

Memorandum

To: Honorable Mayor and Members of the City Council
CC: Members of Administration and Public Works Committee
From: Luke Stowe, City Manager
CC: Paul Zalmezak, Economic Development Manager Lara Biggs, City Engineer
Subject: Final Report - "Putting Assets to Work Evanston Guide for Making Strategic Investments in Evanston's Priorities and Possibilities"
Date: April 29, 2024

Recommended Action:

Staff recommends City Council accept and place on file the "Putting Assets to Work Evanston Guide for Making Strategic Investments in Evanston's Priorities and Possibilities" report

CARP:

Municipal Operations, Building Efficiency

Council Action:

For Action: Accept and Place on File

Summary:

Enclosed is the "Putting Assets to Work Evanston Guide for Making Strategic Investments in Evanston's Priorities and Possibilities" final report. The report and its recommendation are the results of staff's participation in the six month incubator cohort under the guidance and leadership of former Congressman and Mayor Ben McAdams, CEO of the Common Ground Institute, Dr. Kyle Wedberg of the Government Finance Officers Association (GFOA), and Urban3.

Key aspects of the plan are located on the following pages:

- Page 10 - Executive Summary
- Page 47 - Evanston-specific policy recommendations
- Page 56 - PAW Endorsed Evanston-specific sites and implementation Strategy

Next Steps

The PAW leadership team has identified a grant opportunity (up to \$1 million) announced by the U.S. Department of Transportation called the [Innovative Finance and Asset Concession Grant Program](#). It is aimed at supporting governments seeking to identify publicly-owned assets that might be used to advance public-private partnerships for transit-oriented development. Several assets under consideration fit the definition of "transit-oriented" (i.e. within 1/2 mile of a transit facility). The PAW team has proposed to assist the City of Evanston with the grant application.

Legislative History:

On July 10, 2023, the City Council approved a \$125,000 for participation in the incubator. The [staff report can be viewed here](#).

Attachments:

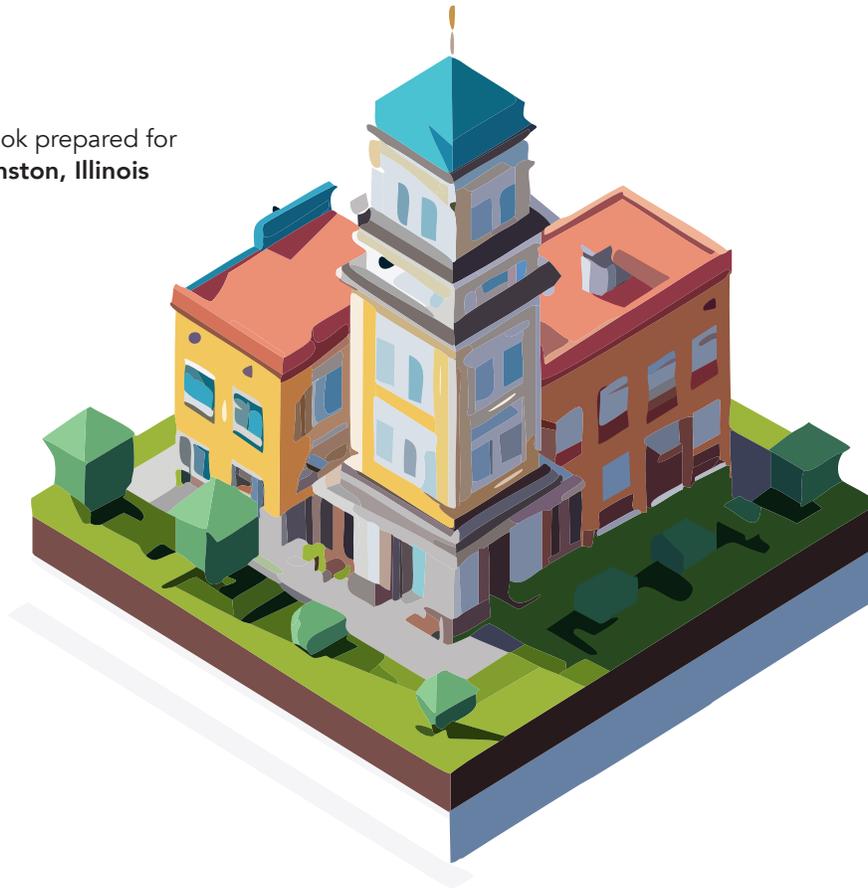
[Putting Assets to Work Evanston Report April 25 2024](#)



Putting Assets to Work

A Guide For Making Strategic Investments in
Evanston's Priorities and Possibilities

Playbook prepared for
Evanston, Illinois



URBAN3



2024

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LETTER FROM BEN MCADAMS



Ben McAdams
*CEO of Common Ground Institute,
Former Mayor and U.S. Congressman*

Millions of people around the world have discovered how to make money in their own backyard – or in their own homes: renting out a spare bedroom or a guesthouse, for example, has become a common way for families to earn cash that helps them pay for groceries, gas, or other needs. Similarly, many local governments own a wealth of real estate assets that are underutilized – dormant parking lots, empty plots of land, half-empty office buildings, foreclosed properties, and more.

What would happen if governments made better use of those assets? What if governments could use them to generate ongoing revenue for public services? Imagine the playgrounds that young children could play on. Imagine the veterans who are struggling with addiction who could enter evidence based recovery and earn a paycheck. Imagine providing more access to stable, affordable housing and childcare for people who are working hard to put food on the table. Imagine filling all those potholes. Imagine greater investment in green technology, clean energy and climate resilience. Now imagine doing it without raising taxes on a single person. That's what we mean by Putting Assets to Work.

This approach has been used with great success in several cities across the world already – notably in Hong Kong; Singapore; Hamburg, Germany; and Copenhagen, Denmark. We believe the time has come for local leaders across America to do the same. Social and environmental needs are growing and fiscal cliffs are looming. Cities need new approaches to find the resources they need.

The Putting Assets To Work concept is straight-forward:

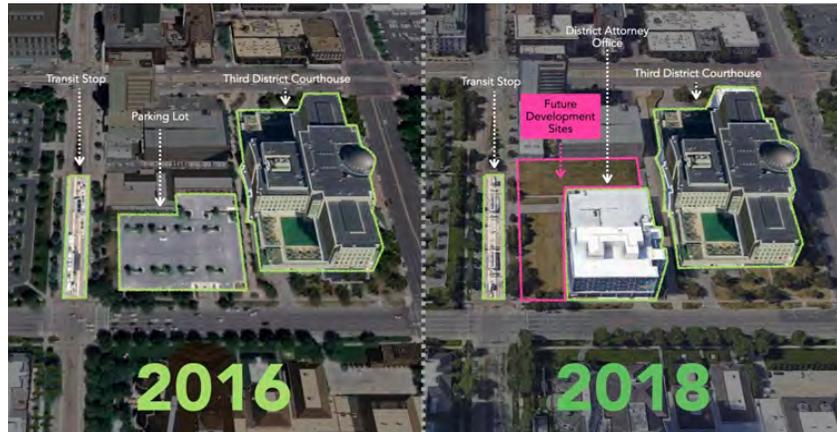
- A local government identifies a **key goal**, such as infrastructure investment, social or environmental benefit, or other clear local priority that requires additional revenue.
- In partnership with experienced subject matter experts, the government inventories all **publicly owned assets** in their jurisdiction. Typically, the value of publicly owned assets far exceeds estimates, which are usually based on their price at the time of purchase, which may have been years or decades ago - not current market value.
- The government identifies **one or more of those underutilized assets** to be developed to their **highest and best use** within parameters set by local 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, as 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 Urban3 to map all commercially viable publicly-owned real estate in the county. We discovered a gold mine: our government and related public-sector entities owned more than \$10 billion in assets. I said 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 administration. Mayor Jenny Wilson, who succeeded me as mayor, and her terrific team have already notched some impressive successes including negotiation of a long-term lease for land adjacent to a new office for our District Attorney that will generate \$500,000 every year. Their good ideas continue to flow as they envision reworking their 15-acre county government campus as a mixed-use, public-private development that could save taxpayers tens of millions. For them, this work has become a new tool to track and manage their overall real estate portfolio, unlocking new opportunities for partnership along the way.

I'm no longer in elected office, but I'm still driven to support cities and counties who are working to uncover the game changing potential of their underused assets. I lead the Putting Assets to Work initiative alongside my colleague, Dr. Kyle Wedberg, with the support of a brilliant team of individuals with deep experience working in the public and private sectors. We work with local government jurisdictions across the United States to develop the policies and recommendations that will support them as they put their assets to work. This Playbook encapsulates the best thinking and ideas we have developed so that you and your community can start putting your assets to work..



Salt Lake City's new office for the District Attorney was built on a parking lot.
Image Source: Urban3, Google Earth

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

We look forward to working alongside you and celebrating your success to inspire others to learn.

Ben McAdams
Ben McAdams

LETTER FROM DR. KYLE WEDBERG



Dr. Kyle Wedberg

Senior Manager for Research & Consulting,
Government Finance Officers Association (GFOA)

The challenges of running a government are both immediate and infinite. My first job was as budget analyst for the City of Chicago. Late one afternoon, after our office was supposed to be closed, my supervisor came by my desk and asked what I was still doing at work. When I said that I was just taking care of a few things, he responded that as long as I was willing to sit there, the city would be willing to pile more work on my desk. He was right, of course - in every local government, there is too much work that needs to be prioritized and too few resources to deliver the full complement of services that the public requires.

What can we do about it?

A trip to Singapore opened my eyes to what is possible. More than 80 percent of Singapore's residents own their own homes; the world class public transportation, including multi-modal and mixed use hubs at subway stops; their urban planning and zoning codes are both progressive and logical; and highly resourced and professional public sector employees make the whole system work. The people of Singapore had a consistent and well-deserved expectation of excellence from the local government – and delivering it was clearly a priority.



Singapore
Image source: Cris Tagupa

One of the strategies that Singapore has used to deliver on this expectation of excellence is a Public Wealth Fund. This fund acts as both the intermediary and the developer of public lands and assets. This model provides a holding place for land and buildings that are owned by the government but that have been utilized in different ways to directly benefit

citizens.

My work in the public sector spans more than twenty years. That experience, combined with my two years at GFOA, has shown me firsthand that many governments are poor stewards of longitudinal assets.



The American Society of Civil Engineers (ASCE) gave our national infrastructure a cumulative grade of C- in 2021.
Image source: Zoshua Colah

The American Society of Civil Engineers (ASCE) gave our national infrastructure a cumulative grade of C- in 2021. This indicates that we share a national history of failing to invest in infrastructure - also known as deferred maintenance. Deficits of this scale in our shared assets need solutions, yet there is a persistent lack of real strategic planning for asset management by most governments.

To be clear, there are pure public goods to which the private sector may never provide an effective solution. Early childhood education, reentry programs for formerly incarcerated citizens, workforce housing, homelessness reduction, public transportation, fire prevention, public space, environmental resilience, and public safety are just a few of the myriad competing responsibilities and demands placed on

local governments. Providing these public goods is dependent on our ability to afford them, however, and the ability to provide them with fairness and equity also means more – not fewer – demands on revenue in the coming years and decades.

My dissertation work was on communities that had entered fiscal distress – the public sector equivalent of going to the Intensive Care Unit at the hospital. The Putting Assets to Work (PAW) initiative asks us to think about what governments can do to deliver what citizens need while the patient is still healthy. This is preventative fiscal care for communities – a way to avoid the eventual need for financial palliative care.

There is always more work to be done. We hope that PAW is your city's first step on a long journey of challenging traditional thinking and working differently. By better utilizing your public assets, your local government can move towards healthier public economies, more equitable outcomes, and ensuring that everyone receives the public services and goods that they expect and deserve.

Dr. Kyle Wedberg

EXECUTIVE SUMMARY



Image source: 'Evanston Thrives' report by City of Evanston

Introduction

The City of Evanston is leading the way showing other local governments around the country the power that can be tapped from putting public assets to work. Working with staff and leaders from the City of Evanston, the Putting Assets to Work team has identified numerous underutilized assets that can support the city's priorities and unlock new tools and new opportunities that can make a difference. Based on our evaluation of the City of Evanston's public real estate, the city has incredible opportunities to create value from its real estate.

The challenges facing the City of Evanston are coupled with unique opportunities and strengths. The challenges are both unique and held by other cities across the country. Adapting to the evolving revenue sources is an issue facing municipal governments across the country as work-from-home becomes increasingly common and related property tax revenues become less certain and shopping online dampens sales tax revenues.

Aging infrastructure and evolving needs also present challenges for the City of Evanston. In spite of these challenges, the City of Evanston has a strong foundation. There is stable and strong housing stock. The downtown is strong and walkable and benefits from a stable university student population.

Evanston also holds a number of interesting and valuable properties that are prime candidates for the enhanced realization of public good through better utilization or monetization. The City also holds a number of surface level parking lots proximate to other public properties that can be rethought or incorporated into the rethinking of other structures.

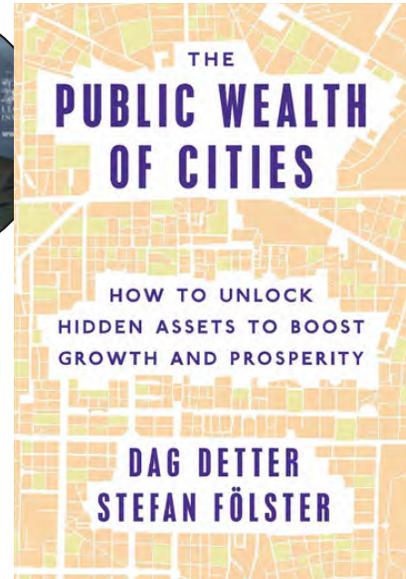
Evanston was selected to participate in the Putting Assets to Work Incubator to work alongside other cities that are facing similar challenges and who share an interest in unlocking value from undervalued and underutilized public real estate assets. This playbook provides a summary of the recommendations we developed after studying public asset management concepts and implementation strategies across more than a dozen jurisdictions. Please note that throughout this playbook, we will use the terms "jurisdiction" and "local government" more or less interchangeably; while most PAW communities are cities, the same principles and approaches can work for county governments, townships, or other types of municipalities.

Before applying public asset principles to the specific circumstances in Evanston, let's review how this initiative began and where the concepts of "Putting Assets to Work" originated.

Urban Wealth Funds

Many policymakers interested in unlocking the value of underused public assets are familiar with the writings of respected author and practitioner Dag Detter. Detter called for the creation of an Urban Wealth Fund to professionally manage publicly-owned assets in order to convey lasting benefits to the public. As Detter 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 that has been successfully implemented in cities such as Copenhagen, Denmark; Hamburg, Germany; and Hong Kong, China.

As you develop and implement the ideas in this playbook, remember that your city is welcome to call this tool by any name that fits your local culture and politics. Referring to this idea as an “urban wealth fund” worked for some of the places where Detter was seeing it applied, but we recognize that may not be the case where you are. For the purposes of this playbook, we use the term “Putting Assets to Work,” or PAW, but encourage you to brand and describe this work as it gets applied in your jurisdiction in whatever way you see fit.



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. Some states such as Alaska, North Dakota and West Virginia have created wealth funds or legacy funds to manage their natural resources and share revenues derived from extractive industries. States that received statehood after 1785 were granted “trust lands” by the federal government – real property intended for the long term support of their public education system. Twenty states still currently own and manage their trust lands and use revenue derived from them to support the public school system.

Perhaps another 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 their pensions under the control of professional managers. These advisors, whose services are competitively procured by the local government, make investment decisions and manage the pension portfolio.



Copenhagen's North Harbor
Image source: [By & Havn](#)

lio with the goal of maximizing future returns.

There isn't a single right way to create the structures you will need to unlock value from public real estate. Different assets might require different approaches. Our advice: think big and take bold steps. Some opportunities will be easier to unlock than others, so while it might not be feasible to put all of your assets to work on day one, visionary leadership, bold actions, and persistence will ignite prosperity from the dead wood of previous generations.

This playbook proposes a variety of approaches and potential structures that are adaptable to local sensibilities as well as the differing governing perspectives of local leaders.

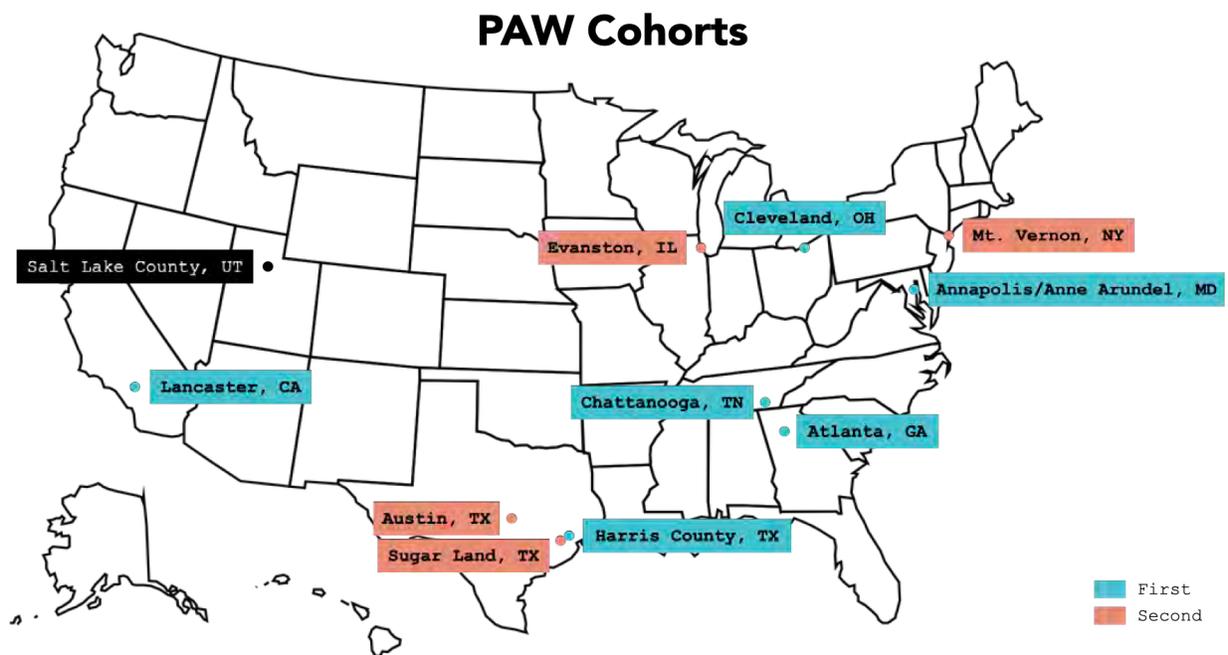
Putting Assets to Work

Putting Assets to Work is a collaboration of the Government Finance Officers Association, Common Ground Institute, and Urban3.

Putting Assets to Work works with jurisdictions to

1. identify publicly-owned real estate assets, geospatially map and estimate the value of that jurisdiction's real estate portfolio, and
2. develop strategies, tools, and policies to better engage intergovernmental partners and community stakeholders in order to attract private capital and derive new revenue from the portfolio of assets.

The conclusion of the jurisdiction's participation in Putting Assets to Work is intended to mark the beginning, not the end, of this work. It is our goal that this process will generate new support from political and staff leadership, build community buy-in, and attract interest from private capital and impact investors seeking to catalyze



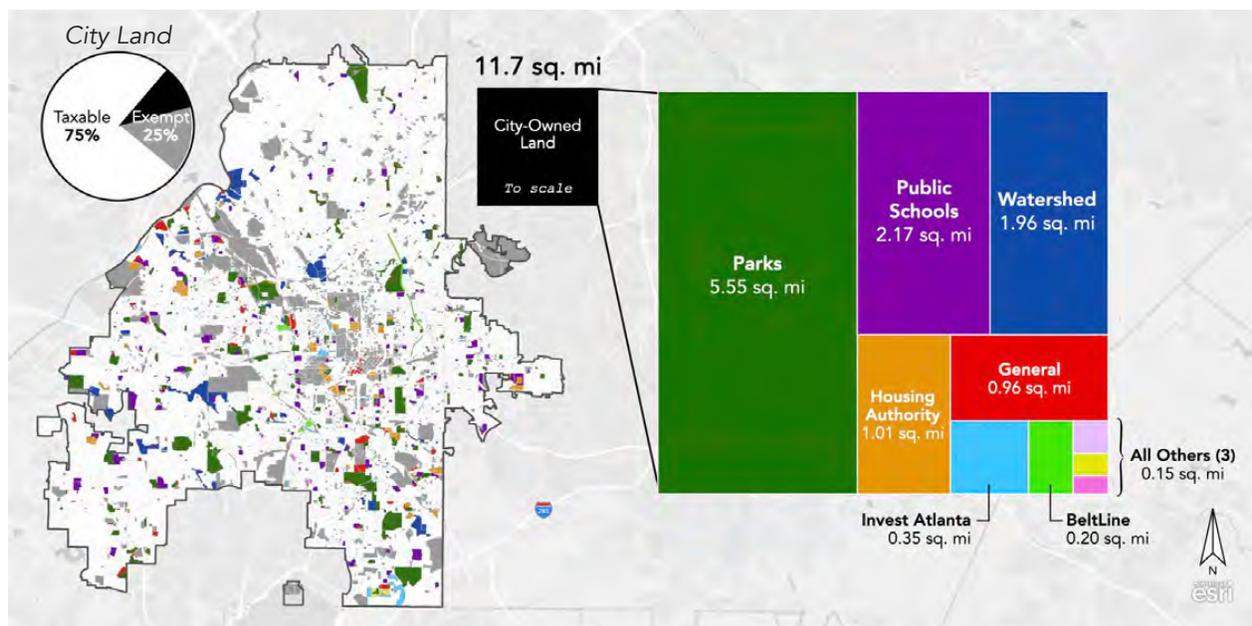
benefits in your community.

As pioneers of these concepts in the U.S., jurisdictions who are implementing this work will surely encounter unforeseen policy or legal hurdles that will require some creative problem solving. This playbook is intended to anticipate some of those challenges and provide paths forward. After your term with Putting Assets to Work has concluded, we hope you will stay engaged with us and your peers across the country to support each other by sharing ideas and innovations, trading legal templates and financial pro formas, and offering encouragement for this game changing endeavor.

This incubator did not include a legal review and analysis of state law or jurisdiction specific ordinances or regulations. The analysis and recommendations in this playbook do not constitute legal advice. Parties should consult with their legal advisors relating to specific matters of state and local laws, rules, orders, or other regulations.

Asset Mapping

A key element of Putting Assets to Work is creating an inventory and geospatial map of publicly-held real estate within your jurisdiction as well as an estimate of the market value of the portfolio. Using this geospatial map, we worked with jurisdiction leaders to generate ideas for utilizing those assets in new ways that may lead to new revenue-generating opportunities.



Asset map of Atlanta, Georgia
Image source: Urban3; Data source: Fulton and DeKalb County Assessors

Refer to Attachment B (starting on page 60 of this PAW Playbook) for the asset mapping presentation and illustrative examples of opportunities to put assets to work.

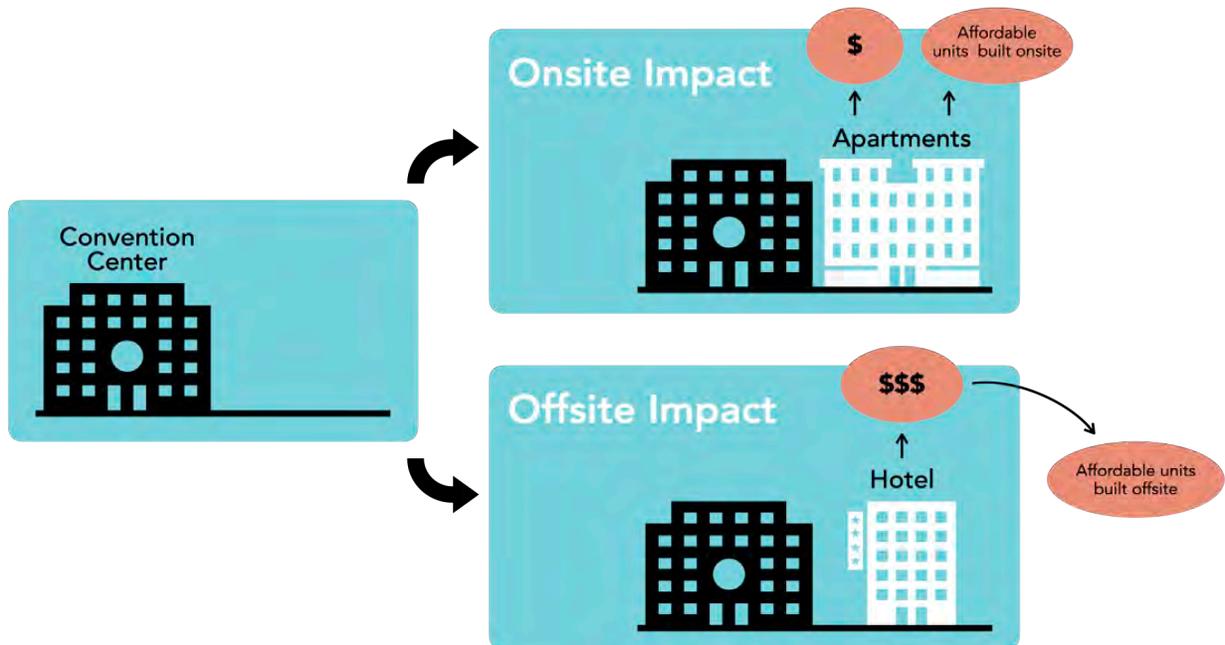
Onsite and Offsite Impact

The asset mapping exercise highlighted numerous opportunities to better utilize public real estate to generate new revenue and new opportunities.

One way to achieve your jurisdiction objective is to use public real estate directly to create new facilities or new services to meet community needs. For example, you could choose to build a community health clinic on an underutilized parcel in a part of town where public health outcomes are lagging. We refer to this as "onsite impact" because it uses real estate directly to achieve a desired impact objective.

Another approach is to develop a parcel according to its highest market value, which may not always include the desired community impact, but which can generate resources to be deployed at another location. We refer to this approach as "offsite impact" because it uses real estate for a higher-valued project in order to generate a higher financial return that can then support the desired impact objective elsewhere.

An example of an onsite versus offsite impact would be 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 several hundred units of affordable housing development at another location across town -an offsite impact. In this 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 you consider both onsite and offsite impact opportunities to maximize its efforts to continue services and investments in the community. There are advantages to both approaches and your jurisdiction can choose to pursue either one of these approaches depending on the nature of 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 to quantitatively and qualitatively compare the net benefits of an onsite approach versus an offsite approach to support the desired community benefits. Certainly, over time, your jurisdiction can create a portfolio of individual developments that encompass both onsite and offsite impact to maximize both financial return and desired community benefits.

In many cases, the beneficial impact will be both onsite and offsite. By remediating blight or creating sufficiently sized parcels that can attract new jobs, revenues - including incremental tax revenues - related to the new uses of the real estate will flow to the local government's general fund or other priority investments.



Image source: City of Evanston

Implementation

Nothing about implementing a PAW initiative should be entirely novel. It is a realignment of time-tested approaches and best practices optimized around asset maximization for the purposes of investing in those areas our communities want. As Nikola Tesla famously said, "The key to innovation is combining old ideas in new ways."

Moreover, a PAW initiative is an opportunity to implement these concepts strategically and at-scale to make progress on challenges that have vexed communities for decades.

Our advice is **don't wait. Take action.** Do not let perfection be the enemy of progress. Find the most efficient and logical way to **test a concept** and evaluate the outcomes when you're done. Adapt and keep moving.

Oftentimes, starting something new is the most difficult part for a local government. Begin with the opportunities you see in front of you and evolve your work to respond to capacity, needs, and preferences as you grow. The potential that could be unlocked here is dynamic.

First Steps

Start with a Request for Proposal (RFP) and broaden the approach to also include partners selected by a Request for Qualifications (RFQ) or similar process authorized by state law.

Issuing an RFP 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 degree of apparent development potential, issue an RFP, select a private partner, and put the asset to work. Achieving early success is important to demonstrate to other elected and community leaders the direct benefits of tapping into public assets.



Image source: City of Evanston

However, an RFP process is both time-consuming and expertise-intensive and places the burden of this workload solely on government staff who may lack the capacity and real estate development expertise to perform this function alone. A government-centered approach that relies exclusively on existing, overworked staff 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 structures and approaches that can augment the RFP-approach and help to alleviate bottlenecks. Ultimately, additional partners, such as a land bank, community land trust, community development entity, or other structures discussed below, will also be needed to scale this work across a large portfolio.

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 managing the contract with the selected partner or partners is dispersed across several parcels instead of just one.

Taking this concept even further, a jurisdiction could consider an RFQ or similar authorized approach to select a partner or partners for a defined period of time. Under this approach, selected partner(s) are pre-qualified to identify asset opportunities, present development proposals and negotiate terms directly on behalf of the jurisdiction, and ultimately enter into agreements for public assets. This approach is similar to how local governments prequalify outside legal counsel or bond underwriters to represent them generally so they are not confined to individual legal matters or one-time bond issuances.

Request for Proposals (RFP)	Request for Qualifications (RFQ)
<ul style="list-style-type: none"> • Familiar process for many government transactions • Ideal for single parcels and isolated deals • Requires extensive oversight from government staff 	<ul style="list-style-type: none"> • Customary process for long-term engagements requiring high levels of expertise and sophistication • More efficient if numerous parcels and transactions are involved • Balances accountability and flexibility

Moving from an RFP to an RFQ approach may allow your jurisdiction to focus staff time and attention on elements of the initiative where they have clearer expertise. Specifically, staff can evaluate whether various public assets meet the jurisdiction's criteria for inclusion in a PAW portfolio and seek approval from legislative and executive officials to transfer the assets accordingly.

We believe the RFQ approach is likely better suited to quickly scale the PAW initiative to the size of your asset portfolio. Under this approach, you are not expected to solely conduct the time consuming and expertise-intensive process of envisioning and modeling real estate development opportunities for each asset, discretely and separately, as you would with an RFP. Rather, you may rely on the RFQ-selected partners who bring a high level of expertise and can more efficiently conceptualize, financially model, and make informed proposals about PAW portfolio assets in aggregate.

Thinking Dynamically About Assets



The Morton Civic Center was built in 1901 as a Catholic school and was repurposed as Evanston City Hall in 1975. Evanston initially bought the structure and the campus for under \$2M. The idea at the time was to not let the campus and its buildings go unused. In all actuality, the campus never actually performed as an optimal city hall. The classrooms were too big for single offices, but too small to be subdivided. There was inadequate elevator access to the upper floors. There were multiple entrances that made accessing the proper room in the complex difficult for time and mobility challenged citizens. Large spaces didn't function for community convenings as they were located at the edges of the facility. The campus was not conveniently connected to public transportation, even though the city has both CTA and Metra trains running the length of the city.

Facing an asset deficit born of decades of deferred maintenance and not desiring the investments required to bring a building that lacked as the civic center up to modern standards, the City of Evanston opted to move government operations to vacant commercial office space closer to downtown with improved transit access. With this move, the city was able to take advantage of favorable commercial real estate lease rates, support the post-Covid activation and recovery of downtown, take on a central space that may not have been activated, and give policy makers time to evaluate how to rethink the question of utilization or monetization relative to the Morton Civic Center property.

Recommendations

We are impressed by the work the City of Evanston has already accomplished to derive value from underutilized municipal assets. Evanston has already turned city-owned parking lots into affordable housing and is rethinking how the city uses space within municipal buildings. The asset maps show the City has a large portfolio of underutilized assets ready to tap and the City has shown its ability to create value from assets.

We believe the next step for the City of Evanston is to formalize a strategic initiative to apply Putting Assets to Work principles more intentionally and systematically. It's time to make this work something the city does deliberately and consistently rather than as a one-off endeavor.

Immediate Actions: Affordable Housing Initiative

Building on past success and using an approach the city has successfully employed previously, we encourage the city to identify three to five unused or underutilized parcels that are currently used as surface parking or other low-value uses that can be developed to create affordable housing. It's important to include enough parcels that it creates economies of scale and becomes more attractive to a development partner. We believe the city-owned parking on South Boulevard is an example of a parcel that the City can act on immediately. The City should identify similar parcels to include among opportunities for immediate action.

The City has developed affordable housing on city-owned surface parking previously and has seen how this can work. You're ready to create similar opportunities from similar parcels, and doing multiple parcels in parallel will benefit staff and elected officials who become familiar with the tools and approaches that are applied across numerous similar opportunities.

Creating an affordable housing initiative that taps underutilized city-owned real estate will take time and focus from the City. The City will need a staff point person with sufficient time to problem-solve and engage with the community and private partners. We believe this is an investment that will yield dividends to the City that is worth the expense.



Image source: Viktor Forgacs

Next Steps:

1. Commit staff time: At least 0.5 full-time employees
2. Identify properties: At least 3, preferably 5
3. Partner with a developer: The City could issue an RFO, RFP, or work with a previous partner where a synergy already exists.

Medium-Term Actions: Revenue Generation

The City has numerous properties that currently serve a municipal function but could become prime opportunities for value or revenue creation. Because these properties have structures and, in most cases, active municipal uses, they are not ready for immediate action, but the City should review these assets for consolidation and repositioning opportunities with an eye to taking action in the medium term.

The City's civic center is a prime example of a municipal asset that demands analysis with an eye to increasing

the public return on value in the form of new housing opportunities or even revenue-generating possibilities that can support funding for other city priorities. If done expeditiously and thoughtfully, the City's action to relocate from the civic center and move into underutilized commercial office space was a bold action that can become a national example of a best practice for many cities across the country. We recommend the city proceed with an evaluation of potential alternate uses for the civic center over the next six to twelve months and take action to create value from the civic center property in the next year.

While the civic center is a prime example of vacant municipal office spaces, we observed numerous other opportunities for the city to more strategically use existing municipal buildings and create opportunities for housing and revenue generation from underutilized space. As in the case of parking lots, an initiative to create value from strategic consolidation and use of municipal buildings should be a systematic and continuous effort with internal staff and external support sufficient to sustain an ongoing initiative to create value from underutilized properties.

Lakefront Amenities: Enhance Services

Finally, the most valuable assets any jurisdiction owns are the ones that provide a unique sense of place and a sense of community. A defining feature of the City of Evanston is the lakefront access to nature and outdoor recreation.

The City of Evanston should focus with intentionality on improving the ease of access for residents to lakefront recreational opportunities and attract food, beverage, and other amenities to the lakefront that will improve the time spent and community enjoyment of the lakefront. While the focus of stewardship efforts over the lakefront should prioritize placemaking, community gathering, and enjoyment, lakefront amenities can make this natural community asset a revenue-generating opportunity that can support lakefront priorities and other city needs.

Next Steps:

1. Identify potential buildings: Can be either a full redevelopment or a partial repurposing of excess space
2. Find a partner: Working with a third-party property advisor, developer, or broker to identify housing or commercial opportunities
3. Identify selling vs. leasing: Based on the potential opportunities, determine if leasing is desirable to generate a long-term income stream that can be used to supplement ongoing needs, such as capital investment in other properties

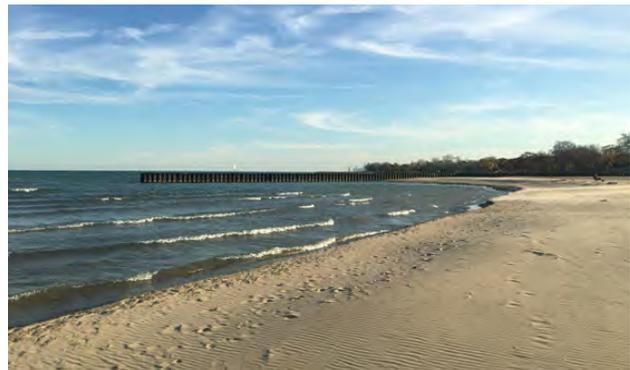
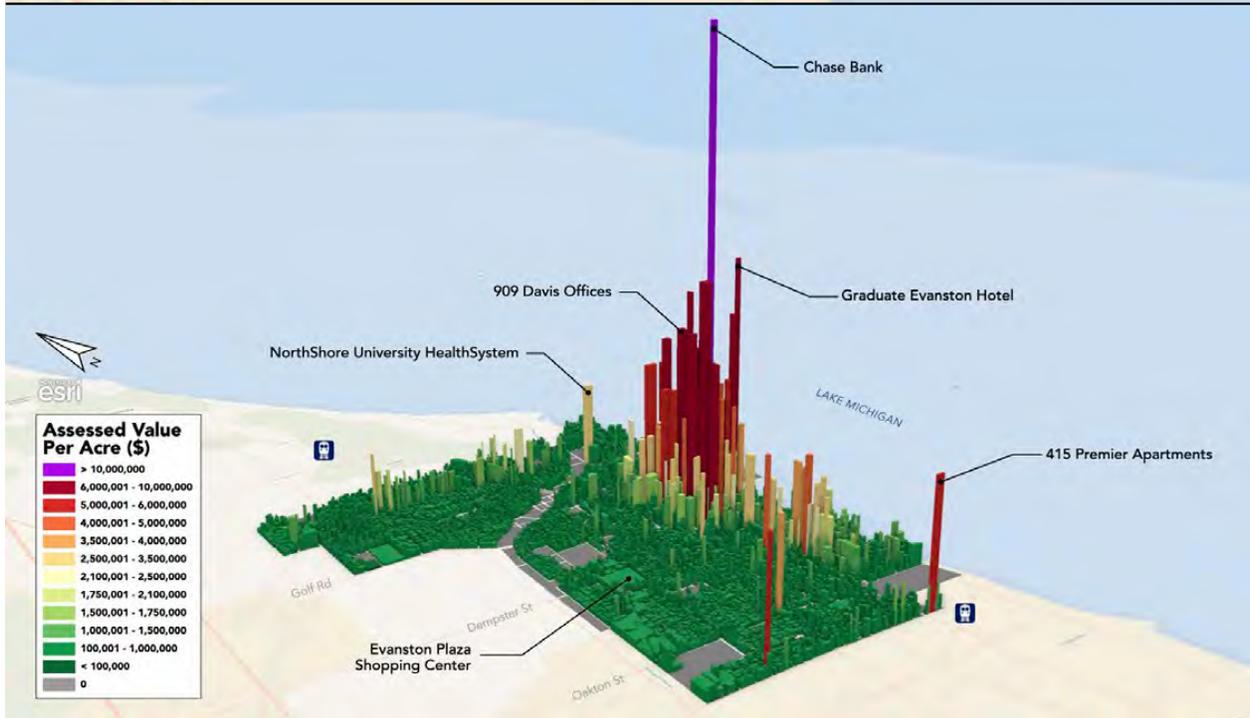
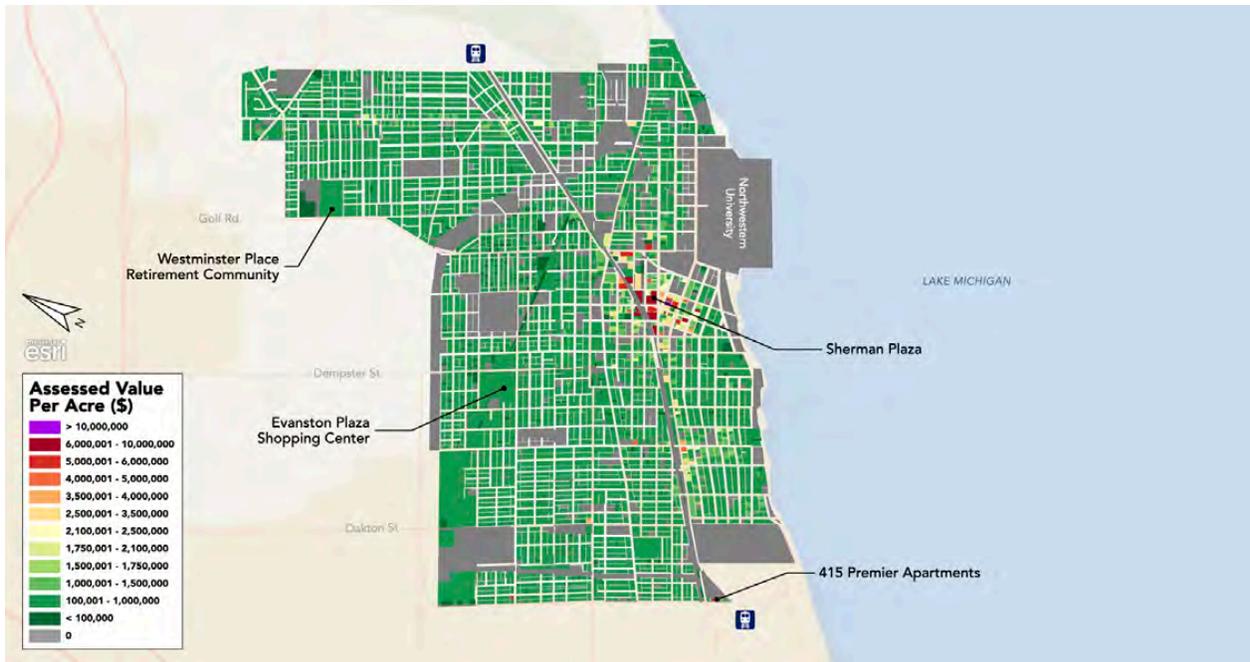


Image source: Lauren Vanden Bosch

Next Steps:

1. Identify options for additional services: Cafés, equipment rentals, etc.
2. Find a partner: Working with a third-party vendor for café or equipment rental operations
3. Implement a long-term contract: Work to enter into multi-year contract to provide stability in lakefront services.

REAL ESTATE ASSET MAPPING



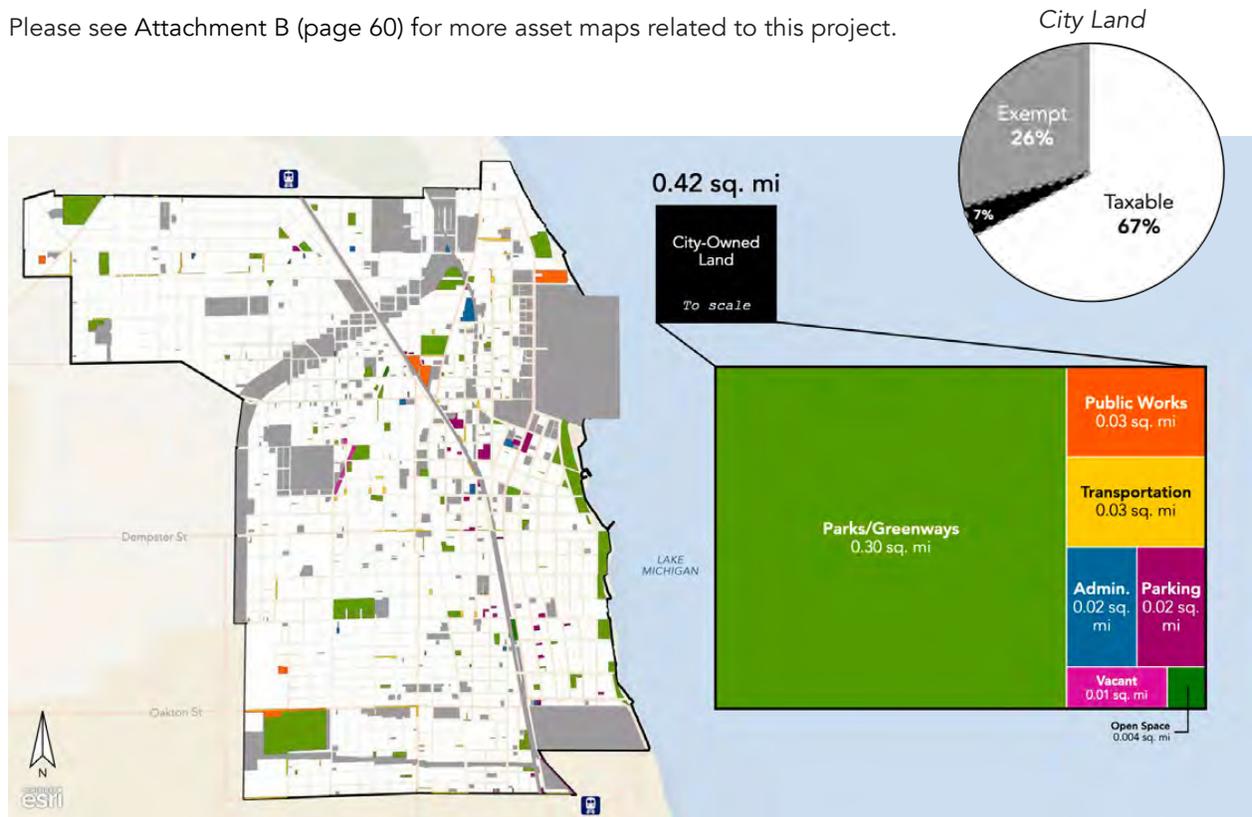
City of Evanston's two-dimensional Value Per Acre model (top) and three-dimensional model (bottom)
 Source: Urban3; Data source: Cook County, IL

An asset map is a tool for taking stock of the land and buildings owned by government entities of all kinds. While many jurisdictions will have a long list of parcels or properties owned by the jurisdiction, most aren't aware of the breadth of assets they own and, where they are aware of the asset, likely won't know the market value or potential of the asset. An asset map addresses all of these problems.

As the name implies, an asset map is a geospatial representation of publicly-owned assets. Mapping begins with geographic information system (GIS) data on all of the properties your jurisdiction owns. This data is combined and cross-checked from your local county assessor, internal data from other departments, and interviews with staff who have day-to-day interactions with these properties.

Asset mapping is a critical step towards establishing a PAW initiative. As part of the PAW Incubator, Urban3 developed asset maps for the City of Evanston and all of the participating jurisdictions. For each jurisdiction, the asset map identifies assets owned, documents its current market value and, through an analysis of comparable developments, estimates the increase in value that would accrue to the property if it were developed to realize its potential financial value. The asset maps also identify specific parcels that your jurisdiction may wish to consider prioritizing for investment or development.

Please see Attachment B (page 60) for more asset maps related to this project.



City of Evanston's asset map
Source: Urban3; Data source: Cook County, IL

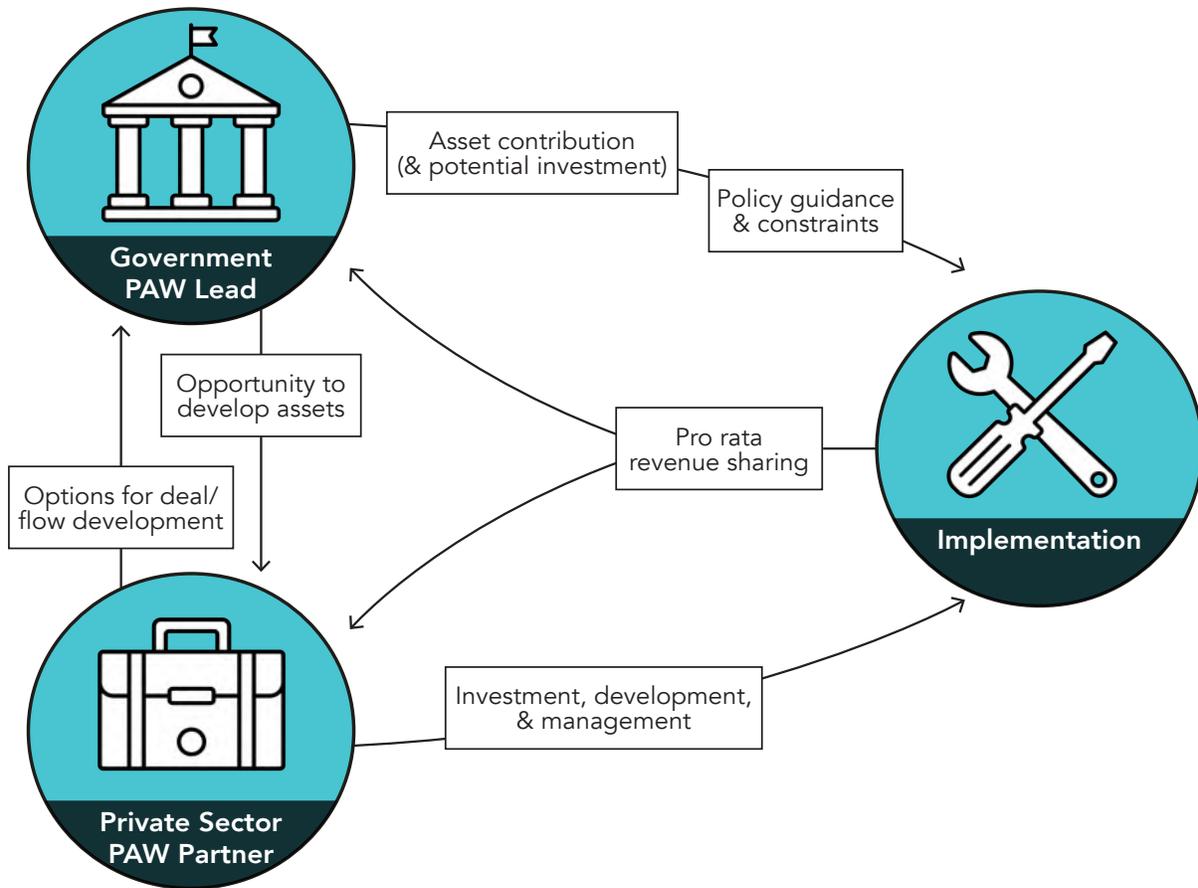
PUTTING ASSETS TO WORK (PAW) STRUCTURE

The specific structure created for any jurisdiction will necessarily be nuanced to meet specific local needs and adapted to comply with specific state and local laws. Furthermore, best practices will evolve and improve as more jurisdictions embark on this work and learn from the successes and failures of each other.

There are three essential components:

1. **The Government Lead**
2. **Private Sector Partner(s)**
3. A **vehicle**, distinct to each individual PAW project and tailored to the specifics of the particular transaction, to facilitate the implementation (“Implementation” in the diagram below) the development of PAW assets.

Putting Assets to Work (PAW) Structure



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 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. Local government can contribute assets, including land, and should articulate their priorities, policy guidelines, and constraints on the project, as deemed appropriate by local leaders. Private Sector Partners contribute additional capital, as well as development services and management expertise, 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 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.

The diagram on the previous page illustrates the general framework for the structure of a PAW initiative.

Local leaders will designate an entity or person to serve as the Government Lead for their

PAW initiative. The Government Lead's 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. Determining the right one for your community will depend on factors such as autonomy requirements, transparency, and others (described in greater detail later in this document).

The Private Sector Partners complement the project through their access to financial and technical resources, which should help alleviate the burden on local governments. This in turn 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, series of RFPs, or an RFQ (see "First Steps," above).



Image source: Urban3



Possible Approaches for the Government PAW Lead

Determining which person, office, or structure will serve as your jurisdiction’s Government Lead is a critical early-stage decision. The right choice will be a product of various factors unique to each jurisdiction including political considerations, governing laws, and staff and budgetary capacity. Your goal should be to establish a structure that will allocate the most effective and efficient use of time, energy, and resources to this initiative. It is imperative that the Government Lead have clear decision-making authority and responsibilities.

Leadership and staff of the entity that is ultimately chosen to serve as the Government Lead will determine the appropriate governing structure of the PAW initiative. Whatever structure is decided, ensure that appropriate safeguards are enacted to provide transparency, alignment of interests and accountability to successfully implement and scale the PAW initiative.

One goal of the PAW initiative 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 goal 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 your **Government Lead**. These options are listed in an order of increasing autonomy and specialization, but also increasing complexity to establish. PAW could begin in your community with the simplest form achievable and evolve to achieve greater specialization and autonomy over time as guardrails become clear and staff become more experienced.



Image source: ‘Evanston Thrives’ report by City of Evanston

Structure Options

Dedicated Staff

While certainly not ideal for larger jurisdictions or those with large asset portfolios, in jurisdictions where capacity and financial resources are limited, or where the number of parcels in question is relatively small, the Government Lead could be an individual **staff member** or small **team of staff** tasked with implementing this work. This staff should have the ability to work interdepartmentally with a high



Image source: Hannah Busing

degree of delegated authority to create fluent, efficient processes and the ability to innovate as needed within the bounds of the delegated authority. In our experience, larger jurisdictions, with a large number of parcels, attempting to use existing staff and resources will miss opportunities as this work may take lower priority behind more urgent and time-sensitive issues.

The key to PAW's success is to ensure decisions relating to individual assets are made in a timely manner and that these assets proceed toward implementation at a steady pace while the initiative scales. To accomplish this objective, sufficient staff time must be dedicated to the work, with an appropriate degree of deference and delegation so that staff can move the work forward.

As the initiative grows within your jurisdiction, leaders should add additional staff capacity as needed to carry out the work. Additional staff capacity may be funded from incremental revenues created from

the implementation of the PAW initiative itself. Jurisdictions may also 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. "Analysis paralysis" is a serious threat to progress early on. A dedicated staff member or small team of staff can efficiently usher a project to completion while also transparently helping both the local government and the broader public understand the value of this work. Therefore, Leaders should identify opportunities for early success while always keeping an eye on opportunities to scale the work more fully.

Center

Creating a **center** within the executive branch to serve as the Government Lead is similar to dedicating staff, but can give PAW additional focus and attention. The general idea behind creating a center is to create a concentration of personnel, authority, and attention on a particular issue. This creates a "brain trust" with strong momentum for PAW initiatives and a tangible structure that facilitates community engagement and oversight. The number of people, scope of work, and metrics for success are highly customizable by the jurisdiction.

Local leaders can generally create a center with minimal effort. For this reason, the jurisdiction may initially take this approach to launch a PAW initiative and



Image source: Nic Rosenau

secure early success. Ultimately, a center will have inherent limitations on the autonomy and discretion it can assume; this may compromise its ability to scale the work to the size of the jurisdiction's asset port-

folio. 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 structure that allows the government to segregate revenues and expenditures of a specific service from other governmental activities; enterprise funds for economic development and wastewater maintenance are common examples. Enterprise Funds afford clarity in the functional and fiscal activities that occur within them, and are usually staffed by professionals with highly specialized skills, clear oversight abilities, and reporting responsibilities that allow for efficiency and effectiveness. Furthermore, a model like an enterprise fund can fa-



Image source: Anton Dimitriev

Facilitate collaboration across multiple government entities who contribute their assets on mutually agreeable terms to accomplish mutually desired benefits.

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 objectives such as providing affordable housing, clean energy, or other local priorities can help to foster public support for the initiative.

Authority

An **authority** is an entity with the ability to exercise executive, legislative, judicial, taxing, regulatory, or administrative functions of the government. An authority 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 scale quickly.



Image source: Trent Erwin

The jurisdiction creating an authority would enact provisions establishing financial and government accountability, transparency, and outcome metrics. The authority's jurisdiction can be circumscribed by a geographical area, such as with a port authority or airport authority, or by subject matter, as with a redevelopment authority. These scenarios allow authorities to operate with a clear, concise mission and vision with oversight by the enabling jurisdiction.

Community Land Trust

A **community land trust (CLT)** is an entity that promotes increased housing affordability through a property-based approach. While the CLT model itself is time-tested, its structure, process, and best practices are uniquely adaptable for each jurisdiction.

The primary function of a CLT is to manage publicly-held land for the community benefit. Members of the public are generally involved in the creation and ongoing governance of a CLT to determine the benefits derived from the use of land assets it holds. Examples of these benefits include affordable housing, long-term affordability for commercial and retail spaces, public gardens, and conservation properties, among others.

In some CLT iterations, jurisdictions maintain ownership; in others, a collective of community members own it under a 501(c)3 nonprofit or similar entity.



Image source: Mihai Moisa

The CLT focuses on ensuring the community benefit – typically affordability benefit – continues in perpetuity. 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 order to achieve the long term goals set at the inception.

Additionally, a CLTs governing board can adapt its metrics of success to evolving community needs and preferences. 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 their structure.

From inception through the creation and ongoing administration, CLTs require extensive collaborative, oversight, and intensive ongoing stakeholder engagement, which may make them difficult to scale in a jurisdiction that has a sizable real estate portfolio.

Community Development Entity (CDE)

A community development entity (CDE) is a stand-alone entity distinct from the local government. Because this entity is created by the jurisdiction, however, it can ensure certain control, transparency, and accountability requirements are built into the organization's charter and bylaws.

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 CDE acts as an intermediary to provide loans, investments, or financial counseling in Low-Income Communities (LICs). To become and



Image source: Scott Graham

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.

Community Development Corporation or Other Nonprofit Entity

A **community development corporation (CDC)** is an independent nonprofit organization created to provide services and engage in other activities that promote and support communities. CDCs usually serve a narrowly-defined 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 matrix on the following page may help jurisdictions identify the Government Lead that is most suitable for them.

None of these entities possess immutable characteristics and none are inherently more autonomous, politically neutral, transparent, or efficient than the others. 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 guidance to help you ensure to the highest degree reasonably possible that you have the right structure for making progress, while avoiding 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 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.

The Government Lead is a steward of the public’s assets and therefore, the public’s trust. As such, it must be held to high standards of accountability and transparency. The transparency standards referred to here are not intended to undermine standard confidentiality practices related to the acquisition and disposition of real estate by public entities. As noted above, as in other contexts where governments acquire private real estate parcels, it is understood that a degree of confidentiality relating to the real estate acquisition process is in the public interest, which is generally understood and reflected in laws and regulations governing public real estate acquisitions. These statutorily authorized real estate confidentiality provisions are intended to avoid situations where the seller demands a value above market value because the counterparty is a government entity.

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 Lead should be focused narrowly on PAW work to achieve these goals.

Table 1: Entity Considerations

	Level of Autonomy & Authority	Public Engagement	Transparency/ Accountability	Project Pace/ Scale Management	Legal Considerations
Authority	High	Medium	High	Medium/High	Requires legislative action by the jurisdiction. Verify with legal counsel whether any state or local legal considerations apply.
CDE/CDFI/ Other Non-profit Entity	High	Medium <i>(High with Appropriate Policies & Practices)</i>	Medium <i>(High with Appropriate Safeguards)</i>	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)
Enterprise Fund	High	Medium	High	Medium	Requires legislative action by the jurisdiction. Verify with legal counsel whether any state or local legal considerations apply.

Jurisdiction-Specific Considerations

How you answer the following questions 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. Existing Organizations:** Are there existing organizations in your community that may feel they are already positioned to play this role? Do they have the adequate capacity, skill set, and sensibility to do so? Would creating another entity be duplicative?
- 3. Financial Resources:** Is there seed money available to begin investments? Any ongoing revenue? One time revenue? What is your local government’s general relationship with and attitude toward local philanthropic organizations or other private-sector sources of funds?
- 4. Community Relations:** Beyond funders, what is the condition of your entire stakeholder ecosystem? Does local government have credibility in the eyes of local developers, banks, and other external partners?

Addressing these considerations will be critical to your ability to establish appropriate expectations and capacity of the PAW initiative so that your goals and outcomes are measurable, effective, and reasonable.

Governance

Governance and governmental roles within PAW should be clearly outlined upfront 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.

“Some challenges of working with the government are shifting expectations, changing administrations, micromanagement, and the inertia of the elected and the bureaucracy.”

Role of the Chief Executive

Depending on your jurisdiction’s form of government, the chief executive may be the mayor, the city manager, the county executive, or even a majority of your local legislative body. As a primary decision maker and leader in policy direction, the chief executive plays both a substantive and symbolic role in your PAW initiative. By proactively offering a vision for how the jurisdiction can leverage its assets, the chief executive will set the direction for the work and drive to achieve successful outcomes. By delegating the right staff and other resources and supporting partnerships with the proper private entities the chief executive essentially facilitates the success of the entire initiative.

The chief executive is responsible for determining the best structure for the **Government Lead**. This may include collaborating with other governmental entities, such as the jurisdiction’s legislative body, or other administrative offices within local government. The chief executive will negotiate issues with other policy-makers such as the level of autonomy and authority that the Government Lead should possess to ensure clear direction and lines of authority.

Finally, the chief executive should be prepared to make the political case for PAW. This will include consistently communicating the economic value of the work and its advantages to a variety of stakeholders including constituents, potential private partners, intergovernmental partners, and members of his or her own administration. Strongly embracing a vision for PAW and translating that into local political priorities will be of paramount importance.



Image source: Chester Alvarez

Role of the Legislative Body

Your jurisdiction’s legislative body, typically a city council or county commission, may navigate some novel issues and concerns related to PAW. Legislative leaders will need to buy into 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 Lead and endow it with appropriate autonomy and authority.

The legislative body has an important role setting boundaries on 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 public sector will work with private partners. That said, staff must 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; and addressing political or messaging challenges.

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

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

Delegation of Authority

One of the most important decisions local leaders will make is the degree of delegation of authority to the Government Lead. No matter the entity type (i.e., authority, enterprise fund, center, CDE), the efficiency and scalability of PAW in your community 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:

- A. 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)
- B. Pre-determining parcels transferred into a real estate portfolio for PAW initiative (ex: a grouping of 5 city-owned parcels are considered one portfolio to be managed in accordance with the pursuit of predetermined outcomes, covered by partners selected from an RFQ (or similar procurement process, as allowed by state law) designed to identify qualified Private Sector Partners)



Image source: Kelly Sikkema

- C. 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 chief executive and legislative body must take an active role early on to determine general guidelines and dictate parcel-specific parameters for the PAW initiative – and then empower and defer to the entities who can implement that direction without ongoing interference. Avoiding ongoing micromangement is critical to the scalability and success of PAW as well as the initiative's ability to attract private capital.



Possible Approaches for 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 will improve the initiative's viability and ability to scale while allowing government staff to remain focused on core government functions and areas of expertise.

We also encourage your local leaders to explore partnerships with other government entities, or even other local governments, to unlock assets and create opportunities. There could be cases where the greatest returns on public assets will come from cooperation between multiple public entities who can pool their available assets for greater mutual benefit.



Image source: 'Evanston Thrives' report by City of Evanston

PAW Partner Entity Options

Here we will highlight a few types of private partners and their potential roles in a PAW initiative. This is not an exhaustive list and different approaches may be required in your jurisdiction depending on a particular asset's location or condition, or your overall goals for the initiative.

No matter your approach, your jurisdiction will want to structure a partnership with a Private Sector Partner where incentives are aligned to maximize the benefit to the public, deliver on mutual expectations, and allow the work to scale to the size of your asset portfolio.

Real Estate Developers

A PAW initiative will inevitably involve real estate development professionals. 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.¹ The professional expertise of the developer, the term and nature of this public-private relationship, and the alignment of incentives between your local government and the developer will ensure the relationship is structured to maximize the benefit to the public and achieve your jurisdiction's goals with the initiative.

One crucial benefit of a PAW initiative is your jurisdiction's ability to create a level playing field that can diversify the pool of developers capable of partnering in this work. Limited access to capital is a significant barrier to entry for young or untested real estate developers, and prevents many from bringing fresh ideas and new approaches to the sector

A jurisdiction that brings a publicly-owned real estate parcel to a transaction is likely to attract interest from an array of development partners - including those in the start-up phase - who recognize this kind of asset as an early, in-kind capital infusion. The contribution of a publicly-owned parcel can de-risk the overall investment, which will make a start-up developer more appealing to forms of private finance that may oth-

erwise be unduly skeptical. If done thoughtfully and deliberately, a PAW initiative is a powerful tool for opening the doors for younger, diverse, and/or otherwise nontraditional development partners.

In structuring your relationship with a real estate development partner, you should be aware of information and expertise asymmetries that may exist between local government and private entities. Typically, these relationships take on a "zero sum" quality in which the private party benefits at the expense of the public sector due to a higher level of sophistication, expertise, and overall information asymmetries that allow them to structure the partnership to their disproportionate benefit.

There are important steps the jurisdiction can take to minimize any potential downside in this arrangement and align the partnership toward a mutually beneficial arrangement. Allowing for longer-term partner-



Image source: Tierra Mallorca

ships rather than one-time deals, establishing clear expectations for project financial transparency, and showing a willingness to share upside benefits and downside risks will make for better and more strongly 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 transac-

¹ uli.org

tion. This leads to quicker revenue generation and maximized overall public benefit of the project.²

For the developer, a partnership with a PAW initiative provides access to key parcels for development and greater up-front clarity on public sector support for a particular development plan. 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 since private partners would gain access to development opportunities and would not need to seek private financing to acquire the real estate underlying such developments.³

Traditional Investors

A PAW initiative will require additional capital investment that may come from private investors. A PAW initiative can leverage public investment of underutilized real estate to attract additional private capital, lowering the financial obligations from local government. Investments often take the form of equity or debt.

In debt financing, investors provide capital to the project and receive interest on the investment at



Image source: m. on unsplash.com

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 reg-

² naiop.org

³ uli.org

ular 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.

Local government should explore ways to de-risk the project in exchange for favorable terms from investors. Financial tools that the government can use that are designed to de-risk and leverage private capital are discussed later in the Playbook.

Impact Investors

Impact investors are similar to traditional investors in that they are seeking a return of their principal and interest on their investment. However, impact investors typically also seek nonfinancial returns for their investment in the form of community benefits or social impact, such as an increase in affordable housing, clean energy homeless services, and so forth. Impact investors often include local philanthropic foundations, high net worth individuals, Fortune 500 companies with an interest in supporting their local communities, and family offices. Some impact investors will be willing to accept returns that are below market rate if the project is achieving their desired outcomes.

Similar to other investments, impact investment can



Image source: Sonder Quest

either be structured as equity or debt. In some cases, impact investors 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 been paid back. Impact investors can also attract investor participation by accepting a lower return. An impact investor who is willing to accept a lower return also increases the returns for a project's other investors, which makes the project more appealing to a wider range of conventional lenders.

An impact investor will look for projects that are aligned with their mission which allows local government to leverage their expertise to improve the

What is "ESG"?

Environmental, Social, & Governance (ESG) investing is a strategy that focuses on both financial returns and the environmental, social, and governance aspects of investments. It's a key part of socially responsible investing, which aims to produce both positive financial returns and tangible social benefits. The provision of pure public goods through the work of local government makes many of their initiatives excellent ESG investing opportunities.

overall social outcomes of the project. In addition to more capital and technical assistance, impact investors may boost the public profile of a project if they are particularly well known.. This could create more awareness of the PAW initiative generally, leading to more financing options in the future.⁴

PAW Partner Relationship Options

Structuring the collaboration between the Government 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.

Local government's ability to assess property, offer zoning and overlay options, and operate with high levels of transparency are among the greatest benefits they can offer. However, the Government Lead must be intentional about disabusing any potential private sector partners of the notion that the public sector is unable to accomplish projects efficiently and on-time. Maintaining a reputation for competency and responsiveness is critical to a local government's success in this arrangement.

Similarly, the Private Sector Partner brings an ability to execute projects efficiently and – if the partnership is structured appropriately – in a way that maximizes the public benefit. Your jurisdiction can take different approaches to structure the public-private partnership as described below.

Project-Specific Approach

The typical approach for jurisdictions seeking a private partner for the development of a parcel of publicly-owned land is to issue a Request for Proposals (RFP) and weigh responses from various potential partners. These partnerships are highly specific to a particular asset the jurisdiction is putting forward, such as an underutilized building or a surface parking lot. 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.

4 blogs.worldbank.org

The advantage of this approach is its familiarity: staff understand 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 will be able to respond to them as a standard course of interaction. This approach also creates an explicit agree-



Image Source: Paymo

ment 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 resulting collaboration is transparent, well understood, and predictable.

However, there are 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.⁵ The private partner will seek to maximize their upside in the deal, within the bounds tolerated by the public partner, even if that occurs at the public's expense. This win-lose approach to forming public-private partnerships does not always work out to the advantage of the public sector.⁶

Another disadvantage of this approach is that each transaction can become time and labor intensive for the jurisdiction. Each RFP process requires time, staff resources, and deliberation to manage. The time involved in doing so may be a potential deterrent to private partners. The jurisdiction itself might be able

to justify the time and energy required for smaller publicly-owned parcels. Jurisdictions with a large portfolio of publicly-held real estate, the single asset RFP approach is unlikely to ever reach the scale they need.

Portfolio Management Approach

Jurisdictions can secure a partner or partners with a particular set of qualifications to provide asset management services within agreed upon parameters. Under this approach, the jurisdiction will issue a request for qualifications (RFQ) and weigh the respondents based on their proposed approaches to the management of a 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. This approach differs from the asset-specific approach where the land itself is the primary consideration of the procurement process. Using an RFQ framework, the relationship could encompass several projects, a defined geography, or an open-ended invitation to receive proposals from the qualified asset management partners to put the jurisdiction's assets to work.⁷

This approach shifts the burden of evaluating individ-



Image source: Goodwill Domingues

5 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. [jstor.org](https://www.jstor.org/stable/2346000)

6 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. [jstor.org](https://www.jstor.org/stable/2346000)

7 Li, P., Tang, L., & Jaggi, B. (2018). Social Capital and the Municipal Bond Market. *Journal of Business Ethics*, 153(2), 479–501. [jstor.org](https://www.jstor.org/stable/2346000)

ual assets for their potential PAW value, performing economic modeling around an asset, and drafting asset-specific proposals from government staff to a qualified private sector asset management partner. The public sector's role becomes to receive and consider asset-specific proposals prepared by their qualified private partners. By shifting the analysis and proposal workload to private partners, with final approval of any proposal resting with the public sector, the pace and scale of this work can swiftly accelerate to match the size of a jurisdiction's public asset portfolio.

This approach can also be useful in aligning government and private sector incentives.⁸ 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. Still, the jurisdiction should require an appropriate level of transparency and accountability to govern the relationship.

Notably, the RFQ approach is not a novel approach to local government procurement. RFQs are 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, which would be extremely unwieldy, the jurisdiction selects a qualified partner who are ready to engage any time the jurisdiction - their client - determines that a bond issue is needed. Each bond issuance is an eligible assignment for bond underwriters qualified by the RFQ, who can advise on current market trends, developments, and strategies in the municipal bond market.

Third-Party Intermediary Approach

A significant challenge for many PAW jurisdictions is that following the assessment of the assets limited staff capacity and expertise is available to drive the process forward. Specifically, most jurisdictions lack

the know-how and resources to:

- Evaluate project options
- Assess market interest and preferences
- Identify capital sources
- Run RFP processes
- Coordinate larger scale development projects

Staff and elected leaders are often rightly focused on their core functions and immediate priorities. Complex, long-term initiatives like PAW, regardless of their potential economic upside, often get placed on the back burner.



Image source: Matthew Cabret

Jurisdictions that have successfully developed PAW-initiated projects started with a significant appropriation of public funding to underwrite the costs of hiring new staff, contractors, and other experts. For example, the City of Cleveland appropriated \$50

⁸ 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. [nlc.org](https://www.nlc.org)

million to launch their Site Readiness for Good Jobs Fund. The City of Atlanta appropriated \$4 million to launch the Atlanta Urban Development Corporation and authorized additional bonding of \$100 million to support the mayor's affordable housing initiative leveraging the city's underutilized public assets.

For most jurisdictions, providing public seed funding at this level is not a feasible option. Fortunately, there are other approaches that are equally likely to succeed. We are intrigued by approaches being explored by other PAW jurisdictions in which an external third-party entity is empowered to serve as an intermediary on the jurisdiction's behalf. This approach ensures that best practices are put in place so that the best projects move forward in a timely manner.

This third-party intermediary can evaluate project opportunities, in consultation and with the approval

of the jurisdiction, draft project RFP language with guidance from the jurisdiction, run the RFP process on behalf of the jurisdiction (involving the jurisdiction in the process to appropriate degree to ensure transparency and accountability), negotiate with investors and solicit capital, negotiate a development agreement, and ultimately supervise the project execution.

This structure can operate and grow with minimal investment from the jurisdiction by assessing project participation fees from the private parties. These kinds of fees are already common in purely private sector transactions. In this way, jurisdictions can select priority initiatives and revenue targets without having to invest in the teams and years of infrastructure.



Asset Disposition Options

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 these approaches is that returning government-owned parcels to private use will generate potential new tax revenues in addition to any one-time or ongoing benefits relating to the specific transaction.



Image source: Google Maps

Land Sale Example in Evanston



Evanston City Council authorized the land sale of the parking lot at 504 South Boulevard in January of 2024. Construction of a 100% affordable housing development will break ground on the site in late spring 2024. South Boulevard Shores will contain 60 new units.

Image source: Google Maps

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 (outside of property tax revenue). Unless specific circumstances justify a land sale, we do not recommend liquidating assets because proceeds from these sales are often used to meet immediate needs with limited, one-time revenues. Instead, we advocate for an approach in which assets acquired over decades can create sustainable, ongoing revenues that benefit the public far into the future.

Retained Ownership Models

Long-Term Land Lease

In many instances where a jurisdiction is looking to retain ownership of an asset, their default development scenario will be residential or commercial land lease. Under this approach, the jurisdiction negotiates to lease land to a private partner for an extended period of years. Land leases provide a flat rate, with lease escalation provisions triggered by certain favorable conditions as well as protections against default if the project is not successful. While land leases provide stable predictable revenue, the 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, a local government should strongly consider options where it maintains a percentage equity share of the future development so that it may fully benefit from value appreciation.

A land lease arrangement forces the private developer to assume the risk of the pace of neighborhood improvements. This is often difficult to finance and leaves the jurisdiction - and its residents - out of upside benefits that may arrive in later years as the neighborhood improves. Whenever a land lease option is being considered, a jurisdiction should also consider a model that preserves their 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 local expectations - otherwise, local government should retain the right to cancel the joint venture agreement.

PAW FINANCIAL TOOLS

The process of implementing and scaling a PAW initiative is incremental. A jurisdiction may take several months to assess the portfolio of property it owns and determine the value of this portfolio; additional time may be required to formulate a structure and secure private sector involvement. 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 an actual revenue stream. For local leaders who are looking to utilize revenue from a PAW initiative as soon as possible, some specific financial tools are available. Employing these tools will allow investments to begin immediately, based on the likelihood of future PAW revenue streams.

What is a capital stack?

A capital stack in real estate development is the structure of various funding sources, each with distinct terms, rates, and risk levels, used to finance a project. It's organized hierarchically based on seniority and risk, dictating the repayment order and risk assumed by each investor.

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 with greater uncertainty 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 backed by the full faith and credit of the jurisdiction, an inability to service the debt on a PAW bond due to inadequate revenues could negatively impact 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.

Environmental, Social, & Governance (ESG) Investments

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. These projects and outcomes fall broadly under a category of financial performance criteria known as **environmental, social and governance (ESG)**.

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 ESG investors, drawing orders of more than \$1.2 billion from 54 institutional investors. The strong demand enabled bond yields to be reduced by two to five basis points, depending on maturity, cutting the city's interest payments and saving taxpayers millions of dollars.

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 geographies¹



Image source: Curtis Adams

The amount of CRA lending has increased steadily over the years and has reached \$468 billion as of 2020.² A large part of the growth can be attributed to affordable multifamily property lending.³ CRA lending is potentially a source of catalytic capital to support PAW projects with community impact objectives.

Using Catalytic 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 can make projects or transactions more attractive investment opportunities that they might otherwise be.

1 [fdic.gov](https://www.fdic.gov)

2 [ffiec.gov](https://www.ffiec.gov)

3 [urban.org](https://www.urban.org)

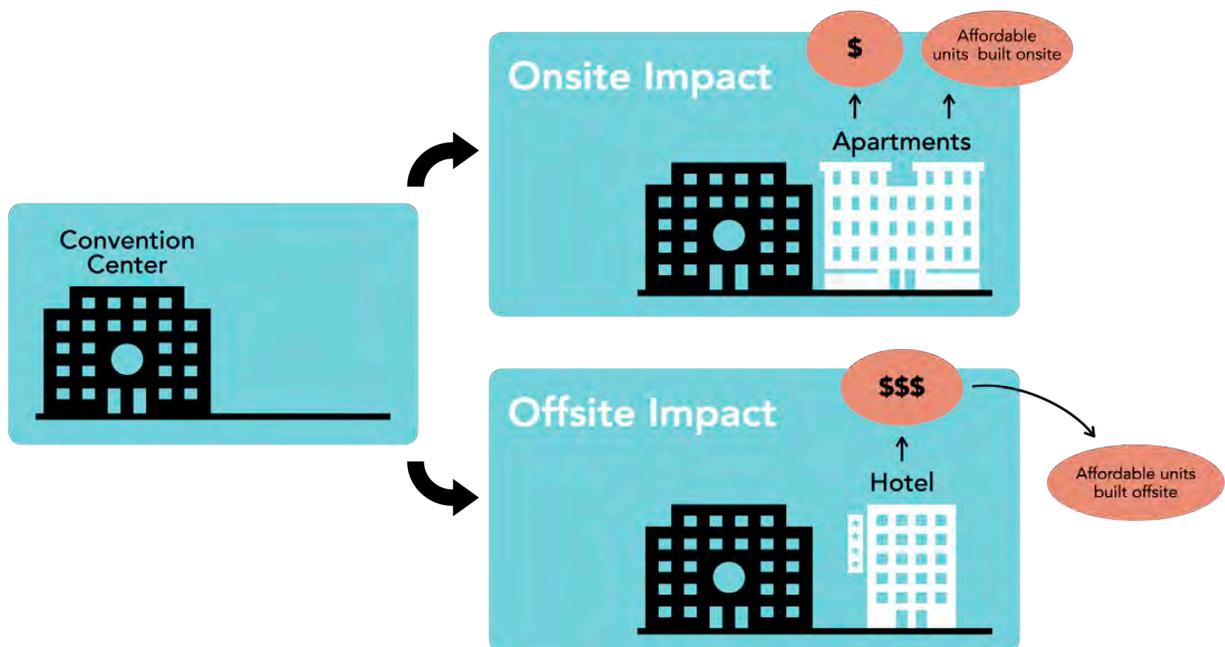
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FINANCIAL CONSIDERATIONS

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**. As discussed earlier, in an onsite scenario, the associated impact is directly tied to the development of the real estate asset, whereas in an offsite scenario, revenue generated by the asset is channeled to another program or initiative that is not necessarily directly linked to the development of the asset.

There are advantages to both options depending on the assets involved and your public's specific local priorities. Below is a list of advantages for each option; this is not an exhaustive list, as local circumstances may vary.



Onsite Impact

Onsite impact creates the opportunity to combine social, environmental, and community outcomes with the development and economic outcome of the project within a specific geographic area. Integrating these outcomes creates positive potential synergies for 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 community benefit priorities considered a priority by the jurisdiction.

In addition to operational efficiency, achieving the impact onsite will make the positive outcomes more obvious

to the public, as they will be clearly and directly connected to the project. This creates favorable public goodwill associated with the PAW initiative - which makes subsequent, more complex projects easier to complete.

Offsite Impact

An example of offsite impact might be developing a mixed use shopping/office development near a transit hub and allocating revenues from leases and property taxes to developing affordable housing at a different location, or allocating these revenues to climate mitigation work that spans your entire community..

A major benefit of the offsite impact approach is the flexibility of managing the potential revenues and the desired social or environmental outcomes separately. In this way, revenue might be commercially maximized and the revenue generated from the assets can be channeled to different projects that align with local needs, which may change over time. It also creates a clearer line of separation between the asset and the impact initiative, allowing for greater flexibility in meeting needs across geography and time.

Another benefit of offsite impact is the creation of revenue to fund investments that may have low financial returns but which have high social value. A project with high commercial value and revenue potential could fund low interest loans to childcare providers in areas of town where few childcare options exist. This arrangement increases both affordability and access to high quality childcare by using revenues generated elsewhere 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 social determinants of health in another high need area of your community.

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**¹.

It is also worth noting that once local leaders 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.

Putting assets to work is about extracting more value from unused and underutilized real es-



Image source: David Martin

¹ Image source for examples in this section: Google Earth and Google Maps

tate. "Value" might mean new revenue, but not necessarily. Sometimes the value a community is looking to create comes in the form of preserving open spaces, new affordable housing units, clean energy, climate resiliency or new libraries and other public facilities. 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

Legacy assets are meant to be preserved in a legacy state or for a legacy purpose. These could include watershed lands or other parcels that are subject to conservation easements, historic structures such as local museums owned by local government,² or any other asset for which the present or future uses disqualify them from Putting Assets to Work consideration.

Legacy Asset Examples



Civic Center



Public Library



Museum

Policy Assets

Certain publicly-owned assets may be best used to accomplish a specific local policy objective. These may include properties like your City Hall, police precincts, schools, or libraries. Policy assets are not necessarily desirable for Putting Assets to Work considerations.

Policy Asset Examples



Childcare Center



Fire Station



Parks

² Photo of Frances Willard House Museum by David Herszenon

Yield Assets

Other assets may have no overriding legacy or policy objectives and may be considered purely for the monetary value they can yield. Examples may be pieces of right-of-way or surface parking lots in submarkets where demand is high and land scarce. Your jurisdiction may utilize various approaches detailed elsewhere in this playbook to generate a public asset yield from these kinds of assets. This work is discussed below under Putting Assets to Work Implementation Models.

Yield Asset Examples



Parking Lot



Office Building



Vacant Parcel

Hybrid Assets

Certain assets may accomplish multiple objectives. One example of a hybrid asset would be a new library with several stories of mixed-income housing above it. This type of project serves several policy objectives, namely providing a library and community gathering space, as well as access to new affordable housing units. The project could simultaneously serve yield objectives through the inclusion of onsite retail and market-rate housing. Revenues may support other local priorities and policy objectives, both onsite and offsite.

Hybrid Asset Example in Salt Lake City, Utah



Image source: Urban3, Google Earth

When Salt Lake County built a new office building for county prosecutors, they were clear in the goal to both achieve the public needs and leave space to also derive revenue. The public needs were designed in a way to maximize access to public transportation, achieve the public need, and preserve adequate space on the parcel for an adjacent private market-rate development. The county has entered into a long-term land lease for \$500,000 per year to a private developer who will build a market-rate development, bringing the parcel onto the tax rolls.

RECOMMENDATIONS

The economic development and community redevelopment challenges facing Evanston and other historic communities proximate to large metro areas 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 residents.

The City of Evanston 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 city's priorities and unlock new tools and new opportunities that can make a difference.

The next step is to put these assets to work 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 and generate new revenue opportunities to support the highest priorities of the residents of the City of Evanston.

Defining the Objective

The challenges facing the City of Evanston are coupled with unique opportunities and strengths. The challenges are both unique and held by other cities across the country. The population of the community has remained consistent. In the 1950 census the population was about 74,000 and in 2020 that number was 78,000. The geographic footprint of the city has remained the same since 1892. The change in revenue and land utilization relative to the city's assets are part of a fixed space and population, so change will truly have to be realized from within.

The challenges for Evanston are consistent with other aging cities. There is a challenge to afford themselves. Aging infrastructure and evolving needs leaves a unique problem set for Evanston. The inputs to work with in the solution of these challenges are strong. There is stable and strong housing stock. The downtown is strong and walkable. Northwestern University, as a holder of large parcels of valuable tax exempt land, represents a revenue challenge for the City, but also brings opportunity and benefits



Image source: 'Evanston Thrives' report by City of Evanston

to the City as a solid institutional partner with shared investment and interests in the growth and viability of the City of Evanston. Expansion of the existing relationship and current conversations with the University offer op-

portunities to find mutually beneficial uses of the connective tissue properties the City and campus share. There may also be opportunities to engage in putting some university controlled properties into use that could solve problems or generate additional tax revenues for the City.

Like many cities, the City of Evanston has accrued a backlog of capital maintenance needs across municipal facilities and with city-owned parks and open spaces. Addressing these deferred capital maintenance obligations is a priority for the city. We believe part of the solution can come from efforts to reexamine existing needs and uses and right-sizing the use of municipal offices, facilities and even existing parks and open spaces.

Building from Strength

The City of Evanston has already engaged in a robust planning and visioning process around the use of its existing municipal assets. The City has created a vision for economic vitality and vibrancy through the Evanston Thrives District Action Plan. These examples of early and thorough ground work is an important component

of planning and should be capitalized up as the PAW planning work is moving into an implementation phase.



Evanston, Illinois
Image source: City of Evanston

There are multiple opportunities and avenues for next steps that the city is already pursuing that have a likelihood of success. Any of these pathways could be a viable next step, but we observed a couple of immediate needs and potential wins that would seem best suited for next step implementation.

Evanston holds a number of interesting and valuable properties currently used for city services that are prime candidates for the enhanced realization of public

good through better utilization or monetization. The City also holds a number of surface level parking lots proximate to other public properties that can be rethought or incorporated into the rethinking of other structures.

The City of Evanston has identified a number of issues that they are trying to solve in the course of implementing the recommendations of this Putting Assets to Work analysis.

1. There is a backlog of capital maintenance needs in multiple current municipal facilities including the city's municipal offices (aka The Lorraine H. Morton Civic Center), the police and fire headquarters, and fleet facilities.
2. The current footprint of parks and open parkland is expensive and requires extensive resources.
3. There are publicly held assets that need to be returned to commerce as they are either underutilized or underperforming in their current use.
4. There is a need to develop more housing for moderate and lower income residents.

5. Opportunity to reevaluate how the City of Evanston adapts to meet evolving trends in remote work affecting existing commercial office and residential needs and municipal workforce needs, and the ways in which the public seeks services from city government.

The City of Evanston leaders recognize there are tens of millions of dollars of deferred maintenance and investment in the city's municipal offices, the public safety headquarters, fleet facilities, and multiple parks and recreation facilities. At the forefront of Putting Assets to Work priorities for Evanston is the need to rethink multiple current public facilities.

The first step is creating a capital facilities and government services masterplan to comprehensively understand current and projected office and other space needs in order to right size public facilities. This could provide a better scoping of what the current needs are and a true sense of the cumulative capital deficit in the public structures. A comprehensive study could identify not only the work that needs to be done, but also formulate a plan to convert the current class of facilities into the next generation of facilities for the city.

City of Evanston Municipal Offices



Ingraham Park
Image source: Google Earth

The City of Evanston's municipal offices offer a fantastic opportunity to show what is possible in the conversion of an existing asset into two success stories. This building has struggled as a City Hall with wasted corridor spaces, oversized offices, and inefficient HVAC, plumbing, and electrical systems and does not meet ADA standards.

The current facility has significantly more square footage than is needed and has significant deferred capital maintenance

needs. By moving city staff out of the existing facility into office space that is more proximate to downtown and transit, the city is helping to backfill unused private commercial office space and support an active downtown economy as downtowns across the country are impacted by remote work and continue to struggle. Additional benefits justifying this move include:

- Proximity to rail and transit will better support workforce access and hiring needs in addition to providing accessibility to those with limited mobility or who are public transit dependent.
- Reducing automobile dependency of the city workforce and reducing parking costs.
- Opportunities to enhance urban spaces in the downtown through public art and public events centered around the new location.

Furthermore, freeing up the existing city offices for other uses avoids costly investments to upgrade the existing space and avoids expensive ongoing operations and maintenance costs for an oversized facility.

Rethinking of the space as a private use will provide an opportunity to realize an enhanced revenue opportunity in addition to the solution of a public challenge like housing or a similar issue and even provide an opportunity for the city to generate a passive revenue stream. There are multiple potential partners to look at the redeploy-

ment of the civic center municipal offices while also preserving a portion of the parcel as public open space. The land around the property, especially on the street facing land, is mirroring high net worth housing in a desirable neighborhood. Ingraham Park is an amenity that adds value for whatever is developed adjacent to it.

There are any number of opportunities for the city to realize income and potentially a long term regular income opportunity to help pay for other needs and pure public goods. The Putting Assets to Work team believes this is one of the most promising, attractive, impactful, and revenue ready properties in the Evanston real estate portfolio.

Underused Open Spaces

The City of Evanston has an abundance of open spaces. We encourage city leaders to examine more closely the trade off between quantity and quality and the equitable access of residents as it relates to open spaces.

We recommend the city examine its open space portfolio to identify parcels that are underutilized by residents or in areas where there is already an abundance of open space properties and use these parcels to create revenue opportunities in order to support additional financial investment to enhance the quality of other open spaces.



Arrington Lagoon picnic shelter
Image source: Google Earth

Examples might include evaluation of park facility buildings revenue generating potential such as the Arrington Lagoon Picnic Shelter, James Park Concession Stand, or Dempster Street Boathouse. Small underutilized tot-lots may better serve as affordable housing sites.

Government Lead

Multiple city departments and agencies have responsibility for government assets and maintaining or constructing additional facilities for government services. We recommend Evanston designate a key staff member

or a government adjacent private entity with authority to streamline collaboration and resources across different departments, community nonprofits and nongovernmental agencies, philanthropic efforts and private partners. This individual staff member or entity can help to manage processes, maintain projects within the boundaries set by staff and elected leaders and assert solution-oriented collaboration across functions to ensure a more cohesive strategy that maximizes the community benefits and minimizes costs.



Image source: cpahousing.org

Community Partners for Affordable Housing, a Community Land Trust (CLT) serving the residents of Evanston, is a key partner who can support some aspects of the housing development work and provide affordable home ownership opportunities for residents. Similarly, Evanston's Economic Development Department has other tools that can support PAW implementation. While these entities are

good partners to help implement some of the priorities Evanston has identified, they do not have all of the tools needed for a robust PAW implementation strategy.

We recommend identifying two to three projects or assets that the city is prepared to move forward with in the next six to nine months and assemble a task force to begin the work to determine the city priorities and opportunities.

In addition to the internal streamlining recommendations above, we also recommend Evanston explore third-party partners who can support implementation work and manage the process for forging public-private engagement. Third-party support activities could include:

- Evaluate project options
- Assess market interest and preferences
- Identify capital sources
- Run the RFP or RFQ processes
- Coordinate larger scale development projects

Staff and elected leaders are often rightly focused on their core functions and immediate priorities. Complex, long-term initiatives like PAW, regardless of their potential economic upside, often get placed on the back burner.

Enabling an external third-party entity to serve as an intermediary on the jurisdiction's behalf could add to Evanston's capacity to move forward with priorities in a timely manner and facilitate objective analysis and consensus building across departments and functions.

This third-party intermediary can evaluate project opportunities, in consultation and with the approval of the jurisdiction, draft project RFP language with guidance from the jurisdiction, run the RFP process on behalf of the jurisdiction (involving the jurisdiction in the process to appropriate degree to ensure transparency and accountability), negotiate with investors and solicit capital, negotiate a development agreement, and ultimately supervise the project execution.

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 Lead.

Whereas the Government 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 Lead to secure the right to lead the development of a public asset opportunity, and then moves



Image source: 'Evanston Thrives' report by City of Evanston

the project forward by securing private capital and overseeing the construction, operation and management of assets.

Initially, we recommend the jurisdiction identify a key asset or finite set of assets and select 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.



Image source: 'Evanston Thrives' report by City of Evanston

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.

We believe the jurisdiction 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 for the Government PAW Lead to evaluate, 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 can be established by an RFP approach.

Specifically, the Government Lead and government staff can

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 jurisdiction's community impact goals. The timing of forming private capital partnerships will vary from jurisdiction-to-jurisdiction based on the status complexity of various investment opportunities.

Evanston seems well positioned to attract private capital and investment from greater Chicago area foundations and investors. After the elements of Evanston's PAW initiative are developed and key opportunities are defined, we recommend Evanston host an investor charrette to highlight the new structure and opportunities. If Evanston has selected a third-party intermediary to support PAW efforts, this third-party can take the lead to organize this event and attract interested parties.

To the extent Evanston is willing to provide publicly-held land and a commitment of public dollars to attract private investment in the development of a real estate asset(s) according to the city's objectives, the city can create an investment ecosystem that is attractive in spite of larger economic uncertainty and high interest rates by structuring public participation in ways that minimize risk and maximize public and private returns.



Chicago
Image source: Brad Knight

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 real property (unimproved or improved land, as applicable), you're in a good starting place to negotiate good terms and ensure risks are assigned to the parties best able to mitigate them.

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.

You are the 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.

Conclusion

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, along with 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’ll be able to 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, the potential to generate substantial revenue to support important public priorities and even reduce the tax burden on your residents is real.

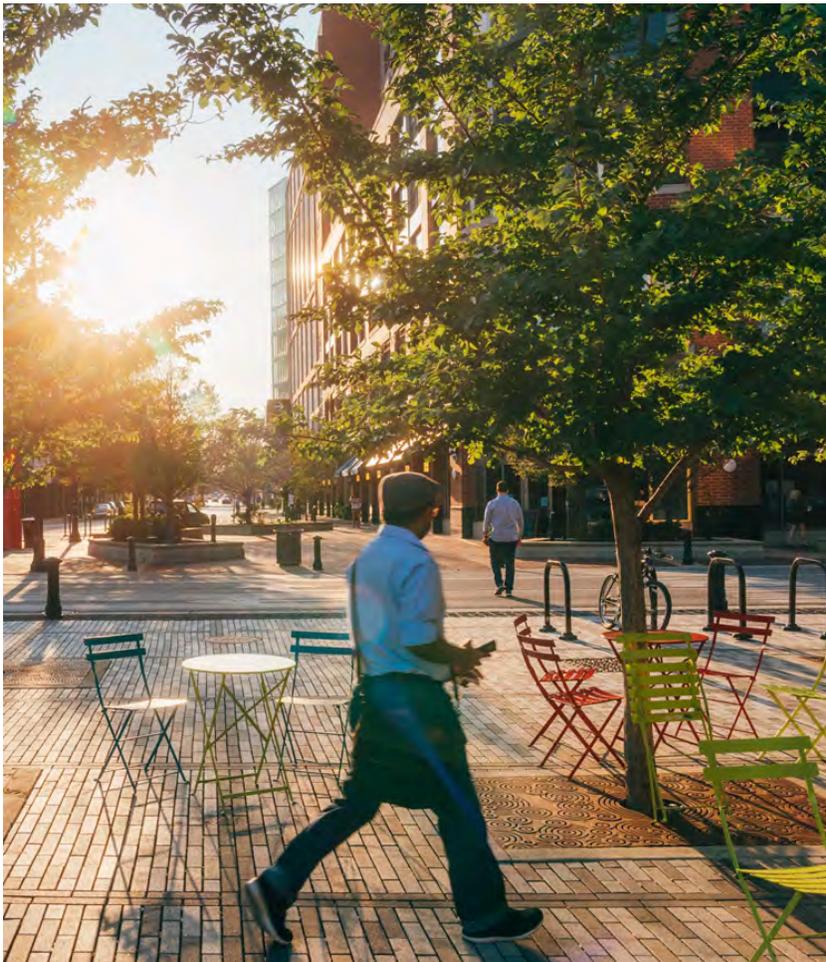


Image source: ‘Evanston Thrives’ report by City of Evanston

ABOUT THE AUTHORS



Common Ground Institute advises state and local government leaders, community groups, and mission-driven investors and developers on putting publicly-owned real estate to work to create affordable housing solutions and other community benefits. Common Ground Institute CEO Ben McAdams brings 15 years of public service as a Member of the United States Congress, Mayor of Salt Lake County, Utah State Senator, and advisor to the Mayor of Salt Lake City.



The Government Finance Officers Association (GFOA), founded in 1906, represents public finance officials throughout the United States and Canada. The association's more than 24,000 members are federal, state/provincial, and local finance officials deeply involved in planning, financing, and implementing thousands of governmental operations in each of their jurisdictions. GFOA's commitment to our members is to build thriving communities and provide them with the research and resources to fulfill its mission: to advance excellence in public finance.



Urban3 is a consulting firm specializing in land value economics, property tax analysis, and community design. Our approach bridges the gap between economic analysis, public policy, and urban design. Our work will empower your community with the ability to promote development patterns that both secure its fiscal condition and create a strong sense of place.

We provide communities with an in-depth understanding of their financial health and built environment by measuring data and visualizing the results.

Authors

Kerry Hayes
Ben McAdams
Dr. Kyle Wedberg

Graphics Specialist

Brooke Robinson

All maps were created with ESRI software, and all data used in this analysis and report (unless otherwise noted) was provided by The City of Evanston, Illinois.

ATTACHMENT A: IMPLEMENTATION PLAN

Endorsement of the Evanston Implementation Plan

The Putting Assets to Work consultant team acknowledges the work city staff put into this effort. Their participation in the incubator cohort and their recommendations below reflect both an understanding of the PAW principles and further action to help lead Evanston into the future. We endorse this plan and encourage the City Council and Leadership efforts in applying the PAW principles to the next steps and assets identified and summarized by city staff in the staff summary below.

Our advice to the Evanston Team is don't wait. Take action. Do not let perfection be the enemy of progress. Find the most efficient and logical way to put this work into action and evaluate the outcomes when you're done. Adapt and keep moving. Starting something new is a challenging part for local government. Begin with the opportunities you see in front of you and evolve your work to respond to capacity, needs, and preferences as you grow.



Image source: City of Evanston

Putting Assets to Work Implementation Plan

The Putting Assets to Work (PAW) Guide for Making Strategic Investments in Evanston's Priorities and Possibilities is a detailed playbook for the City of Evanston to accelerate the efforts already underway to generate ongoing revenues to help deliver the highest quality public services Evanston community members deserve. Evanston's PAW playbook is a big thinking and detailed strategy incorporating the PAW principles of identifying Evanston's public assets and how to leverage them to fund the city's priorities. Evanston community members, their elected representatives, and the staff working on their behalf know the community best. It is up to Evanston to apply the PAW principles to improve the utilization of the assets or how to monetize them for revenues to support the public good.

Evanston Implementation Plan

The PAW Implementation Plan and asset opportunities are informed by successes already experienced in Evanston (e.g., 100 Chicago Ave and South Boulevard parking lots) or processes with sense of urgency as they are already underway (e.g., Civic/Police/Fire). How we prioritize them is dependent

upon community engagement and City Council direction. Site specific recommendations will require market analysis, engagement/planning, RFP, partner collaboration, and ultimately redevelopment/repurposing - all led by a staff member who will be committing a minimum of 50% of their time.

I. PAW Implementation Steps

Table 2: Implementation Steps

Step	Action	Next Steps	Timeline
1	Confirm list of assets for consideration.	Council direct staff / confirm asset list	May 2024
2	Hire or reassign staff 50% FTE.	Upon council approval, City Manager consults with HR	Jul 2024
3	City issues an RFQ, RFP, or works with a previous partner where a synergy already exists.	Assigned staff member will draft the RFP for Council review. Post RFQ/P. Solicit responses. Interview. Award contract.	Aug 2024 - Nov 2024
4	Working with the third-part property advisor, developer, or broker to identify housing or commercial opportunities	To be determined. Will be ongoing through 2025. Immediate attention should be paid to community engagement and disposition/ redevelopment and/or reuse of Civic Center, Police/Fire HQ, and Noyes Cultural Arts Center. Concurrently, determining affordable housing strategy for surface parking lots.	Ongoing 2024 - 2025
5	Refine property list to determine full redevelopment, partial repurposing, leasing vs. selling, or other revenue-generating potential (i.e., food and beverage, rentals, etc.).		Ongoing 2024 - 2025

II. PAW Strategy Implementation: Council Goals

The Putting Assets to Work principles should be applied to assist the City Council in achieving its 2024-2025 goals - particularly fostering economic growth, increasing affordable housing, and assuring that city assets are utilized in a way to achieve CARP goals.

III. PAW Strategy Implementation: Evanston Assets to Consider

The table on the following page lists the City of Evanston-owned assets that are prime for the PAW principles. The phasing of implementing PAW in Evanston is up to the City Council. After assigning a staff member to manage the process, the easiest first step is to create a plan for identifying a subset of the 37 city-owned surface parking lots in retail business or residential districts. The City has succeeded with parking lot redevelopment at 100 Chicago Avenue; another is about to begin at 504 South Boulevard.

Concurrently, a community engagement plan to help develop a disposition or reuse strategy for Evanston's core assets (e.g., Civic Center, Police/Fire, Noyes Cul-

City of Evanston
2024-2025
City Council Goals

- Foster** economic growth and development with a focus on Evanston Thrives Action Plan priorities
- Ensure** equity in public health initiatives and expand community health partnerships
- Increase** affordable housing
- Enhance** public safety
- Prioritize** financial transparency, forecasting, and new revenue streams
- Implement** the City's Climate Action and Resiliency Plan (CARP)

Mission Statement
The City of Evanston is committed to promoting the highest quality of life for all residents by providing fiscally sound, responsive municipal services and delivering those services equitably, professionally, and with the highest degree of integrity.

Vision Statement
Creating the Most Livable City in America

Organizational Values

- Excellent Customer Service
- Continuous Improvement
- Integrity
- Accountability

tural Arts Center) should be developed. The conversation has started. It's in the earliest stages. But the work has begun. Complete the deeper community engagement process and quickly come to terms with the plans for the properties. Long-term vacancies create a new set of challenges related to maintenance and public safety.

Finally, concurrently, but with a longer-term mindset, the City Council should consider directing staff to create a community engagement process and lakefront strategy to enhance Evanston's #1 amenity. This is not a real estate development strategy. Passive recreation may not be the best use of the lakefront in an era defined by active recreation, outdoor dining, music, and art. Lake Michigan provides the ultimate background for these experiences, and with the exception of Chicago, no other community is better positioned to utilize it in a responsible but attractive way. In the following table, immediate means both council approval and hiring or assigning additional staff. Mid-term means within six months with community engagement resulting in a detailed strategy. Long-term requires a deeper community engagement strategy and a planning effort - likely one to two years.

Table 3: Evanston Putting Assets to Work Recommended Properties

Site	Address	Description	Potential PAW Future Use	Timing
Parking Lots				
Parking Lot 3	1700 Chicago Ave	72-space surface parking lot, aka "Library Parking Lot"	Affordable housing, public parking	Immediate
Parking Lot 25	1614 Maple Ave	32-space surface parking lot	Mixed use commercial/affordable housing, public parking	Immediate
Parking Lot 27	1621 Oak Ave	36-space surface parking lot	Mixed use commercial/affordable housing, public parking	Immediate
Parking Lot 31	925 Sherman Ave	20-space surface parking lot		
Parking Lot 39	711 Hinman Ave	48-space surface parking lot	Affordable housing, residential permit parking	Immediate
Parking Lot 32	825 Hinman Ave	77-space surface parking lot	Affordable housing, residential permit parking	Immediate
Parking Lot 35	NW corner of Main & Judson	56-space surface parking lot	Affordable housing, residential/public parking	Immediate
Parking Lot 24	727 Main St	32-space mid-block metered surface parking lot on North side of Main St	Mixed use commercial/affordable housing, public parking	Immediate
Parking Lot 23	NW corner of Elmwood & Dempster	38-space surface parking lot	Affordable housing, residential/public parking	Immediate
Parking Lot 4	Central St & Stewart Ave	66-space surface parking lot	Mixed use commercial/affordable housing, public parking	Mid-term
Parking Lot 51	927 Noyes St	55-space surface parking lot	Mixed use commercial/affordable housing, public parking	Mid-term

Site	Address	Description	Potential PAW Future Use	Timing
Parking Lot 8	811 Main St	49-space surface parking lot next to laundromat	Mixed use commercial/affordable housing, public parking. May require property assembly with adjacent property.	Mid-term
Parking Lot 21	1100 Central St	92-space surface parking lot -- Chandler Newberger	Affordable housing, residential/ public parking	Mid-term
Buildings				
Civic Center	2100 Ridge Ave	Civic Center administration	TBD, requires planning	Mid-term
Police/ Fire HQ	1454 Elmwood Ave/909 Lake St	Police and Fire Department headquarters	TBD, requires planning	Mid-term
Noyes Cultural Arts Center	927 Noyes St	Art studios, theater, galleries	TBD, requires planning	Mid-term
Lakefront Amenities				
Lakefront parks and beaches (municipal boundary at Howard St North to Lighthouse Beach)		Beaches, water sports, lagoon building, boat house, concession buildings, etc.	TBD, requires planning -- revenue enhancements through food and beverage, rentals, etc.	Long term

IV. PAW Grant

A recent grant opportunity, up to \$1 million, announced by the U.S. Department of Transportation (DOT) called the Innovative Finance and Asset Concession Grant Program is aimed at supporting governments seeking to identify publicly owned assets that might be used to advance public-private partnerships for transit-oriented development.

The purpose is to assist eligible public entities in facilitating and evaluating public-private partnerships and exploring opportunities for innovative financing and delivery for eligible Transit-oriented development projects. The Civic Center, Police and Fire HQ, and Noyes Cultural Arts Center all meet the standards of the Transit-oriented grant definition being within ½ mile of a transit station.

Ben McAdams, who leads the Putting Assets to Work Incubator in partnership with GFOA, is soliciting interest from eligible jurisdictions to join a Putting Assets to Work grant application cohort. The Putting Assets to Work team will provide complimentary grant-writing services for selected jurisdictions. Participation in the cohort is free, but participation is contingent on realizing the grant award.

ATTACHMENT B: EVANSTON ASSET MAPS

The following pages contain images created by Urban3.

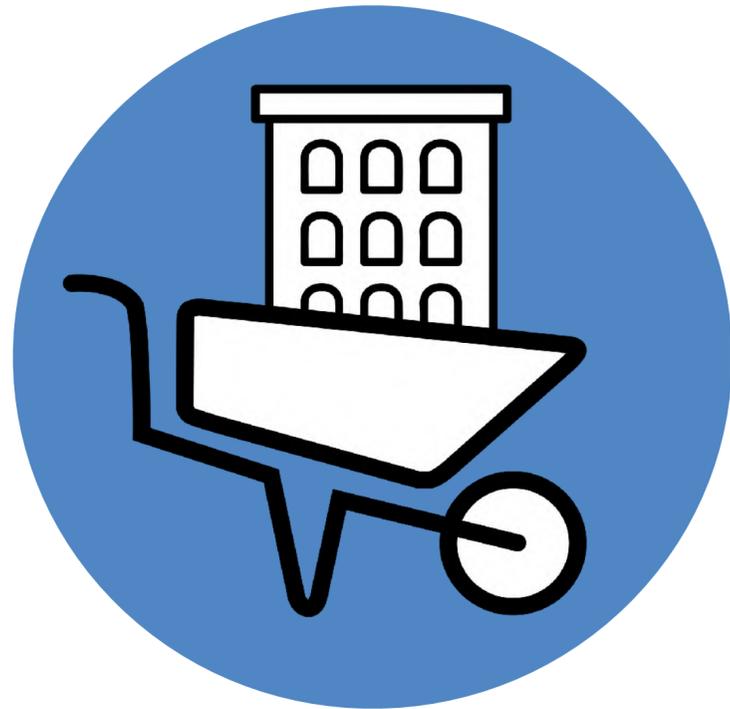


URBAN3

Economics of Community Design

Evanston, Illinois

Value per acre map of Auckland, New Zealand

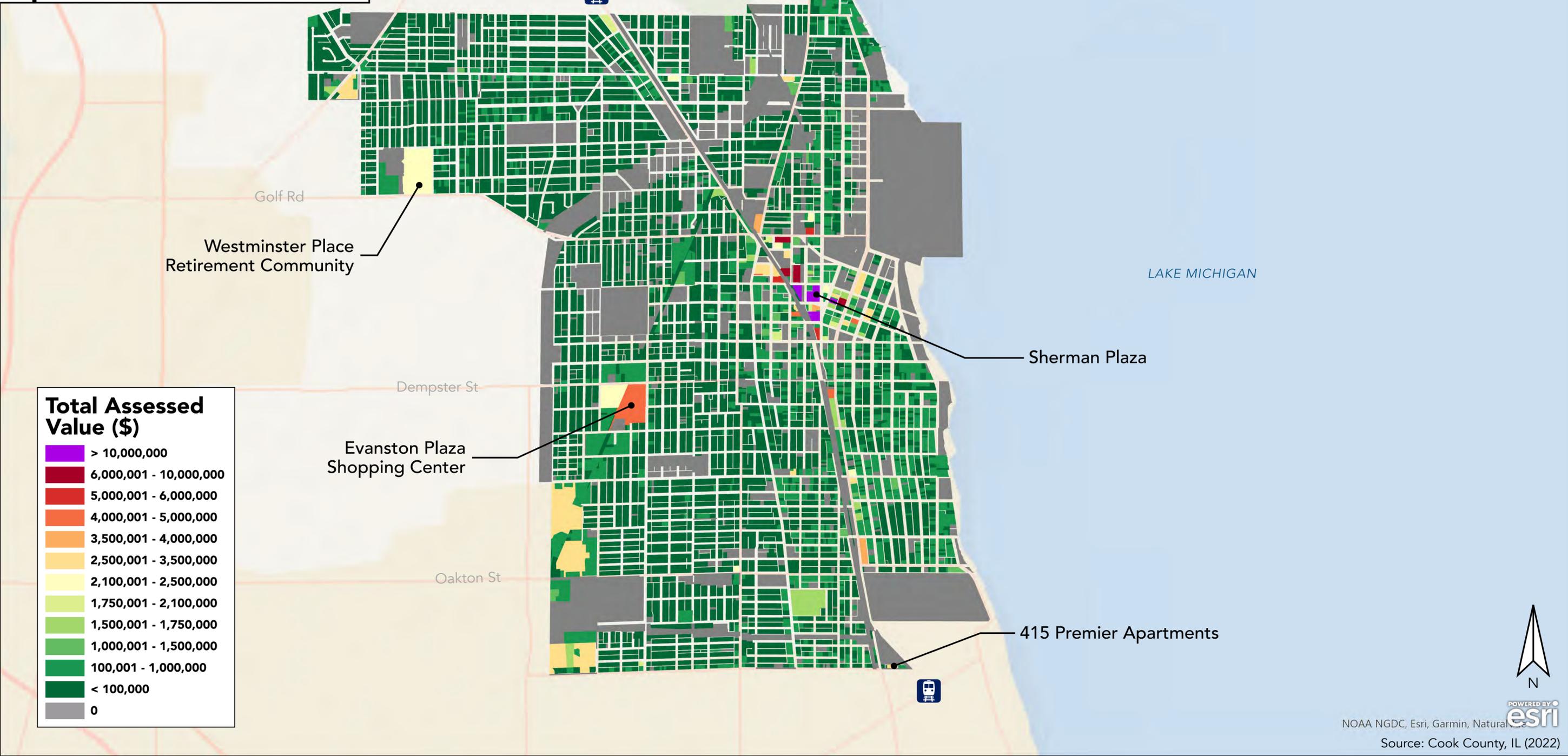


Putting Assets to Work

Public Asset Mapping and Indicative Valuation Analysis

Total Assessed Value

Evanston, IL

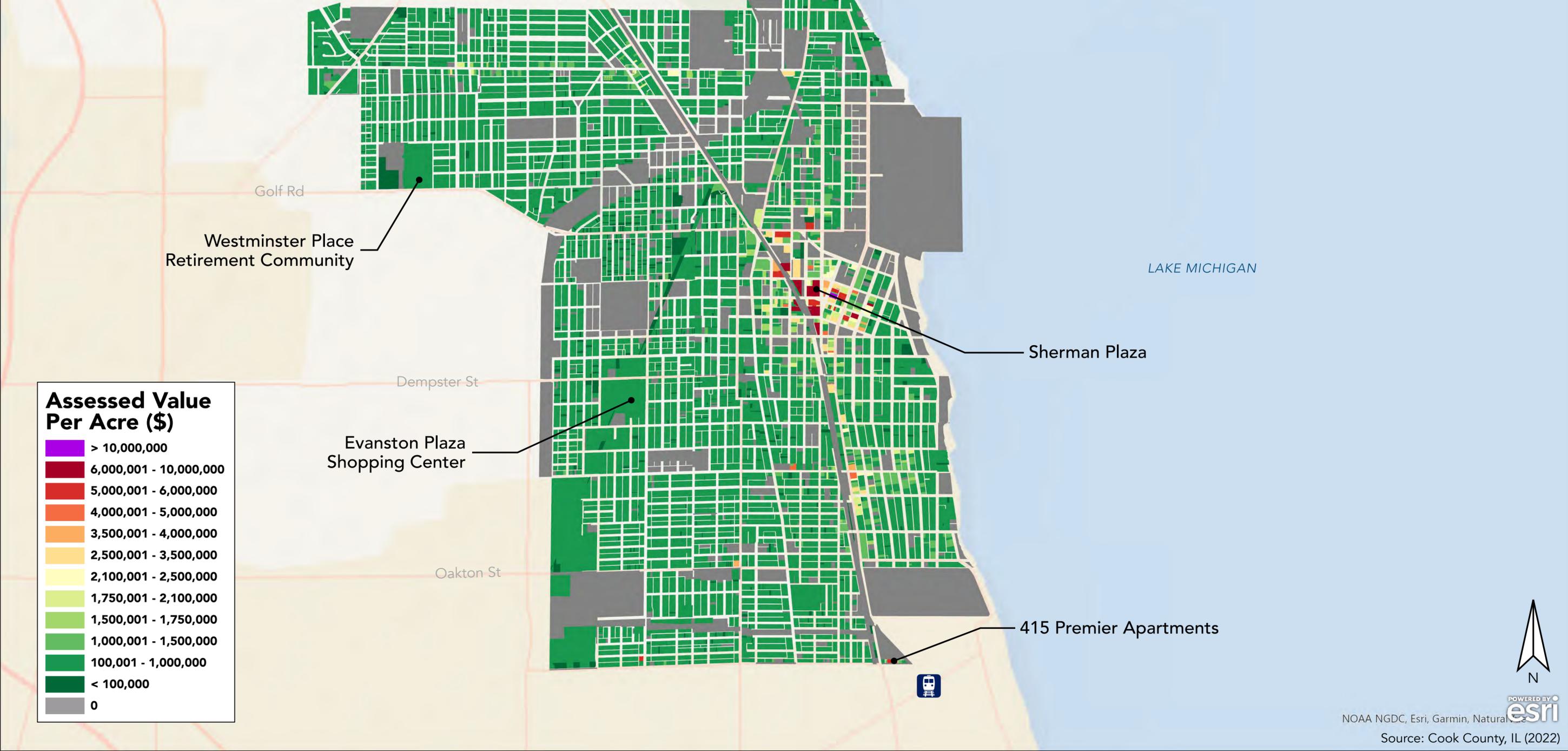


Total Assessed Value (\$)

Dark Purple	> 10,000,000
Red	6,000,001 - 10,000,000
Orange-Red	5,000,001 - 6,000,000
Orange	4,000,001 - 5,000,000
Light Orange	3,500,001 - 4,000,000
Yellow-Orange	2,500,001 - 3,500,000
Yellow	2,100,001 - 2,500,000
Light Green	1,750,001 - 2,100,000
Medium Green	1,500,001 - 1,750,000
Dark Green	1,000,001 - 1,500,000
Very Dark Green	100,001 - 1,000,000
Black	< 100,000
Grey	0

Assessed Value Per Acre

Evanston, IL



Assessed Value Per Acre (\$)

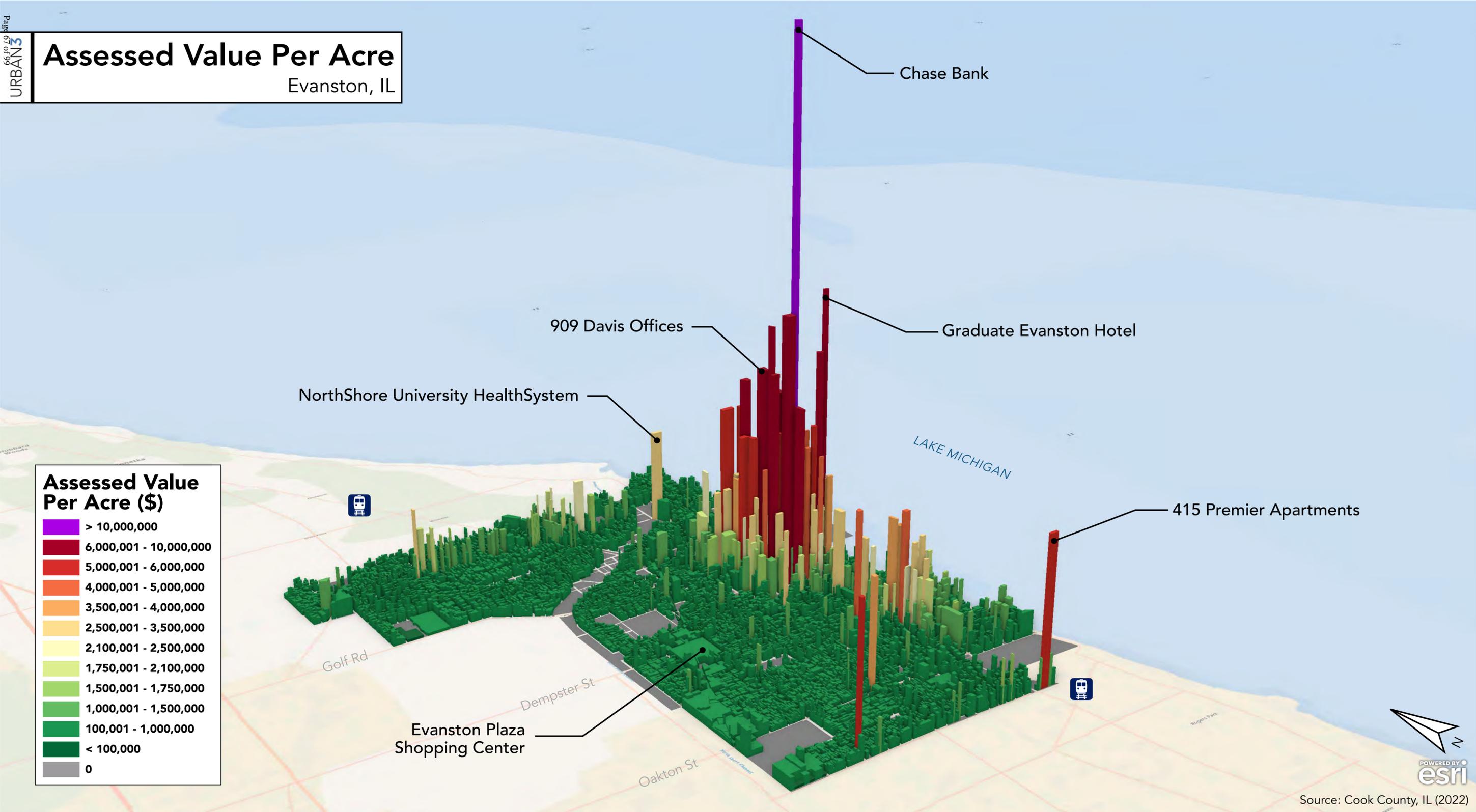
> 10,000,000
6,000,001 - 10,000,000
5,000,001 - 6,000,000
4,000,001 - 5,000,000
3,500,001 - 4,000,000
2,500,001 - 3,500,000
2,100,001 - 2,500,000
1,750,001 - 2,100,000
1,500,001 - 1,750,000
1,000,001 - 1,500,000
100,001 - 1,000,000
< 100,000
0



NOAA NGDC, Esri, Garmin, Natural Earth
Source: Cook County, IL (2022)

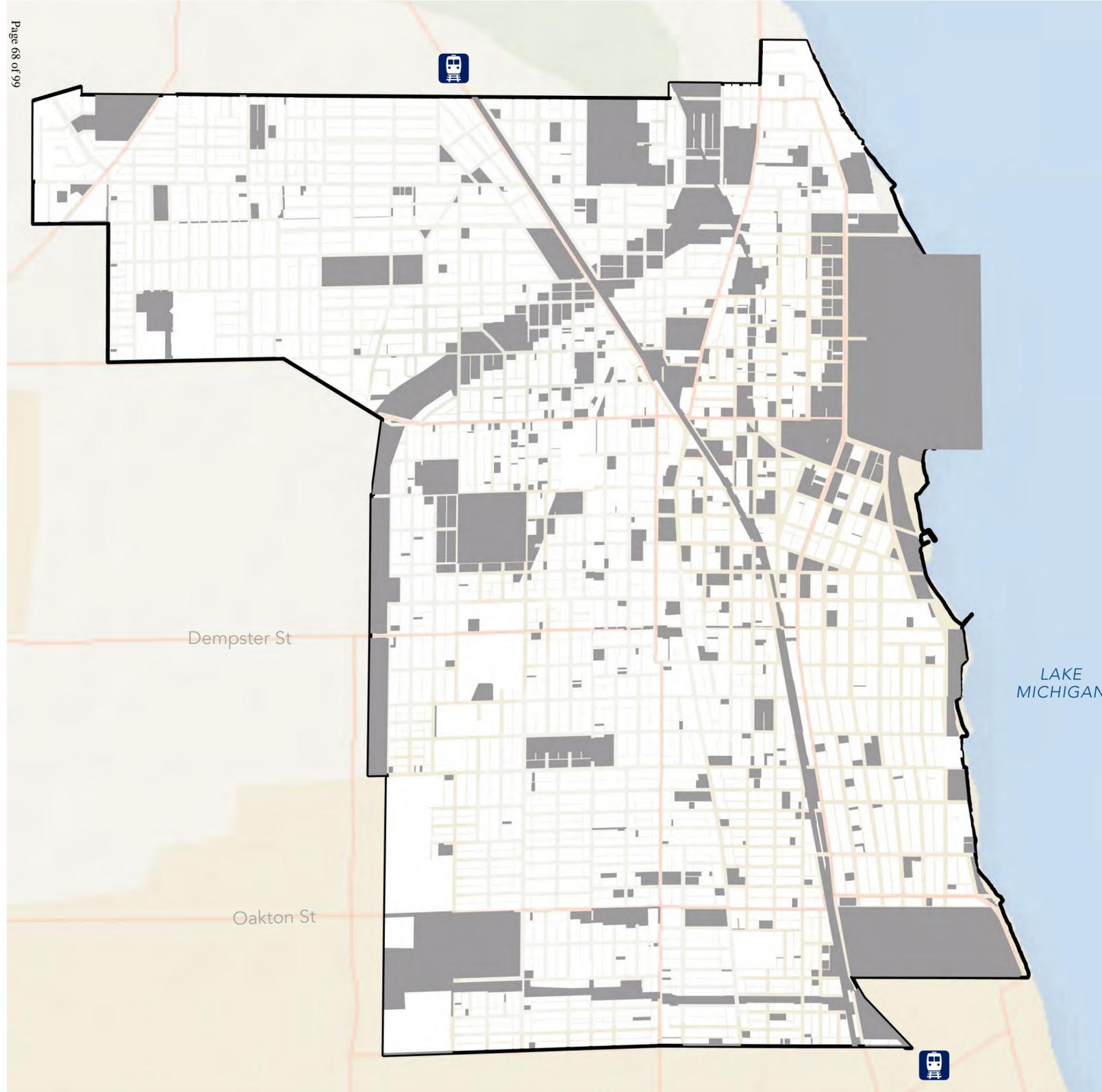
Assessed Value Per Acre

Evanston, IL



Source: Cook County, IL (2022)

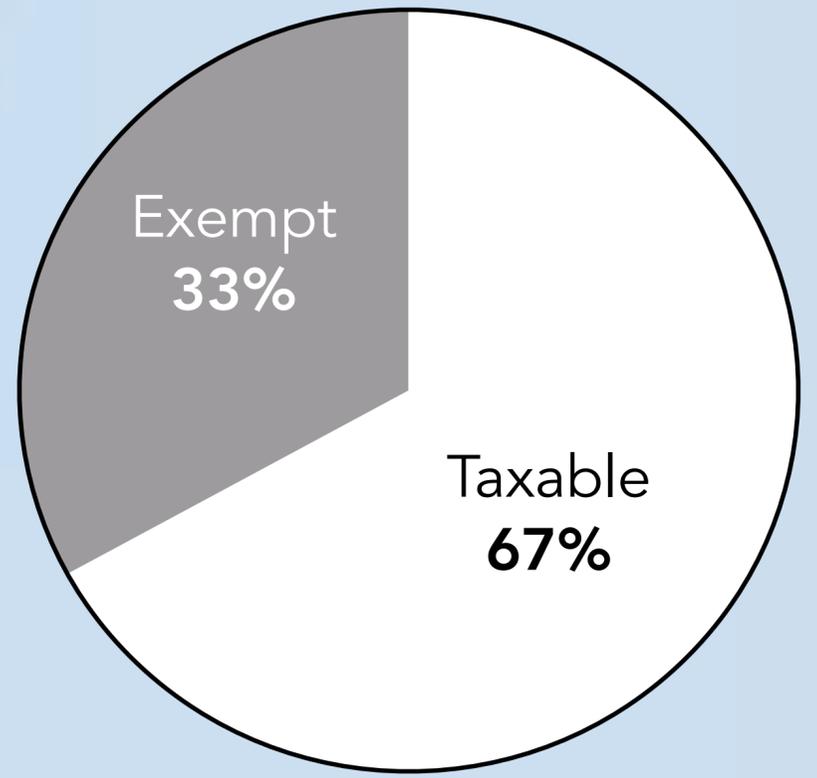




Mapping Taxable vs. Exempt Property

Evanston, IL

URBAN3

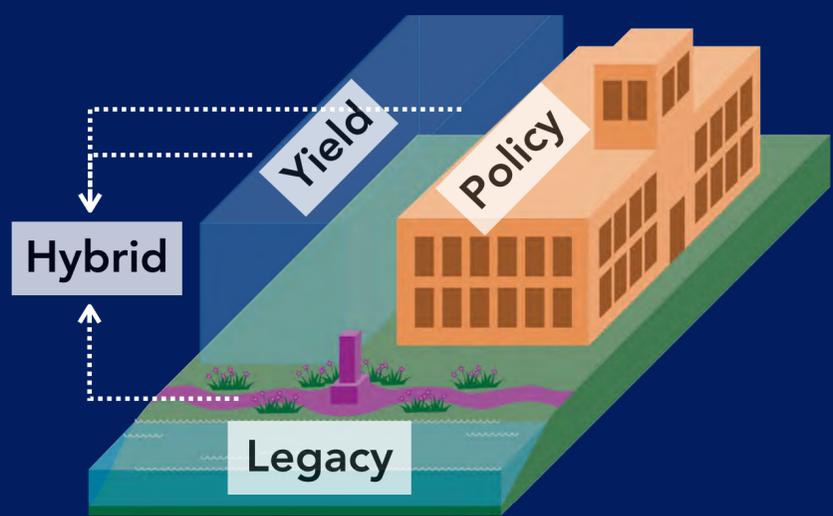


POWERED BY
esri

Source: Cook County, IL (2022)

Public Asset Implementation Structure

Step 1: Map Your Assets



Step 2: Assemble Your Team(s)



Step 3: Generate Value



For example...

Preserve Open Space



Generate Affordable Housing



Improve Transit



etc.

Step 4: Plan for Reinvestment

Public Assets



Putting Assets
to Work



Community Priorities



URBAN3



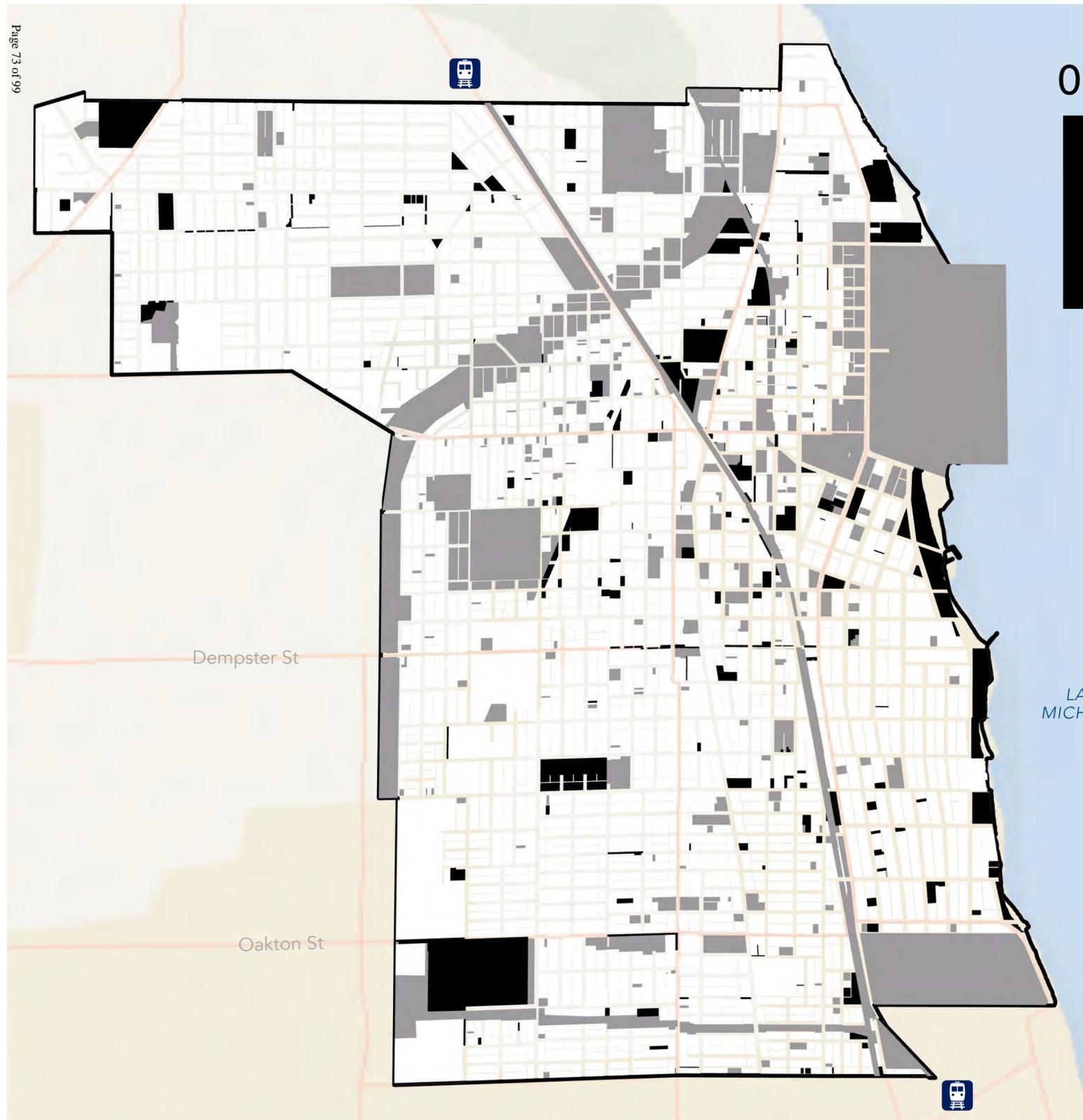
Mapping Your Assets

Identifying Public Property

All Parcels

Filter out
private property.

City of Evanston
Chicago Transit Authority
ISD
Cook County
State
Federal
Nonprofits



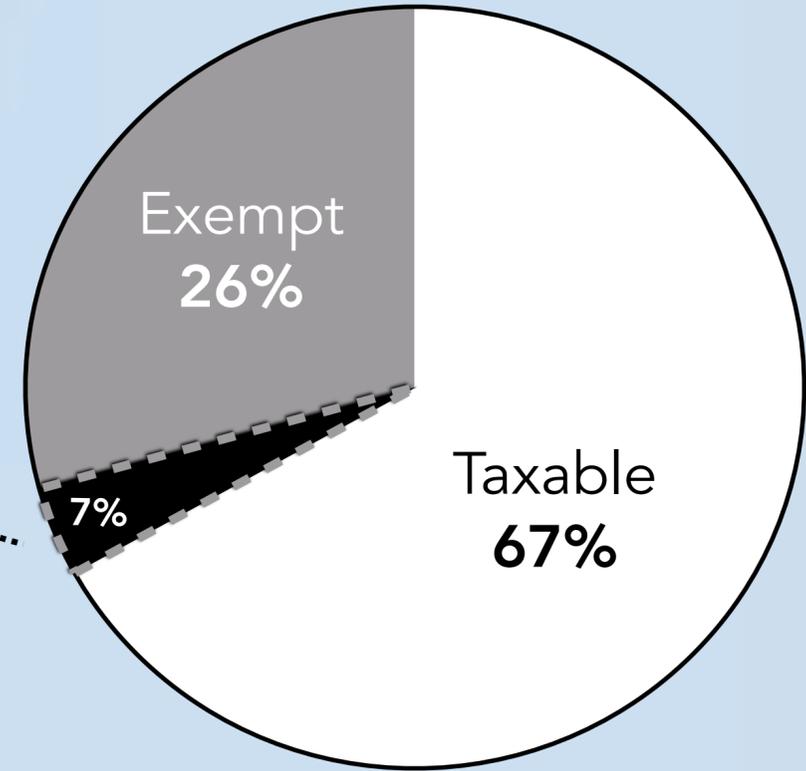
0.42 sq. mi

City-Owned Land
To scale

Mapping All City-Owned Assets

Evanston, IL

URBAN3

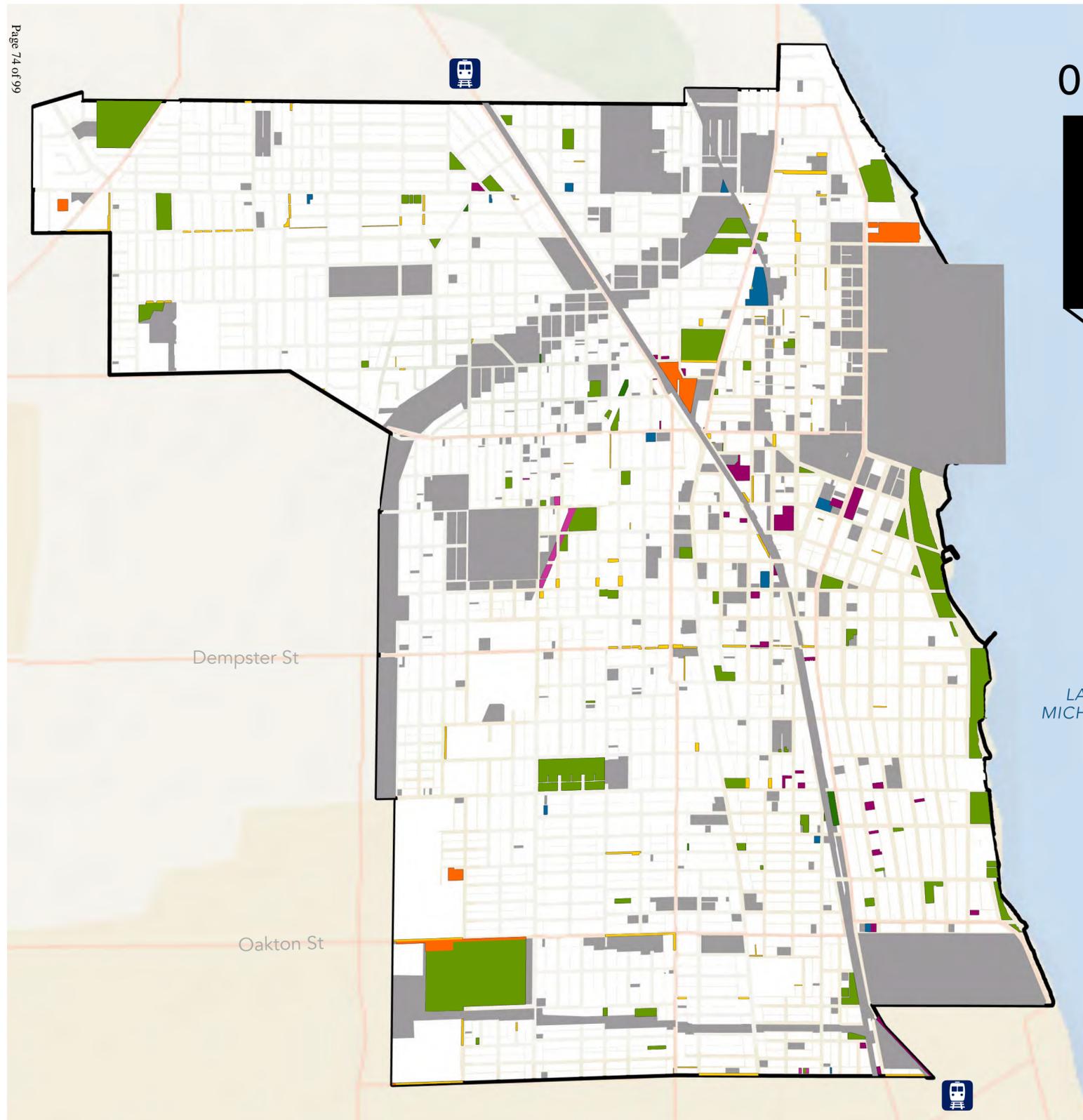


LAKE MICHIGAN



POWERED BY esri

Source: Cook County, IL (2022)



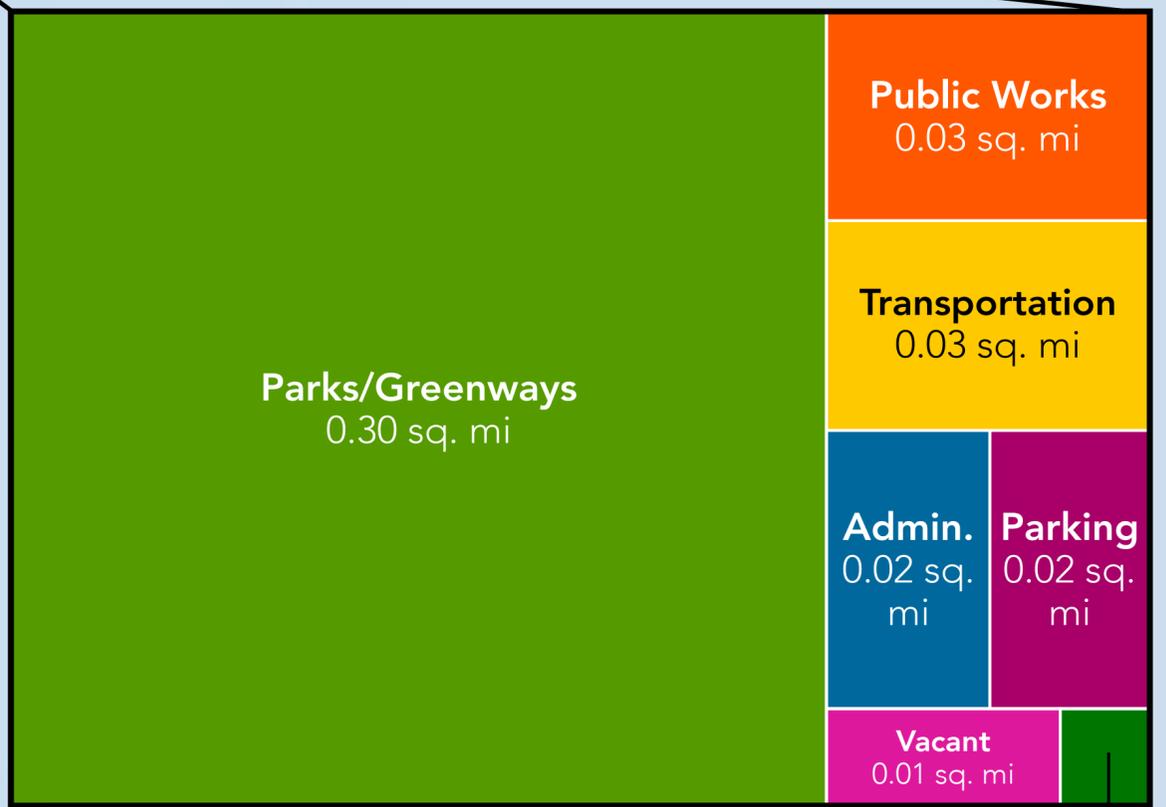
0.42 sq. mi

City-Owned Land
To scale

Mapping All City-Owned Assets

Evanston, IL

URBAN3



LAKE MICHIGAN

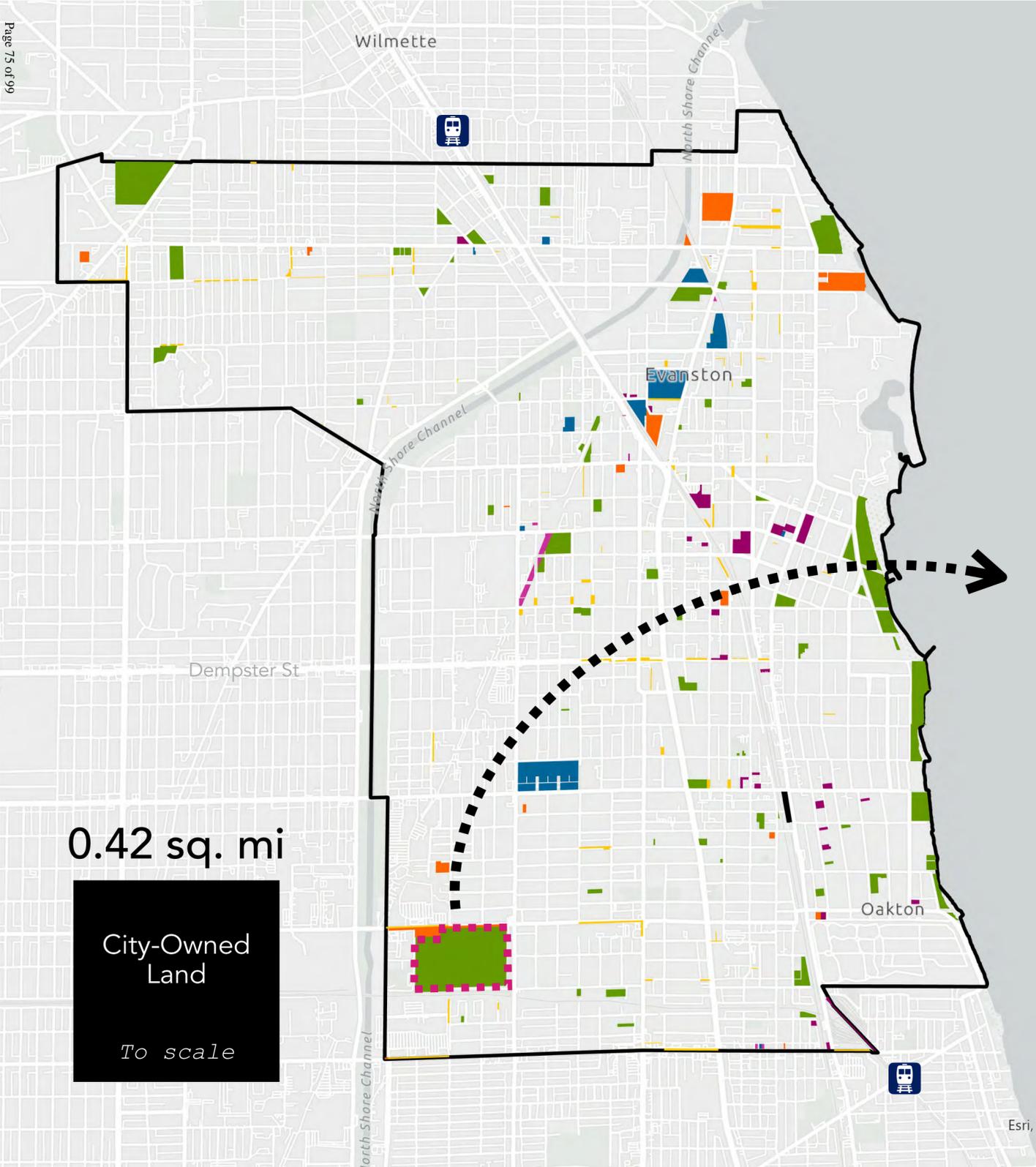
Dempster St

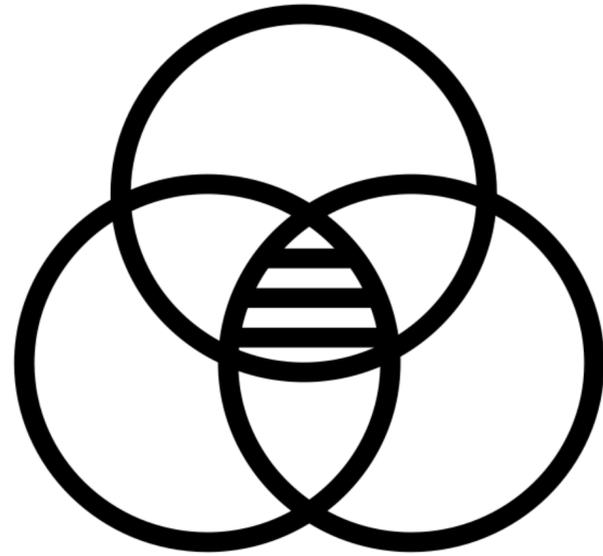
Oakton St

Open Space
0.004 sq. mi



Source: Cook County, IL (2022)



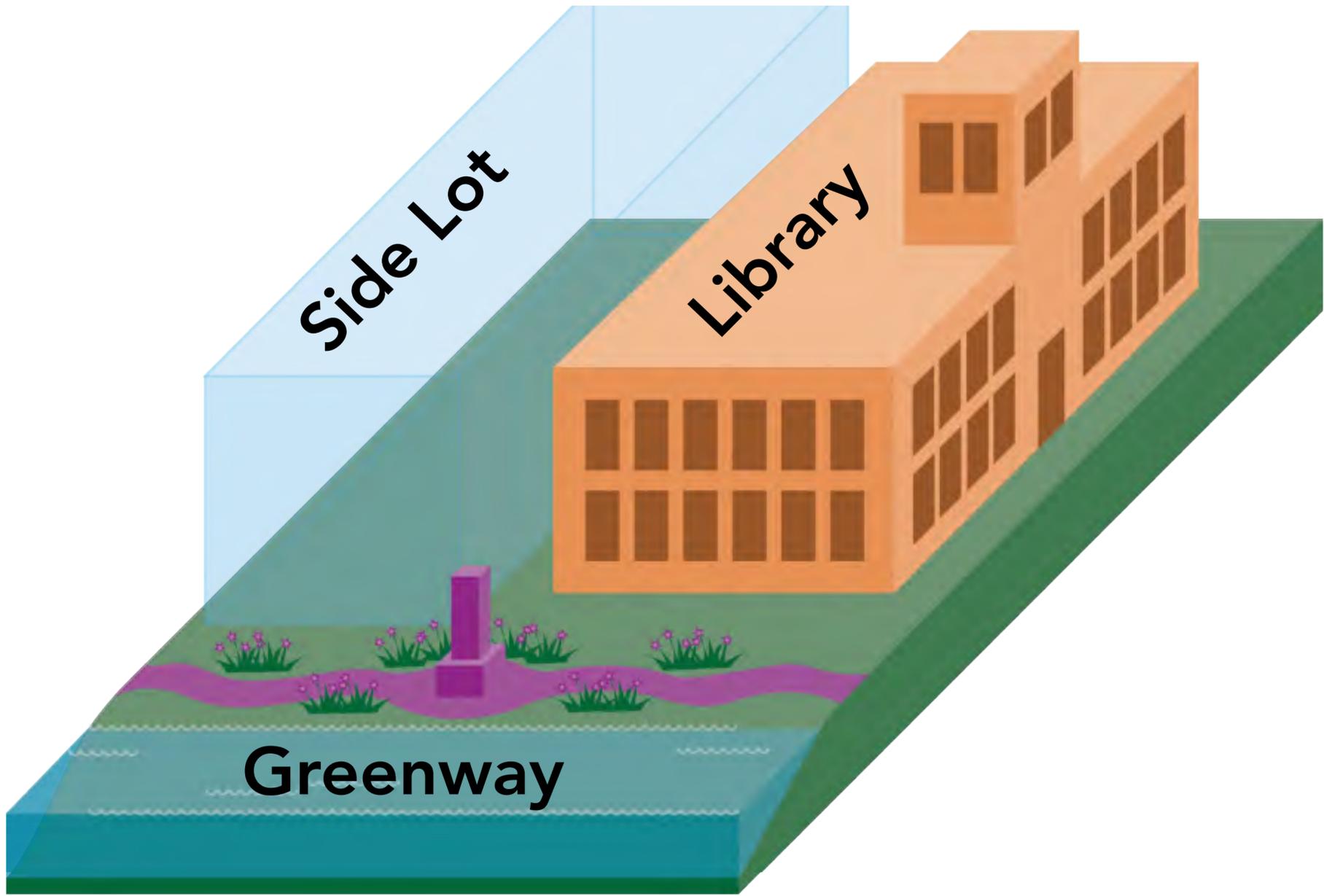


Types of Public Assets

Classification & Evaluation of Change Over Time

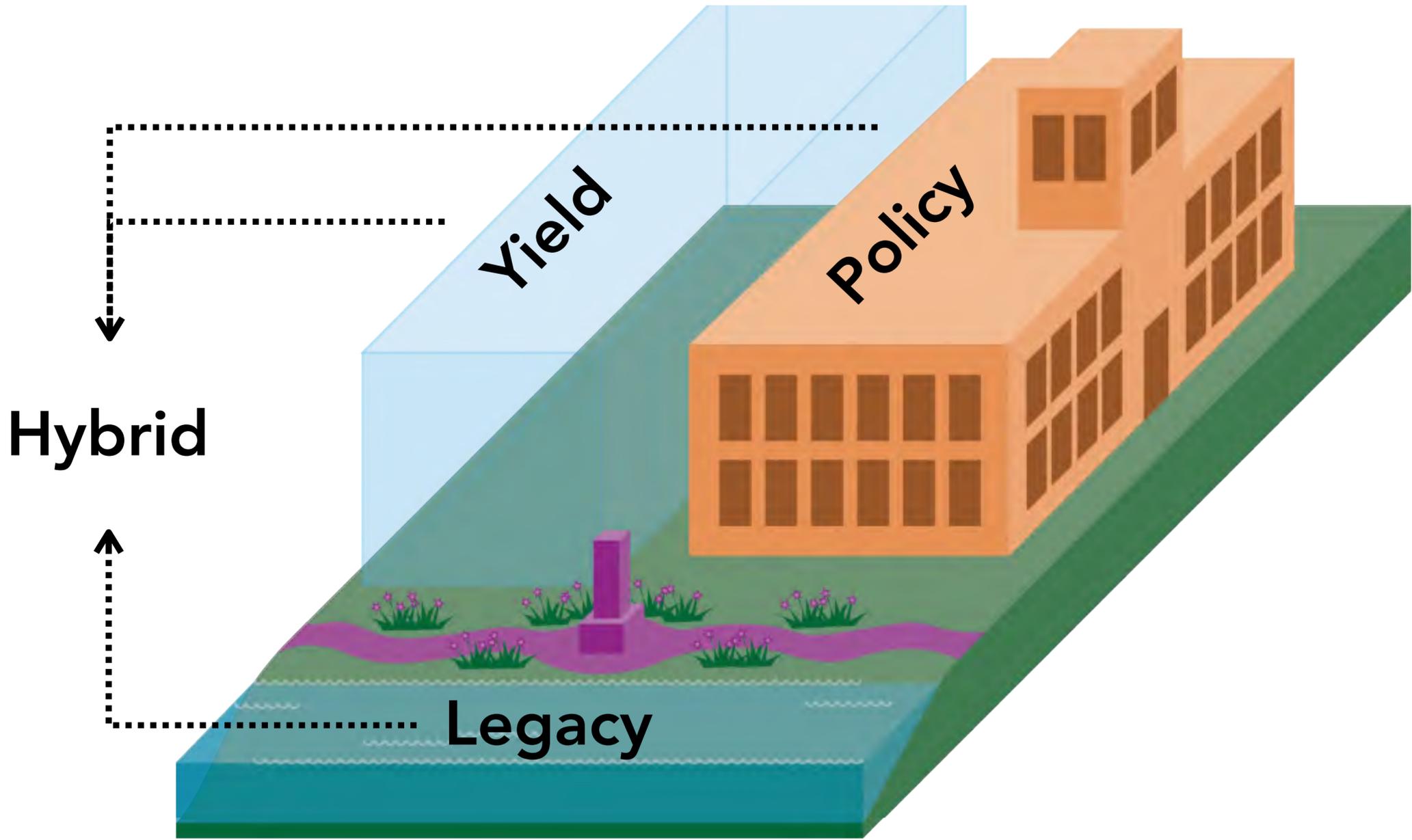
Types of Public Assets

Anywhere, USA



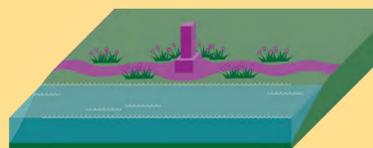
Types of Public Assets

Anywhere, USA



Types of Public Assets

Evanston, IL



Legacy

Places we want to *preserve*



Environmental

Beaches / Clark Street Bird Sanctuary



Historical

Lovelace Park



Cultural
Historical

Merrick Rose Garden

Types of Public Assets

Evanston, IL



Policy

Places that provide **service now**



Civic Policy

Civic Center



Public Safety

Fire Station

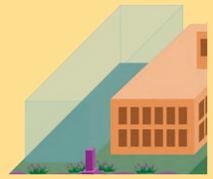


Public Services

Robert Crown Community Center

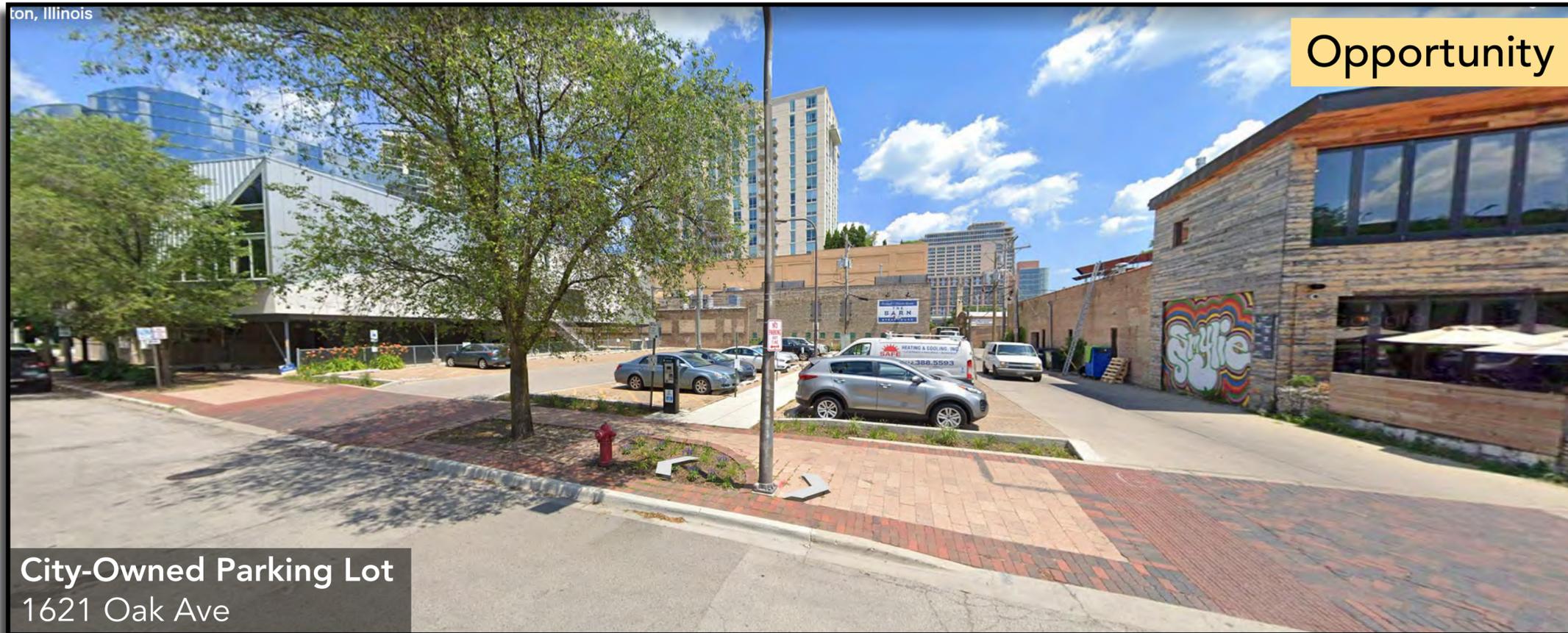
Types of Public Assets

Evanston, IL



Yield

Places that are asset *opportunities*

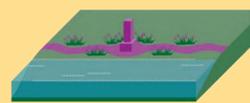


City-Owned Parking Lot
1621 Oak Ave

Opportunity

Types of Public Assets

Evanston, IL



Legacy

Places we want to *preserve*



Merrick Rose Garden



Policy

Places that provide *service now*

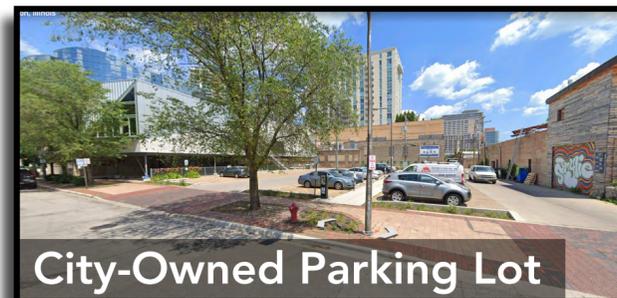


Civic Center



Yield

Places that are asset *opportunities*



City-Owned Parking Lot



Hybrid

Combination(s) of Legacy, Policy, & Yield



Office + Vacant Land

Now that we have an understanding of different types of assets, we can move into a conceptual example of how a community could value different types of assets. Consider these six property characteristics:

Recreational Value

Direct Service to Community

Cultural/Historical Significance

Ecological Importance

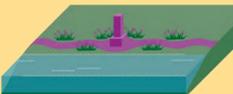
Site Efficiency

Financial Lift

It is possible to rate the value each asset has in these areas to determine what potential the asset may have for leveraging in a different way. The following slides show conceptual examples.

Types of Public Assets

Evanston, IL



Legacy

Places we want to *preserve*




Policy

Places that provide *service now*



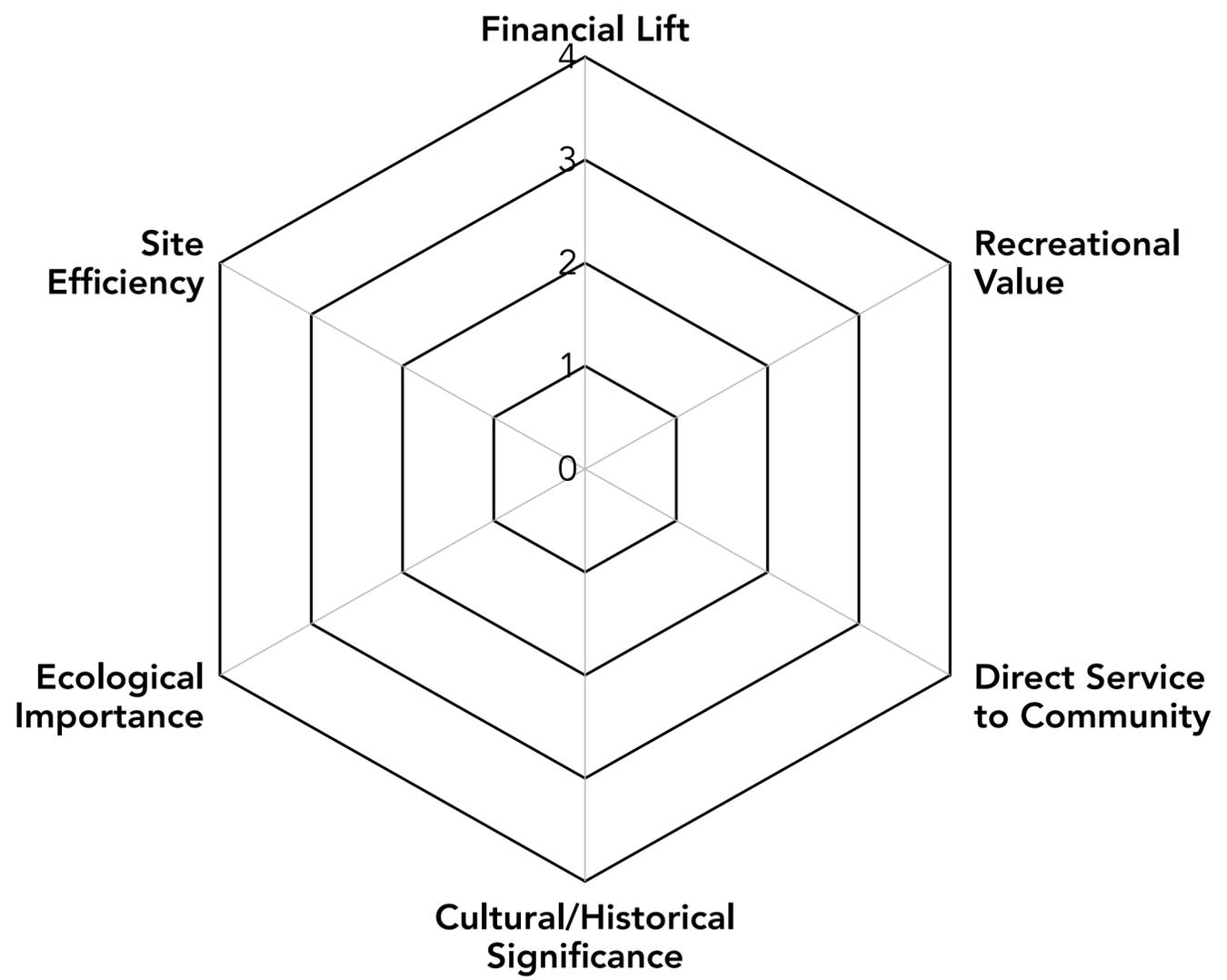

Yield

Places that are asset *opportunities*




Hybrid

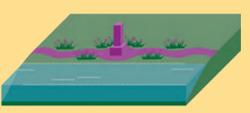
Combination(s) of Legacy, Policy, & Yield



Source: Urban3

Types of Public Assets

Evanston, IL



Legacy

Places we want to *preserve*



Merrick Rose Garden



Policy

Places that provide *service now*



Civic Center



Yield

Places that are *asset opportunities*



City-Owned Parking Lot

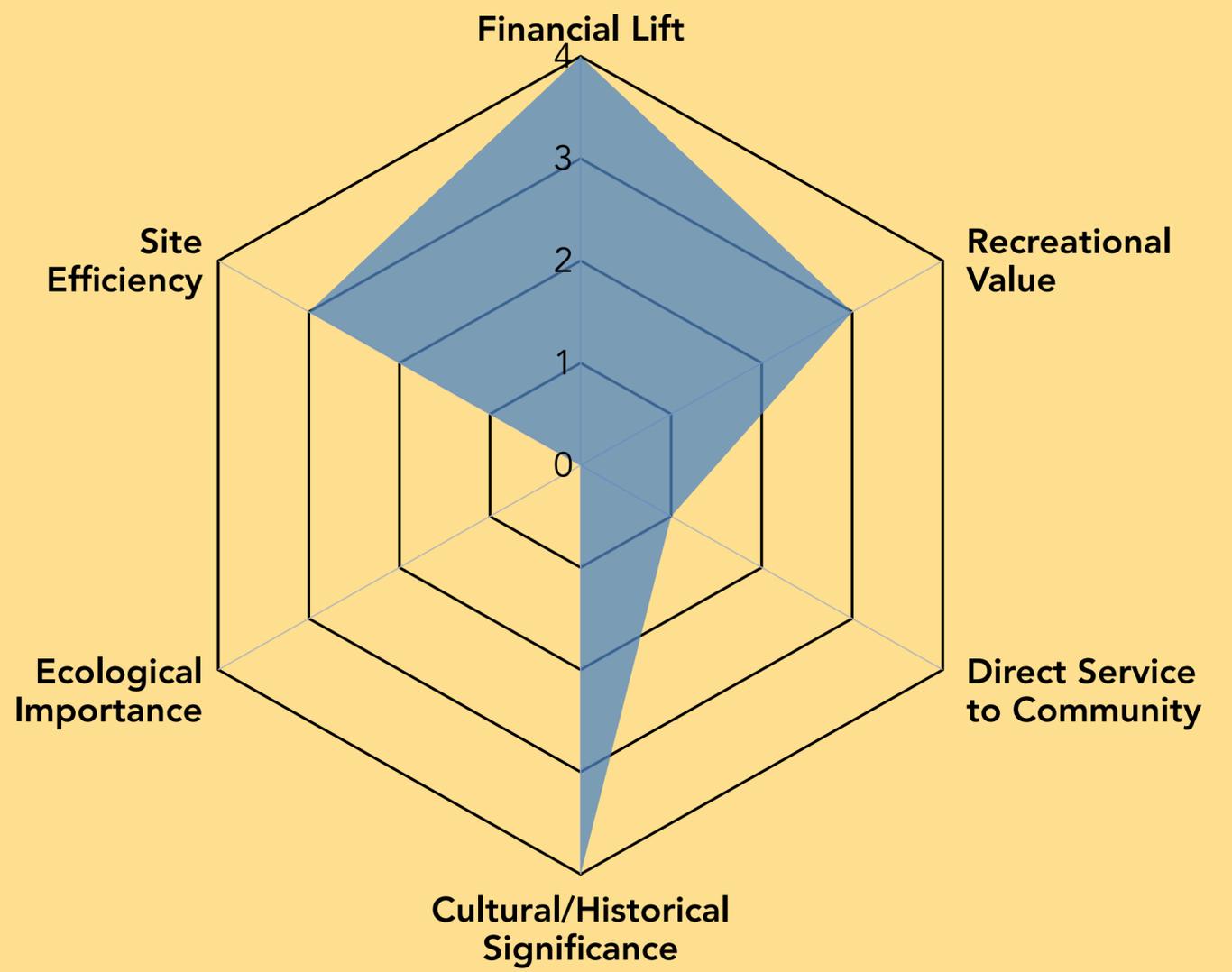


Hybrid

Combination(s) of Legacy, Policy, & Yield



Office + Vacant Land



Source: Urban3

Types of Public Assets

Evanston, IL



Legacy

Places we want to *preserve*



Merrick Rose Garden



Policy

Places that provide *service now*



CITY OF EVANSTON
Gerraine H. Morton
Civic Center

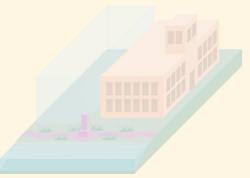


Yield

Places that are asset *opportunities*



City-Owned Parking Lot

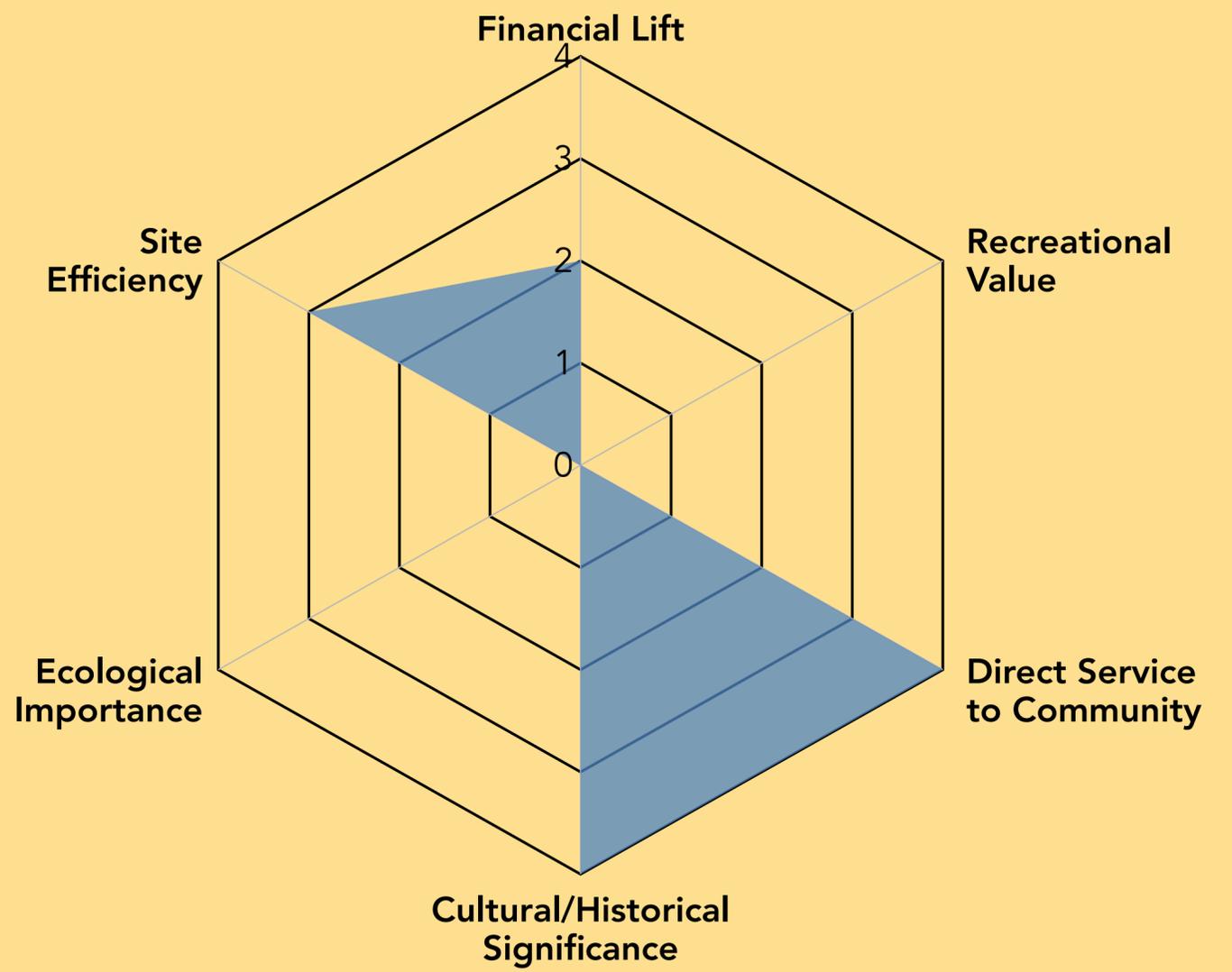


Hybrid

Combination(s) of Legacy, Policy, & Yield



Office + Vacant Land



Source: Urban3

Types of Public Assets

Evanston, IL



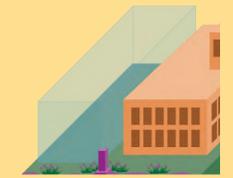
Legacy

Places we want to *preserve*




Policy

Places that provide *service now*

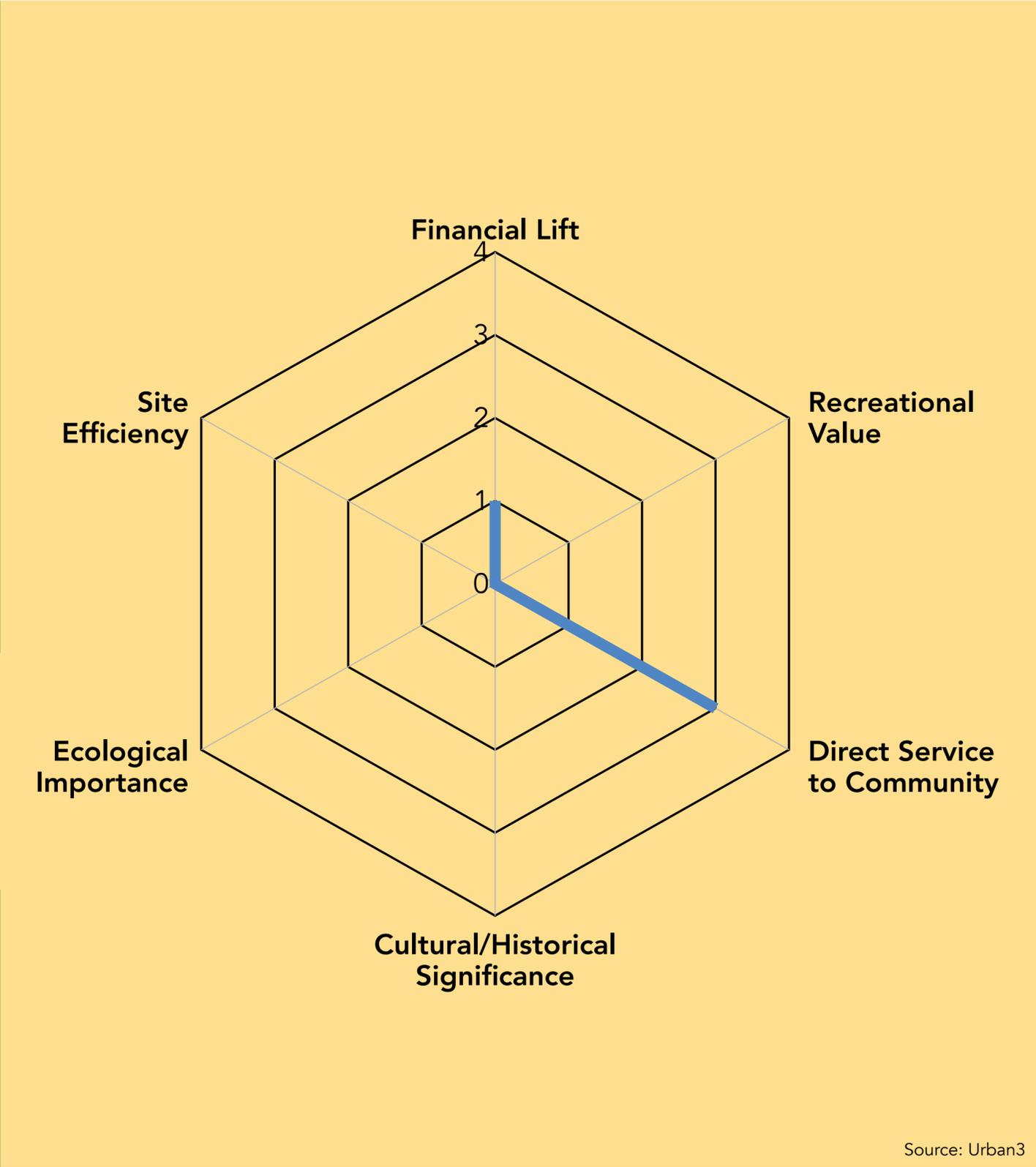
Yield

Places that are asset *opportunities*




Hybrid

Combination(s) of Legacy, Policy, & Yield



Source: Urban3

Types of Public Assets

Evanston, IL



Legacy

Places we want to *preserve*



Merrick Rose Garden



Policy

Places that provide *service now*



CITY OF EVANSTON
Gerraine H. Morton
Civic Center

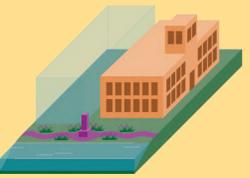


Yield

Places that are *asset opportunities*



City-Owned Parking Lot

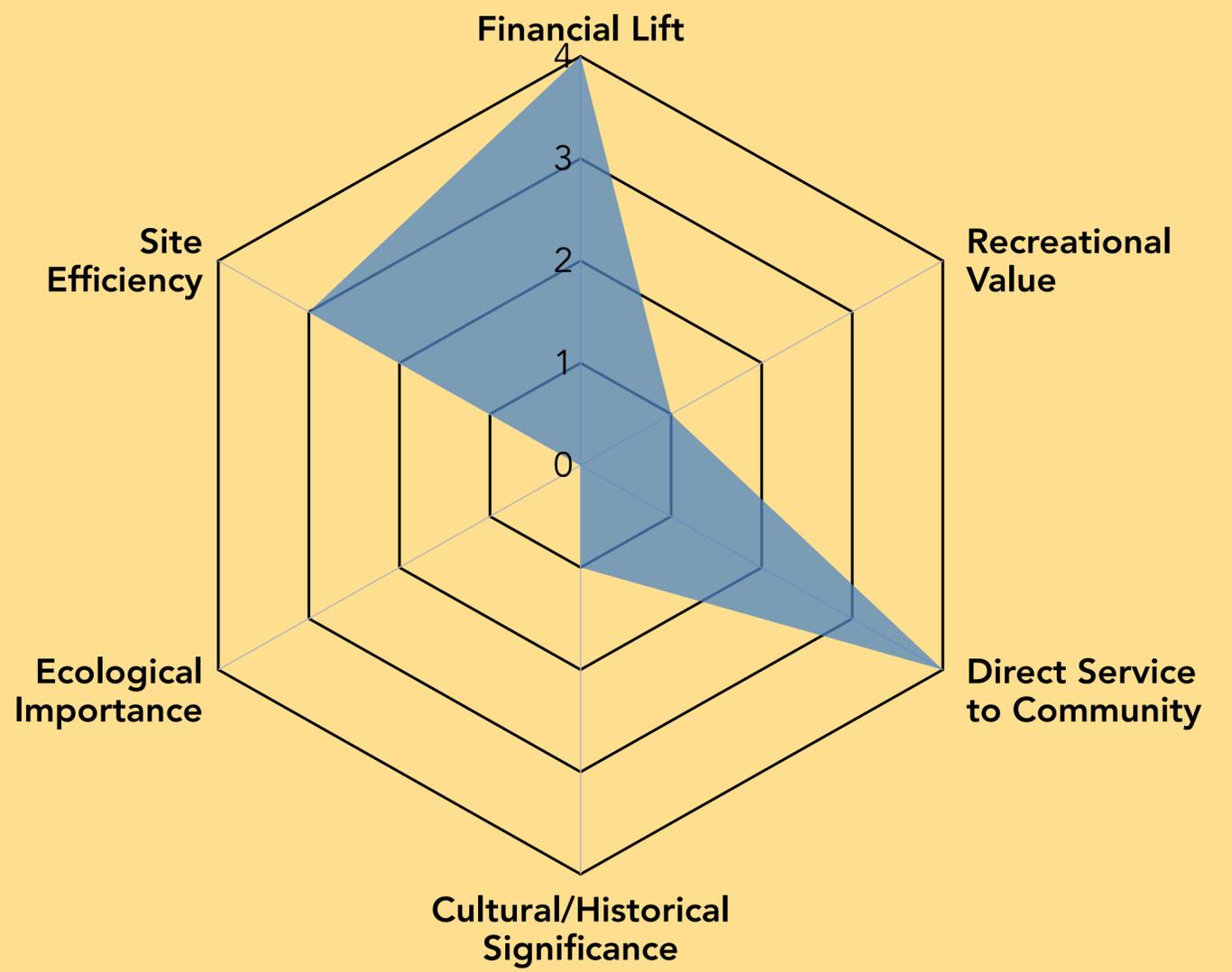


Hybrid

Combination(s) of Legacy, Policy, & Yield



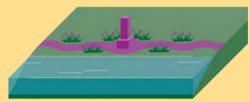
Office + Vacant Land



Source: Urban3

Types of Public Assets

Evanston, IL



Legacy

Places we want to *preserve*



Merrick Rose Garden



Policy

Places that provide *service now*



Civic Center



Yield

Places that are asset *opportunities*



City-Owned Parking Lot

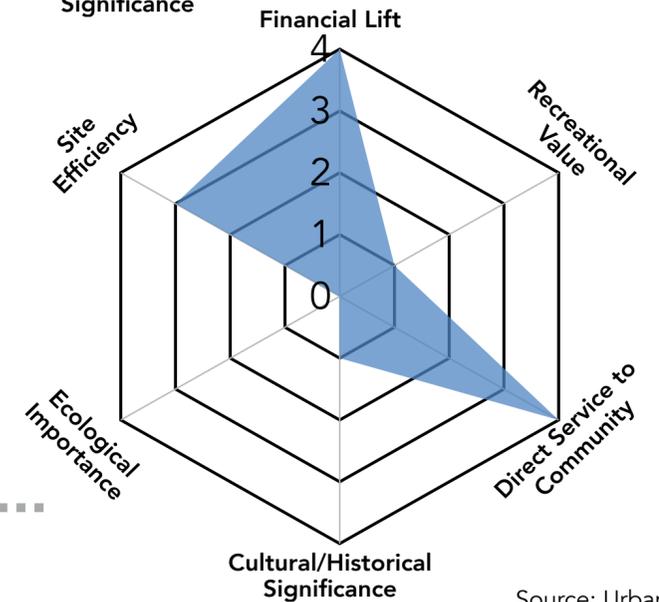
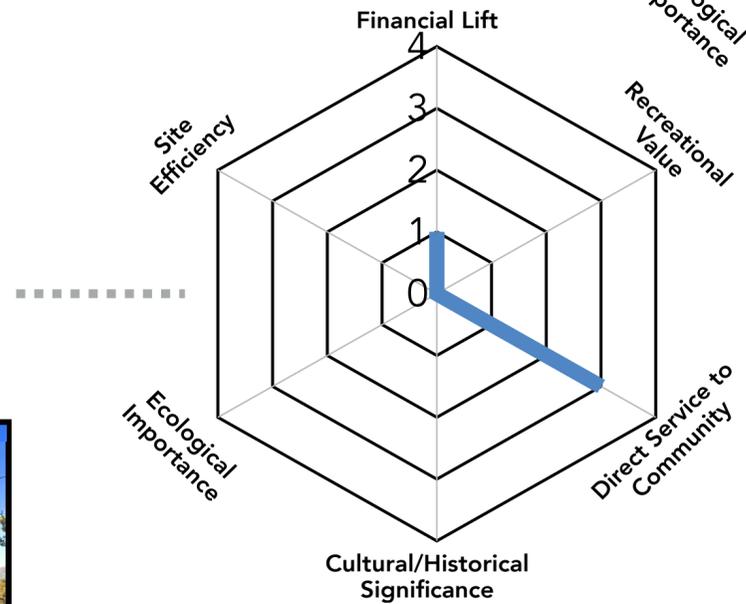
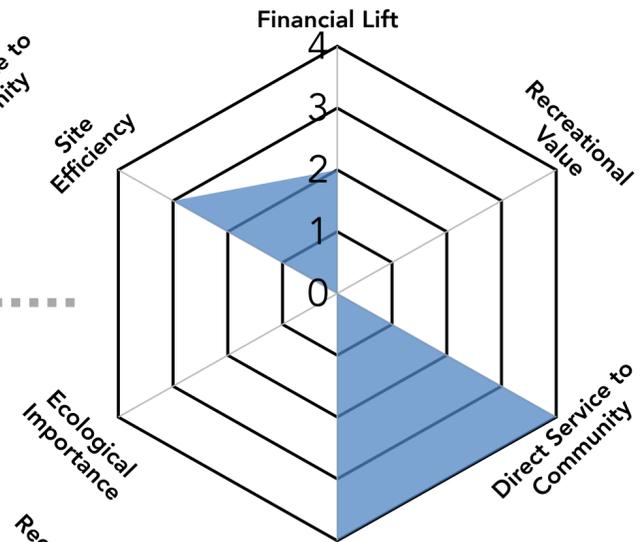
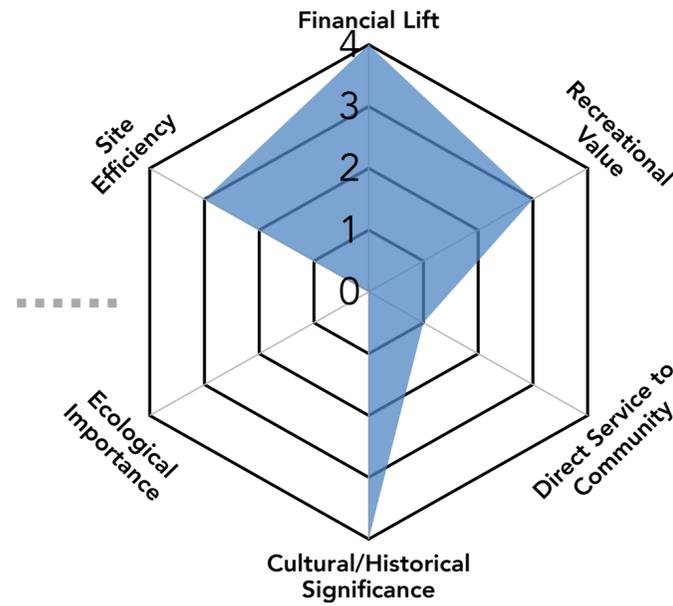


Hybrid

Combination(s) of Legacy, Policy, & Yield



Office + Vacant Land



Source: Urban3

Types of Public Assets

Evanston, IL

Yield Potential



Different assets have different degrees of adaptability, which impact their yield potential. Some assets, like a parking lot, could be considered “low-hanging fruit” when it comes to leveraging them in a different way. Other assets, like a natural area or civic building, may be heavier lifts to change from their current use to something new.

Adaptability

Public Asset Redevelopment

Evanston, IL

Parking Lot

2012



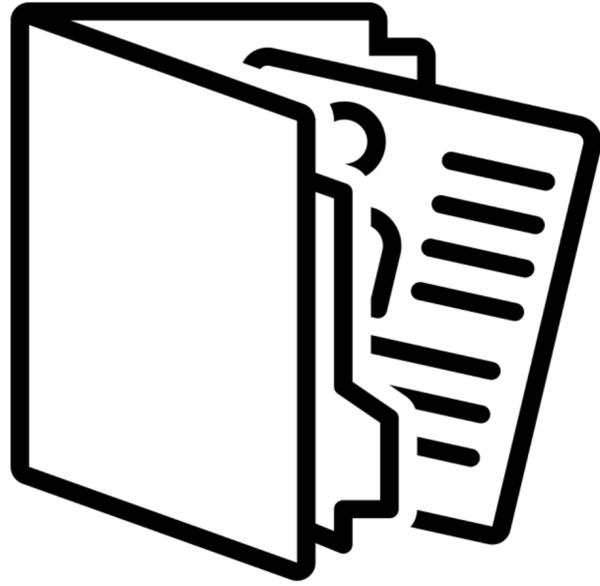
Mixed Use Development

2023



Evanston Gateway

Source: Google Maps, City of Evanston



Portfolio Valuation

Potential Public Asset Yield

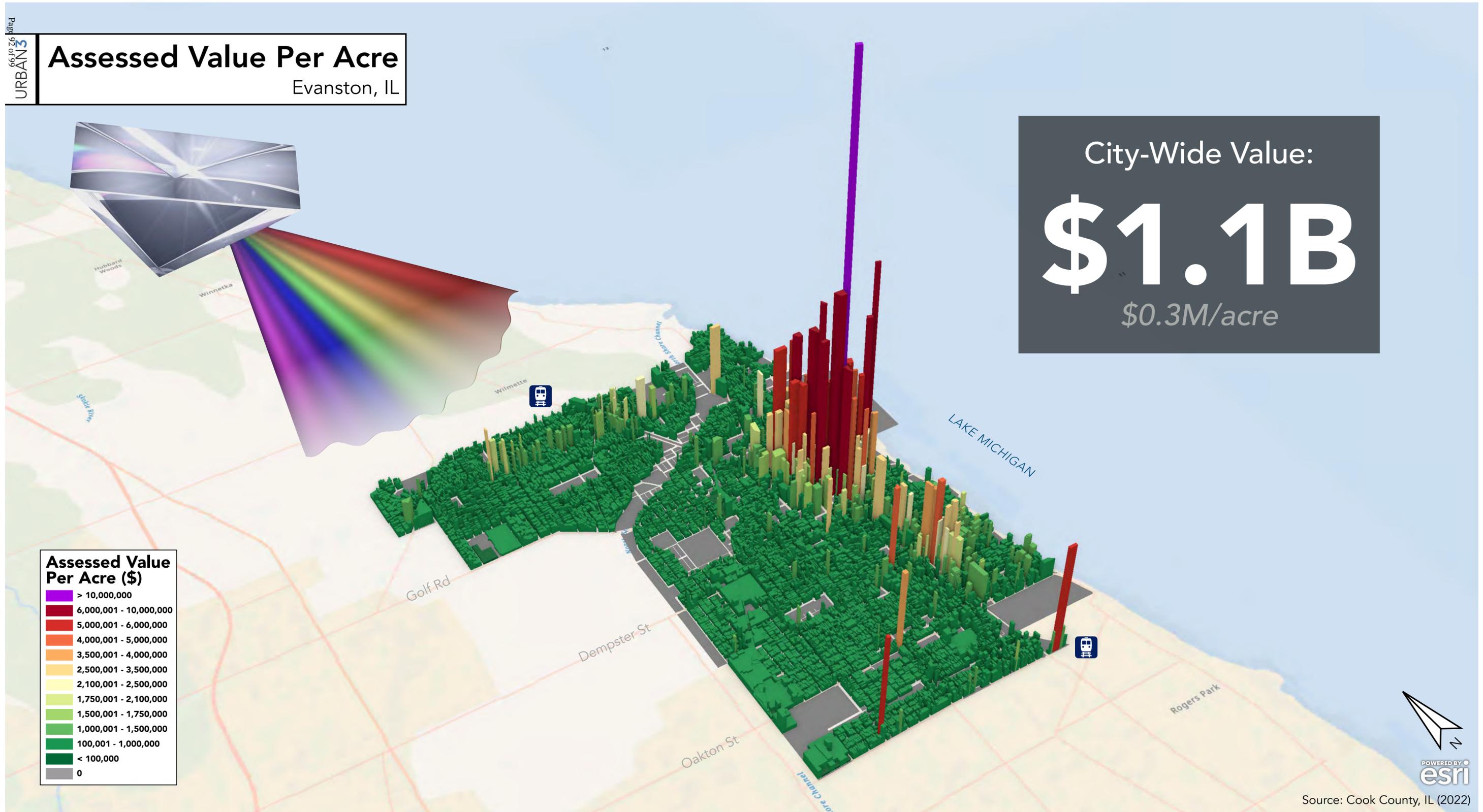
Assessed Value Per Acre

Evanston, IL

City-Wide Value:
\$1.1B
\$0.3M/acre

Assessed Value Per Acre (\$)

> 10,000,000
6,000,001 - 10,000,000
5,000,001 - 6,000,000
4,000,001 - 5,000,000
3,500,001 - 4,000,000
2,500,001 - 3,500,000
2,100,001 - 2,500,000
1,750,001 - 2,100,000
1,500,001 - 1,750,000
1,000,001 - 1,500,000
100,001 - 1,000,000
< 100,000
0



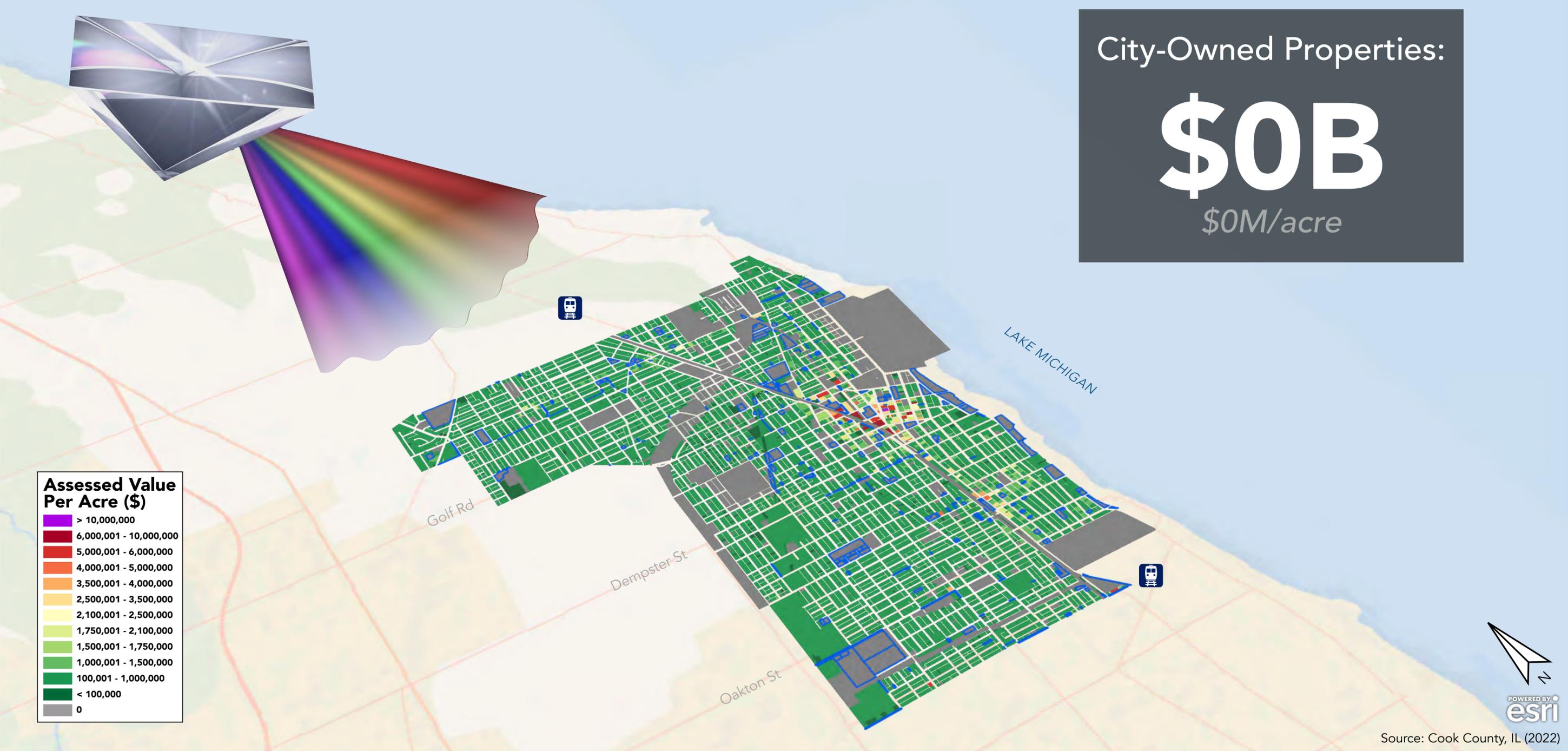
POWERED BY
esri

Source: Cook County, IL (2022)

Assessed Value Per Acre

Evanston, IL

City-Owned Properties:
\$0B
\$0M/acre



Assessed Value Per Acre (\$)

> 10,000,000
6,000,001 - 10,000,000
5,000,001 - 6,000,000
4,000,001 - 5,000,000
3,500,001 - 4,000,000
2,500,001 - 3,500,000
2,100,001 - 2,500,000
1,750,001 - 2,100,000
1,500,001 - 1,750,000
1,000,001 - 1,500,000
100,001 - 1,000,000
< 100,000
0

Source: Cook County, IL (2022)

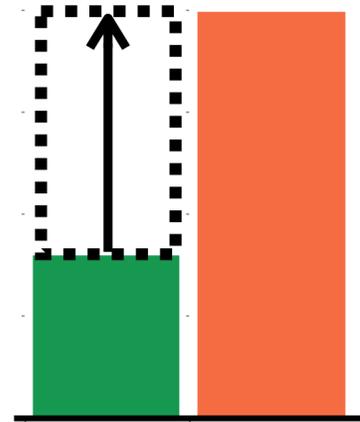


POWERED BY esri

Defining 4 Analysis Scenarios

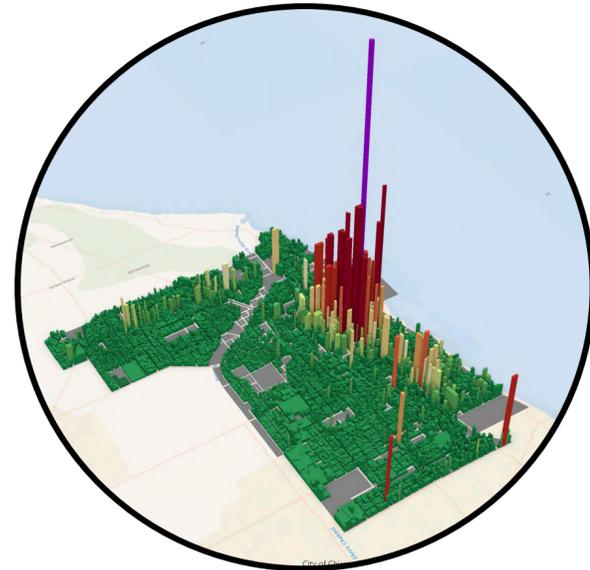
Evanston, IL

Land Scenario



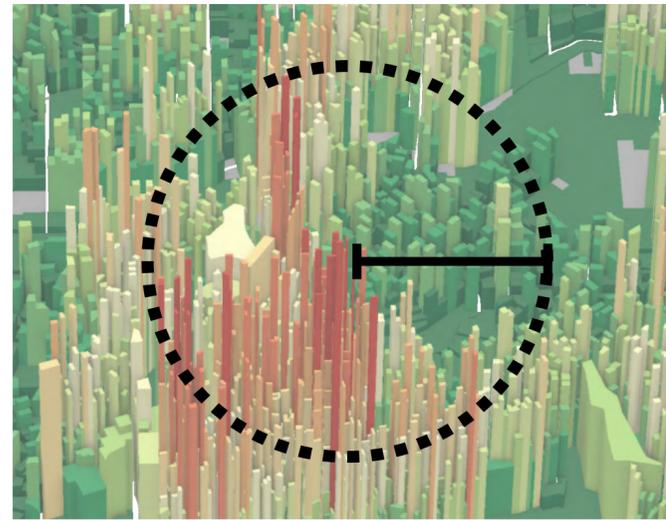
Parcel's land value enhanced to match average of city-wide land value

Generalized Scenario



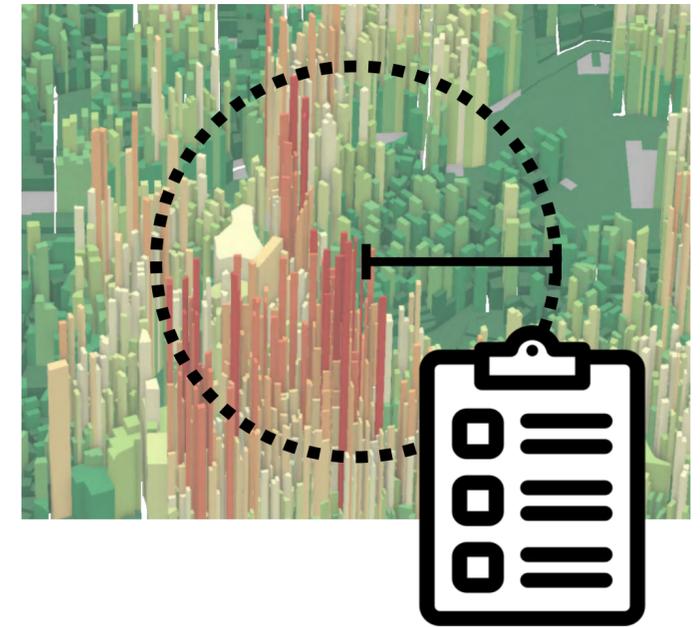
City-wide average Value Per Acre

Neighborhood Scenario



Average Value Per Acre of parcels in 500 foot radius

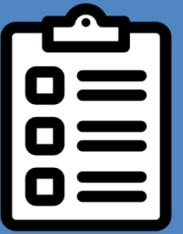
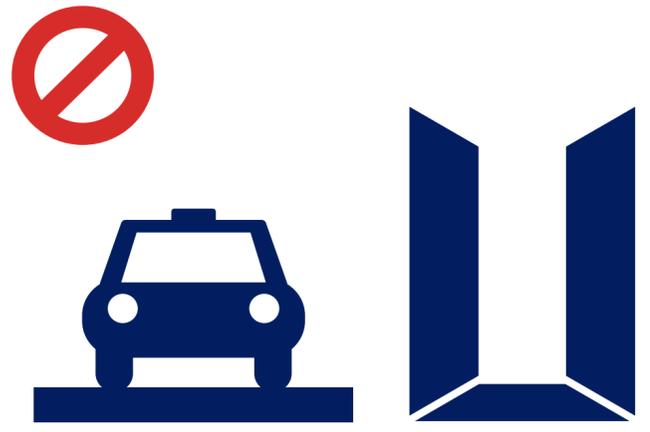
Refined Scenario



Property characteristics incorporated into Neighborhood Scenario

Important Factors in the Refined Scenario

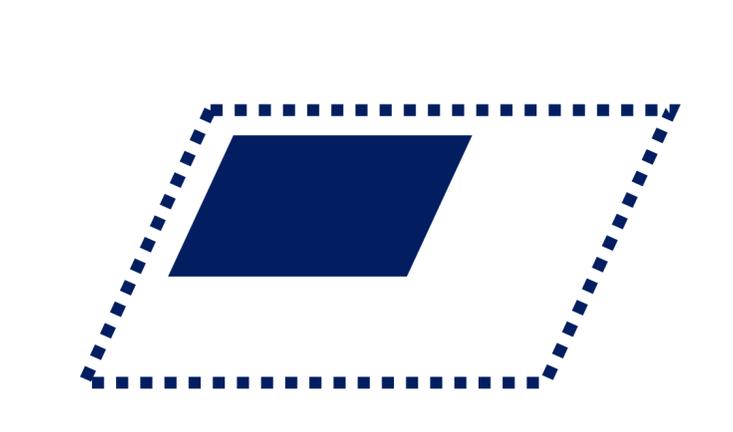
Evanston, IL

No roadways or alleys



Not a flood zone



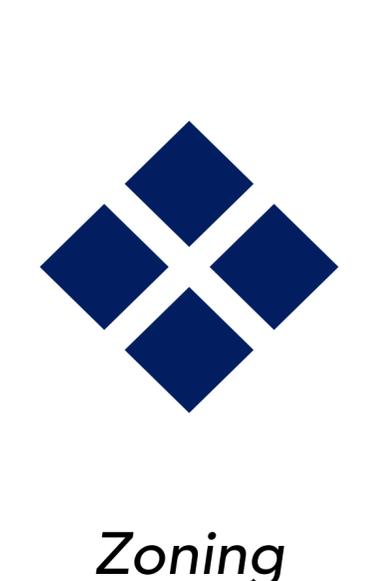
Existing building footprint



Proximity to CTA transit



Proximity to school district property



Zoning



URBAN3

Example Using the Refined Scenario

Evanston, IL

Lorraine H. Morton Civic Center

Local Transit Station

0.3 miles away



Local Transit Station

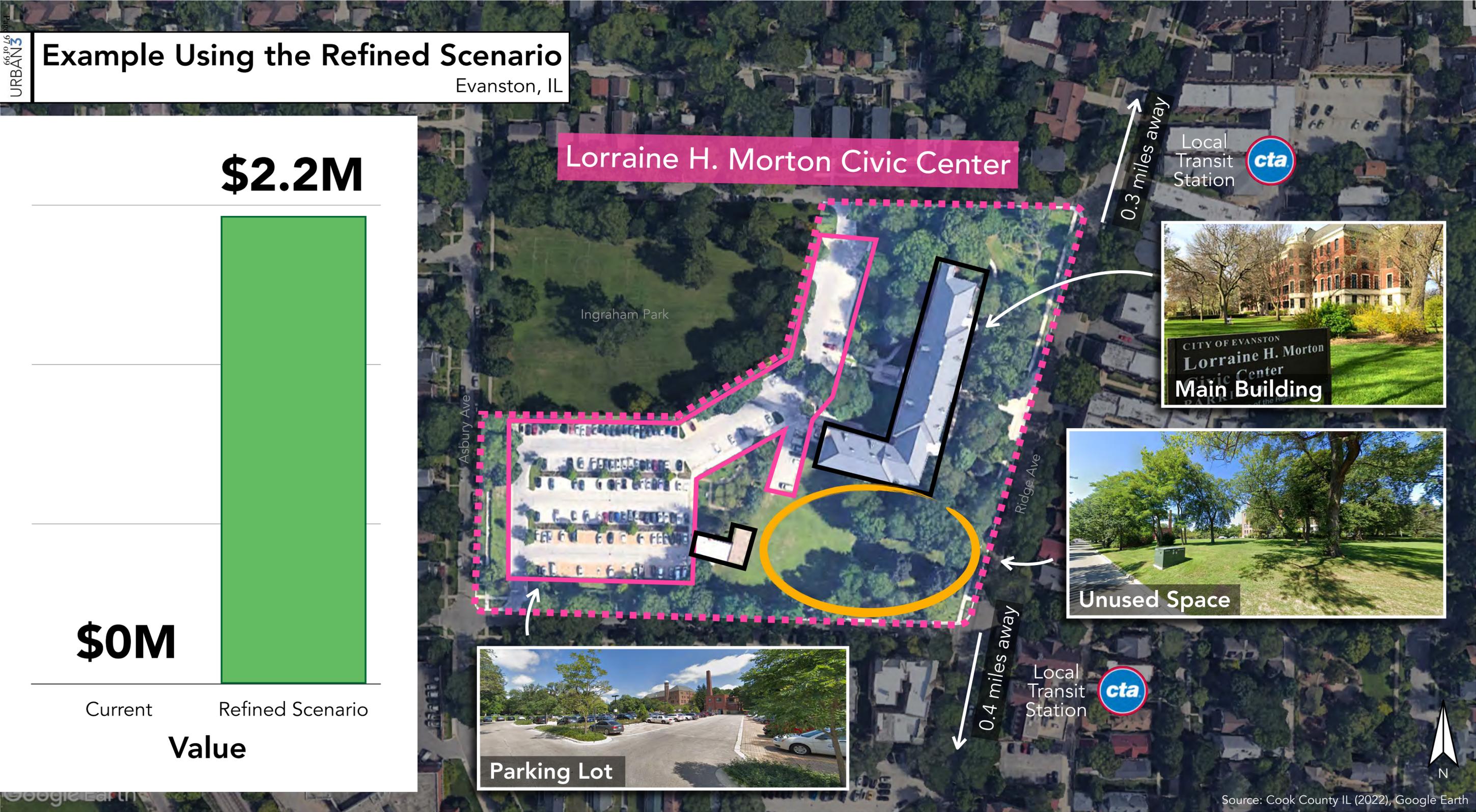
0.4 miles away



Google Earth

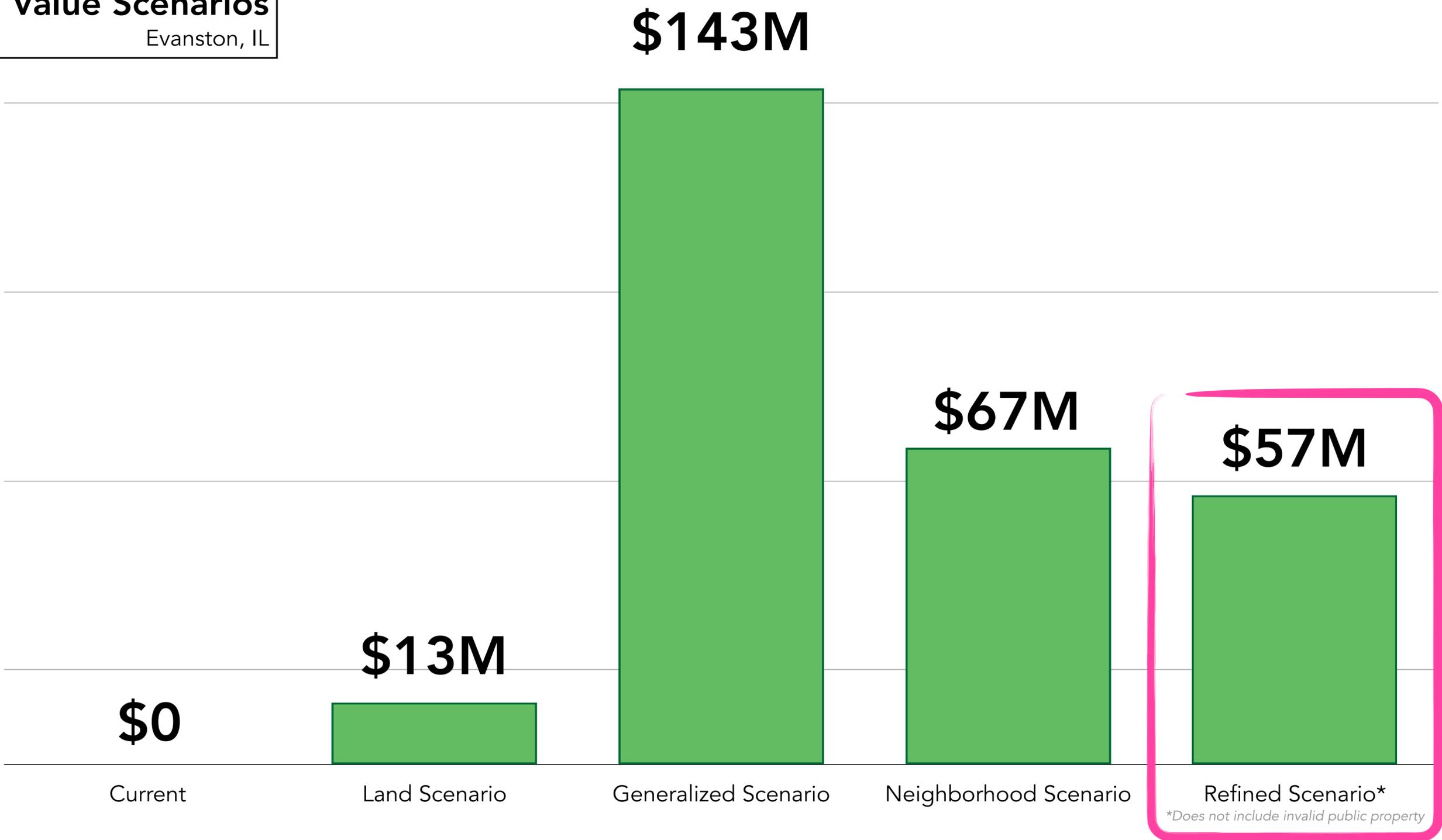
Source: Cook County IL (2022), Google Earth



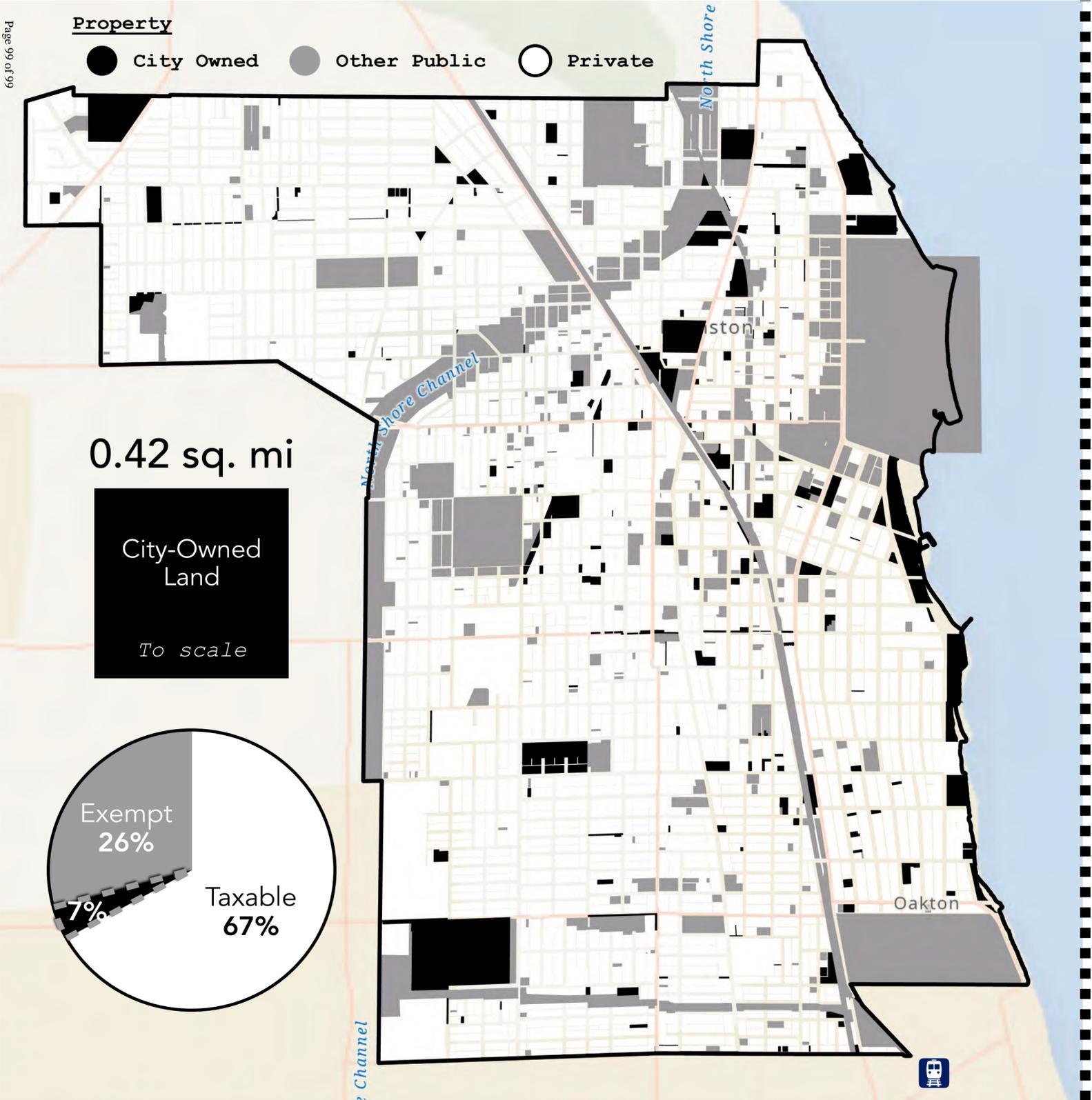


Total Value Scenarios

Evanston, IL



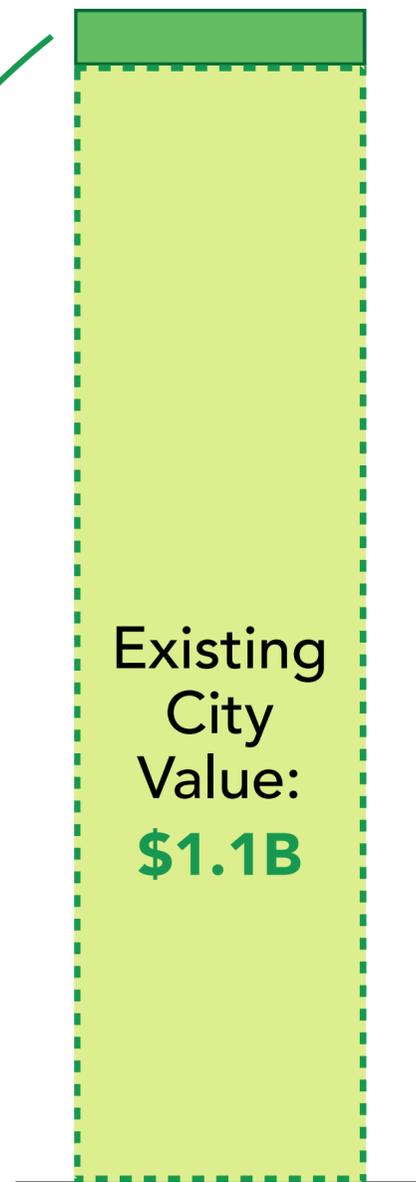
Source: Cook County, IL (2022)



Overall Value in City
Evanston, IL

URBAN3

Added Value:
\$57M



Refined Scenario



Source: Cook County, IL (2022)