

ULI Advisory Panel

Public School Properties

New Orleans, Louisiana

February 17-19, 2009



Urban Land Institute

- Nonprofit land use research and education organization:
“to promote leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.”
- Forms volunteer teams of land use professionals to:
 - Advise on land use challenges
 - Started in 1947
 - 10-20 panels each year
 - Active nationally and globally

Thank You to the Sponsors

- Orleans Parish School Board
- Recovery School District
- Department of Homeland Security

The Panel Team

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Denver, CO

Rob Dickson
Paradigm & Company
Albuquerque, NM

Tom Murphy
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Washington, DC



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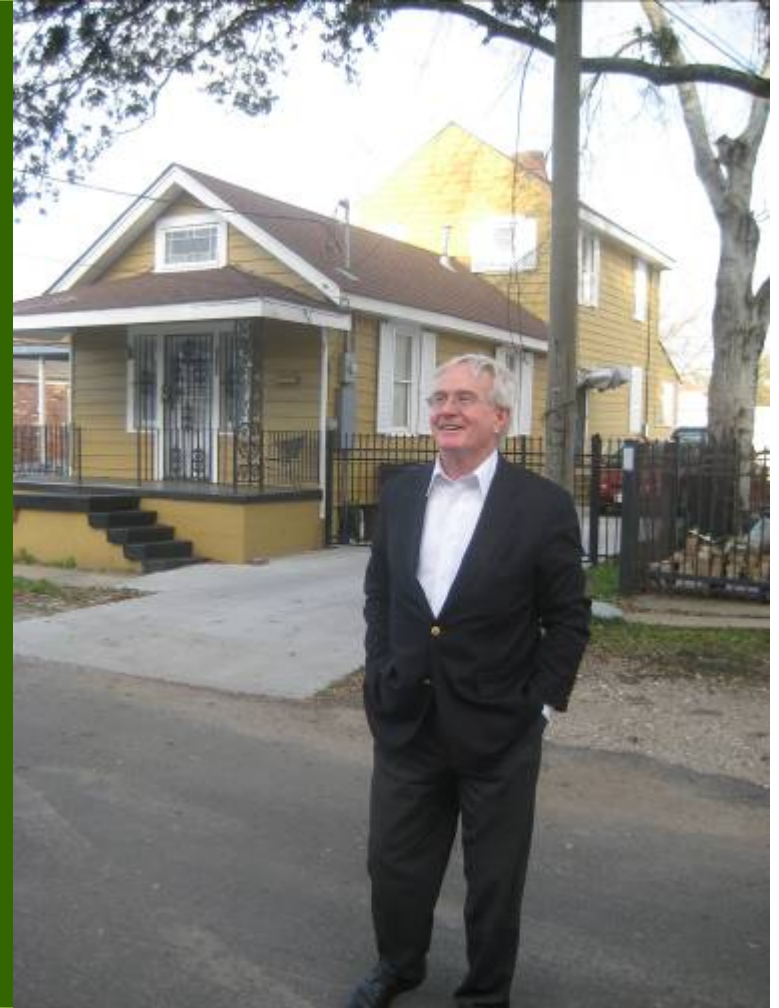
The Situation and Assignment

- OPSB capacity: 120,000 students vs. 35,000 students now
- 2008 School Facilities Master Plan
- 46 land banked, 5 surplus properties
- Carrying costs, lost revenue, neighborhood blight
- Strategies for disposition and redevelopment



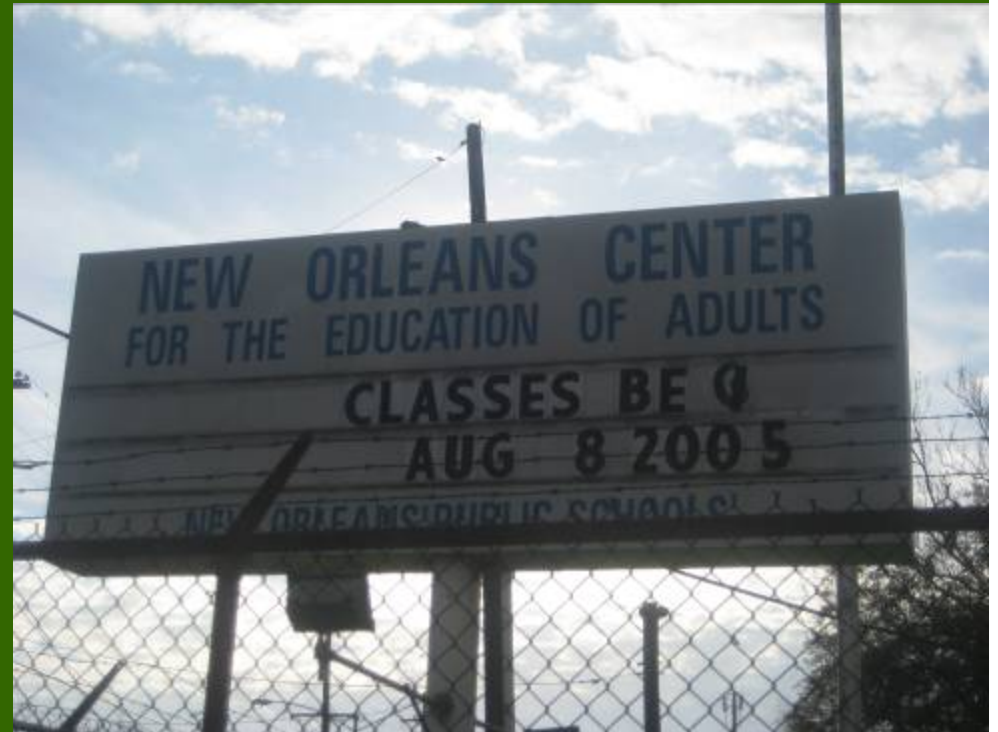
Panel Process

- Define the Assignment
- Background Briefing Book
- Property Tour
- Sponsor Briefings
- Interviews
- Panel Deliberations
- Presentation
- Written Report



Step #1: Face the Challenge

- Manage public expectations:
 - About educational use
 - About value
 - About redevelopment
- Real estate can help solve overall financial challenges
- Too many cooks in the kitchen



Action:

Public education and outreach.

Step #2: Decide to Act

- Create urgency
- Land-banking properties is like being half-pregnant
- Every property should be moving towards a use

Action:

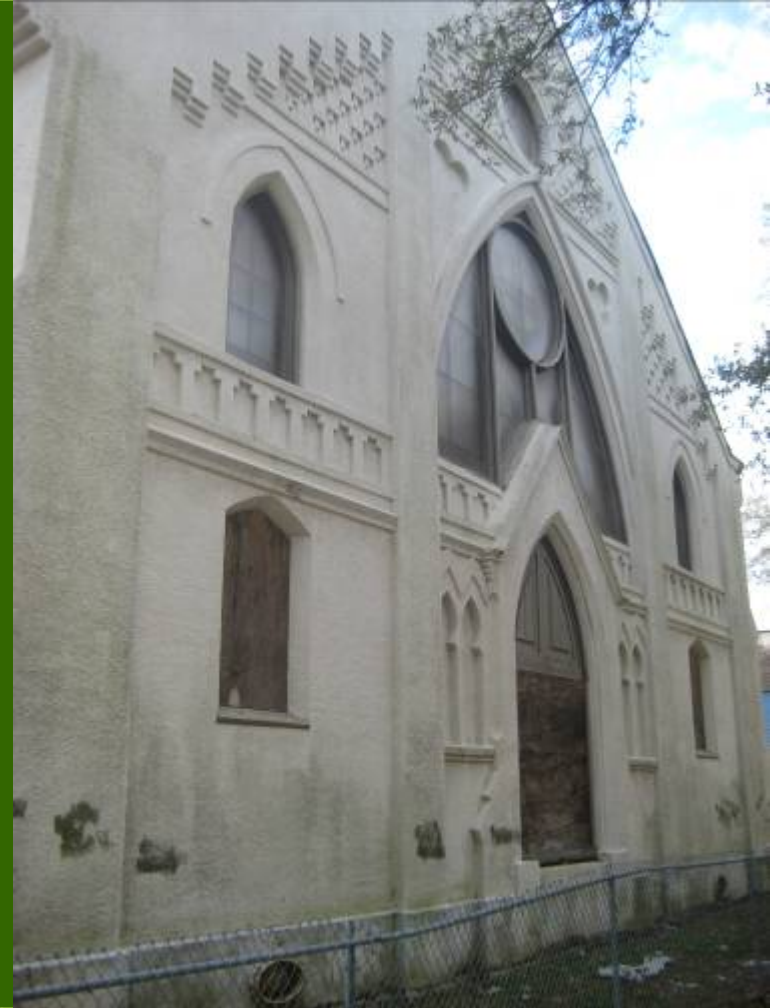
- Limit land-banking to two years.
- Aggressively move unused properties to surplus list.



Surplus is the Path to Redevelopment

Criteria for making properties surplus

- Most historically significant
- Expressed market demand
- Potential for financially viable community use
- Endangered
- No value



Step #3: Partner for Success

- Focus on education, your core mission
- Real estate is a specialized discipline
- Enhance property values
- Balance community interests with financial imperatives
- Improve marketability
- Link properties to financial incentives



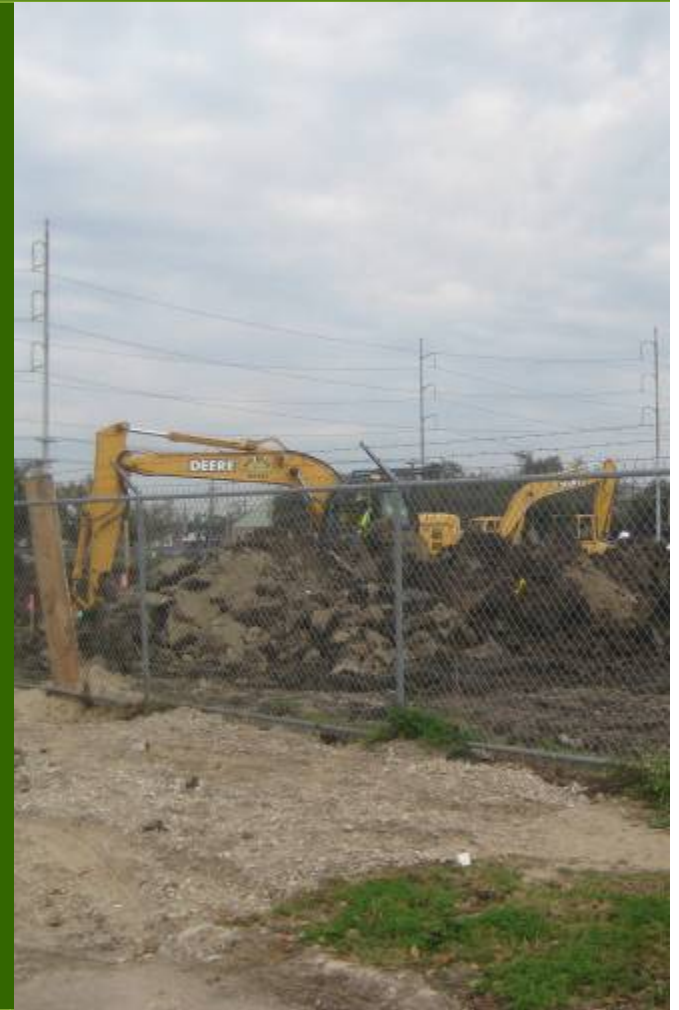
Who?

- Contractor to maintain and market surplus properties
- Asset manager: public or private



Partner with NORA

- Real estate connections
- Controls financial incentives
- Growing development capacity
- Full-time real estate staff
- Ability to partner with foundations, FEMA, National Trust, etc.
- Shared funding of maintenance and marketing



Step #4: Create Value

- Prepare properties for marketing – “show condition”
- Do environmental assessments and remediation
- Historic structures: demolish non-historic and structurally unsound interior features
- Non-historic structures without market value: demolish and clear the site
- Clear title to all properties



FEMA: Be Pound Wise, Not Penny Foolish

- For key properties, settle the FEMA valuation process quickly and move ahead.
- Insist that some FEMA funds be used to take the value creation steps.



Step #5: Solve the Appraisal Problem

- Current “appraised value” constraint negates deals because bids are too low
 - What’s the disconnect?
- Competitive bids, received in an open process, are better value indicators
- Change state laws for schools to enable value to be set by high bid
 - Precedent: tax delinquent properties



Step #6: Close the Deal

- Discuss marketing options with NORA once property is in show condition
- Options may include:
 - RFP (national, regional, or local)
 - Negotiated sole source contract (appraisal likely required)
- Show preference for viable community uses but respect your bottom line.
- What tools can generate more and better bids?
- Many valid deal structure options—it all depends

Return on Investment: OPSB/RSD

- Tax revenues from site and overall redevelopment
- Reduced property carrying costs
- Reduced management cost in time and money
- Disposition proceeds
- Focus on core mission of educating children

Return on Investment: NORA

- Core mission
- Portfolio of assembled parcels
- High-profile properties: Catalyst for neighborhood revitalization
- Improved tax base



Return on Investment: Community

- Strengthened neighborhoods
- Reduced blight
- Maintained voice in zoning/use



Questions?

