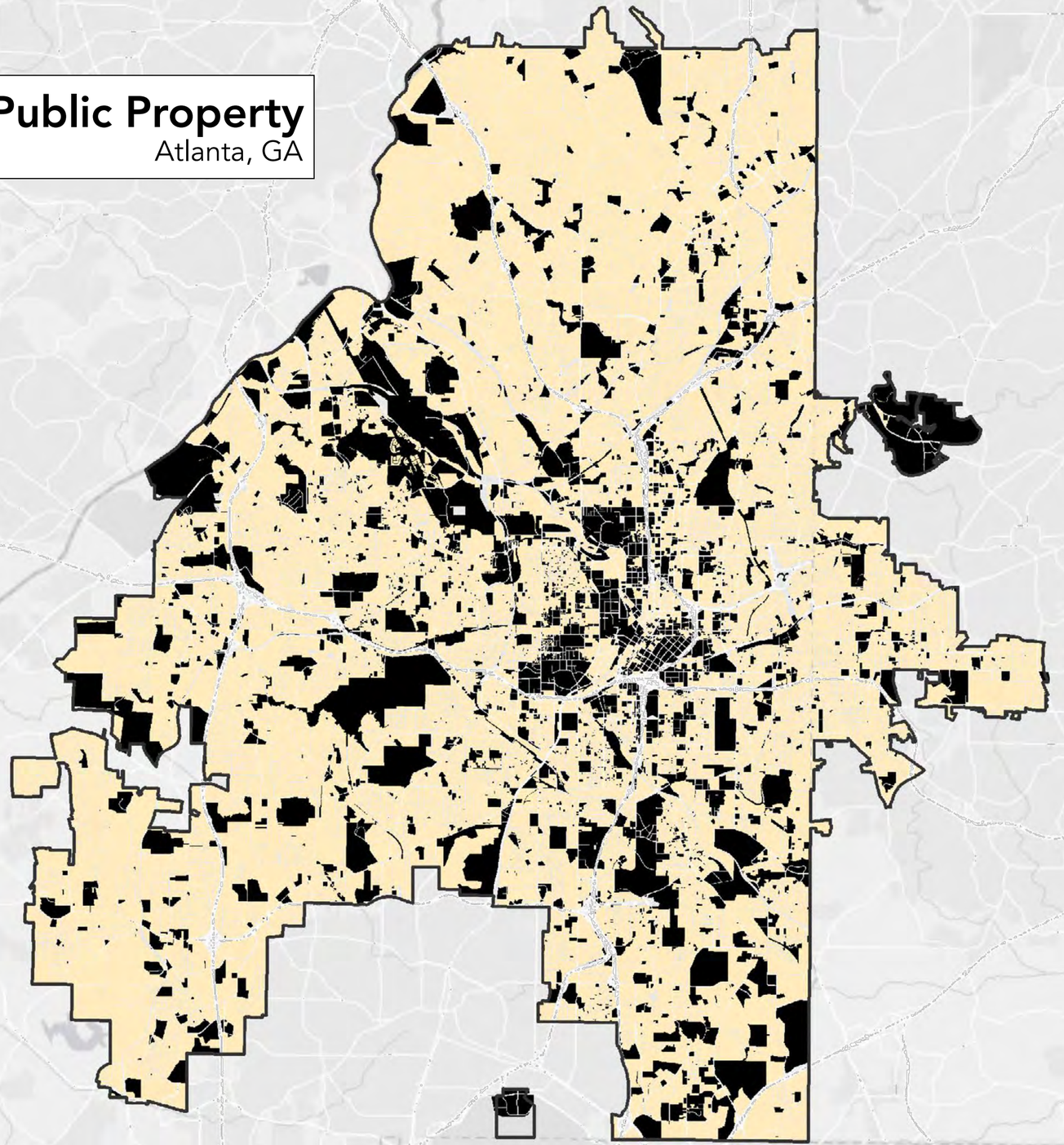
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Source: Fulton & DeKalb County Assessor

URBAN3

Identifying Public Property

Atlanta, GA



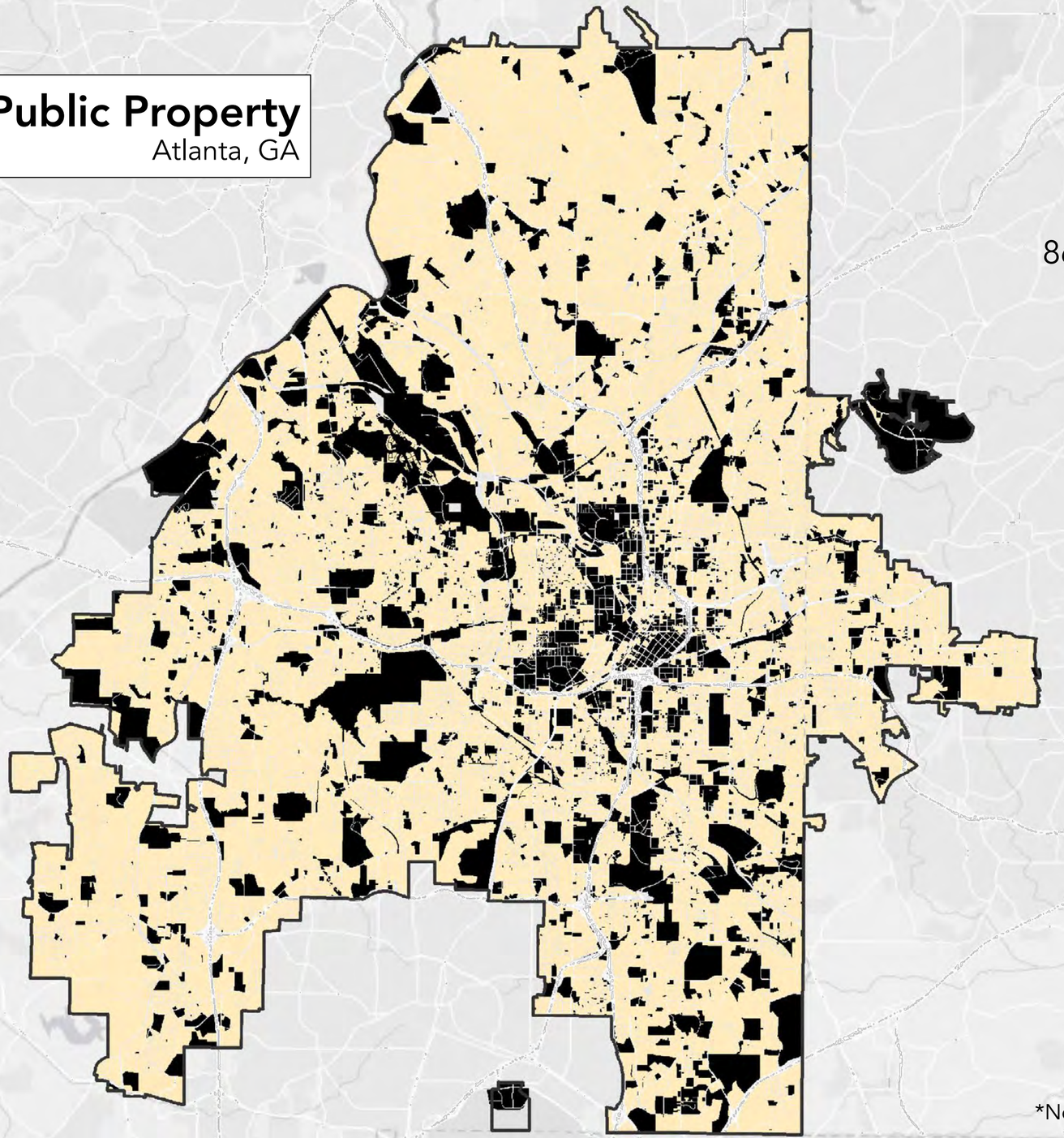
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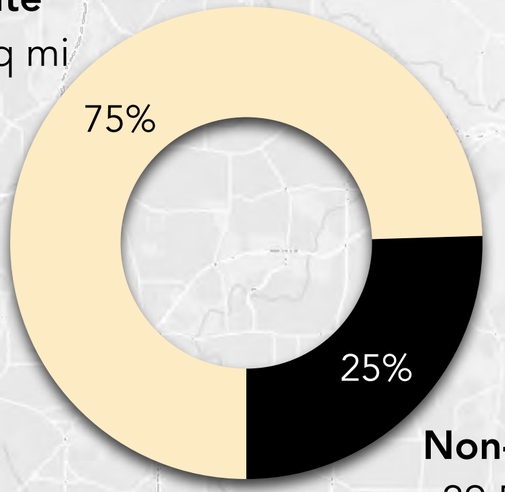
URBAN3

Identifying Public Property

Atlanta, GA



Private
86.3 sq mi



Non-Private
29.5 sq mi

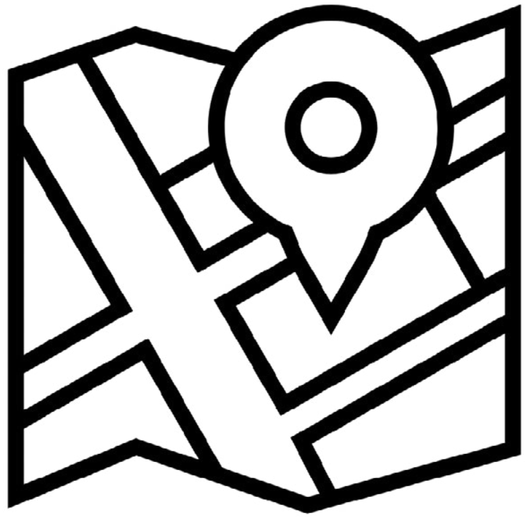
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*Non-Private includes City Property, Other Government Property, Utilities, Transportation, Some NGOs, and Religious Entities

Source: Fulton & DeKalb County Assessor

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URBAN3



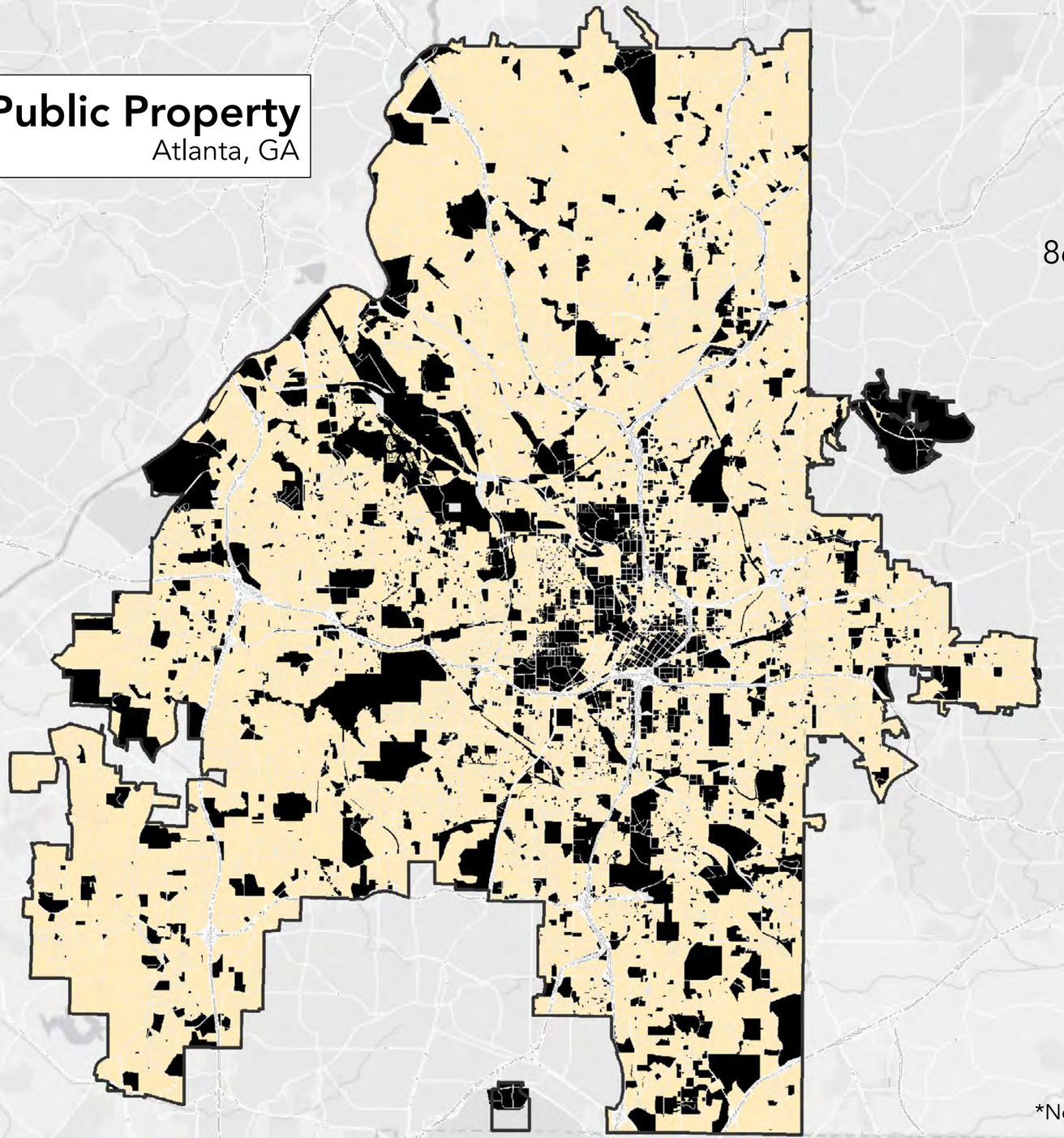
Mapping Your Assets

Identifying Public Property

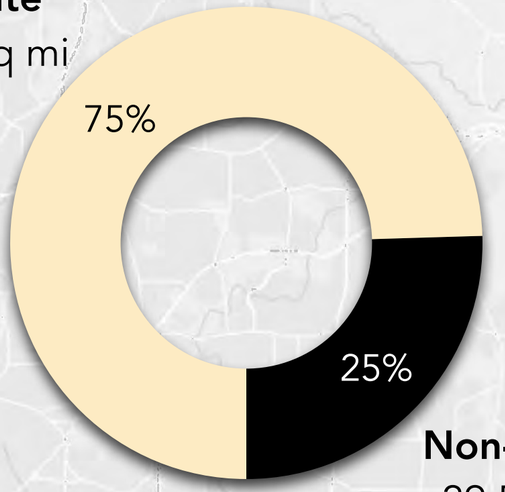
URBAN3

Identifying Public Property

Atlanta, GA



Private
86.3 sq mi



Non-Private
29.5 sq mi

N

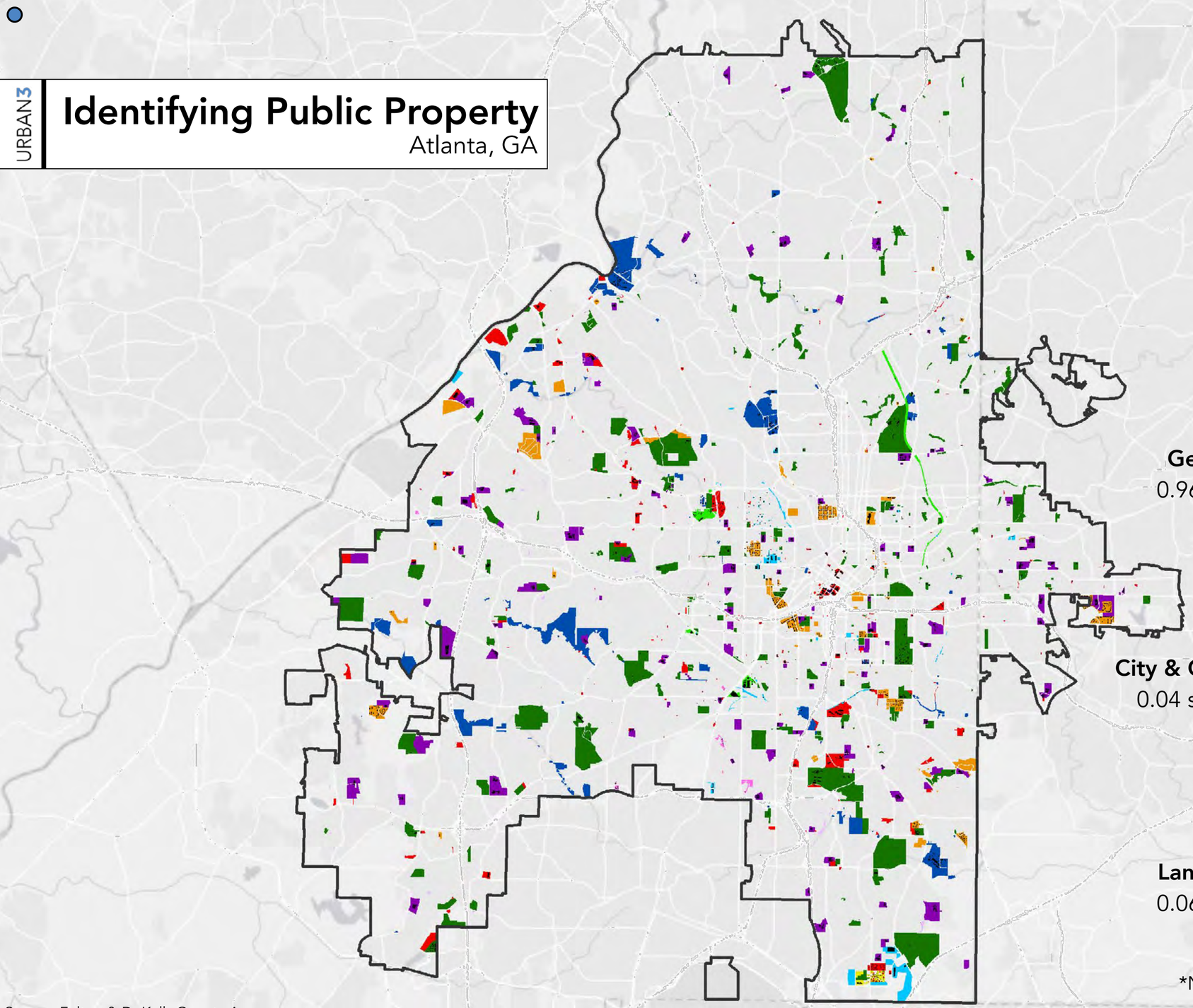
*Non-Private includes City Property, Other Government Property, Utilities, Transportation, Some NGOs, and Religious Entities

Source: Fulton & DeKalb County Assessor

POWERED BY esri

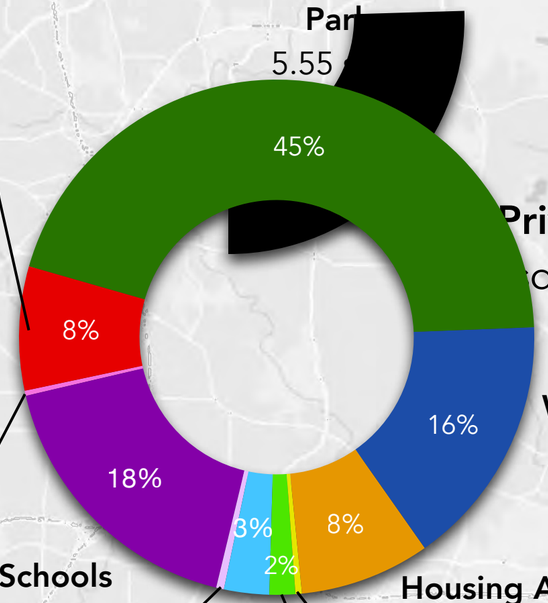
Identifying Public Property

Atlanta, GA



Potentially Developable City-Owned Property:

11.7 sq mi



General
0.96 sq mi

City & County
0.04 sq mi

Public Schools
2.17 sq mi

Landbank
0.06 sq mi

Invest Atlanta
0.35 sq mi

Housing Authority
1.01 sq mi

Aviation
0.05 sq mi

Beltline
0.20 sq mi

*Non-Private includes City Property, Other Government Property, Utilities, Transportation, Some NGOs, and Religious Entities

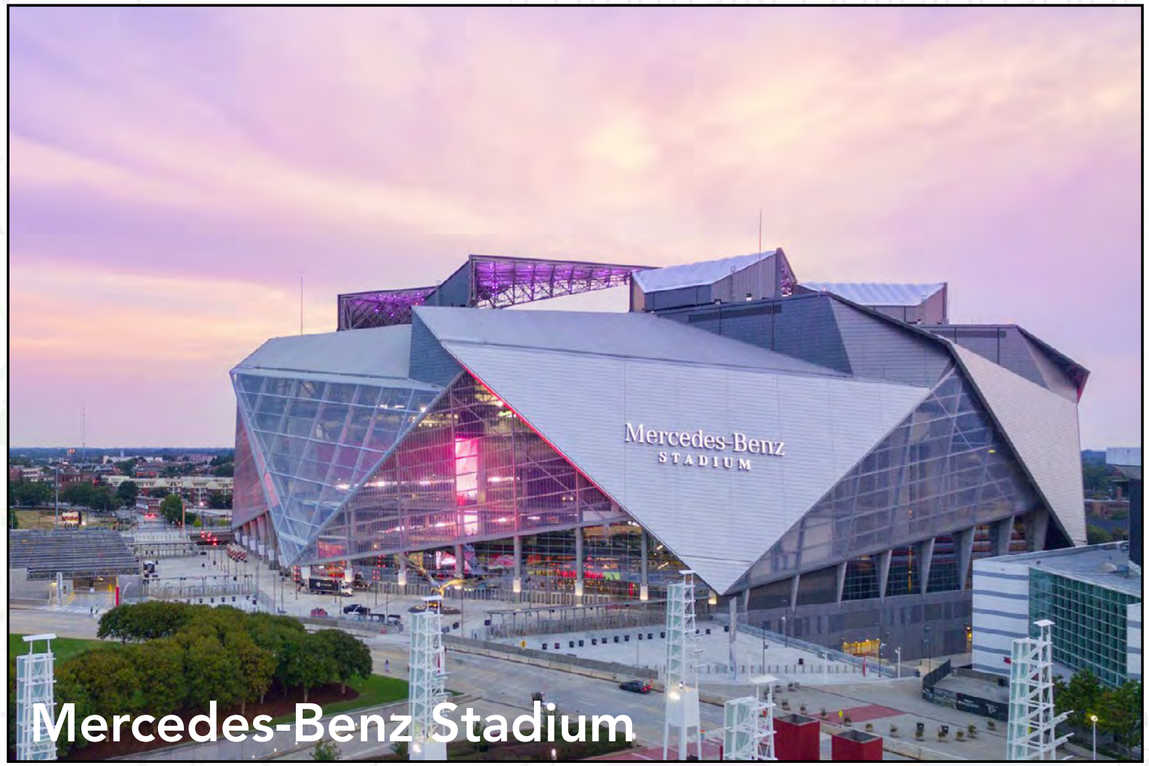
Source: Fulton & DeKalb County Assessor

N

POWERED BY esri

Identifying Public Property
Atlanta, GA

11.7 sq mi ≈



Mercedes-Benz Stadium

516X

Source: Fulton & DeKalb County Assessor

URBAN3

Identifying Public Property

Atlanta, GA

Potentially Developable

11.7 sq mi ≈



40.5X

Housing Authority
1.01 sq mi

Aviation
0.05 sq mi

Beltline
0.20 sq mi

Invest Atlanta
0.35 sq mi

Landbank
0.06 sq mi

2.17 sq mi

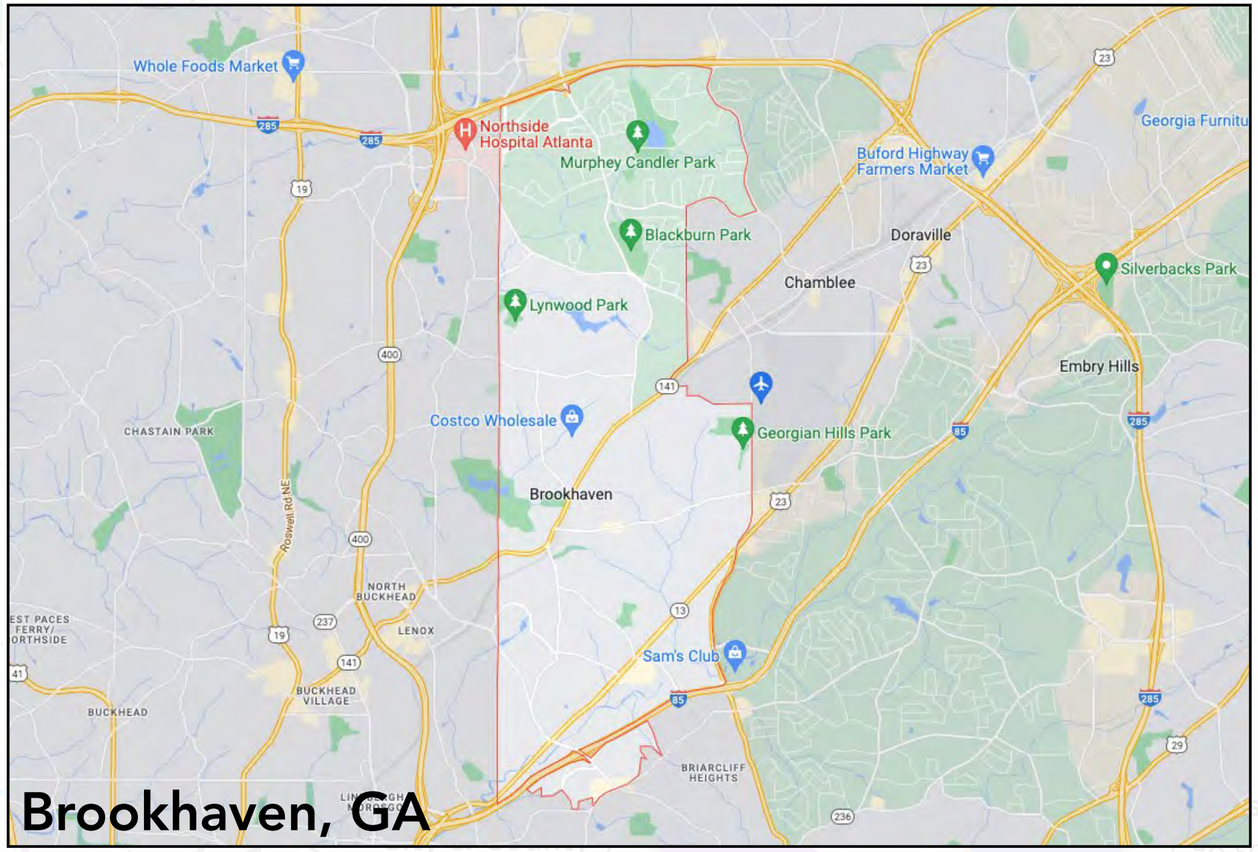
Source: Fulton & DeKalb County Assessor

URBAN3

Identifying Public Property

Atlanta, GA

11.7 sq mi ≈

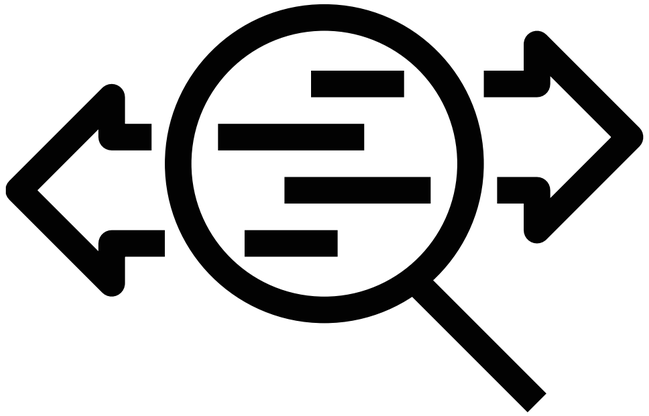


Brookhaven, GA

1X

Source: Fulton & DeKalb County Assessor

URBAN3



Public Asset Yield

How Assets Change Over Time

URBAN3

Legacy Assets

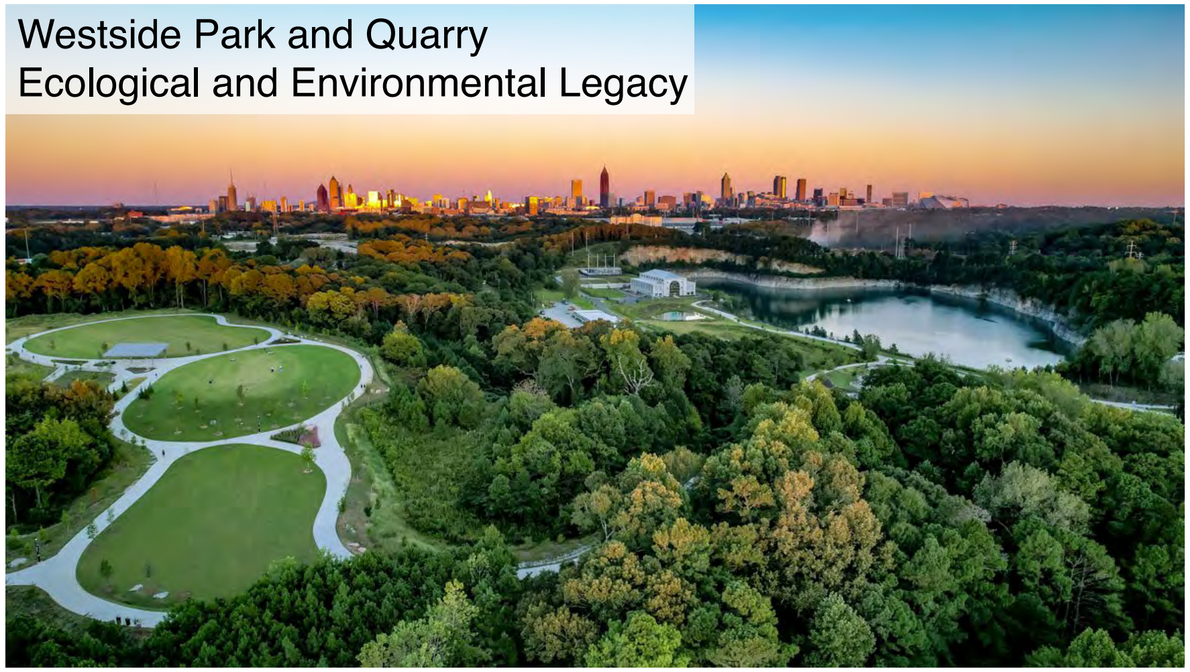
Things we want to preserve

Legacy assets include real estate assets such as watershed lands or other parcels held subject to a conservation easement, historic facilities the City intends to hold and preserve in its current state, or any other asset for which the present and future use removes the asset from a Public Asset Yield consideration.

Piedmont Park
Cultural and Environmental Legacy



Westside Park and Quarry
Ecological and Environmental Legacy



Oakland Cemetery
Historical and Cultural Legacy



Policy Assets

Things we want to provide service now

Policy assets include real estate assets such as the City's Public Safety Building and fire stations. These assets are used to advance important public policy objectives and are not prime for Public Asset Yield considerations.



10th & Juniper Apartments
Housing Policy Goals



Public Safety Headquarters
Public Safety Goals



Fire Station 16
Public Safety and Civic Goals

URBAN3

Yield Assets

Sources of funding for other goals

Certain assets Atlanta holds have no overriding legacy or policy objectives and may be considered purely for their value as Public Asset Yield opportunities.

Could add $13M

Lofts at Centennial Yards South
$17.6M/acre

Trinity Ave SW

0.75 acre City-Owned lot

Ted Turner Dr SW

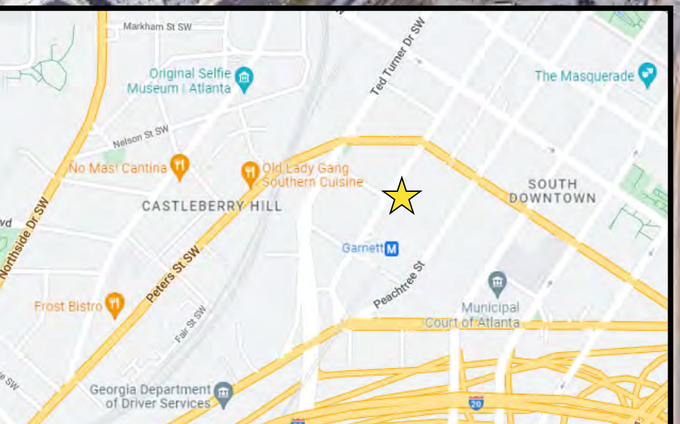
Garnett St SW

Forsyth St SW

300 ft

5 Minute Walkshed

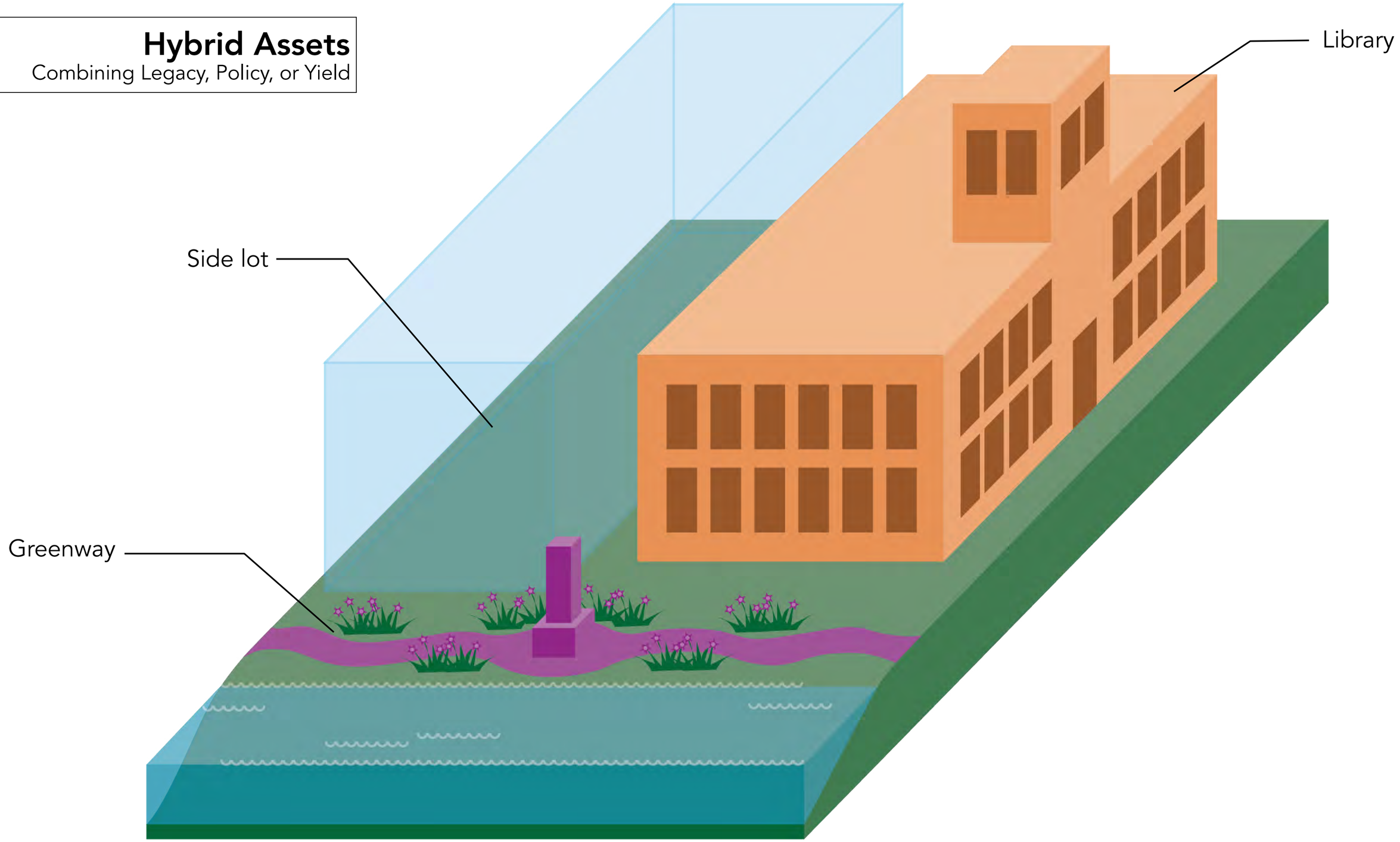
marta Garnett Station



URBAN3

Hybrid Assets

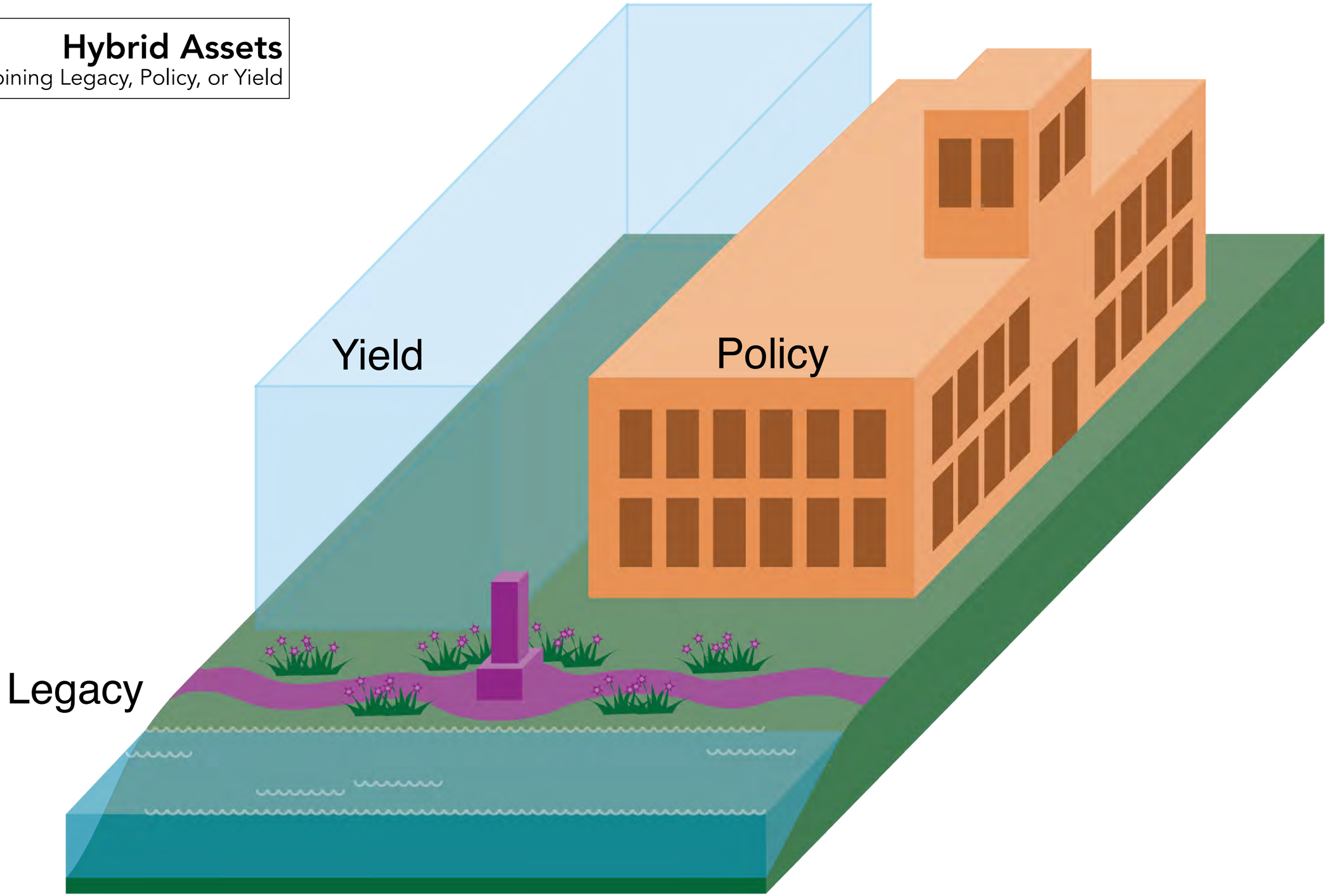
Combining Legacy, Policy, or Yield



URBAN3

Hybrid Assets

Combining Legacy, Policy, or Yield



URBAN3

Hybrid Assets

Combining Legacy, Policy, or Yield



Atlanta Public Schools Central Offices + Subway

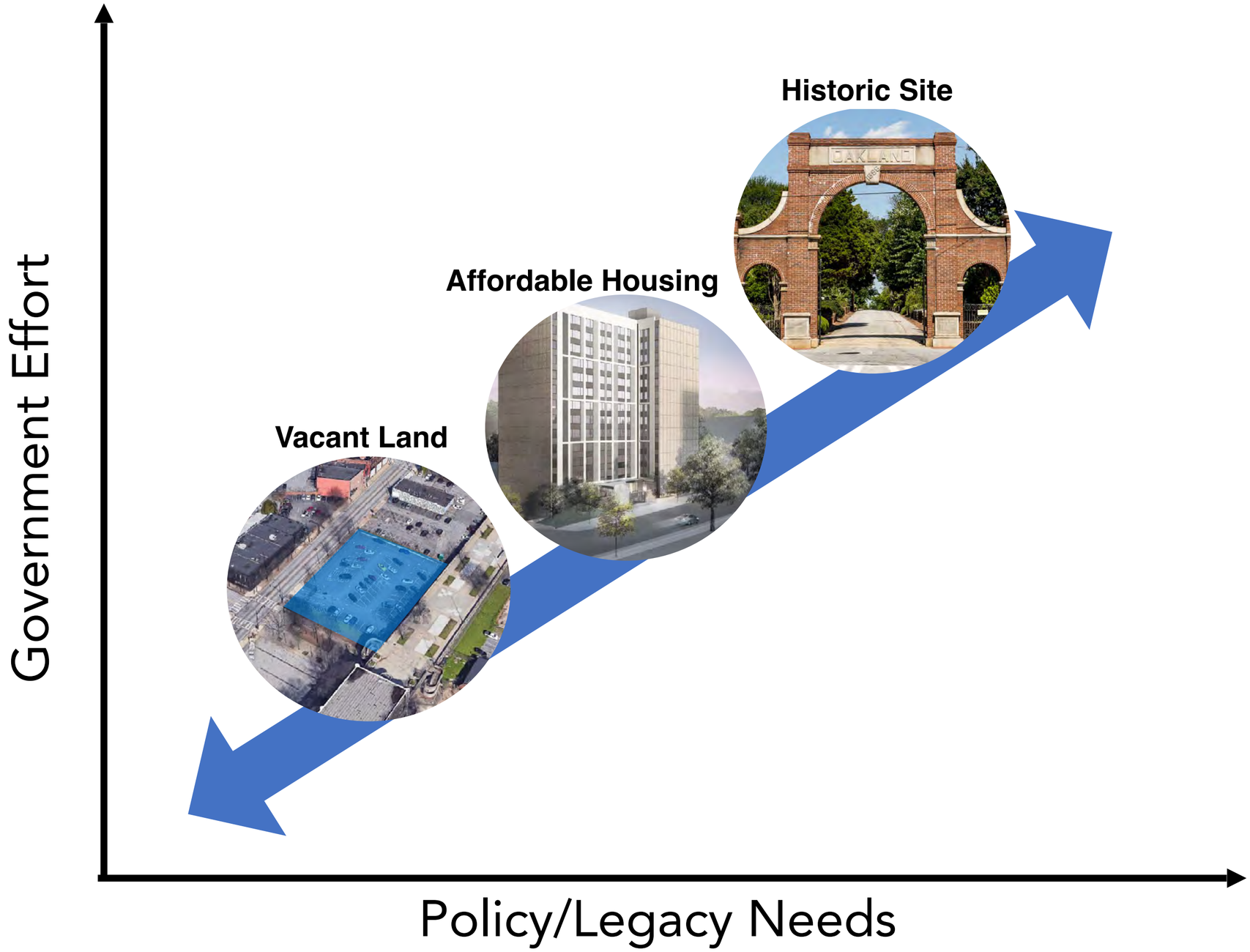
130 Trinity Ave SW

URBAN3

Asset Classification

Effort and Intent

Generally, the greater policy or legacy function of a particular site, the greater the effort required by the city.



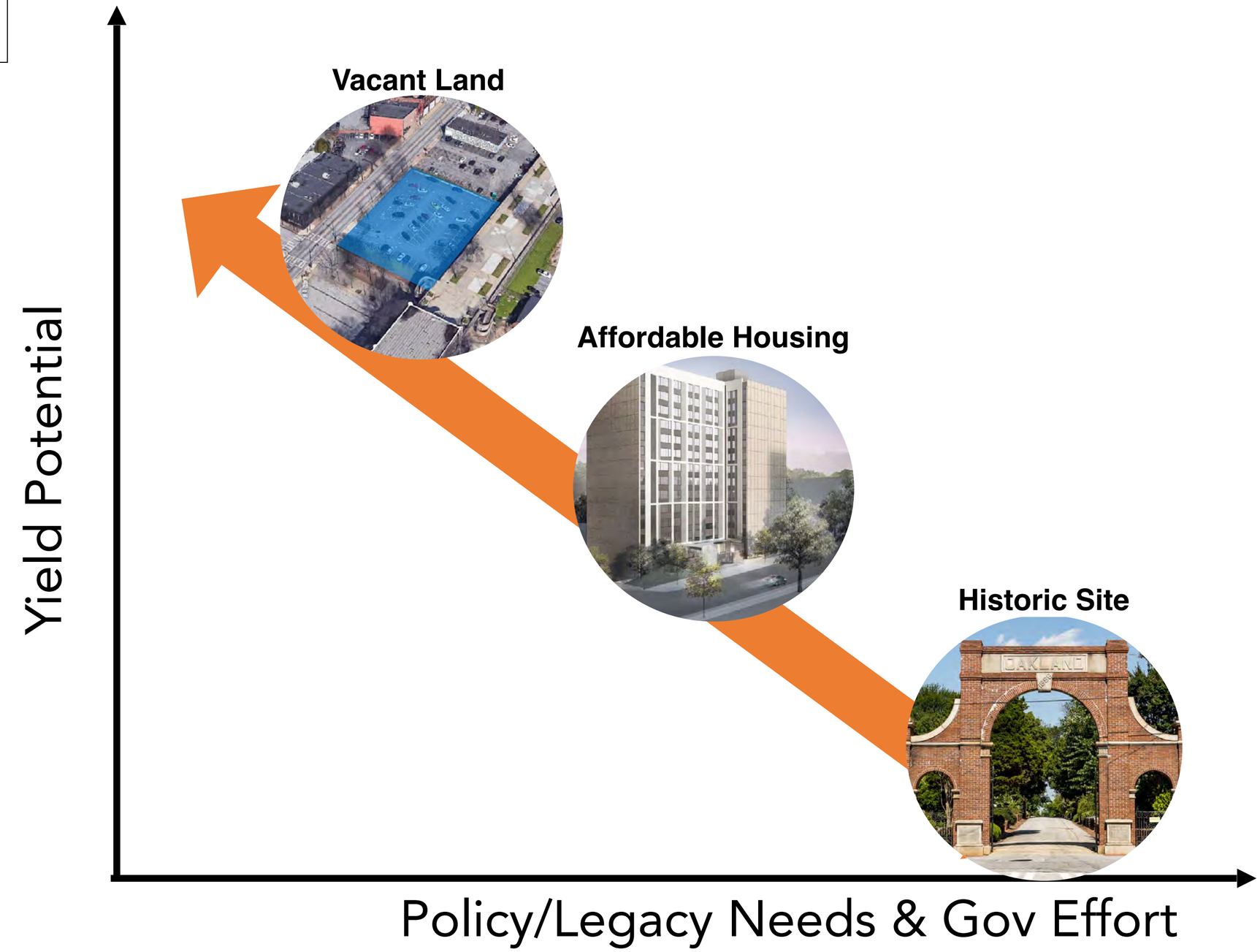
URBAN3

Asset Classification

Effort and Intent and Yield

Generally, the greater policy or legacy function of a particular site, the greater the effort required by the city.

Where sites are low on policy and legacy purpose, the potential to reduce effort and shift to Public Asset Yield alternatives exists.



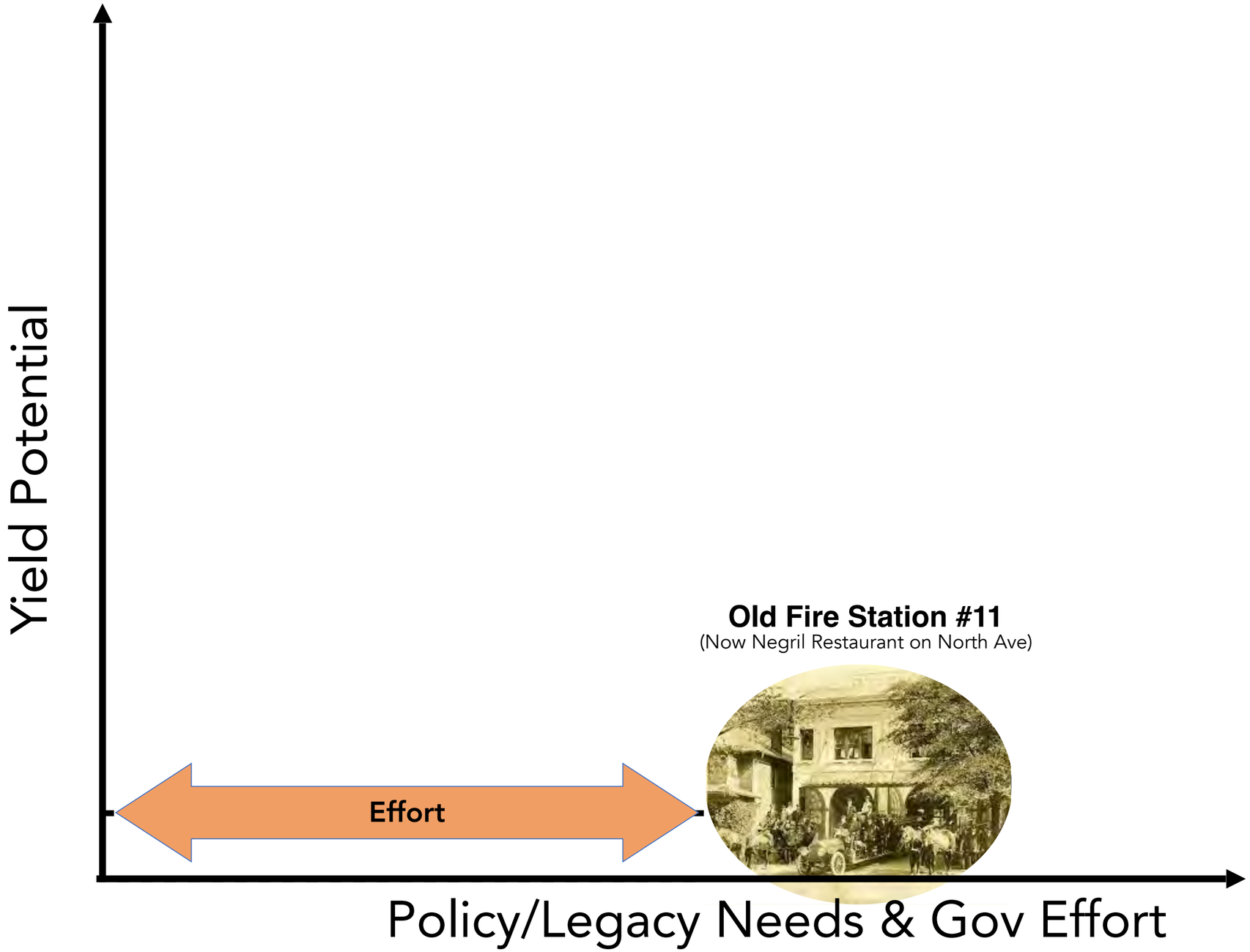
URBAN3

Asset Classification

Changing with time

Generally, the greater policy or legacy function of a particular site, the greater the effort required by the city.

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Asset Classification

Changing with time

Generally, the greater policy or legacy function of a particular site, the greater the effort required by the city.

Where sites are low on policy and legacy purpose, the potential to reduce effort and shift to Public Asset Yield alternatives exists.



URBAN3

Managing Assets

Rio De Janeiro



URBAN3

Managing Assets

Rio De Janeiro



URBAN3



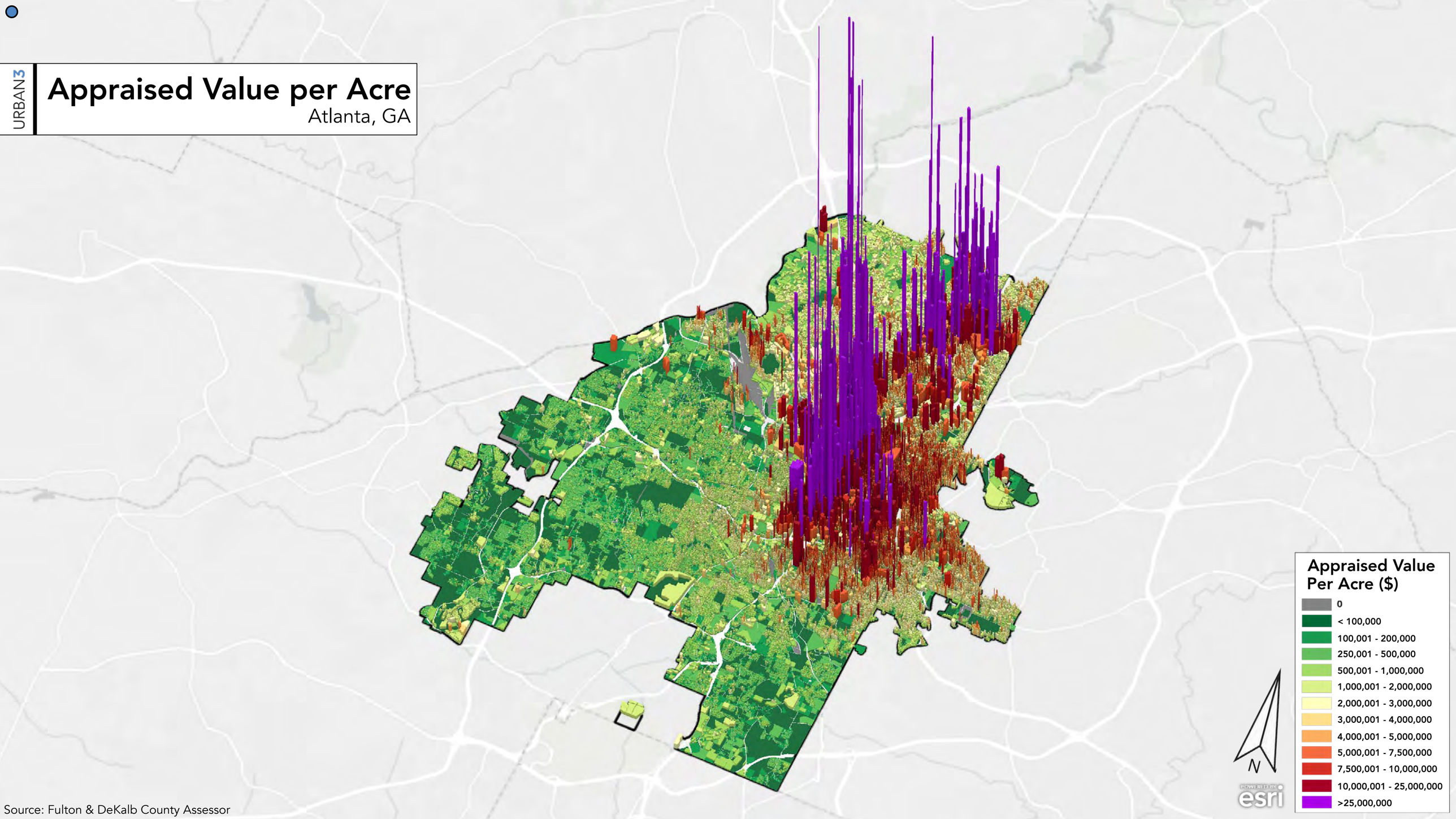
Valuation of Your Portfolio

Potential Public Asset Yield

URBAN3

Appraised Value per Acre

Atlanta, GA



Source: Fulton & DeKalb County Assessor

URBAN3

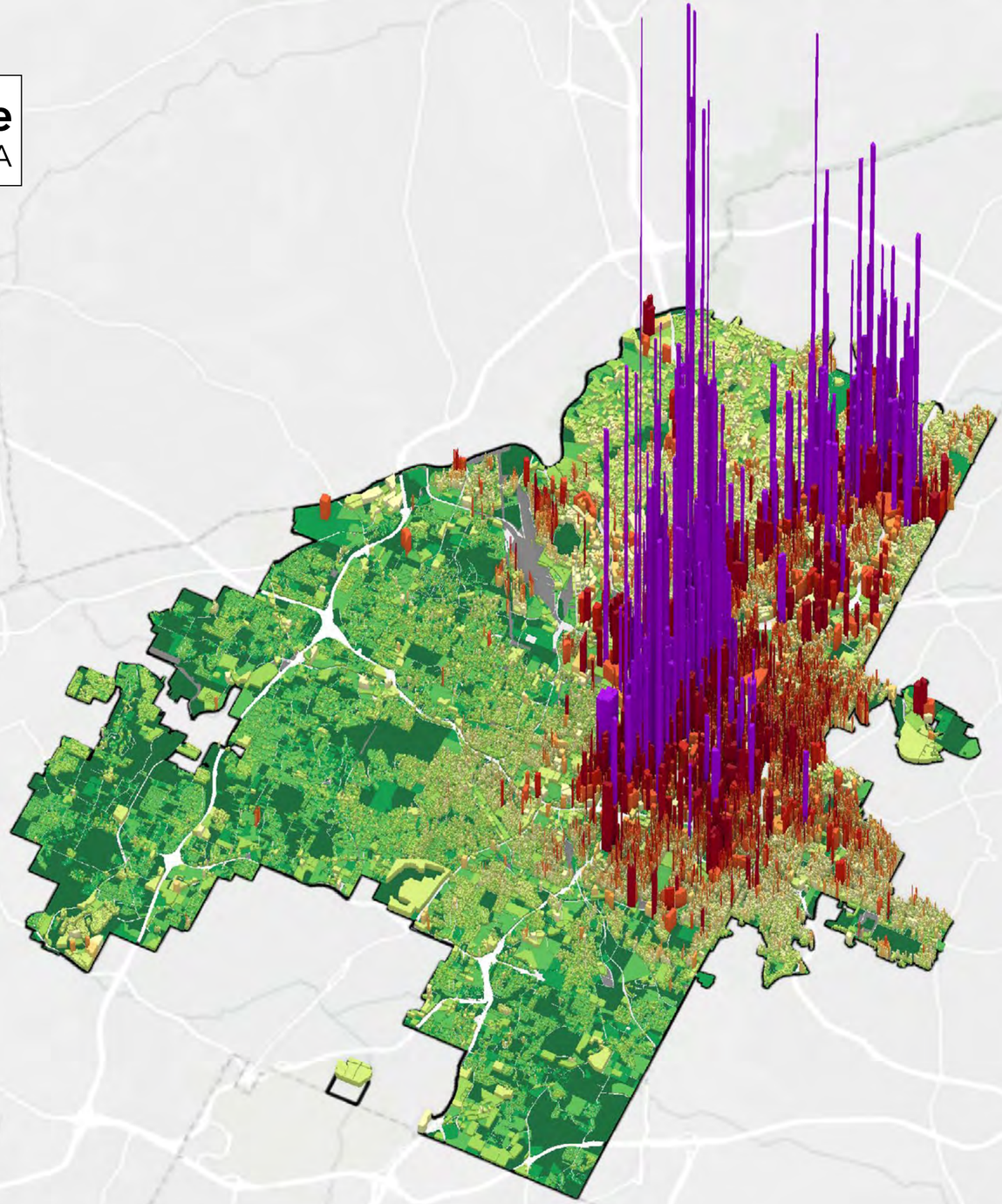
Appraised Value per Acre

Atlanta, GA

City-wide

Value:

$115.4B



Appraised Value Per Acre ($)

- 0
- < 100,000
- 100,001 - 200,000
- 250,001 - 500,000
- 500,001 - 1,000,000
- 1,000,001 - 2,000,000
- 2,000,001 - 3,000,000
- 3,000,001 - 4,000,000
- 4,000,001 - 5,000,000
- 5,000,001 - 7,500,000
- 7,500,001 - 10,000,000
- 10,000,001 - 25,000,000
- >25,000,000

N

POWERED BY esri

Source: Fulton & DeKalb County Assessor

URBAN3

Appraised Value per Acre

Atlanta, GA

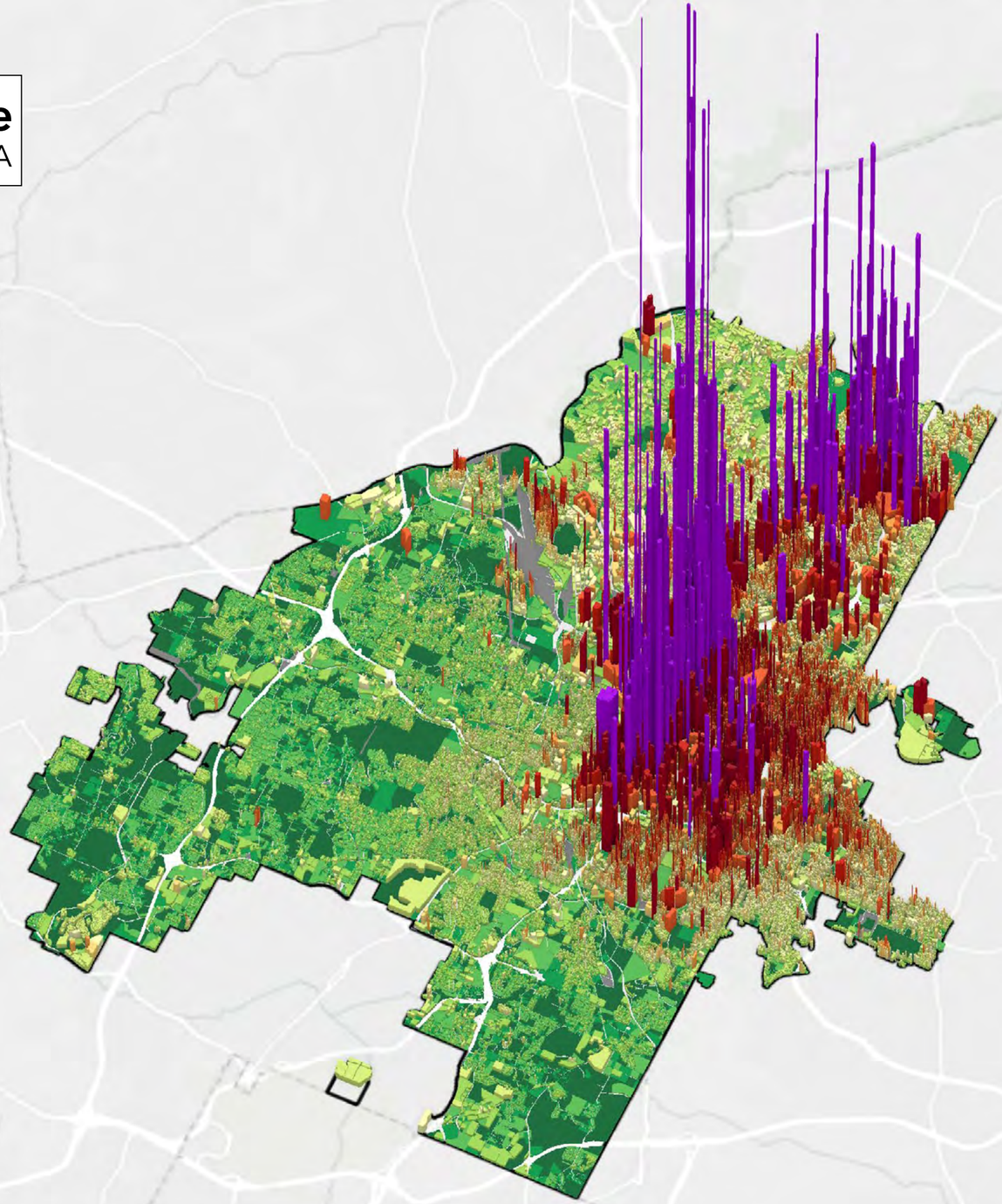
City-wide

Value:

$115.4B

Value per Acre:

$2.1M/acre



Appraised Value Per Acre ($)

- 0
- < 100,000
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- 250,001 - 500,000
- 500,001 - 1,000,000
- 1,000,001 - 2,000,000
- 2,000,001 - 3,000,000
- 3,000,001 - 4,000,000
- 4,000,001 - 5,000,000
- 5,000,001 - 7,500,000
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- 10,000,001 - 25,000,000
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N

POWERED BY esri

Source: Fulton & DeKalb County Assessor

URBAN3

City Portfolio Appraised Value per Acre

Atlanta, GA

City-wide

Value:

$115.4B

Value per Acre:

$2.1M/acre

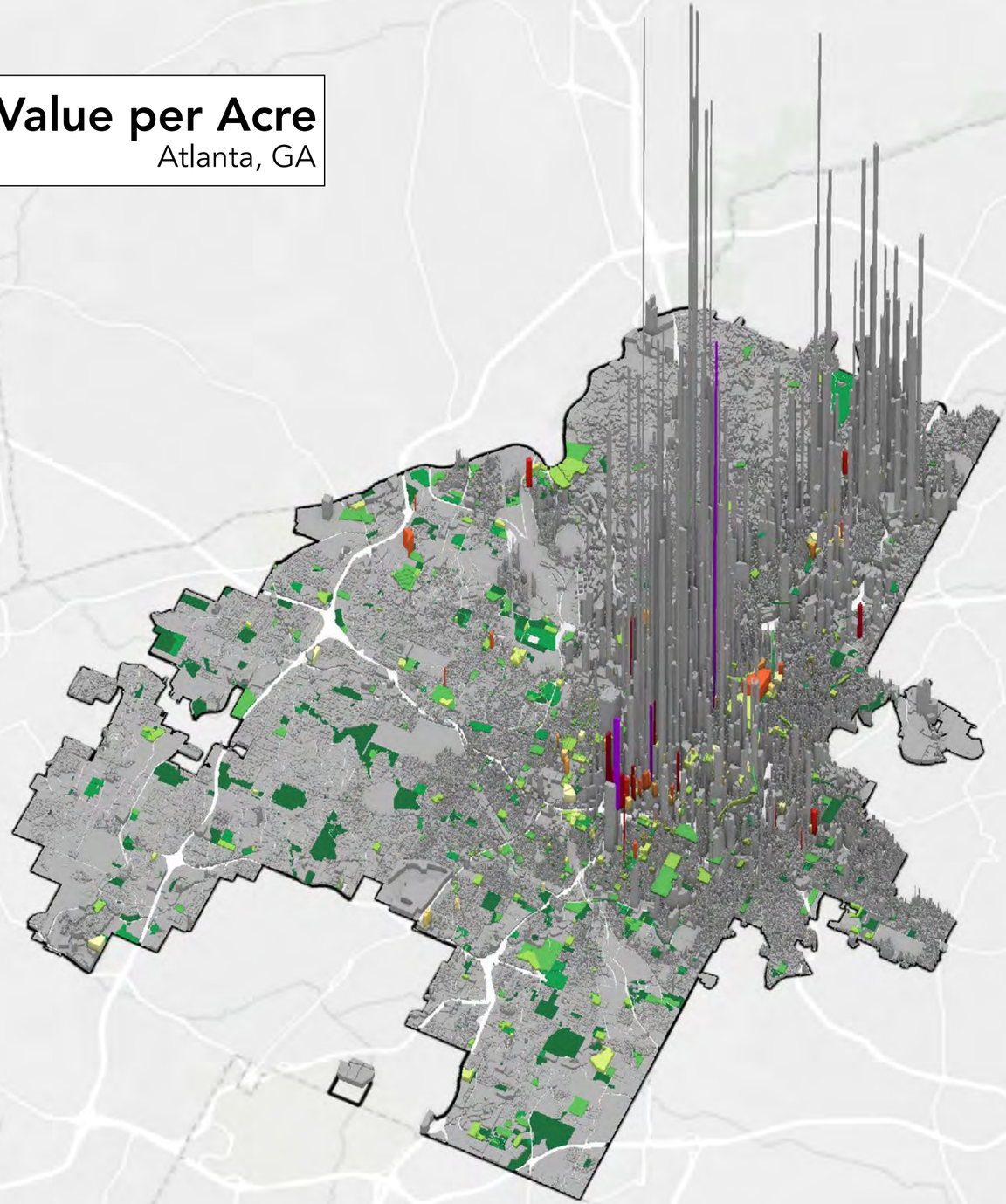
City Properties

Value:

$3.9B

Value per Acre:

$0.5M/acre



Appraised Value Per Acre ($)

- 0
- < 100,000
- 100,001 - 200,000
- 250,001 - 500,000
- 500,001 - 1,000,000
- 1,000,001 - 2,000,000
- 2,000,001 - 3,000,000
- 3,000,001 - 4,000,000
- 4,000,001 - 5,000,000
- 5,000,001 - 7,500,000
- 7,500,001 - 10,000,000
- 10,000,001 - 25,000,000
- >25,000,000

N

POWERED BY esri

Source: Fulton & DeKalb County Assessor

Scenarios - Total Value

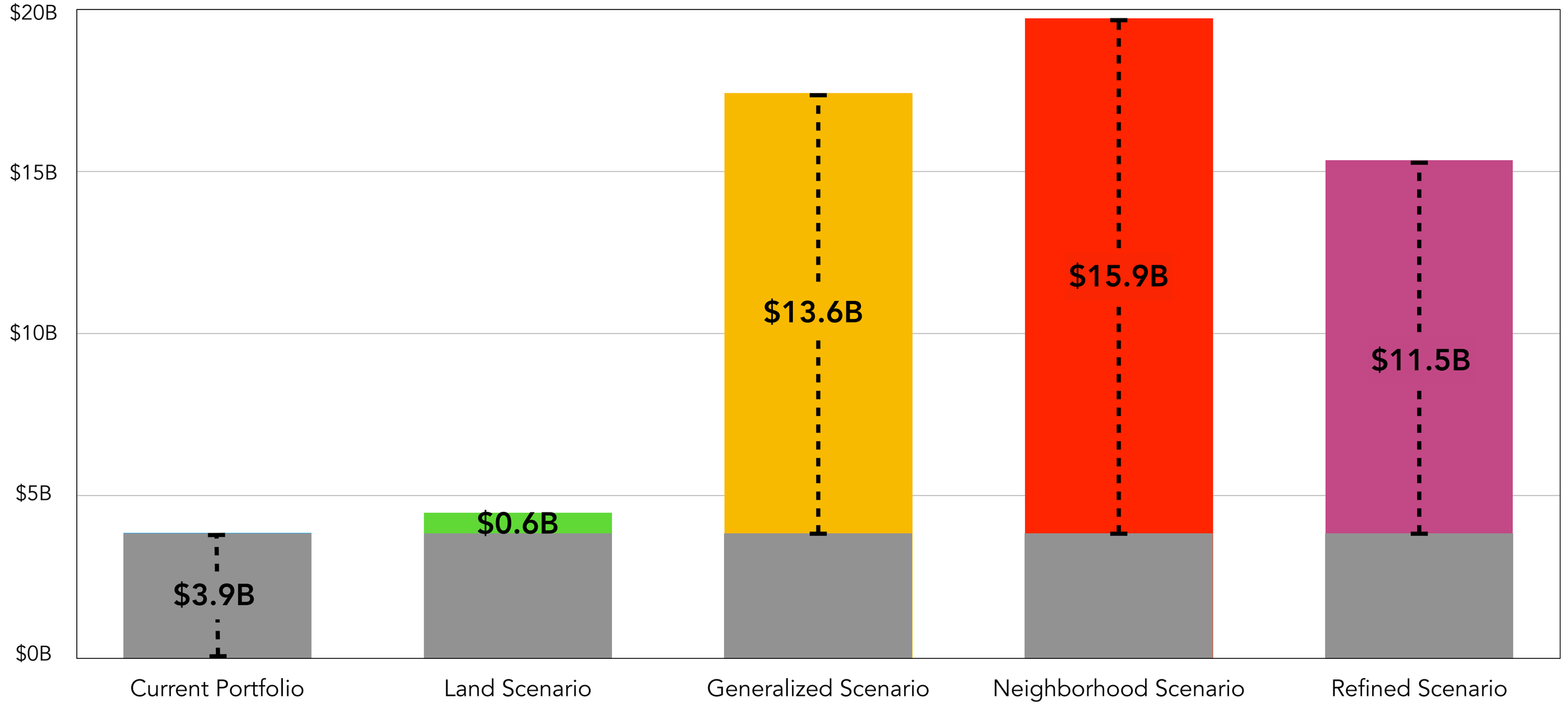
Atlanta, GA



URBAN3

Scenarios - Total Value

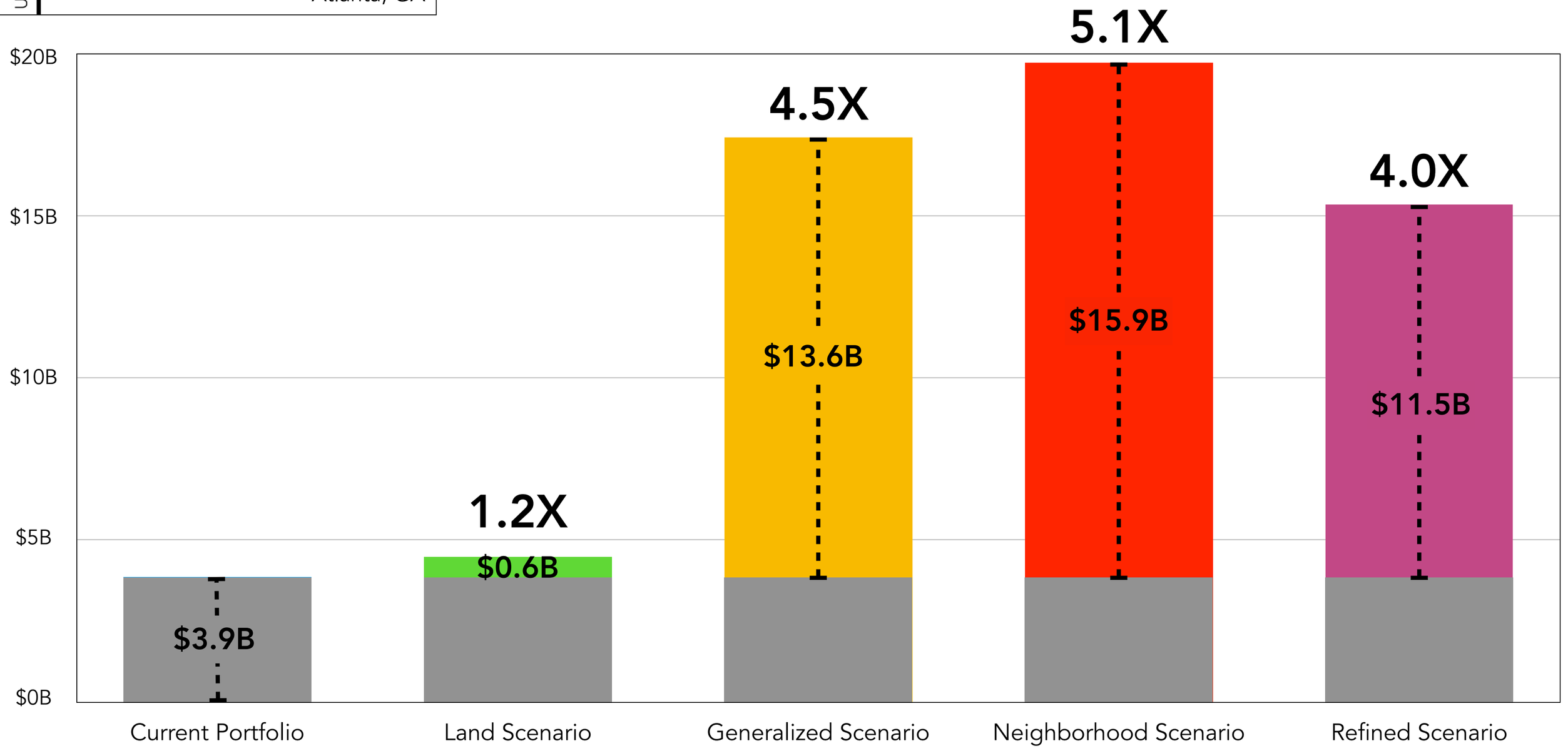
Atlanta, GA

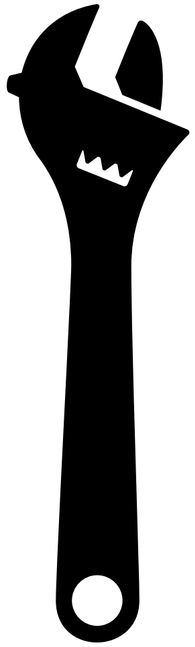


URBAN3

Scenarios - Total Value

Atlanta, GA





Continuing The Work

Next Steps

URBAN3

Yield Assets

Sources of funding for other goals

Certain assets Atlanta holds have no overriding legacy or policy objectives and may be considered purely for their value as Public Asset Yield opportunities.

Could add $13M

Lofts at Centennial Yards South
$17.6M/acre

Trinity Ave SW

0.75 acre City-Owned lot

Ted Turner Dr SW

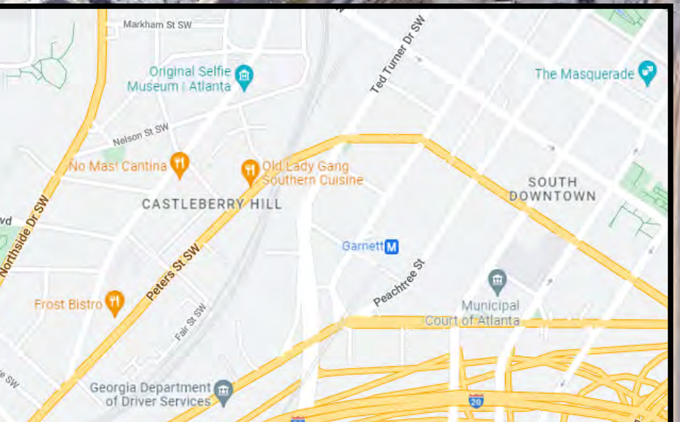
Garnett St SW

Forsyth St SW

300 ft

5 Minute Walkshed

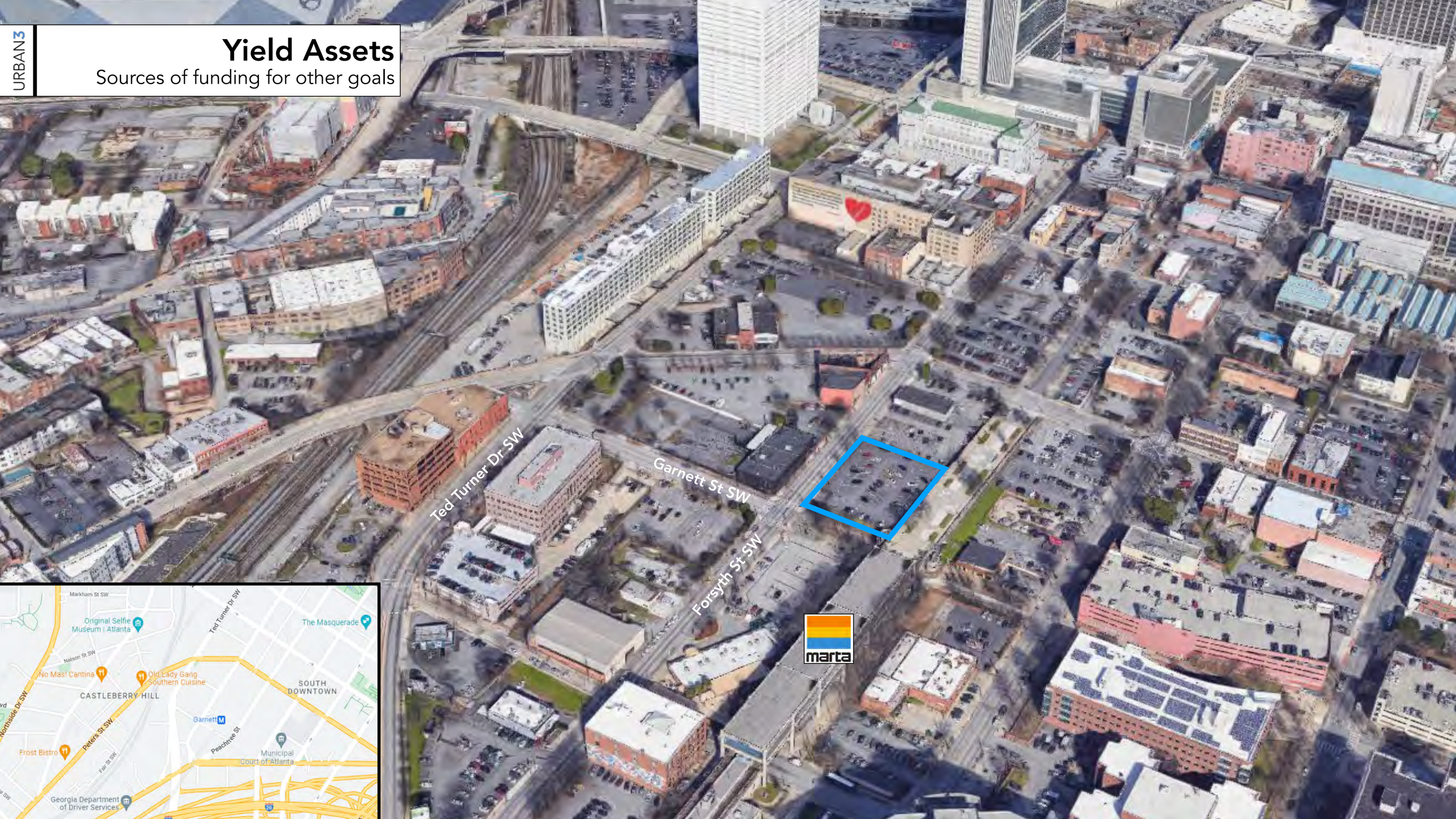
marta Garnett Station



URBAN3

Yield Assets

Sources of funding for other goals



URBAN3

Yield Assets

Sources of funding for other goals



URBAN3

Yield Assets

Sources of funding for other goals



104 Trinity - Mixed Use

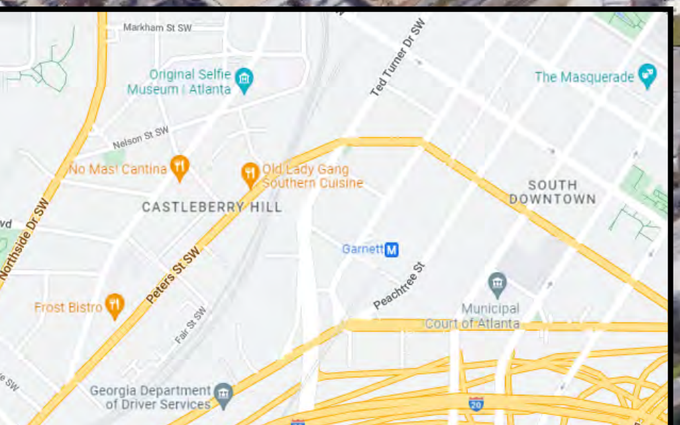
218 units, 186 affordable

URBAN3

Yield Assets

Sources of funding for other goals

3 Acres of Underutilized Property in Area of High Potential



Ted Turner Dr SW

Garnett St SW

Forsyth St SW

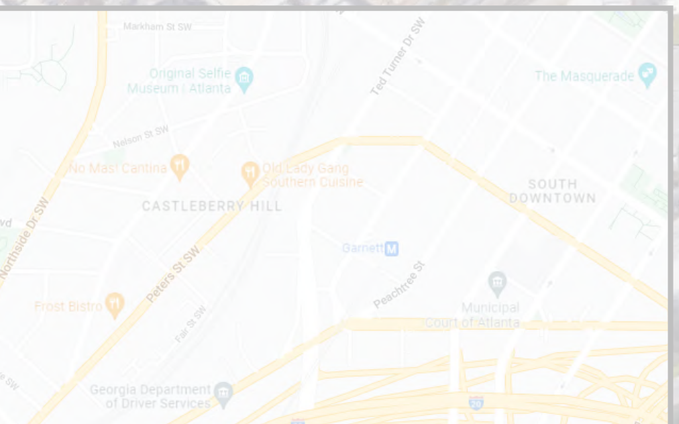
Trinity Ave SW

City Hall

marta

20

Leverage Assets To Create Centers of Gravity

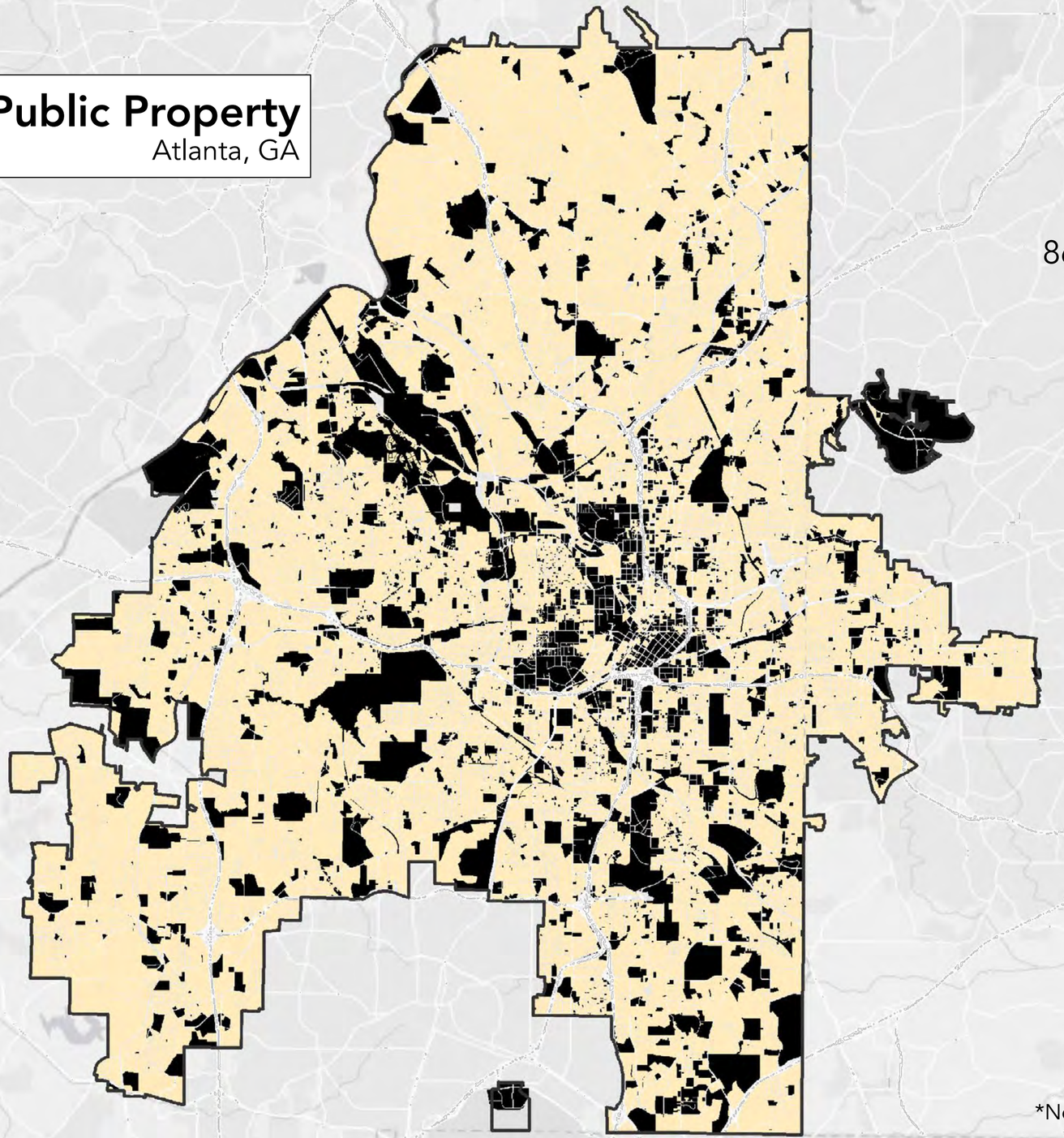


Appendix

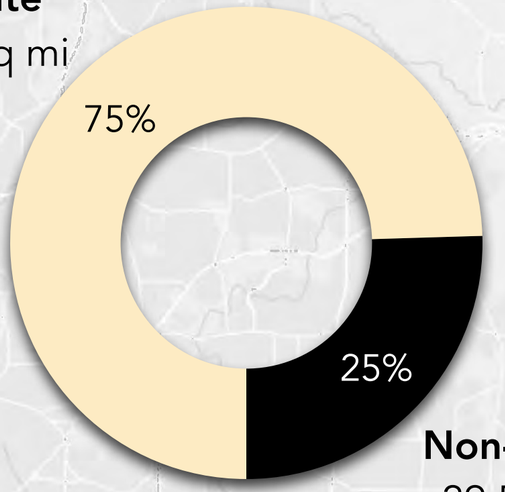
URBAN3

Identifying Public Property

Atlanta, GA



Private
86.3 sq mi



Non-Private
29.5 sq mi

N

*Non-Private includes City Property, Other Government Property, Utilities, Transportation, Some NGOs, and Religious Entities

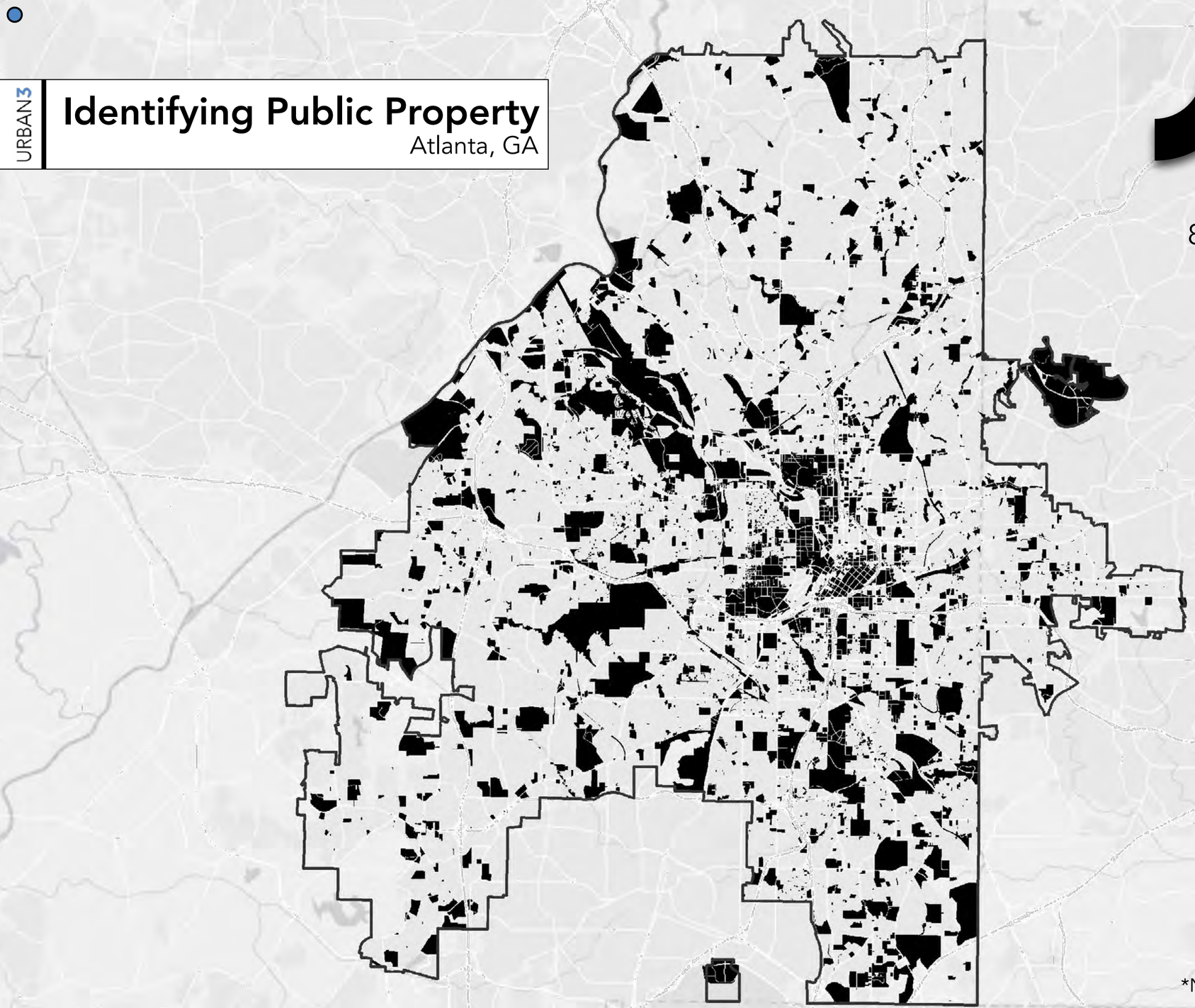
Source: Fulton & DeKalb County Assessor

POWERED BY esri

URBAN3

Identifying Public Property

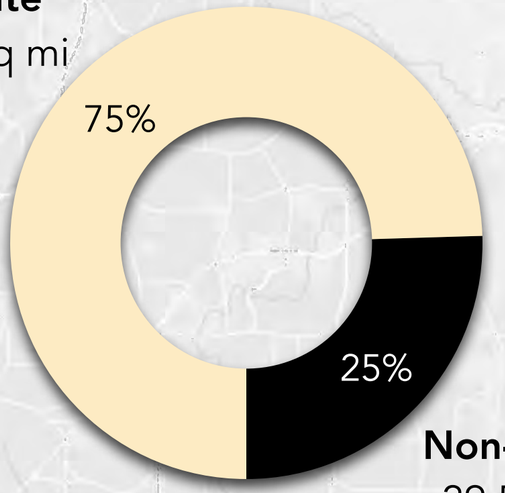
Atlanta, GA





Non-Private
29.5 sq mi

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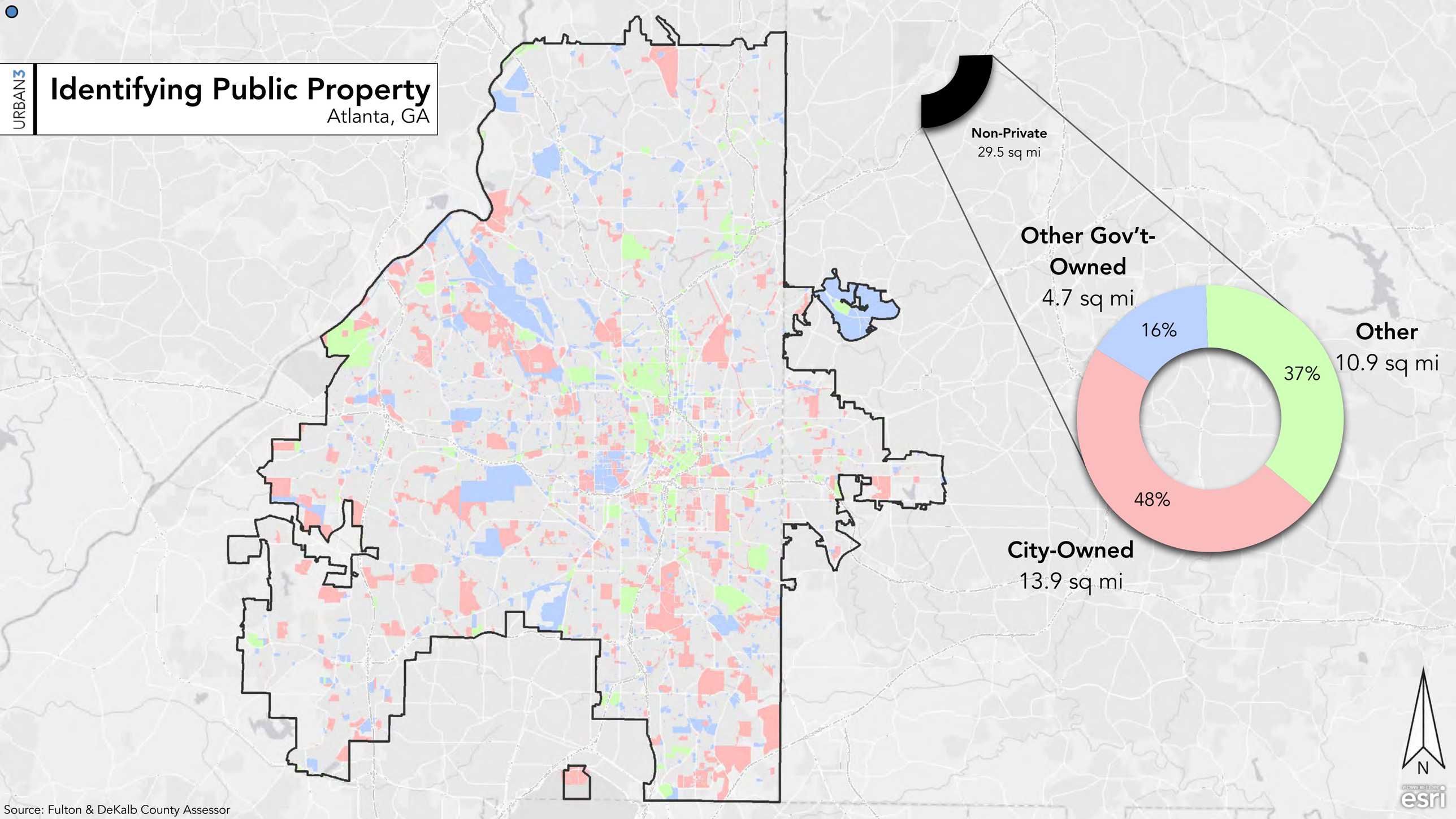
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URBAN3

Identifying Public Property

Atlanta, GA

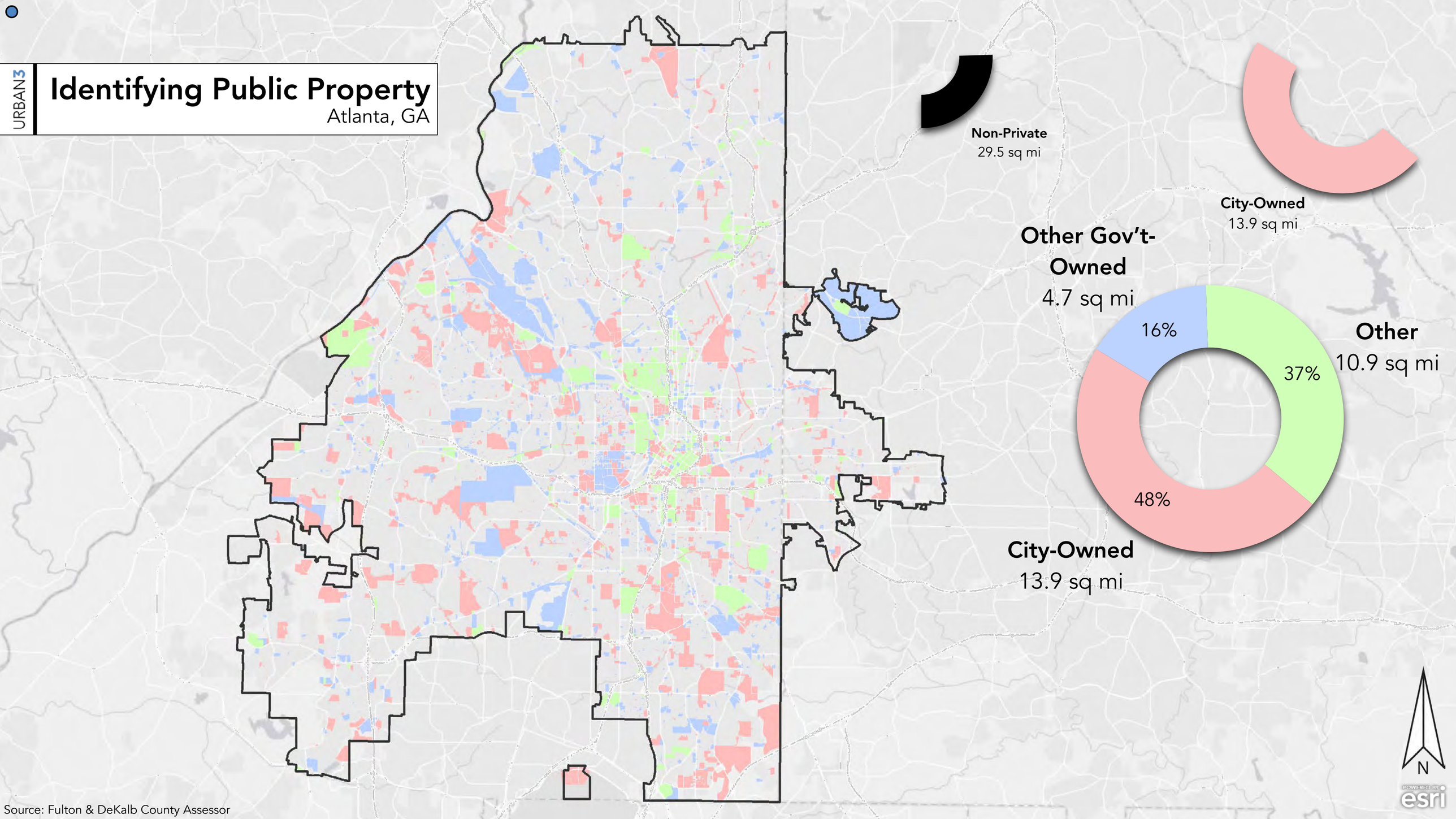


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POWERED BY esri

Identifying Public Property

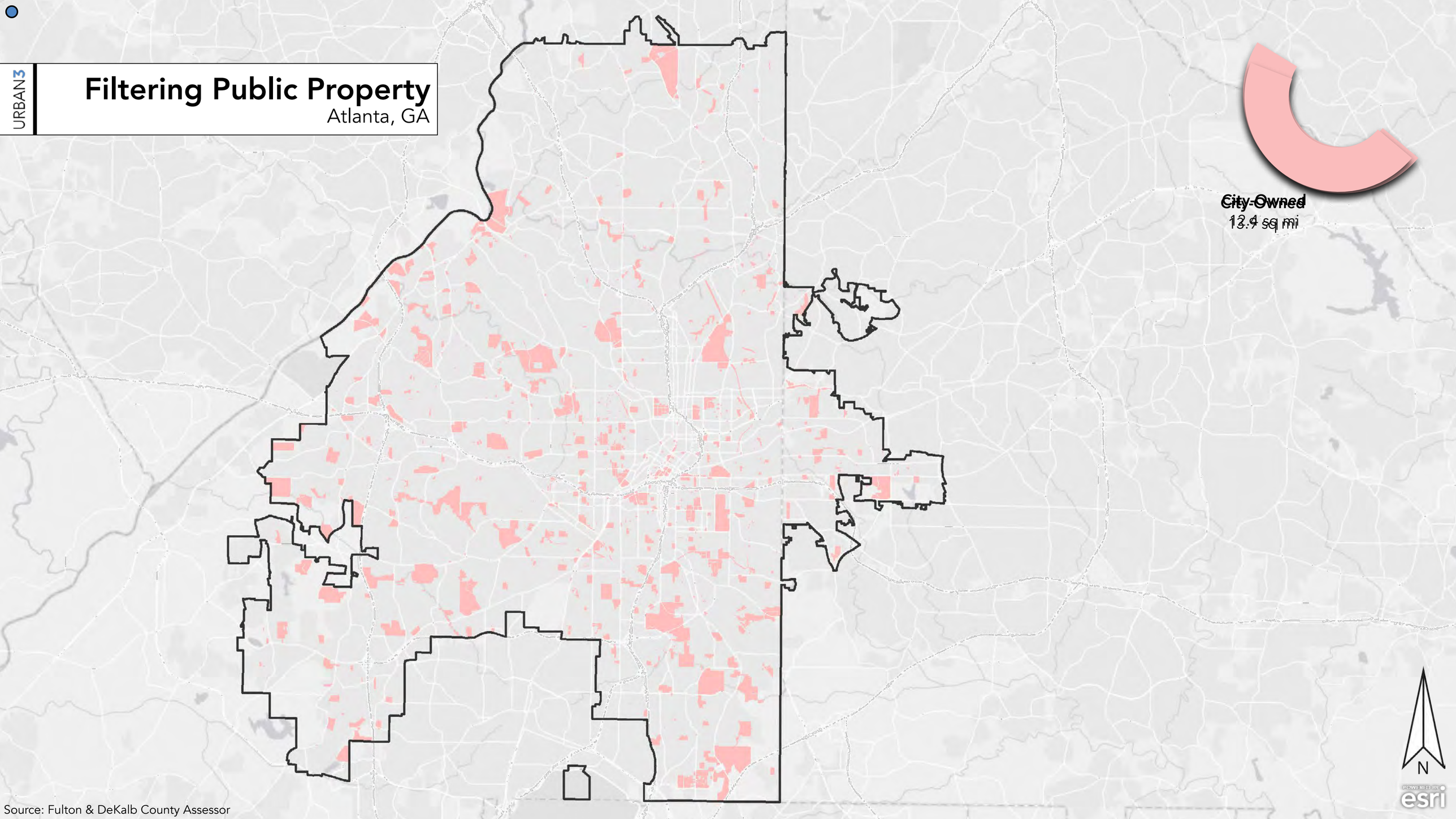
Atlanta, GA



Source: Fulton & DeKalb County Assessor

Filtering Public Property

Atlanta, GA

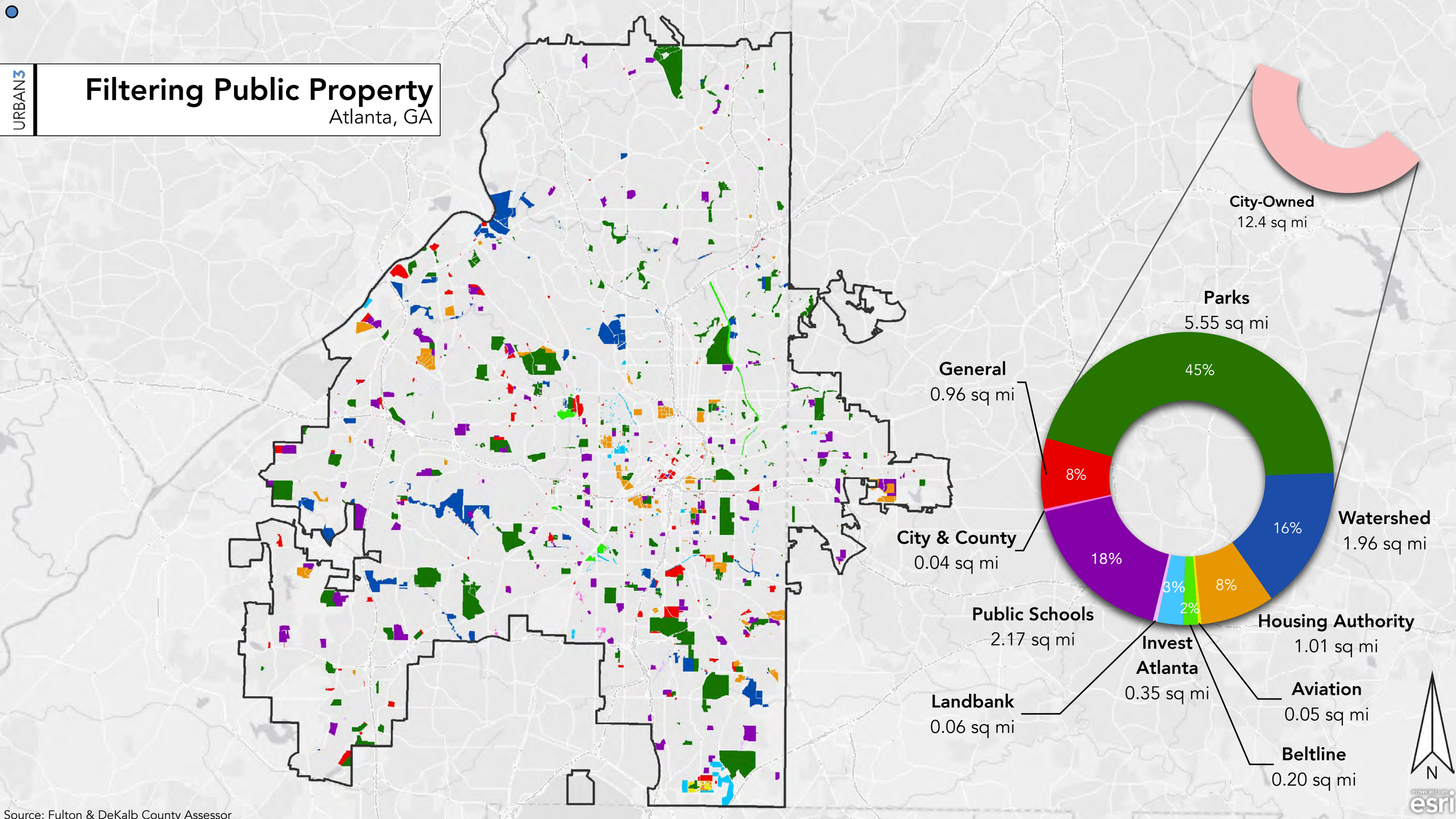


Source: Fulton & DeKalb County Assessor

URBAN3

Filtering Public Property

Atlanta, GA

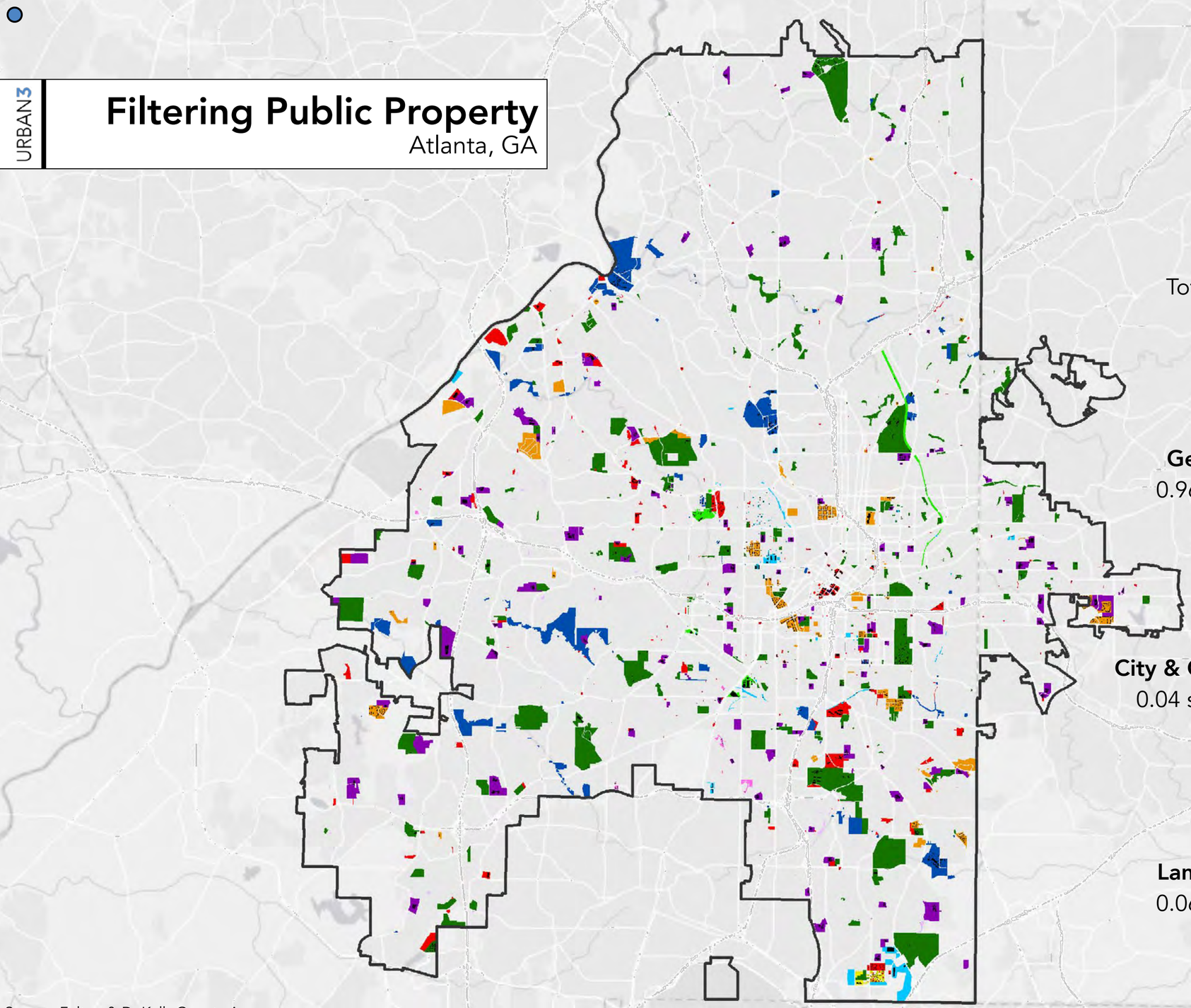


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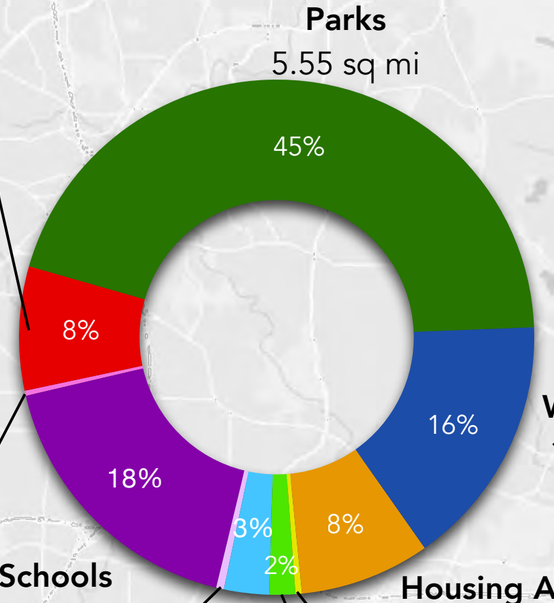
URBAN3

Filtering Public Property

Atlanta, GA



Total Building Area
0.68 sq mi



Parks
5.55 sq mi

General
0.96 sq mi

City & County
0.04 sq mi

Watershed
1.96 sq mi

Public Schools
2.17 sq mi

Housing Authority
1.01 sq mi

Invest Atlanta
0.35 sq mi

Landbank
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Aviation
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N

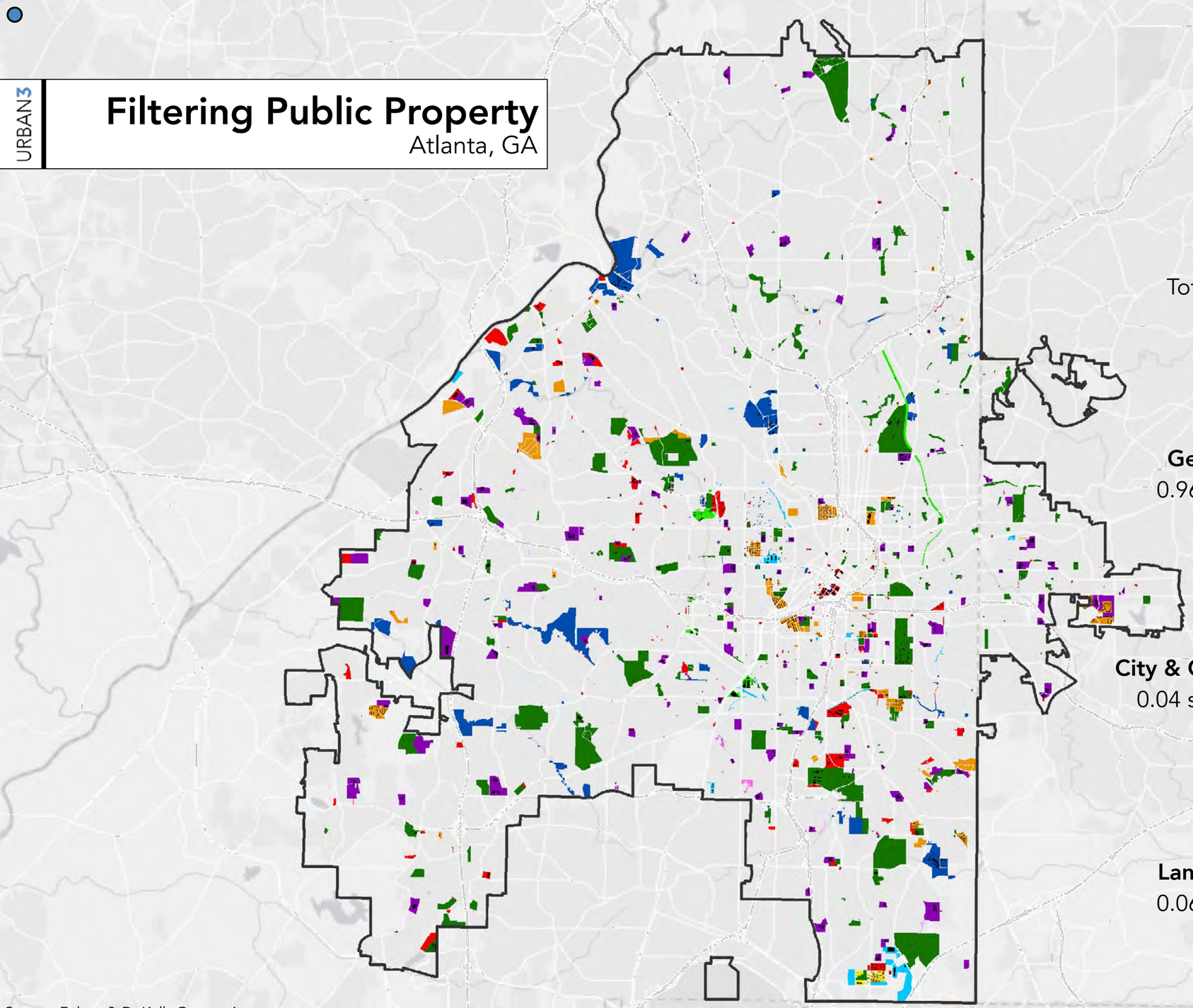
Source: Fulton & DeKalb County Assessor

POWERED BY esri

URBAN3

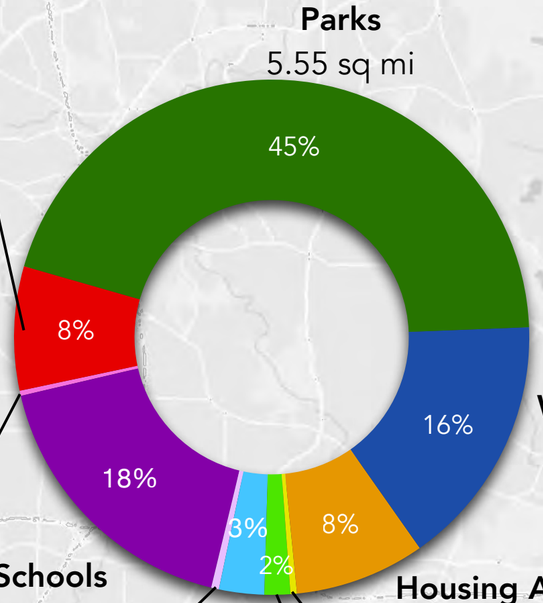
Filtering Public Property

Atlanta, GA



City Property
12.4 sq mi

Total Building Area
0.68 sq mi



Parks
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General
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Watershed
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City & County
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Public Schools
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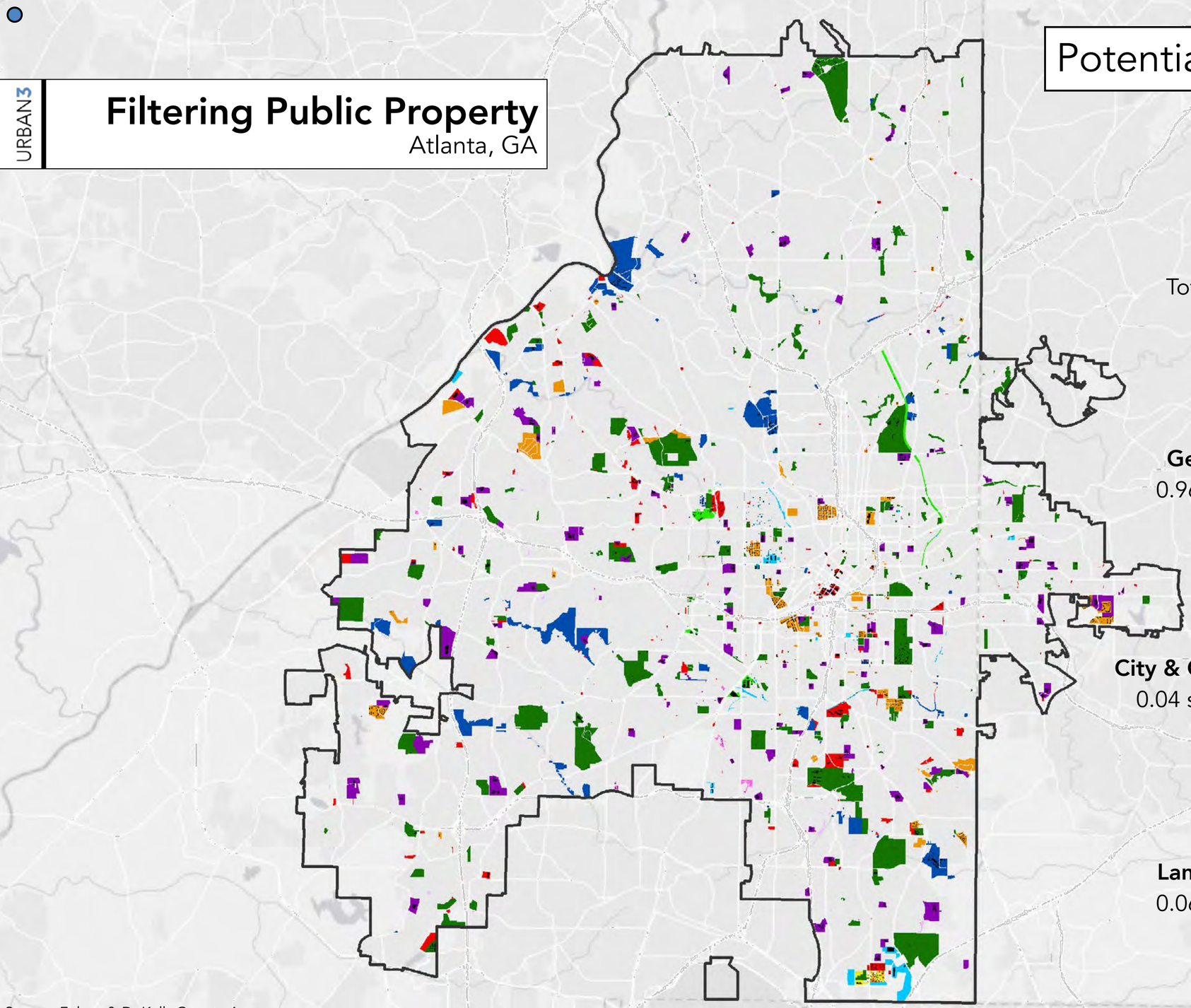
POWERED BY esri

Filtering Public Property

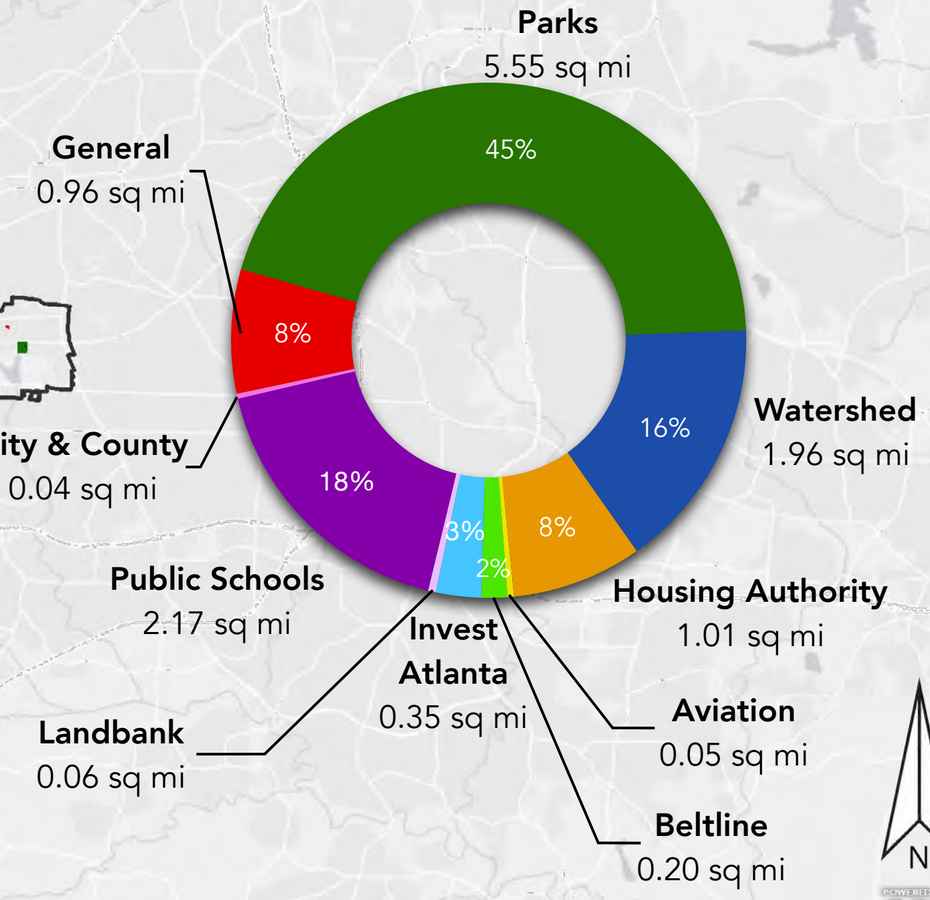
Atlanta, GA

URBAN3

Potentially Developable Area: **11.7 sq mi**







N

Source: Fulton & DeKalb County Assessor

esri

URBAN3



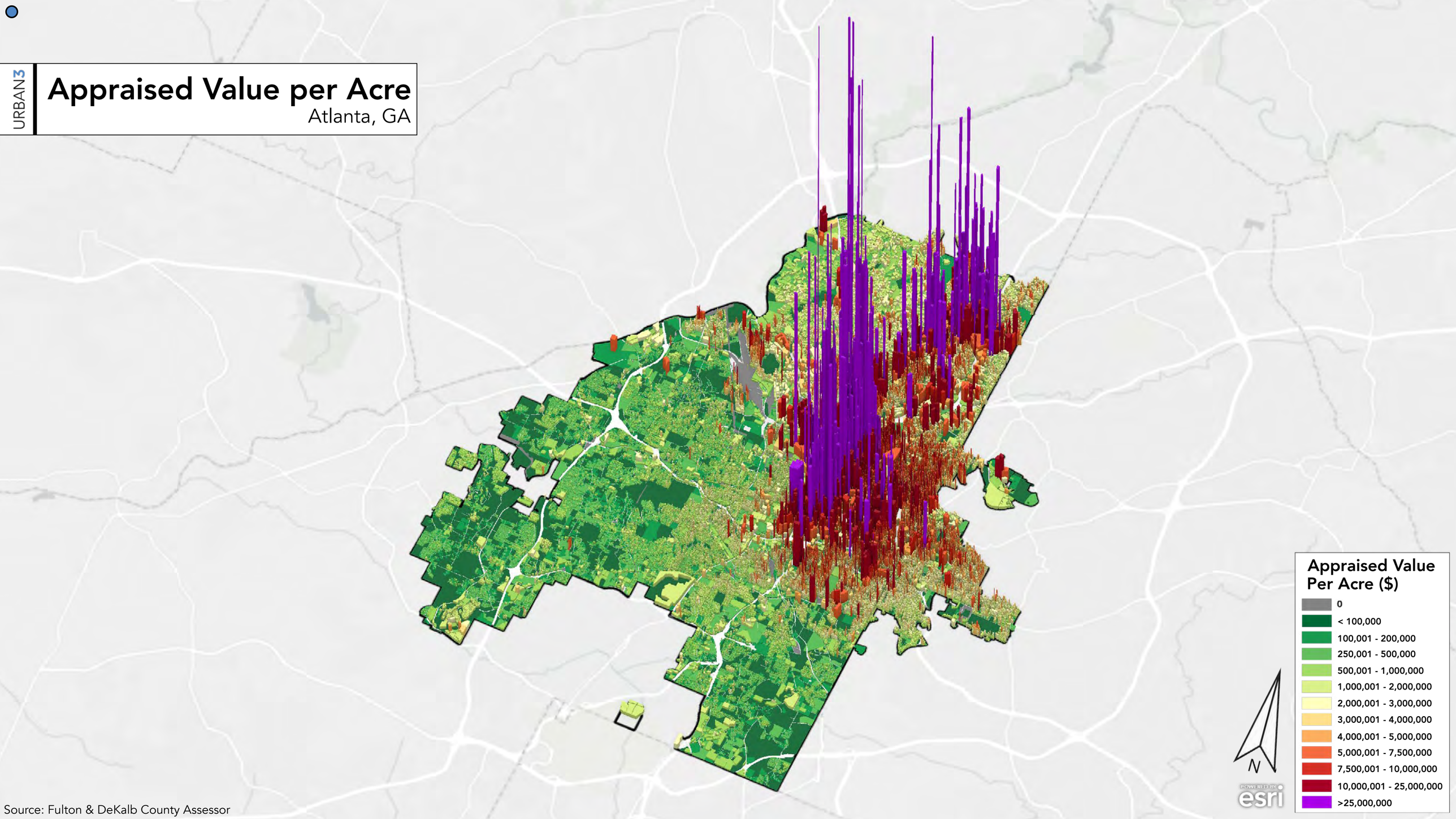
Valuation of Your Portfolio

Potential Public Asset Yield

URBAN3

Appraised Value per Acre

Atlanta, GA



Source: Fulton & DeKalb County Assessor

URBAN3

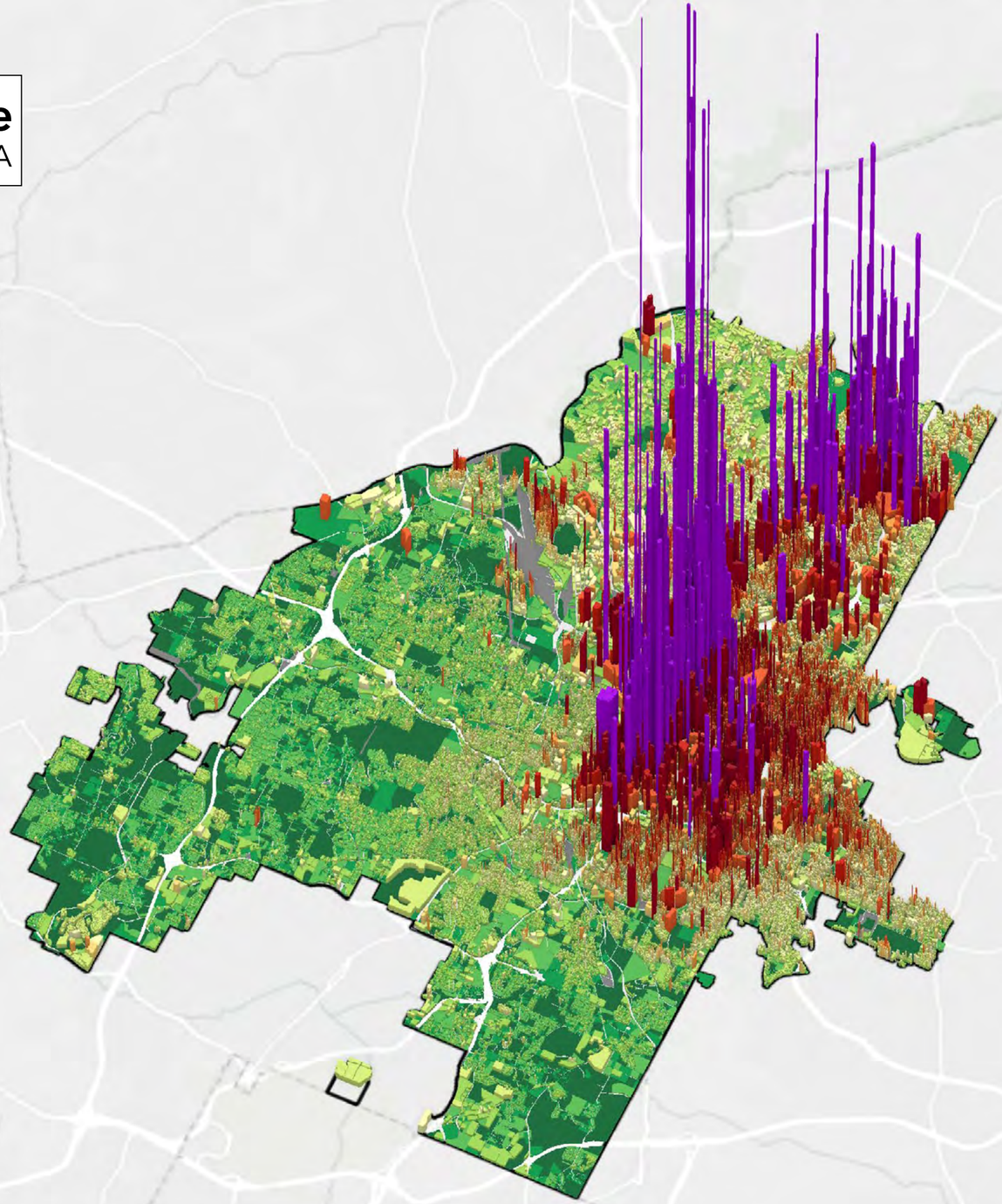
Appraised Value per Acre

Atlanta, GA

City-wide

Value:

$115.4B



Appraised Value Per Acre ($)

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- < 100,000
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- 250,001 - 500,000
- 500,001 - 1,000,000
- 1,000,001 - 2,000,000
- 2,000,001 - 3,000,000
- 3,000,001 - 4,000,000
- 4,000,001 - 5,000,000
- 5,000,001 - 7,500,000
- 7,500,001 - 10,000,000
- 10,000,001 - 25,000,000
- >25,000,000

N

POWERED BY esri

Source: Fulton & DeKalb County Assessor

URBAN3

Appraised Value per Acre

Atlanta, GA

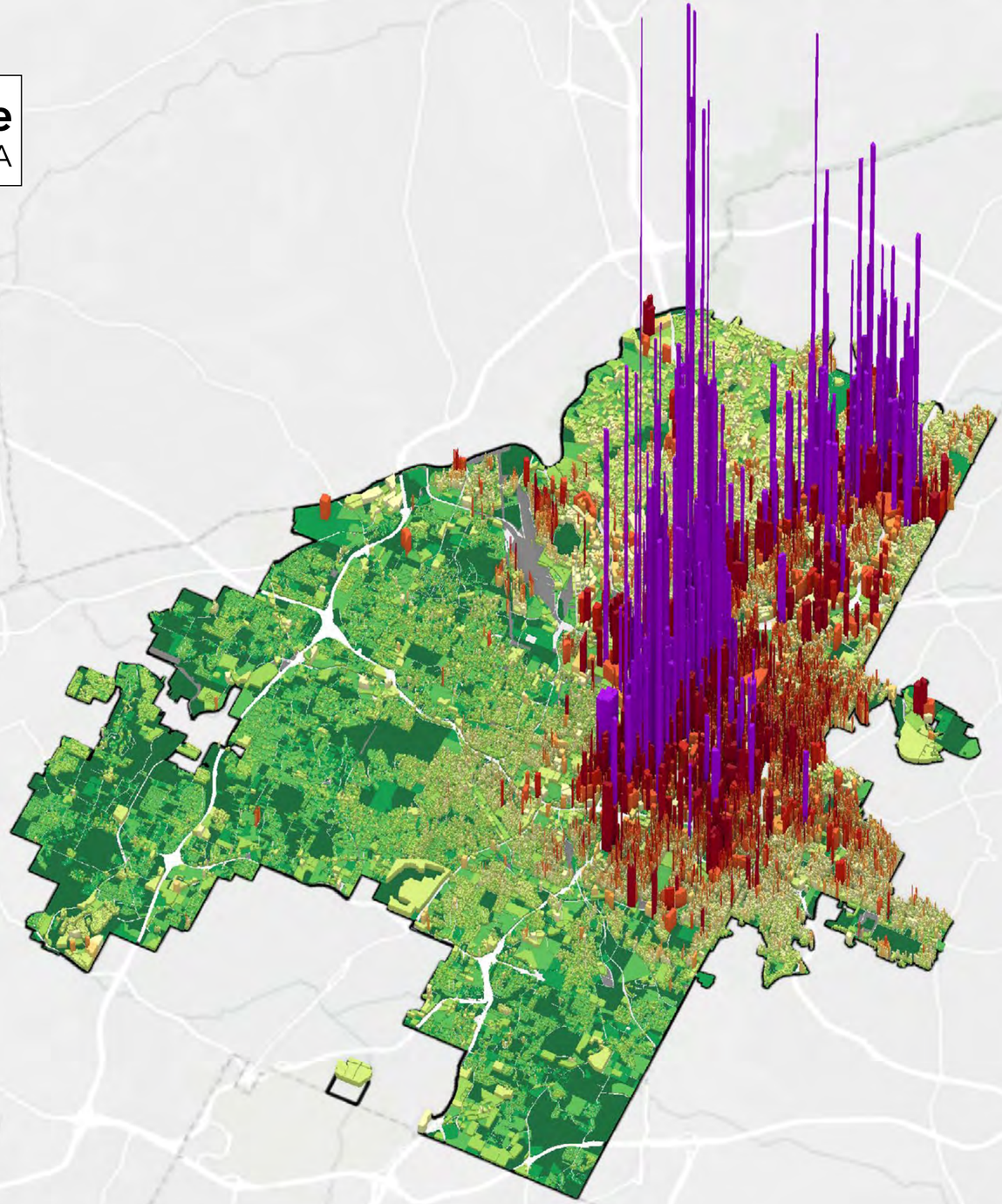
City-wide

Value:

$115.4B

Value per Acre:

$2.1M/acre



Appraised Value Per Acre ($)

- 0
- < 100,000
- 100,001 - 200,000
- 250,001 - 500,000
- 500,001 - 1,000,000
- 1,000,001 - 2,000,000
- 2,000,001 - 3,000,000
- 3,000,001 - 4,000,000
- 4,000,001 - 5,000,000
- 5,000,001 - 7,500,000
- 7,500,001 - 10,000,000
- 10,000,001 - 25,000,000
- >25,000,000

N

POWERED BY esri

Source: Fulton & DeKalb County Assessor

URBAN3

City Portfolio Appraised Value per Acre

Atlanta, GA

City-wide

Value:

$115.4B

Value per Acre:

$2.1M/acre

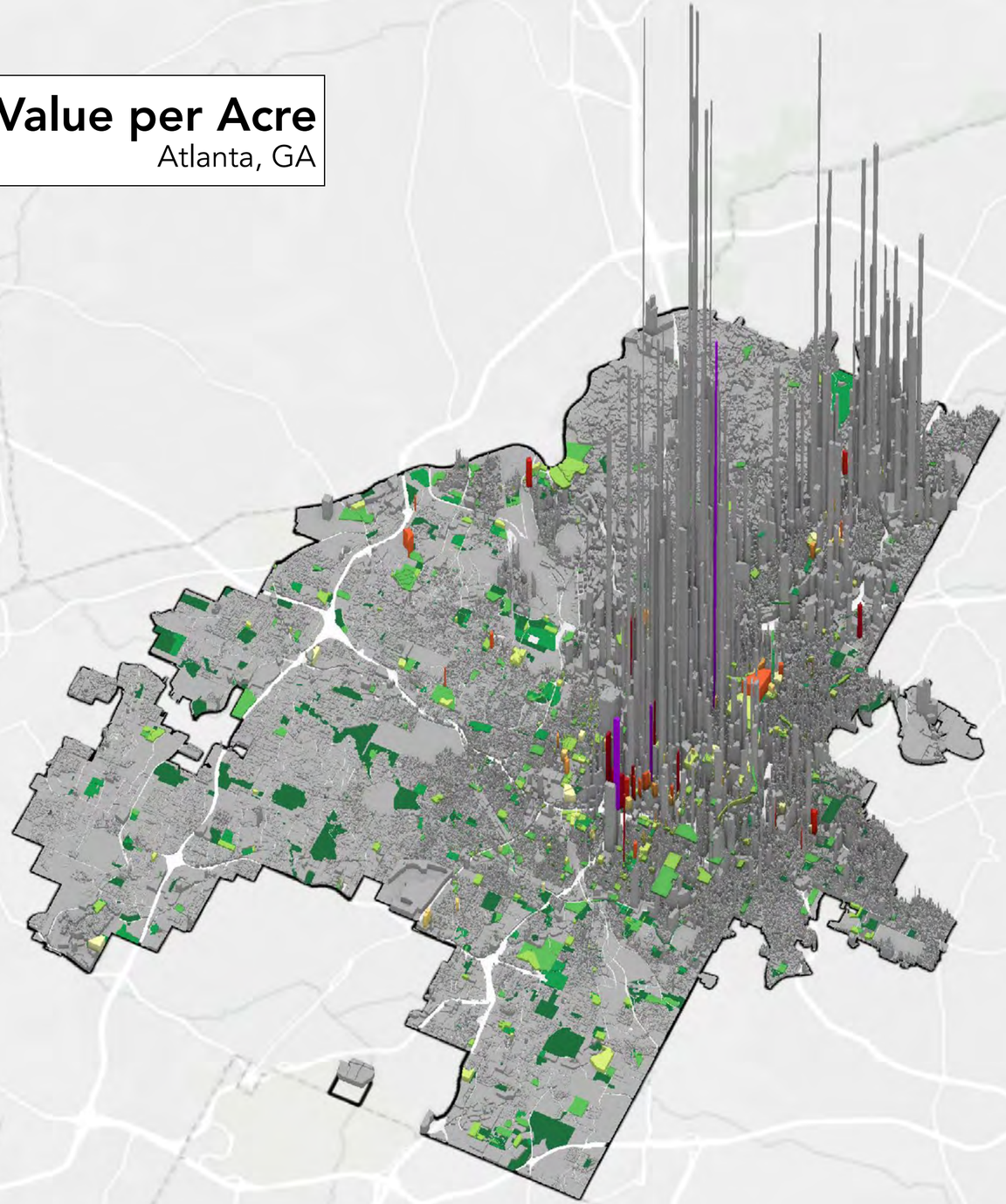
City Properties

Value:

$3.9B

Value per Acre:

$0.5M/acre



Appraised Value Per Acre ($)

- 0
- < 100,000
- 100,001 - 200,000
- 250,001 - 500,000
- 500,001 - 1,000,000
- 1,000,001 - 2,000,000
- 2,000,001 - 3,000,000
- 3,000,001 - 4,000,000
- 4,000,001 - 5,000,000
- 5,000,001 - 7,500,000
- 7,500,001 - 10,000,000
- 10,000,001 - 25,000,000
- >25,000,000

N

POWERED BY esri

Source: Fulton & DeKalb County Assessor

URBAN3

City Portfolio Appraised Value per Acre

Atlanta, GA

City-wide

Value:

$115.4B

Value per Acre:

$2.1M/acre

City Properties

Value:

$3.9B

Value per Acre:

$0.5M/acre



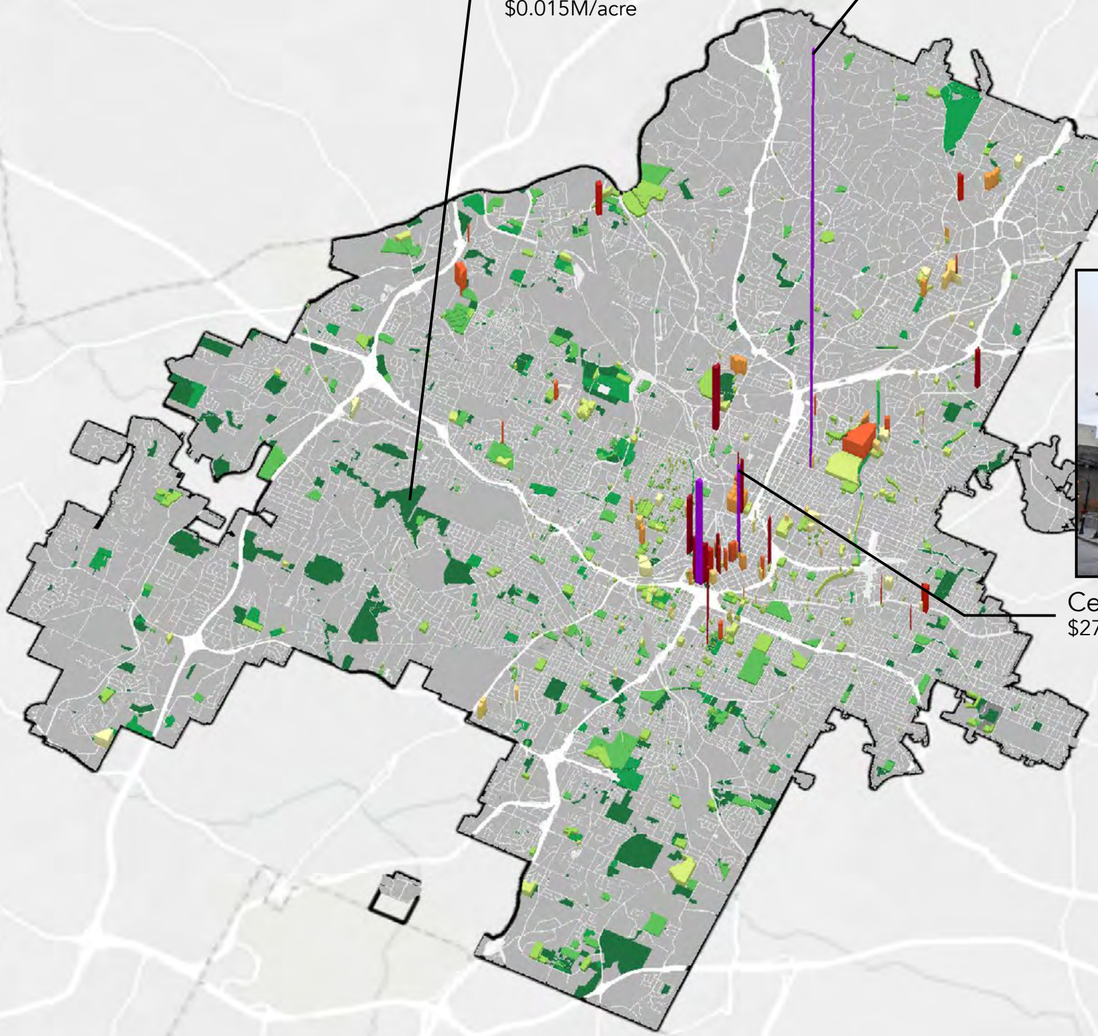
Lionel Hampton Park
$0.015M/acre

Tenth & Juniper Apartments
$128M/acre





Central Library
$27M/acre



Appraised Value Per Acre ($)

- 0
- < 100,000
- 100,001 - 200,000
- 250,001 - 500,000
- 500,001 - 1,000,000
- 1,000,001 - 2,000,000
- 2,000,001 - 3,000,000
- 3,000,001 - 4,000,000
- 4,000,001 - 5,000,000
- 5,000,001 - 7,500,000
- 7,500,001 - 10,000,000
- 10,000,001 - 25,000,000
- >25,000,000

N

POWERED BY esri

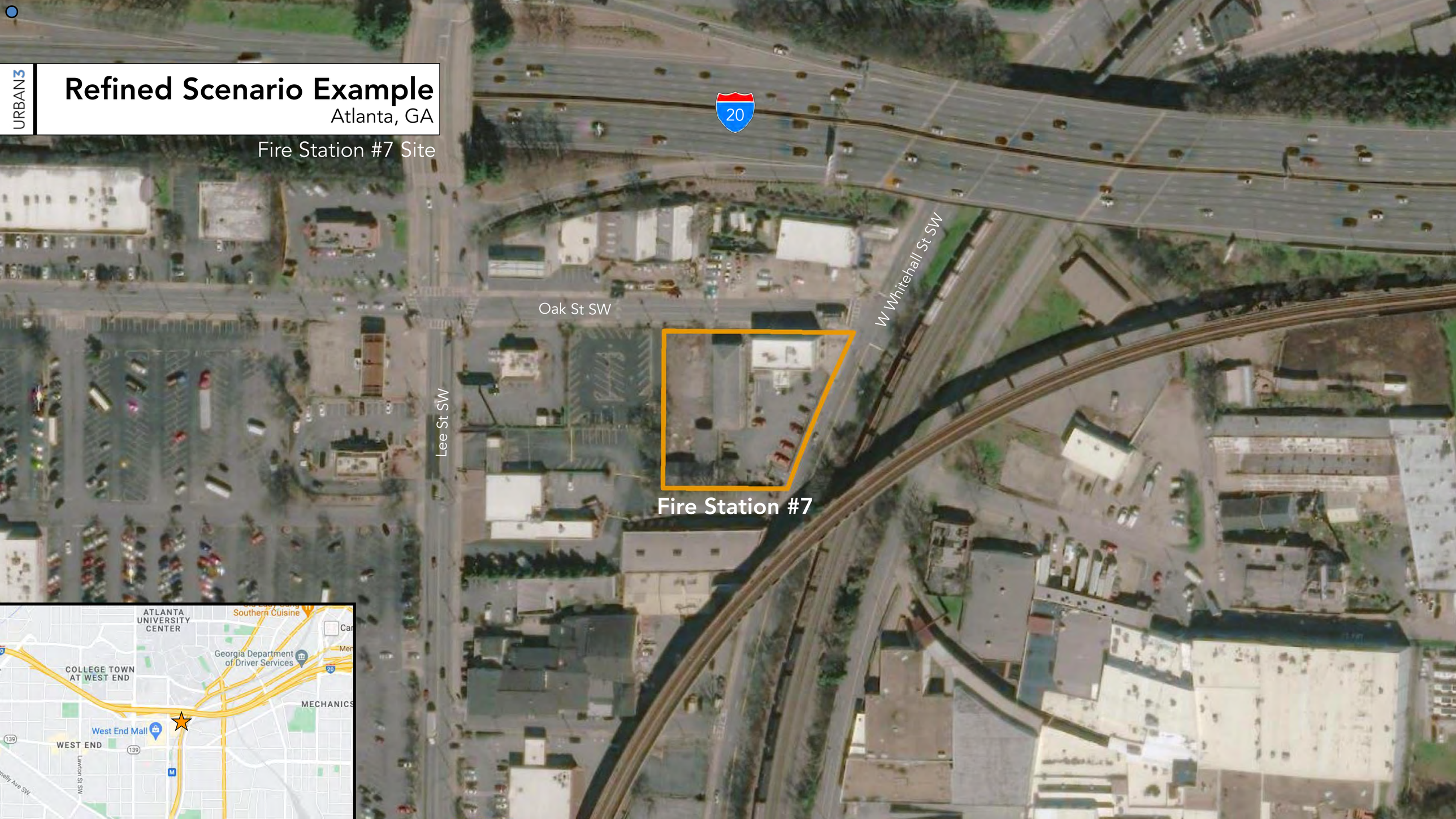
Source: Fulton & DeKalb County Assessor

URBAN3

Refined Scenario Example

Atlanta, GA

Fire Station #7 Site

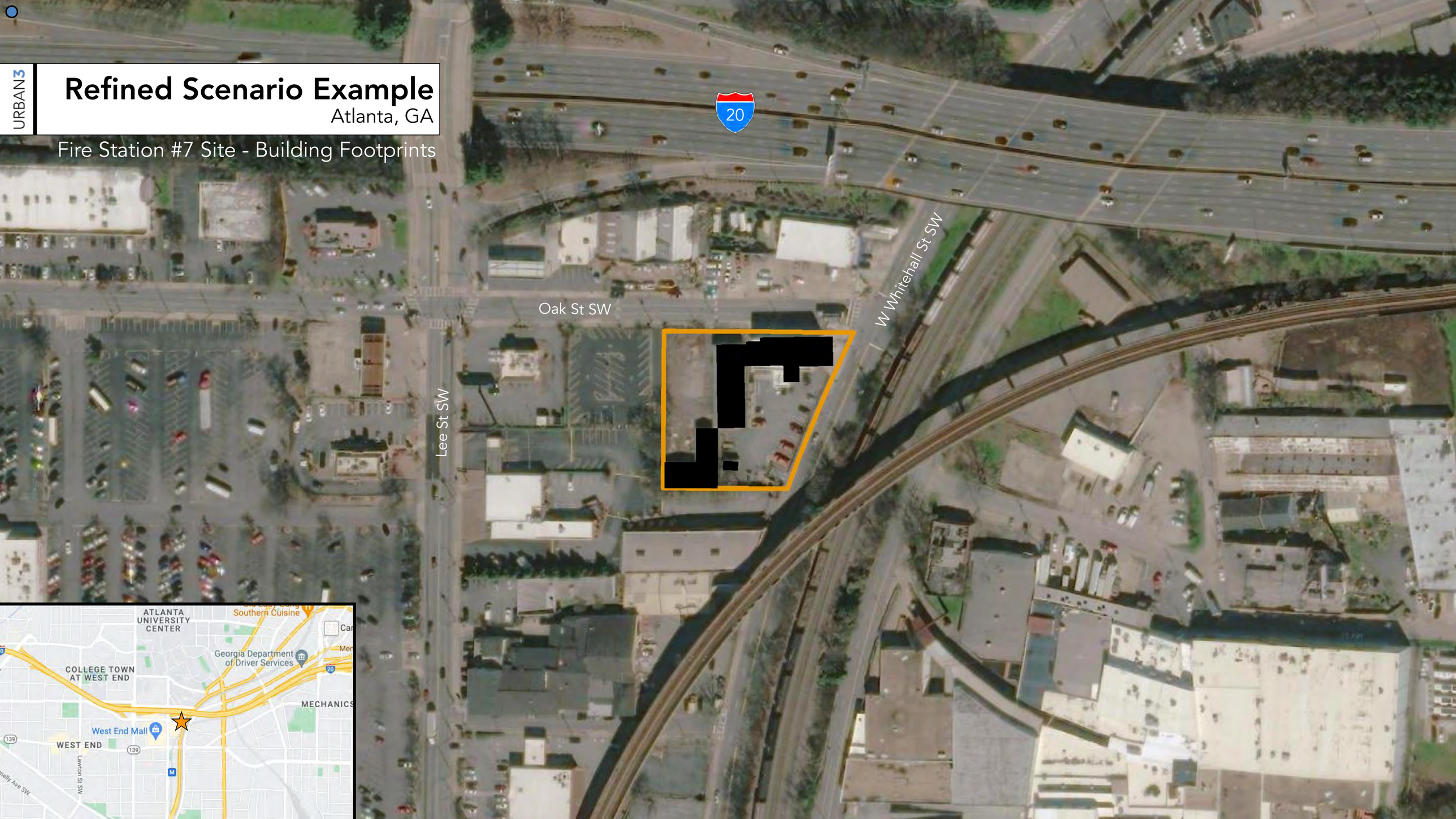


URBAN3

Refined Scenario Example

Atlanta, GA

Fire Station #7 Site - Building Footprints



URBAN3

Refined Scenario Example

Atlanta, GA

Fire Station #7 Site - Building Footprints

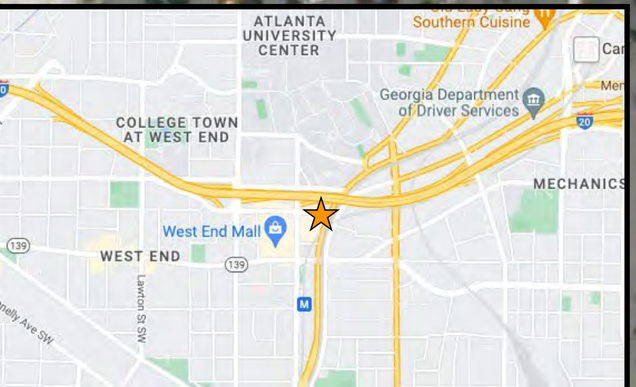




Oak St SW

W Whitehall St SW

20



URBAN3

Refined Scenario Example

Atlanta, GA

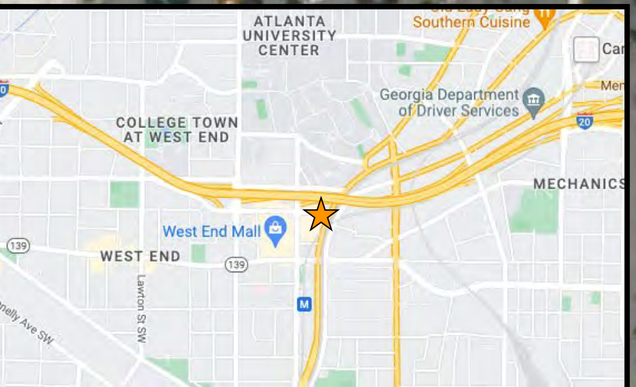
Fire Station #7 Site - Steep Slope





Oak St SW

W Whitehall St SW



URBAN3

Refined Scenario Example

Atlanta, GA

Fire Station #7 Site - Steep Slope



Main Station Building

Accessory Buildings

"Steep Slope" Area - Managed by Retaining Wall

URBAN3

Refined Scenario Example

Atlanta, GA

Fire Station #7 Site - Near MARTA Station



Main Station Building

Accessory Buildings

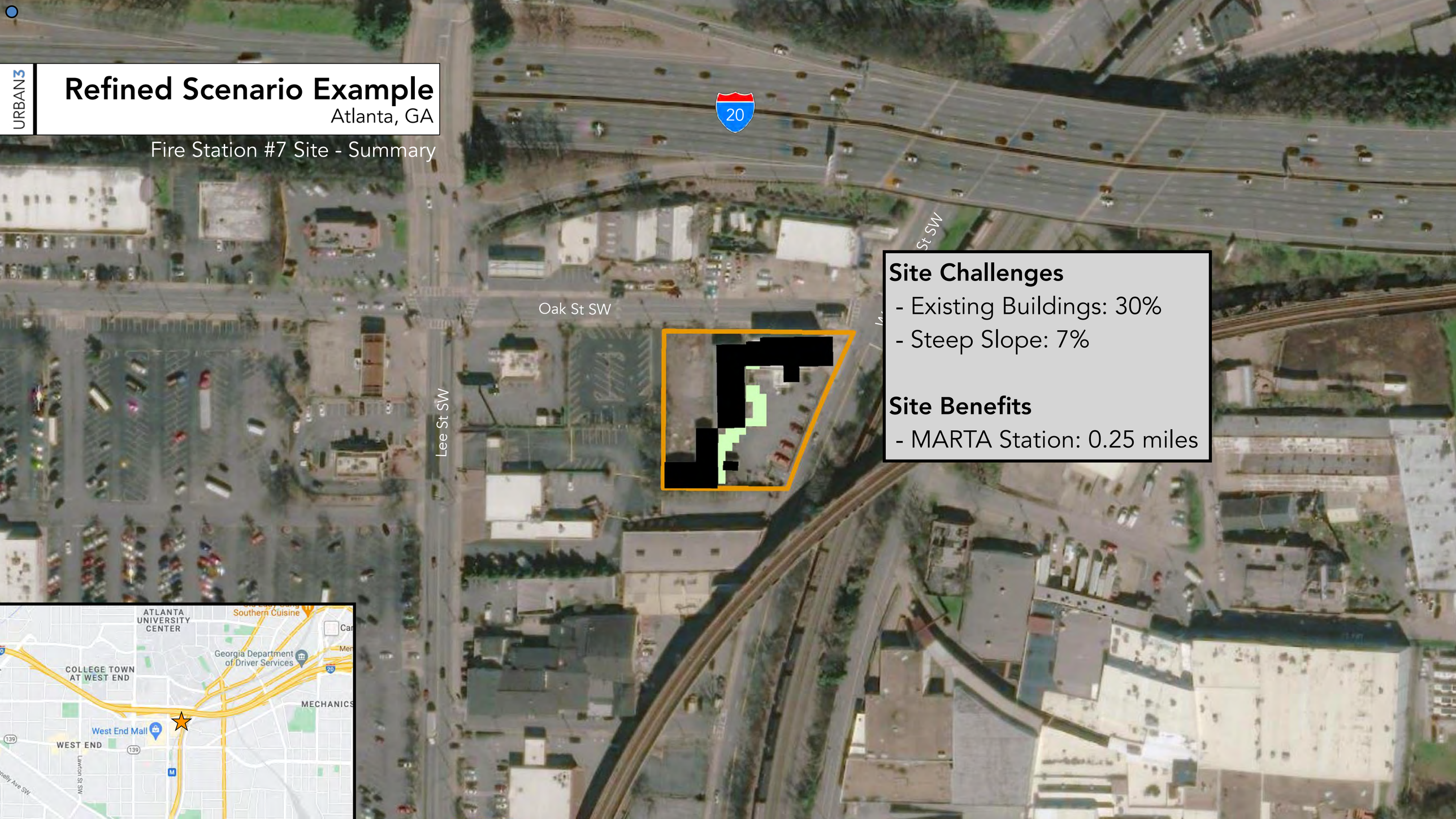
"Steep Slope" Area - Managed by Retaining Wall

URBAN3

Refined Scenario Example

Atlanta, GA

Fire Station #7 Site - Summary



Site Challenges

- Existing Buildings: 30%
- Steep Slope: 7%

Site Benefits

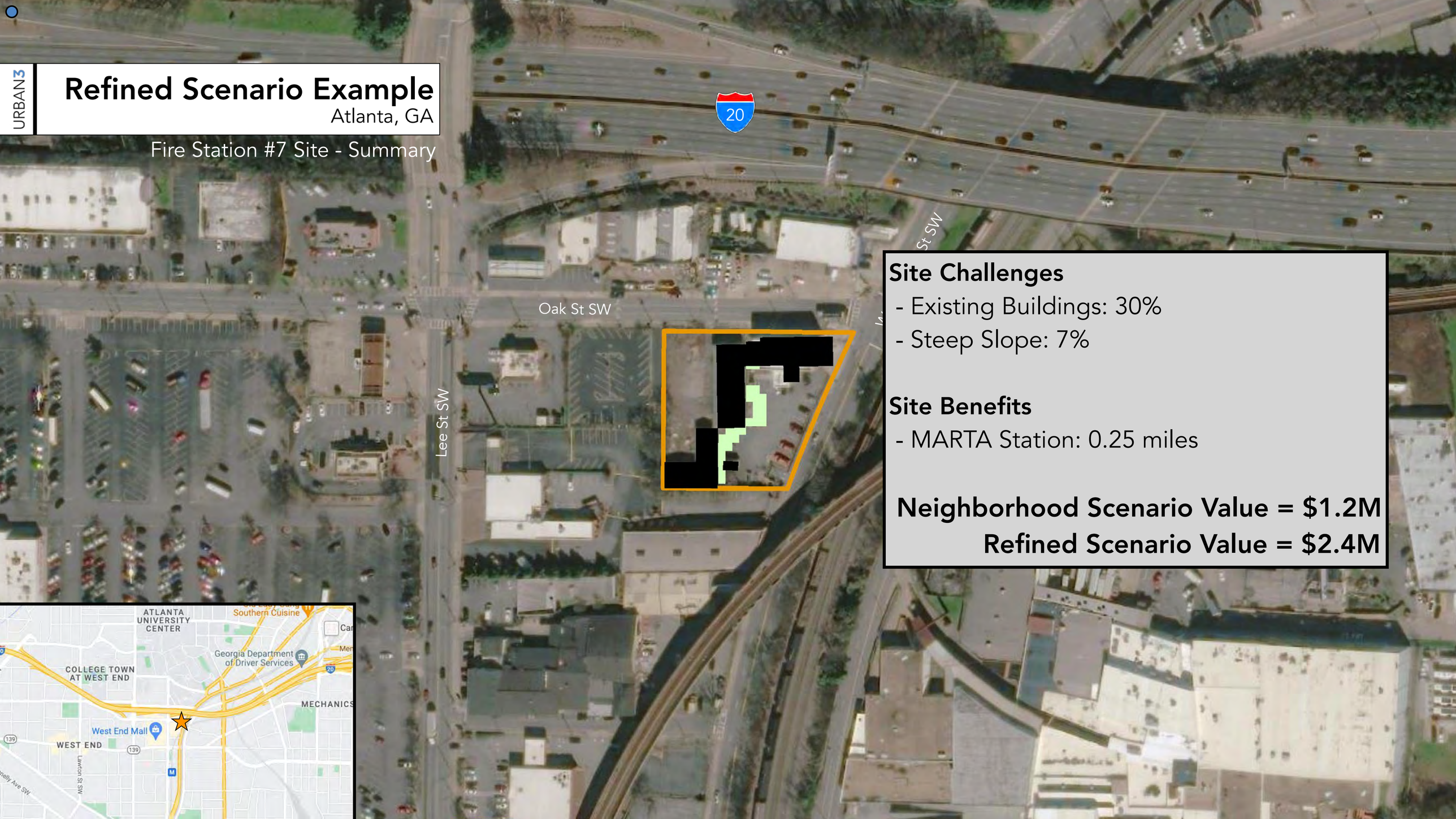
- MARTA Station: 0.25 miles

URBAN3

Refined Scenario Example

Atlanta, GA

Fire Station #7 Site - Summary



Site Challenges

- Existing Buildings: 30%
- Steep Slope: 7%

Site Benefits

- MARTA Station: 0.25 miles

Neighborhood Scenario Value = $1.2M

Refined Scenario Value = $2.4M

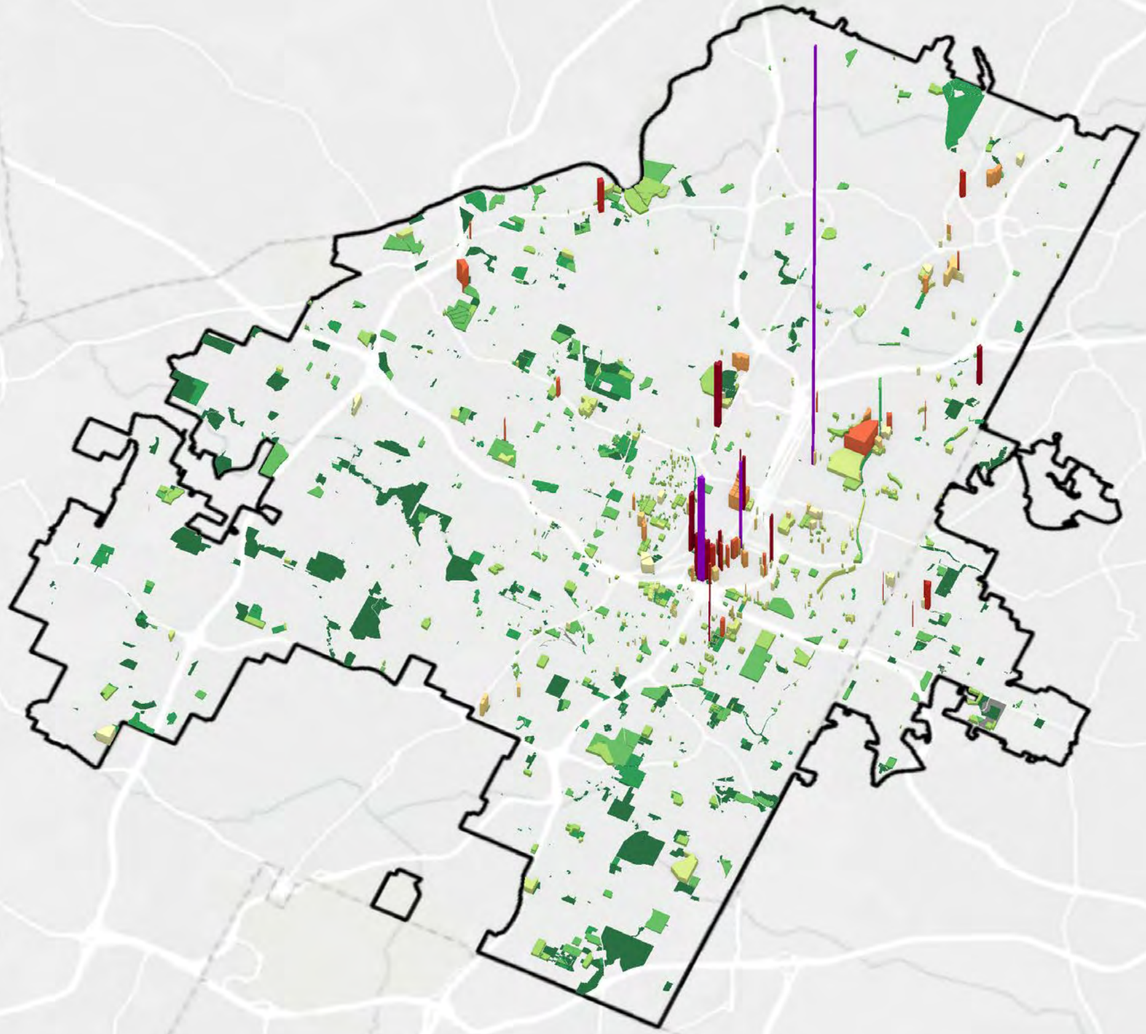
URBAN3

City Portfolio Appraised Value per Acre

Atlanta, GA

Current Value of Portfolio:

$3.9B



Appraised Value Per Acre ($)

- 0
- < 100,000
- 100,001 - 200,000
- 250,001 - 500,000
- 500,001 - 1,000,000
- 1,000,001 - 2,000,000
- 2,000,001 - 3,000,000
- 3,000,001 - 4,000,000
- 4,000,001 - 5,000,000
- 5,000,001 - 7,500,000
- 7,500,001 - 10,000,000
- 10,000,001 - 25,000,000
- >25,000,000

N

POWERED BY esri

Source: Fulton & DeKalb County Assessor

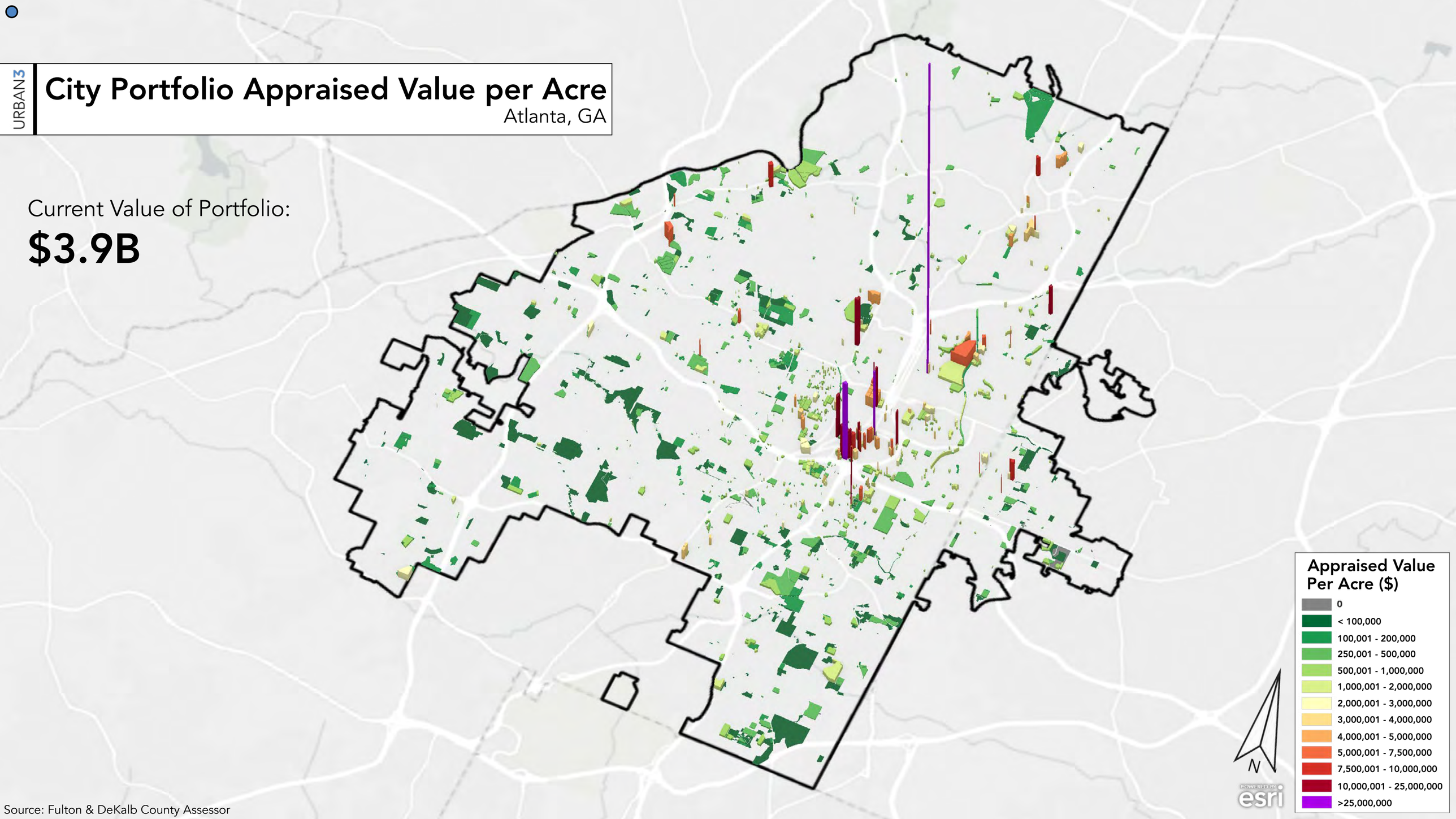
URBAN3

City Portfolio Appraised Value per Acre

Atlanta, GA

Current Value of Portfolio:

$3.9B



Source: Fulton & DeKalb County Assessor

URBAN3

City Portfolio Indicative Value per Acre

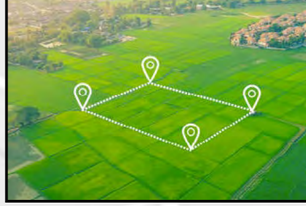
Atlanta, GA

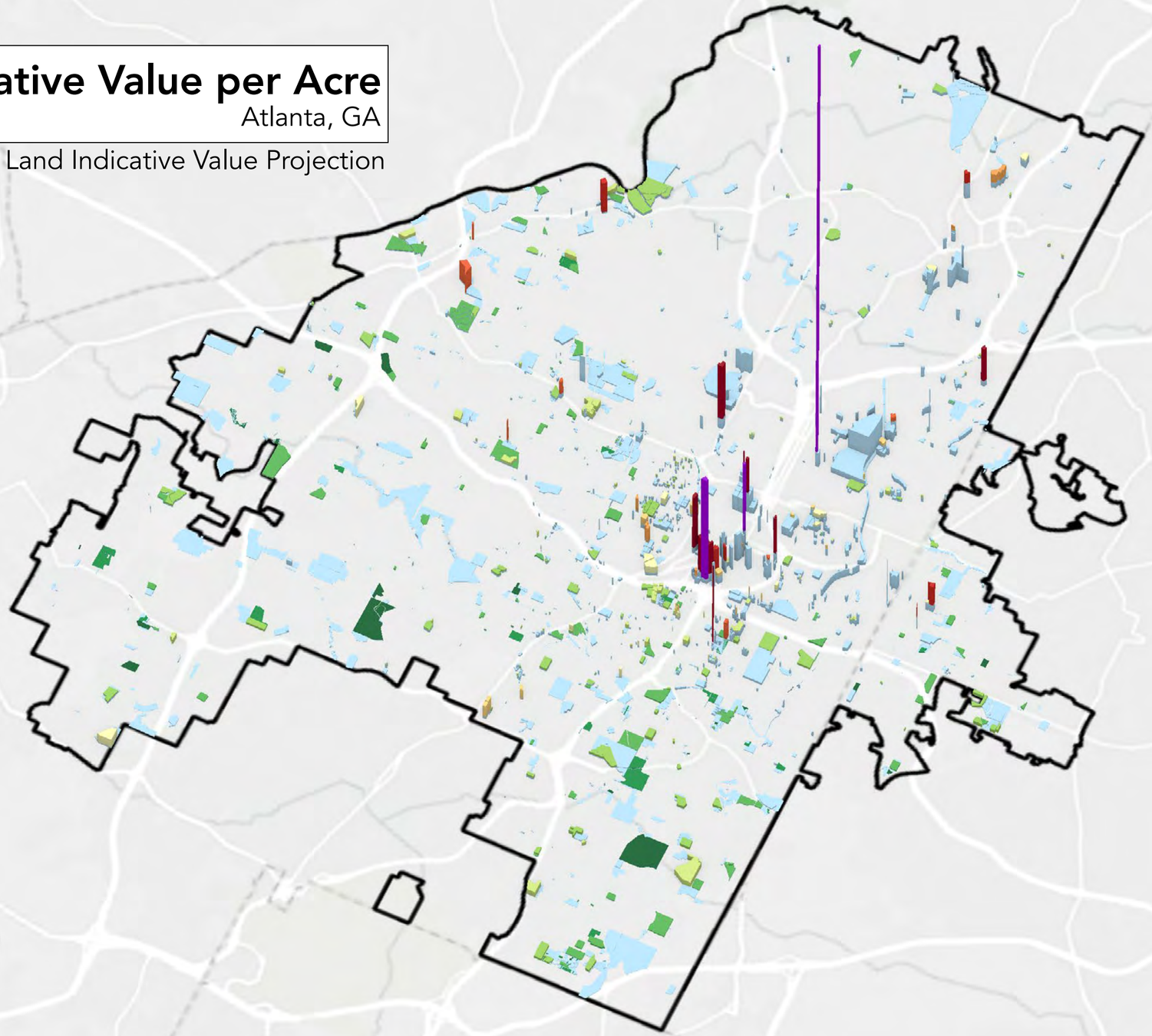
Land Indicative Value Projection

Current Value of Portfolio:

$3.9B

Land Scenario
($0.565M/acre average)





Appraised Value Per Acre ($)

- 0
- < 100,000
- 100,001 - 200,000
- 250,001 - 500,000
- 500,001 - 1,000,000
- 1,000,001 - 2,000,000
- 2,000,001 - 3,000,000
- 3,000,001 - 4,000,000
- 4,000,001 - 5,000,000
- 5,000,001 - 7,500,000
- 7,500,001 - 10,000,000
- 10,000,001 - 25,000,000
- >25,000,000

N

POWERED BY esri

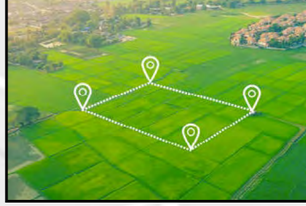
Source: Fulton & DeKalb County Assessor

URBAN3

City Portfolio Indicative Value per Acre

Atlanta, GA

Land Indicative Value Projection



Current Value of Portfolio:

$3.9B

Land Scenario
($0.6M/acre average)

New Portfolio Indicative Value:

$4.5B

(1.2X Current Value)

Appraised Value Per Acre ($)

- 0
- < 100,000
- 100,001 - 200,000
- 250,001 - 500,000
- 500,001 - 1,000,000
- 1,000,001 - 2,000,000
- 2,000,001 - 3,000,000
- 3,000,001 - 4,000,000
- 4,000,001 - 5,000,000
- 5,000,001 - 7,500,000
- 7,500,001 - 10,000,000
- 10,000,001 - 25,000,000
- >25,000,000

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POWERED BY esri

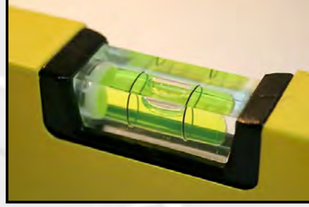
Source: Fulton & DeKalb County Assessor

URBAN3

City Portfolio Indicative Value per Acre

Atlanta, GA

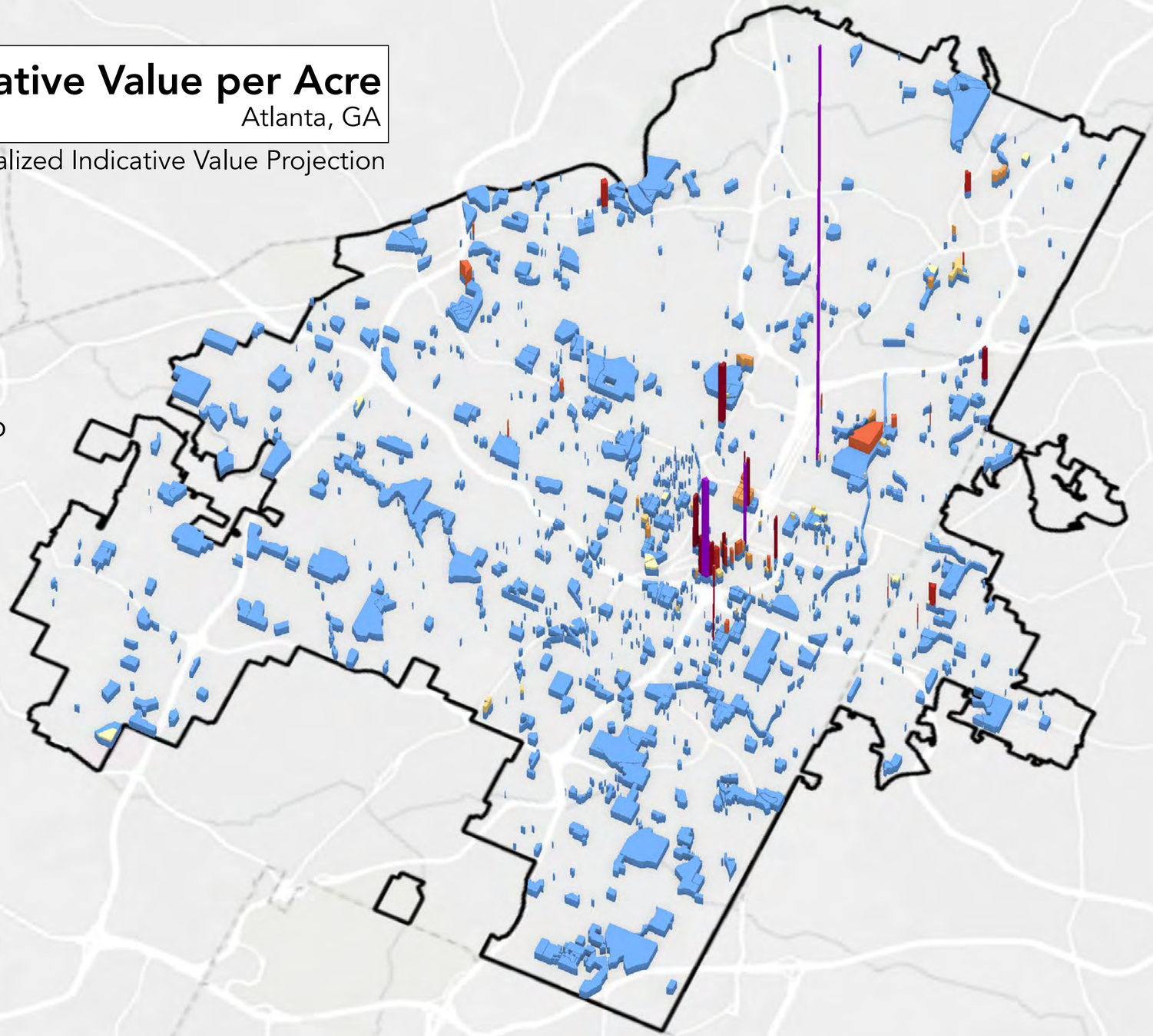
Generalized Indicative Value Projection



Current Value of Portfolio:

$3.9B

Generalized Scenario
($2.1M/acre average)



Appraised Value Per Acre ($)

- 0
- < 100,000
- 100,001 - 200,000
- 250,001 - 500,000
- 500,001 - 1,000,000
- 1,000,001 - 2,000,000
- 2,000,001 - 3,000,000
- 3,000,001 - 4,000,000
- 4,000,001 - 5,000,000
- 5,000,001 - 7,500,000
- 7,500,001 - 10,000,000
- 10,000,001 - 25,000,000
- >25,000,000

N

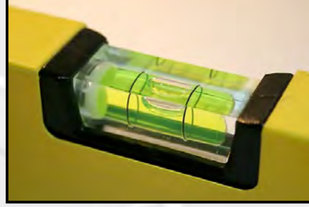
Source: Fulton & DeKalb County Assessor

URBAN3

City Portfolio Indicative Value per Acre

Atlanta, GA

Generalized Indicative Value Projection



Current Value of Portfolio:

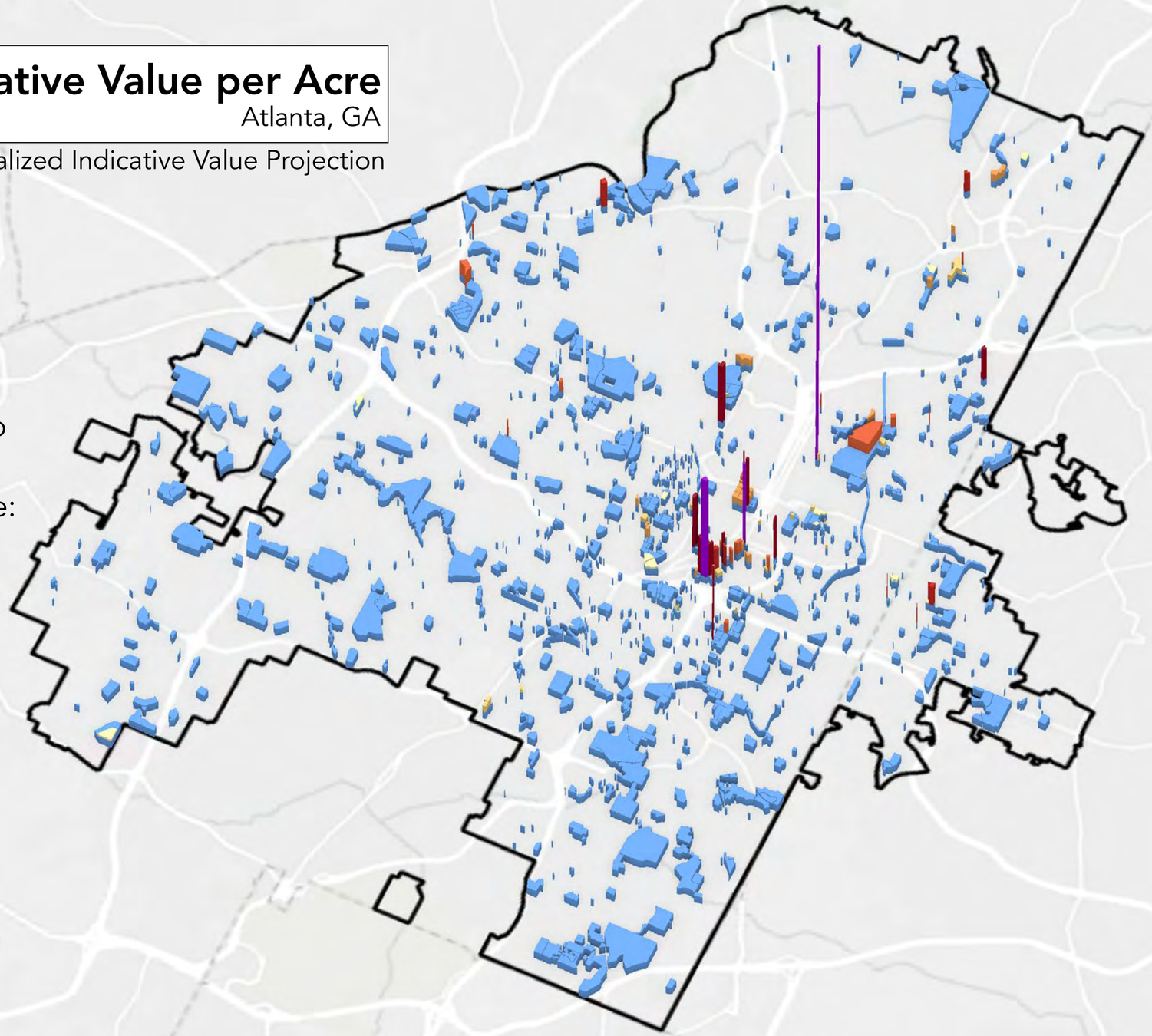
$3.9B

Generalized Scenario
($2.1M/acre average)

New Portfolio Indicative Value:

$17.4B

(4.5X Current Value)



Appraised Value Per Acre ($)

- 0
- < 100,000
- 100,001 - 200,000
- 250,001 - 500,000
- 500,001 - 1,000,000
- 1,000,001 - 2,000,000
- 2,000,001 - 3,000,000
- 3,000,001 - 4,000,000
- 4,000,001 - 5,000,000
- 5,000,001 - 7,500,000
- 7,500,001 - 10,000,000
- 10,000,001 - 25,000,000
- >25,000,000

N

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Source: Fulton & DeKalb County Assessor

URBAN3

City Portfolio Indicative Value per Acre

Atlanta, GA

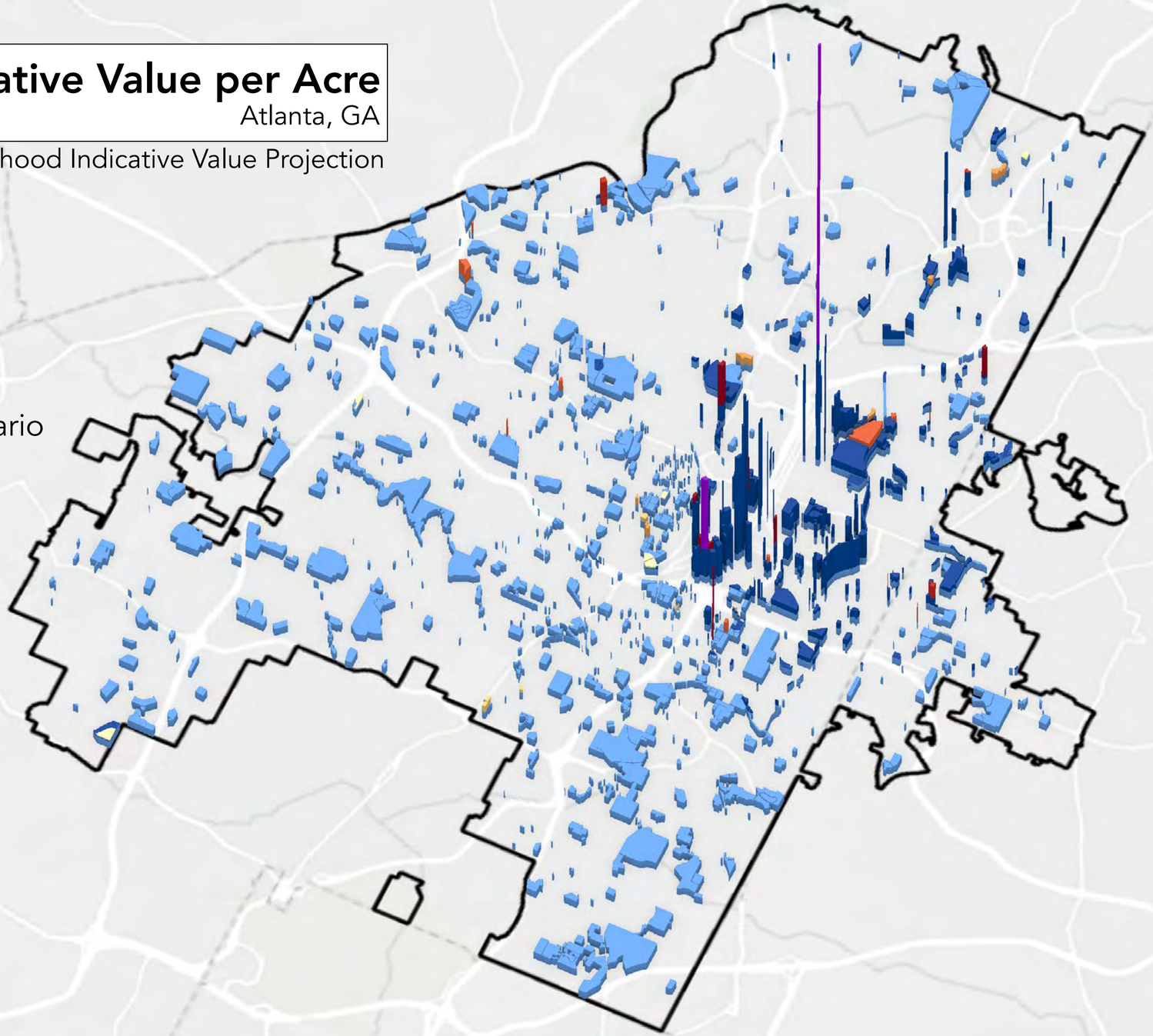
Neighborhood Indicative Value Projection



Current Value of Portfolio:

$3.9B

Neighborhood Scenario
($4.5M/acre average)



Appraised Value Per Acre ($)

- 0
- < 100,000
- 100,001 - 200,000
- 250,001 - 500,000
- 500,001 - 1,000,000
- 1,000,001 - 2,000,000
- 2,000,001 - 3,000,000
- 3,000,001 - 4,000,000
- 4,000,001 - 5,000,000
- 5,000,001 - 7,500,000
- 7,500,001 - 10,000,000
- 10,000,001 - 25,000,000
- >25,000,000

N

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Source: Fulton & DeKalb County Assessor

URBAN3

City Portfolio Indicative Value per Acre

Atlanta, GA

Neighborhood Indicative Value Projection



Current Value of Portfolio:

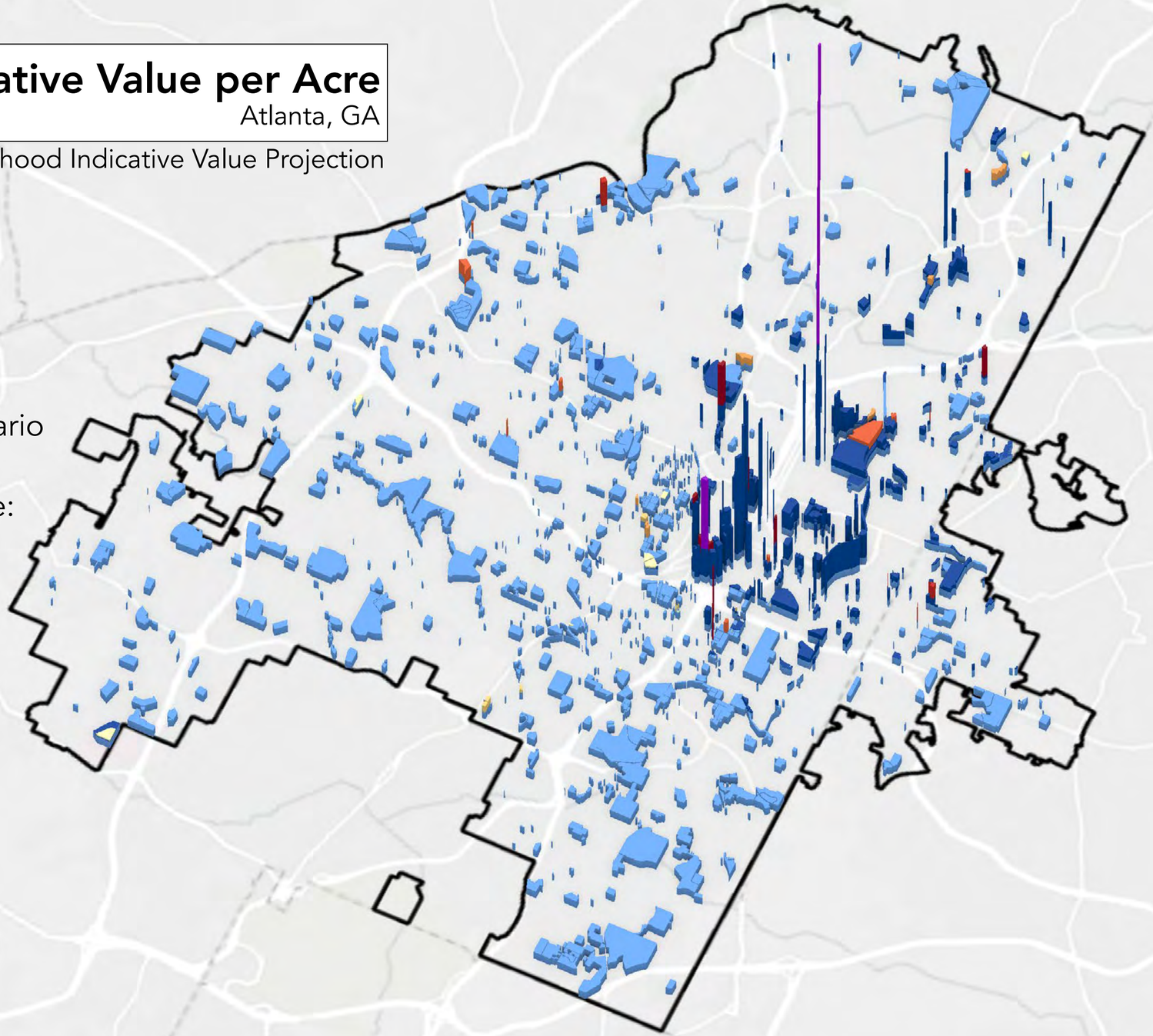
$3.9B

Neighborhood Scenario
($4.5M/acre average)

New Portfolio Indicative Value:

$19.7B

(5.1X Current Value)



Appraised Value Per Acre ($)

- 0
- < 100,000
- 100,001 - 200,000
- 250,001 - 500,000
- 500,001 - 1,000,000
- 1,000,001 - 2,000,000
- 2,000,001 - 3,000,000
- 3,000,001 - 4,000,000
- 4,000,001 - 5,000,000
- 5,000,001 - 7,500,000
- 7,500,001 - 10,000,000
- 10,000,001 - 25,000,000
- >25,000,000

N

POWERED BY esri

Source: Fulton & DeKalb County Assessor



URBAN3

City Portfolio Indicative Value per Acre

Atlanta, GA

Refined Indicative Value Projection

Current Value of Portfolio:

$3.9B

Refined Scenario
($1.9M/acre average)

Appraised Value Per Acre ($)

- 0
- < 100,000
- 100,001 - 200,000
- 250,001 - 500,000
- 500,001 - 1,000,000
- 1,000,001 - 2,000,000
- 2,000,001 - 3,000,000
- 3,000,001 - 4,000,000
- 4,000,001 - 5,000,000
- 5,000,001 - 7,500,000
- 7,500,001 - 10,000,000
- 10,000,001 - 25,000,000
- >25,000,000

N

POWERED BY esri

Source: Fulton & DeKalb County Assessor



URBAN3

City Portfolio Indicative Value per Acre

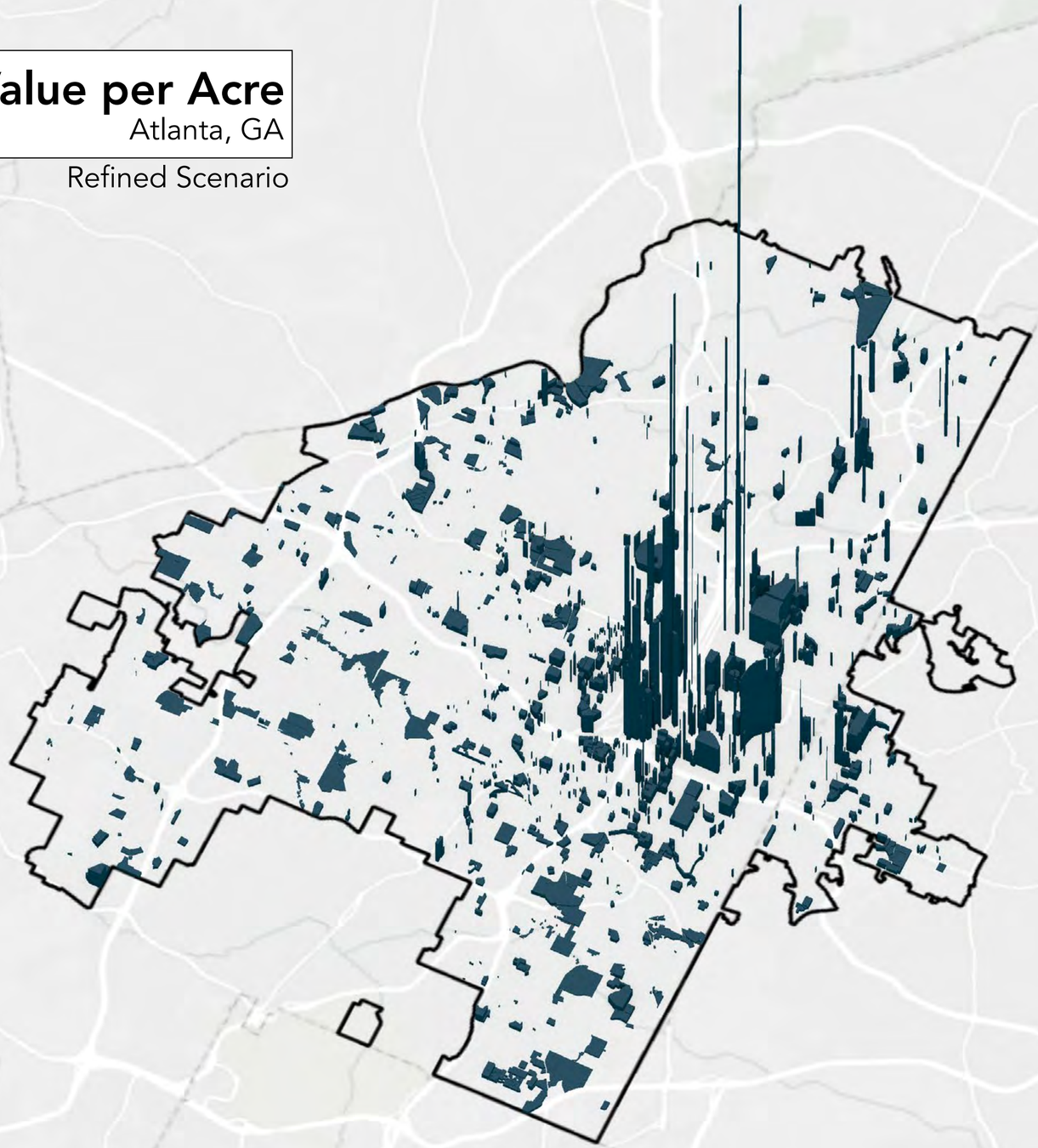
Atlanta, GA

Refined Scenario

Current Value of Portfolio:

$3.9B

Refined Scenario
($1.9M/acre average)



Appraised Value Per Acre ($)

- 0
- < 100,000
- 100,001 - 200,000
- 250,001 - 500,000
- 500,001 - 1,000,000
- 1,000,001 - 2,000,000
- 2,000,001 - 3,000,000
- 3,000,001 - 4,000,000
- 4,000,001 - 5,000,000
- 5,000,001 - 7,500,000
- 7,500,001 - 10,000,000
- 10,000,001 - 25,000,000
- >25,000,000

N

POWERED BY esri

Source: Fulton & DeKalb County Assessor



URBAN3

City Portfolio Indicative Value per Acre

Atlanta, GA

Refined Scenario

Current Value of Portfolio:

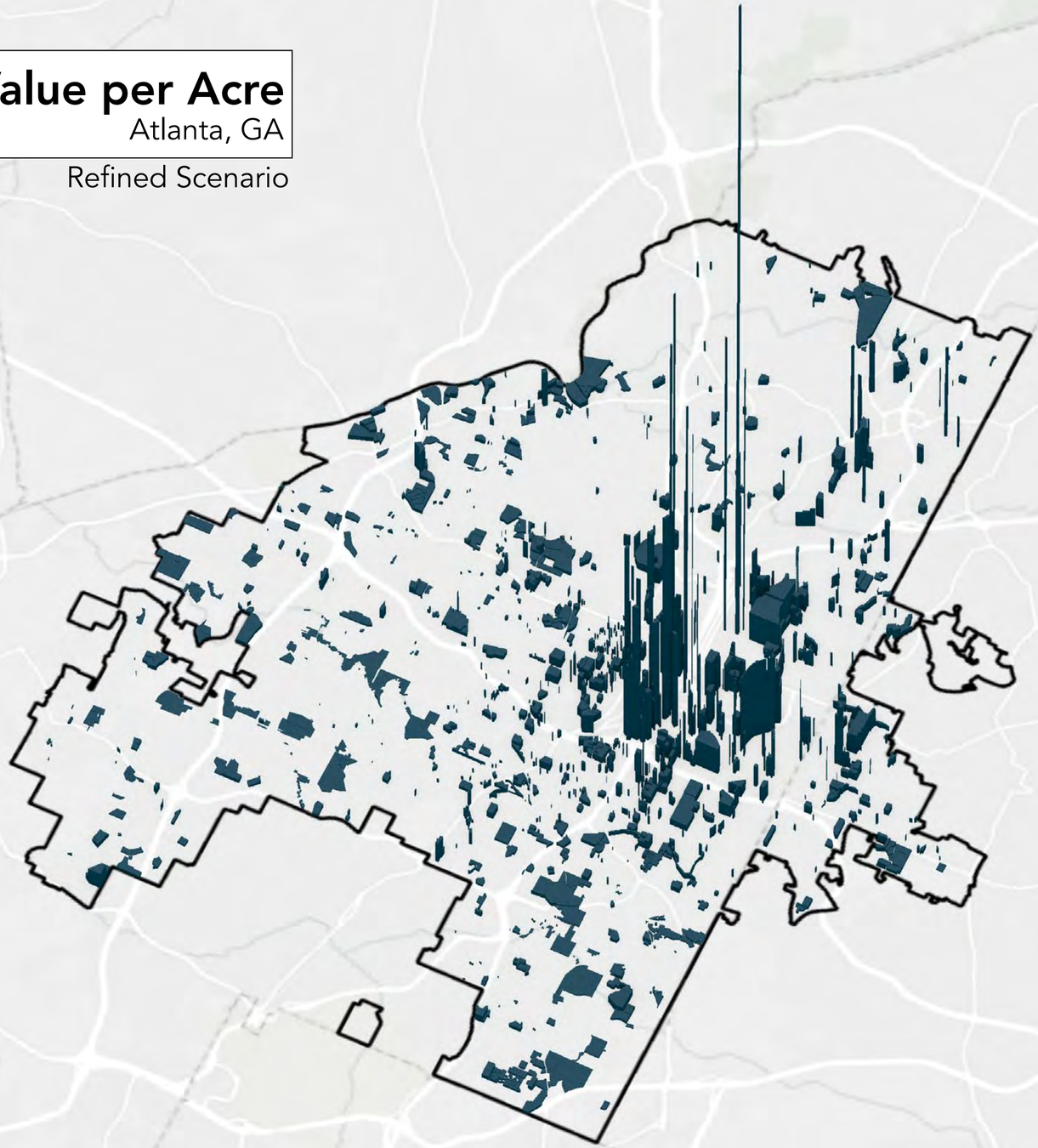
$3.9B

Refined Scenario
($1.9M/acre average)

New Portfolio Indicative Value:

$15.3B

(4.0X Current Value)



Appraised Value Per Acre ($)

- 0
- < 100,000
- 100,001 - 200,000
- 250,001 - 500,000
- 500,001 - 1,000,000
- 1,000,001 - 2,000,000
- 2,000,001 - 3,000,000
- 3,000,001 - 4,000,000
- 4,000,001 - 5,000,000
- 5,000,001 - 7,500,000
- 7,500,001 - 10,000,000
- 10,000,001 - 25,000,000
- >25,000,000

N

POWERED BY esri

Source: Fulton & DeKalb County Assessor