Mr. Dennis P. Lockhart, President and Chief Executive Officer  
Federal Reserve Bank of Atlanta  
1000 Peachtree Street NE  
Atlanta, GA 30309-4470  
December 15, 2011

Dear President Lockhart:

Thank you for your consideration and insights offered during our November 30, 2011 meeting in Atlanta where we discussed real estate challenges facing Atlanta and the Nation. The Red Fields to Green Fields National Research Program led by Georgia Tech has studied the potential impacts of returning financially and physically distressed real estate to productive use in 11 cities, with 14 university partners.

Atlanta has experienced a 95% drop in commercial real estate volumes; construction in the office and industrial markets has slowed to near zero. We have seen and documented similar declines in every city studied, including Los Angeles, Phoenix, Houston, Denver, Detroit, Cleveland, Philadelphia, and Miami. The economic downturn has produced the greatest real estate buying opportunities in over 80 years in cities throughout the country; we can help revive our construction and banking sectors by working with banks to remove non-performing properties from their portfolios and return these lands to productive use. Demolition of distressed, vacant, dilapidated properties produces jobs; land values are stabilized and poised for economic re-development, and when the economy recovers, these properties can be viewed as assets, not liabilities. Prices for farm land are escalating, and thousands of distressed developed properties have a market value equal to or less than farm land. We can help put America back to work reducing the oversupply of commercial real estate, converting it to raw land, and re-positioning it (and/or preserving it) to attract businesses.

This is what I think the Federal Reserve can do:

1. Engage, convene, and facilitate actions by stakeholders in the banking and private sectors to develop solutions to leverage private sector funds to encourage economic development opportunities in our cities.
2. Support the development of guidance strategies, pilot programs and regional joint initiatives to reduce the oversupply of financially toxic real estate, to spur demand as the economy recovers.

Sincerely,

Kevin C. Caravati  
Red Fields to Green Fields National Program Director

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