Red Fields to Green Fields: How Parks Can Help Solve the Urban Real Estate Crisis: The Atlanta Case Study

Joseph Hughes & Kevin Caravati
Georgia Institute of Technology
Atlanta, GA
Background on Atlanta

- Metro-region comprised of ~26 counties
- Population 5.5 million
- Park deficient
- Atlanta’s largest city park is Piedmont Park (185 acres)
- Federal ruling requires Tri-state water solution within 3 years
Atlanta Park Data

As evidenced by the two graphs on this page, as well as every other statistical measurement, the city of Atlanta is woefully lacking in public parks and green space. Parkland covers only 4.6% of Atlanta’s total area, and no public green space is larger than one-third of a square mile.

Park Acres as a Percent of Land Area

<table>
<thead>
<tr>
<th>City</th>
<th>Park Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlanta, GA</td>
<td>4.6%</td>
</tr>
<tr>
<td>US Average</td>
<td>8.6%</td>
</tr>
<tr>
<td>Washington, D.C.</td>
<td>19.4%</td>
</tr>
</tbody>
</table>

Acres of Park Land Per 1,000 Residents

<table>
<thead>
<tr>
<th>City</th>
<th>Acres of Park Land</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlanta, GA</td>
<td>7.4</td>
</tr>
<tr>
<td>US Average</td>
<td>19.1</td>
</tr>
<tr>
<td>Jacksonville, FL</td>
<td>129</td>
</tr>
</tbody>
</table>

Source: Trust for Public Land
## ATLANTA PARK & GREENSPACE ACREAGE

<table>
<thead>
<tr>
<th>Categories</th>
<th>Number</th>
<th>Total Acreage per Category</th>
<th>Percentage of Total Acreage</th>
<th>Type of Park</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 + acres</td>
<td>8</td>
<td>1,182</td>
<td>35%</td>
<td>Regional</td>
</tr>
<tr>
<td>30 - 100 acres</td>
<td>14</td>
<td>789</td>
<td>23%</td>
<td>Community</td>
</tr>
<tr>
<td>15 - 30 acres</td>
<td>12</td>
<td>323</td>
<td>9%</td>
<td>Regional, Neighborhood and/or Community</td>
</tr>
<tr>
<td>Less than 15 acres</td>
<td>314</td>
<td>717</td>
<td>22%</td>
<td>Neighborhood/Misc.(including garden and/or triangle blocks)</td>
</tr>
<tr>
<td>Nature preserves</td>
<td>7</td>
<td>392</td>
<td>11%</td>
<td>Greenspace</td>
</tr>
<tr>
<td>TOTAL</td>
<td>355</td>
<td>3,403</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>
Atlanta Region Directions of Growth

Atlanta continues to be the center of population growth in the state and the south with predictions of an additional 2.3 million people moving into the metro area over the next two decades. Bringing these residents closer to the city through a better quality of life is critical to the city’s future.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>ENE</td>
<td>313,605</td>
<td>173,620</td>
</tr>
<tr>
<td>ESE</td>
<td>191,502</td>
<td>81,453</td>
</tr>
<tr>
<td>NNE</td>
<td>217,125</td>
<td>228,935</td>
</tr>
<tr>
<td>NNW</td>
<td>333,526</td>
<td>220,832</td>
</tr>
<tr>
<td>SSE</td>
<td>479,190</td>
<td>169,795</td>
</tr>
<tr>
<td>SSW</td>
<td>297,084</td>
<td>167,331</td>
</tr>
<tr>
<td>WNW</td>
<td>208,663</td>
<td>79,822</td>
</tr>
<tr>
<td>WSW</td>
<td>191,863</td>
<td>65,235</td>
</tr>
<tr>
<td>CORE</td>
<td>74,251</td>
<td>55,981</td>
</tr>
<tr>
<td>Region</td>
<td>2,306,809</td>
<td>1,243,004</td>
</tr>
</tbody>
</table>

Legend:
- Blue: 2000-2003 Population Change
- Yellow: Interstate System
Unemployment

The unemployment rate in the state of Georgia ranks 8th in the nation topping 10%. Economic indicators predict that this rate will continue to rise for the remainder of 2009.

Bank Failure

Georgia leads the nation in bank failures, accounting for 25% of the total number.

http://www.bls.gov/web/laumstrk.htm

http://s.wsj.net/public/resources/documents/info-Failed_Banks-sort.html
Georgia Banks

- Georgia—the accounts for 25% of the nation’s bank failures
- Pace of bank failures is increasing in GA and across the nation
- 99 banks have failed in the past year. More than 1/3 of those failures have occurred in the past three months (AJC, August 30, 2009)
- An estimated 1/3 of GA chartered banks are operating under state or federal enforcement actions (includes “cease and desist orders”)
- FDIC projects losses of $70 billion, and may require higher premiums from surviving banks, and possibly form taxpayers
Bank Failures by Location

Size of circles based on the value of assets at time of failure

http://s.wsj.net/public/resources/documents/info-Failed_Banks-sort.html
Problem Statement

• Given $5B, what could be done in Atlanta and within the metro region to:
  – Purchase toxic assets
  – Create parks
• What impact would be realized?
Approach

• Technical feasibility assessment for project delivery
• Gather information from leaders in the community
• Develop conceptual process and costing
• Use CoStar data bases to get market information
• Leverage existing projects when possible
• Subdivide region:
  – Inside Perimeter (I-285)
  – Outside Perimeter
Sources

- Lisa Borders, President, Atlanta City Council
- Atlanta Regional Commission
- Brian Leary, Atlantic Station
- Lee Harrop, Atlanta Beltline, Inc.
- KIPP Schools-Metro Atlanta
- Mark West, CoStar Group
- Giles Stevens, CoStar Group
- James Dills, Centers for Disease Control and Prevention
- Bob Kerr and Associates
- Mtamanika Youngblood, Annie E. Casey Foundation
- Billy Hall, Newfields
- Deb McCown
- Helen Tapp, The Trust for Public Land
- David Kuechenmeister, The Trust for Public Land
- Mike Messner, Seminole Capital Partners
- Bob Schwartz, Seminole Capital Partners
- Yellowstone National Park
- Tad Leithead, Atlanta Regional Commission Executive Committee
- Penny McPhee, Blank Family Foundation
- Laura Hughes, Fortis Engineering
- Anthony Giarrusso, Center for GIS at Georgia Tech
- Federal Reserve Bank of Atlanta
- Metrostudy
- Ann Stallard, Graphics Communications Corporation
- Kirk Smith, Graphics Communications Corporation
- Richard Tucker, The Trust for Public Land
- Sally Sears, The South Fork Conservancy, Inc.
- Zakiya Seymour
- Arnie Silverman, Silverman Construction Program Management
- Brent Reid, Winter Companies
- Lord Aeck&Sargent
Process and Costing

Process

Looking at the scope of this project from an engineering perspective, turning Red Fields to Green Fields is a fundamental part of the profession. From the pre-acquisition phase to park creation to operation and maintenance activities, public/private partnerships provide the impetus for job creation and sustained economic development. Through smart development, bad assets can be turned over, property values can climb and a sufficient return on investment is generated to ensure a safe, vibrant recreation site.

$5 billion investment purchases 10,000 acres and includes ~ 10 years of O&M and security.
Inside the Perimeter Market

- Historical 5-yr price per acre average, improved lot: $1.76 MM
- Current market listed price per acre, average:$371,000 per acre—a 79% discount
- Many potential sellers are not listing properties due to market conditions
Outside the Perimeter Market

Nearly 22,000 acres of vacant land listed at an average price of $154,000 per acre
Leveraging Inside Perimeter
The Process in Action: Atlanta at Work

The BeltLine

The BeltLine is an ongoing project that consists of an integrated network of urban greenspace, linked together by an easily accessible BeltLine Trail and BeltLine Transit System. The 22-mile loop of largely unused, historic railroad tracks can accomplish a new parks system, trail system, and low-impact transit system and act as a catalyst for economic development. The BeltLine is expected to generate over $20 billion of new economic development during the 25-years of the project as well as approximately 30,000 new jobs and 48,000 temporary construction jobs.

Uses of Funds ($2.8B)

Sources of Funds ($2.8B)

Gap of $1.1 billion needed to be met by “other” funding; over $150 million identified to date:

- Federal
- Local/State
- Private

Note: “other” uses of funds include administration, contingency funds and other bond requirements.
THE ATLANTA BELTLINE:
KEY ELEMENTS

Parks
~ 1300 new acres

Trails
33 miles

Transit
22-miles

Jobs & Economic Development
20 areas, 30k jobs

Affordable Housing
Up to 5,600 units

Historic Preservation

Streetscapes & Public Art

Environmental Clean-up
~1100 acres of brownfields
Beltline Parks & Trails

- 40% increase in Atlanta’s park system size
- 33 miles of multi-use trail
- Amenities based on community need; examples include skateparks and community gardens
Beltline

750+ acres of park planned, 50% already acquired
Fort McPherson Market

- Land is available at $300,000 per acre for 100 acres
- Former Ford plant property was purchased for about $330,000/acre for 122 acres in 2007
Honor Farm Project Market

- 500+ acres held; 205 acres available for $18 million (~$88,000/acre)
- Median household income here is $34,000
Bellwood Quarry

- Surrounding property values have tripled due to this Park (and reservoir) being planned
- Land acquisition here would be limited to only what is needed to remove barriers to progress
Peachtree Creek Greenbelt

- 1500 acres identified for 36 miles of connected trail and watershed buffer zones
- Links Beltline, 3 major distressed malls, numerous parks, and Emory/CDC (largest employer in Dekalb County)
Northlake Mall

- Distressed mall with surrounded distressed strip malls
- Nearly 100 acres; asking price of $50 million
- Surrounding land values have declined by 85%

**5 year Historical**

<table>
<thead>
<tr>
<th></th>
<th>Average ($/acre)</th>
<th>Total (Acres)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved</td>
<td>$1,211,017</td>
<td>90.8</td>
</tr>
<tr>
<td>Land Only</td>
<td>$1,457,471</td>
<td>8.7</td>
</tr>
</tbody>
</table>

**On Market**

<table>
<thead>
<tr>
<th></th>
<th>Average ($/acre)</th>
<th>Total (Acres)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved</td>
<td>$746,175</td>
<td>11.06</td>
</tr>
<tr>
<td>Land Only</td>
<td>$208,097</td>
<td>19.02</td>
</tr>
</tbody>
</table>
Example Development Cost Data

Westside Reservoir Park
• Previously a quarry
• Targeted 387 Acres
• 30 Day Drinking Water Supply for City of Atlanta

<table>
<thead>
<tr>
<th>(10 acre phase 1)</th>
<th>Contracted Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Acquisition</td>
<td>$5,268,287</td>
</tr>
<tr>
<td>Design</td>
<td>$79,979</td>
</tr>
<tr>
<td>Construction</td>
<td>$720,021</td>
</tr>
<tr>
<td>Total</td>
<td>$6,068,287</td>
</tr>
</tbody>
</table>

Public Investment in Historic Fourth Ward Park to date

4th Ward
• Previously parking and light commercial
• 96% of demolition waste recycled
• 33 Acres total

| Land Acquisition (19 acres) | 20,443,372 |
| Design                      | 2,386,195  |
| Construction Mgt            | 646,132    |
| Construction                | 2,133,525  |
| Total                       | 25,609,224 |
Totals by Project

- **Atlanta Beltline**
  - New park acreage: 325; acres leveraged: 325; total acreage **750**
  - Acquisition cost: $600 million
- **Ft. McPherson-Lakewood-Honor Farm Corridor**
  - New park acreage: 514; acres leveraged: 500; total acreage: **1,014**
  - Excludes Ft. McPherson Site Master Plan
  - Acquisition cost: $130 million
- **Bellwood Quarry**
  - New park acreage: 36; leveraged acreage: 300; total acreage **336**
  - Acquisition cost: $35 million
- **Peachtree Creek Green Belt (includes Northlake Mall)**
  - New park acreage: **450**; 31 miles of park connected trails created
  - Acquisition cost: $250 million
- **Neighborhood Preservation Site**
  - 400+ properties available: New park acreage: **300**
  - Acquisition cost: $25 million
The Impacts

• 2,850 acres of parkspace created within the Perimeter (equivalent of over 15 Piedmont Parks)
  AND
• 50% of the land currently for sale outside the Perimeter would be removed from the market to create over nearly 13,000 acres of greenspace
  OR
• 6,500 acres of parks within 20 miles of Atlanta and 780 miles of greenbelt throughout Georgia
Closing

• Atlanta real estate market would be transformed
• The proposed projects are technically feasible
• Initial research suggests the adjacent lands benefit tremendously
• The projects are scalable on a national basis