

Game-Changing Potential

How an urban wealth fund is helping the City of Atlanta put their assets to work to achieve their affordable housing goal

BY SHAYNE KAVANAGH, BEN MCADAMS AND ADAM CARR





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

In 2022, Atlanta joined the Putting Assets to Work Incubator to implement an urban wealth fund. An urban wealth fund first takes stock of the land and buildings owned by local government, then recognizes where the economic potential of those assets has not been realized. Finally, it works to realize that potential while maintaining an ongoing financial interest for the city. This way,

the public shares in the financial upside produced from "putting the assets to work." Atlanta's goal is to direct those resources toward affordable housing, but local governments are looking to this concept to unlock resources to deal with other complex problems as well. For example, Anne Arundel County, Maryland, and the City of Annapolis, Maryland, have joined the project, seeking new resources to fund climate-resilient infrastructure needs without raising taxes.

In this article, we will use the City of Atlanta's experience to illustrate the first step involved in taking advantage of revenue potential from existing assets: developing an "asset map."

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 if they are aware of the assets, they likely don't know the market value or potential of the assets. An asset map addresses both problems. We will discuss how an asset map comes together, what Atlanta learned from it, and where Atlanta is going next.

HOW AN ASSET MAP COMES TOGETHER

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 through the county assessor, internal data from jurisdictions, and interviews with community staff who have day-to-day interactions with the respective property.

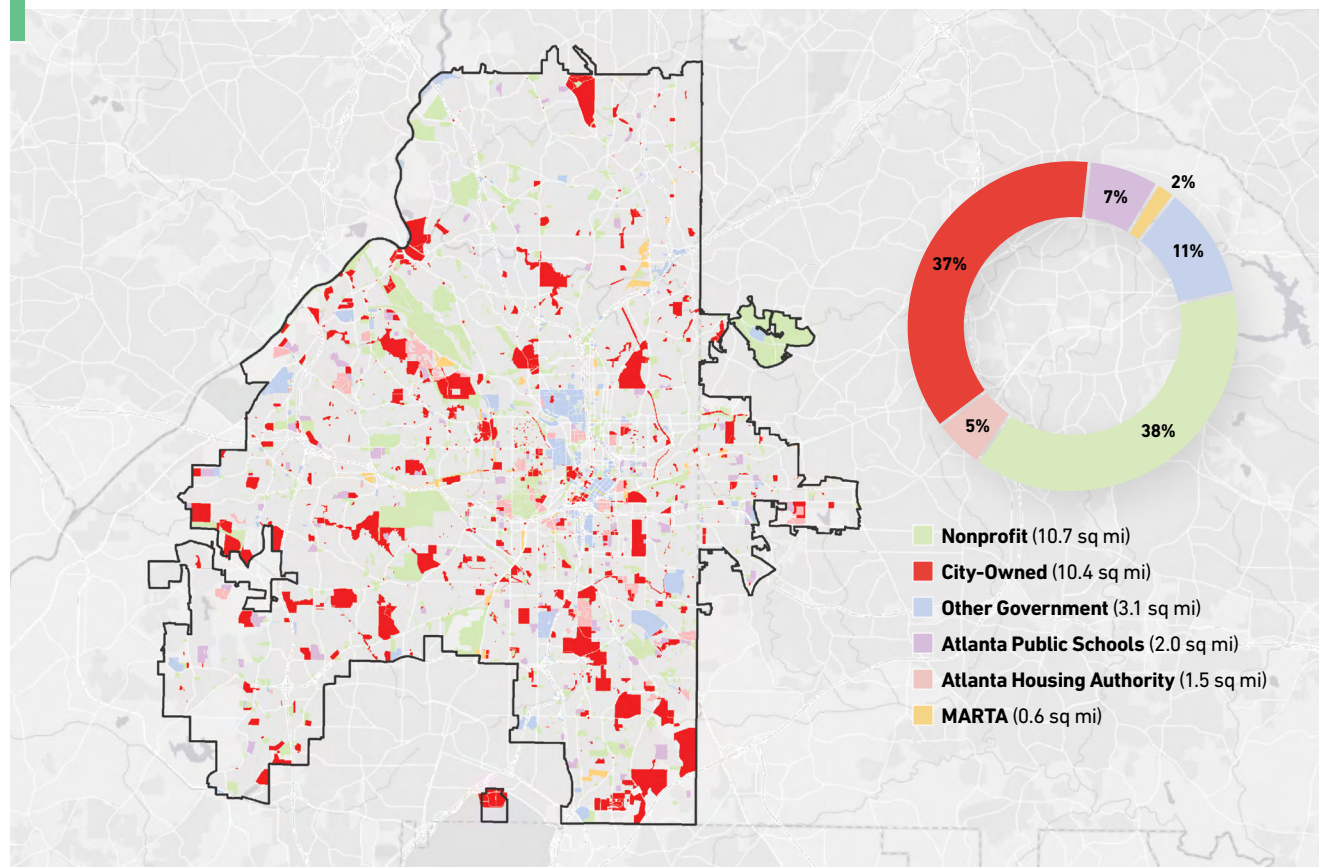
Urban Wealth Funds and the Putting Assets to Work Incubator

The GFOA report, *Putting Public Assets to Work*, offers answers to common questions about urban wealth funds and what local governments can do to take advantage of this approach to managing assets. Read the report at gfoa.org/materials/putting-public-assets-to-work. Visit gfoa.org/paw to learn more about the incubator program and where local governments from across the U.S. are working together to implement urban wealth funds.

RETHINKING REVENUE

The **Rethinking Revenue** initiative is a joint project of many organizations that have an enduring interest in creating thriving local communities and making sure that those communities are served by capable and ethical local governments. Rethinking Revenue is about providing local governments with the ability to raise enough revenues for the services their communities need—and to raise those revenues fairly and in a way that is consistent with community values.

IDENTIFYING PUBLIC PROPERTY IN THE CITY OF ATLANTA



Source: Fulton & DeKalb County Assessor. Image courtesy of Urban3.

The City of Atlanta made the decision 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 public entities pooling their available assets and collaborating to unlock opportunities for their mutual benefit.

With this comprehensive catalog of assets, the next step is to identify opportunities, then highlight to community leaders and the public the potential of putting assets to work and generating support and enthusiasm. While doing so, it is important to recognize that not all assets in public inventory are the same.

The Putting Assets to Work Incubator team identified three groups of assets:

Legacy: includes land, structures, and other assets the community chooses to continue legacy uses for cultural, historical, environmental, or similar reasons.

Policy: includes assets that provide an active public service function, like a library, fire station, or other civic space. On their face, these assets may not have much development potential because they have been set aside for other purposes important to the community. But opportunities to think creatively might exist. For example, it is common for a commercial office building to include retail space on the first one or two levels. Similarly, perhaps the first one or two floors could serve a public purpose, like a library, while the commercial office space above generates revenue.

Yield: these are assets that have the clearest path to development. Vacant land would be an obvious type of asset in this category. Other examples might include municipally owned parking lots in areas where the value of land is high, or buildings that serve an administration or support function within the government located on land with greater economic potential that could support revenue-generating opportunities.

Evaluating properties through this lens recognizes that preserving open spaces and historical structures or creating civic spaces is 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.

The City of Atlanta analyzed the potential of assets with development viability, primarily those in the yield category. Atlanta identified four categories of development potential:

Ready-to-build: smaller project sites that are ready to be built in the short term, with relatively low infrastructure and investment costs.

Revenue-generating: larger project sites with substantial market potential that may require more effort to develop but will pay off with greater revenue-generating potential to support affordable housing initiatives.

Large-scale catalytic: broader-scale project sites with transformational potential that will require multiple-agency coordination, master planning, and infrastructure investment.

Complex development: sites that are hard to develop due to limiting factors (for instance, environmental remediation requirements) but could be developed in the long term with proper planning and investment.

An area that shows promise with a combination of ready-to-build and large-scale catalytic opportunities is in South Downtown. This area has civic properties that fit into the legacy and policy assets groups but also has many yield assets. Considering just the property owned by the City of Atlanta, between three and four acres of land can be classified as a yield asset. The city can use these assets to advance developments that will create big improvements in value while generating momentum to support positive changes in land use and development patterns throughout this area.

Finally, an asset map attaches market values to public properties to give the local government a sense of the financial potential. Market values were estimated using four methods:

1. determining the value of the asset portfolio if the property was sold on the open market;
2. calculating the value per acre of parcels across the community and

assuming public property would be valued similarly;

3. calculating the value per acre of parcels within a certain proximity of a given publicly owned property and assuming the public property would be valued similarly; and
4. using the value per acre from method #3, while only developing viable portions of public property based on property characteristics and input from the community.

Using the four acres of property from the map of South Downtown Atlanta as an example, the city estimated a potential value of about \$100 million for this land. This estimated value was based on existing conditions of the properties, while accounting for potential development constraints, like steep slopes or flood zones, and potential site advantages, like proximity to MARTA stations. At a minimum, if these properties were brought onto the tax books with this

YIELD ASSETS (SOURCES OF FUNDING FOR OTHER GOALS)

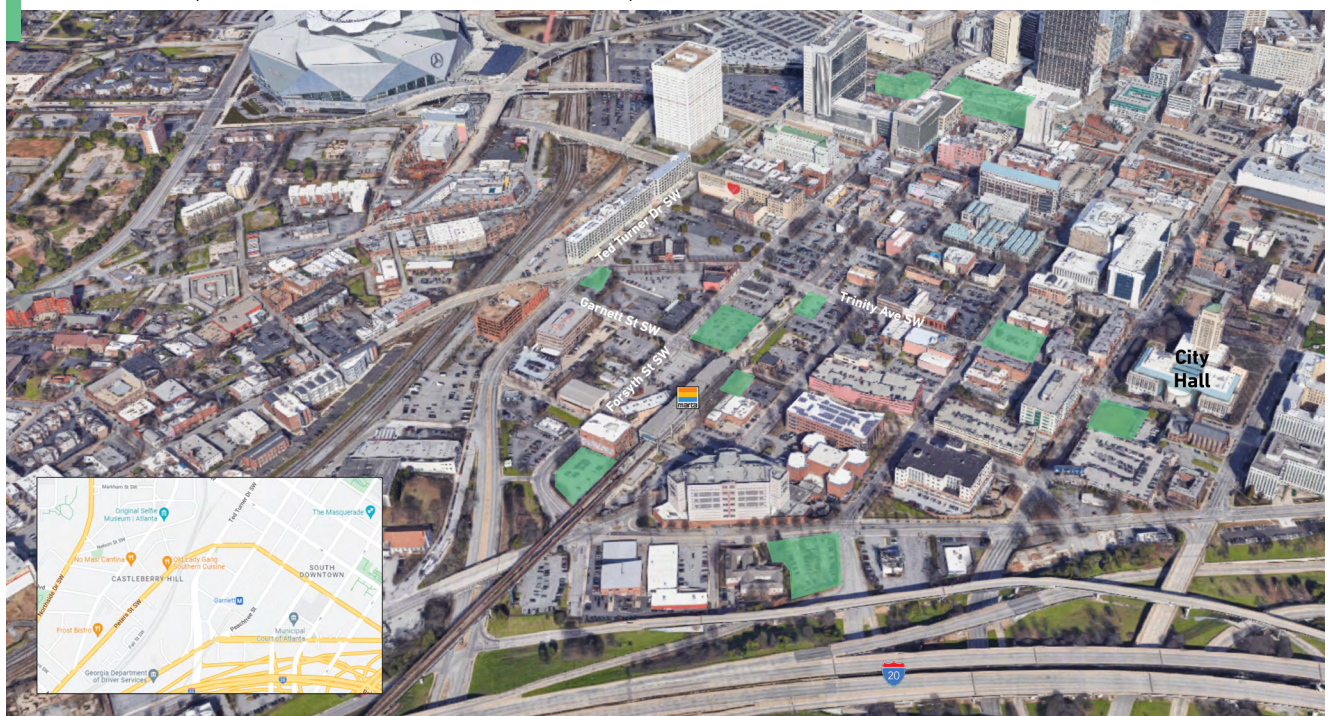


Image courtesy of Urban3.

estimated valuation, then they would generate hundreds of thousands of dollars in property tax revenue for the city, which would produce enough revenue to cover the salary of 16 entry-level teachers and seven entry-level firefighters in Atlanta, with extra tax dollars left over. And this example represents a fraction of a percent of the city's entire portfolio. Zooming out to a citywide view, there are billions of dollars of opportunities waiting to be unlocked that can help support the City of Atlanta's public service goals.

WHAT ATLANTA LEARNED FROM THE ASSET MAP

"The affordability challenges facing Atlanta and other big cities are larger than any one person or entity," said Atlanta Mayor Andre Dickens. "For this reason, we knew we needed innovative approaches and new partners to move the needle to confront our housing affordability challenges. Government is at its best with all voices at the table and all hands on deck."

The City of Atlanta is leading the way, showing other local governments

around the country the power that can be tapped from putting public assets to work. "Collaborating with GFOA, Urban3, and the experts at the PAW Incubator to map and value our public real estate holdings was an important step in helping policymakers to understand the magnitude of this opportunity and catalyze action," Mayor Dickens continued. "We knew we had underutilized assets that could support the efforts of our Affordable Housing Strike Force but putting our assets on a map and understanding the current and potential value of putting those assets to work is helping to build support for policies and initiatives that leverage our public land to deliver tangible results in equity and affordable housing for the people of Atlanta."

NEXT STEPS FOR ATLANTA (AND YOU)

Atlanta is working toward a new team with dedicated real estate housing development expertise to manage high-potential properties in its real estate portfolio. The goal of this team

will be to leverage key public land holdings to develop affordable housing and to maximize the use of public property and enhance the value of the city's asset portfolio through savvy financial decision-making, such as joint ventures, new land acquisitions, and more.

A few of the assets Atlanta is exploring to put to work include:

Civic Center. The Atlanta Housing Authority announced a new development partner to help redevelop the Atlanta Civic Center site that has sat vacant since 2012. The 19-acre downtown site will be revitalized with 1,300 new housing units, more than 500 of which will be affordable, as well as grocery, retail, a new school, and a revitalized civic center auditorium. The site will remain in public ownership through a 99-year ground lease that will generate ongoing lease revenue for the city's affordable housing initiatives and new property tax revenue.

Plans for the 19-acre site of the Atlanta Civic Center (below) include more than 500 affordable housing units.





“Understanding the current and potential value of putting assets to work is helping to build support for policies and initiatives that **leverage our public land to deliver tangible results in equity and affordable housing** for the people of Atlanta.”

– ANDRE DICKENS, ATLANTA MAYOR

104 Trinity Avenue. The one-acre, vacant, city-owned site across the street from Atlanta City Hall will be home to a 228-unit mixed-income housing development with ground-floor retail. The site will remain in long-term public ownership through a ground lease that will generate ongoing lease revenue and new property tax revenue.

184 Forsyth. The .8-acre site sits adjacent to a heavy rail MARTA station in South Downtown and has long been used for surface parking for city employees. City Council is contemplating legislation that will allow for this site to be redeveloped with mixed-income housing. The city may pursue a ground lease for this site but may also explore other possibilities for maintaining an ongoing economic interest in the property, including a joint venture in which the city holds an equity ownership in the future development.

Finally, we'll conclude with what you, the reader, can do to put public assets to work in your jurisdiction.

Identify a compelling public purpose for putting assets to work. We have observed that it is easier to build excitement around this concept if it is in service to a compelling local need. For Atlanta, this was affordable housing, where land is used directly to create affordable housing, or indirectly to generate revenue that can support the mayor's affordable housing goals.

Some jurisdictions may identify a compelling public purpose that has a direct nexus to land use, like Atlanta, while others consider an objective that relies solely on assets that generate revenue to support another goal entirely. For example, one jurisdiction is considering using a derelict library property in a high-value part of town for a market-rate housing development, where the revenue generated can support a childhood reading initiative. Another is exploring an asset initiative to generate revenue to expand healthcare access for a vulnerable population.

Share the concept of putting assets to work with others. Atlanta has the involvement of the city's planning department, mayor's office, finance staff, the school district, transit authority, and more. You can start building a coalition by sharing the concept of putting public assets to work. Other jurisdictions have involved community philanthropic organizations, like the United Way, their local community foundation, and other partners working to create solutions for persistent local challenges.

Get to work. Some smaller communities may have a more finite pool of assets. Larger communities will be surprised to discover how many asset opportunities exist. In either case, the cost of doing nothing with your underused assets is high. Whether it makes sense for your jurisdictions to

identify key real estate parcels and get started, or to conduct a broader asset-mapping exercise to identify your larger portfolio of assets and establish the criteria and framework for launching your long-term strategy, it's time for your jurisdiction to put your assets to work. ■

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The Lincoln Institute of Land Policy, the Cambridge, Massachusetts-based think tank dedicated to improving quality of life through the effective use, taxation, and stewardship of land.

Schmidt Futures, a philanthropic initiative of Eric and Wendy Schmidt that brings talented people together in networks to prove out their ideas and solve hard problems in science and society.

The Telosa 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.

Special thanks to Atlanta Mayor Andre Dickens and Joshua Humphries, Director of Housing and Community Development for the City of Atlanta.