YELLOWFIELD MODEL
A Sustainable Approach to Physical Planning, Economic and Social Growth

INTRODUCTION:

The Yellowfield approach is a spatial-economic model that:

- Unites homeowners, local governments and developers as owners of a property mangement company;
- Physically reconfigures (and requires demolition) of large expanses of preexisting residential areas to create more compact housing, introduce more mixed land use and provide a commerical infrastructure where residents, developers and local governments alike benefit from reoccuring revenue that is generated from the lease of space;
- Provides an opportunity for federal governments to reclaim public areas such as parks, other areas for social use (public health care facilities, schools) and areas for road expansion for a better transportation network;
- The model minimizes capital needed for new building projects since preexisting property is not bought by the investor, but rather a reconfiguration of ownership takes place according to the new physical environment.

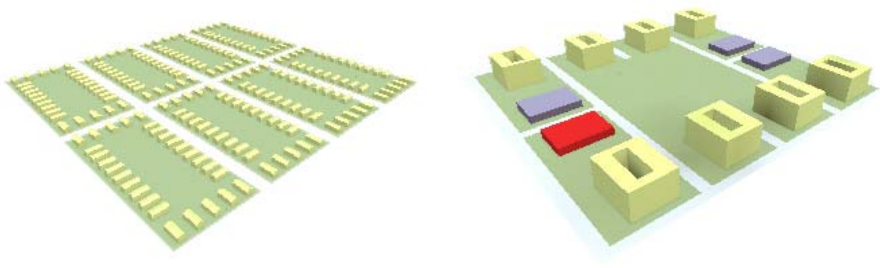

Illustration 1: The Yellowfield Model provides a mechanism which enables the easier transformation of residential areas.

BASIC STEPS:

Step 1: Urban Planner and Business Plan / Analysis

Urban planners together with business planners and civic leaders reconfigure a preexisting residential area with the goal of (1) compacting residential areas; (2) opening up public areas and (3) creating areas for commercial use.

(1) New residential structures will most likely be mid to high rise apartments.
(2) An analysis is made as to what types of public space is needed (parks, public schools, libraries, healthcare facilities, etc.) or improvements can be made in the road network (widening, redirecting streets).
(3) A business plan is proposed that suggests what kind of commercial structure would best fit the needs of a particular community. This commercial structure can be an everyday structure such as a supermarket or parking garage or it can be more specialized such as a neighborhood shopping center, office tower, sporting facility, hotel or private healthcare clinic. In any case, it is recommended that the type of facility not be of a high risk, but rather one that will be prove to be a reliable and long term investment for that community.

Step 2: Defining Ownership of Space and How Financing is Absorbed

The three distict areas defined above have 3 distinct owners:

(1) Preexisting home owners become 100% owners of new apartment unit in new residential structure;
(2) The government becomes 100% owner of the public spaces;
(3) The property management company (owned by the following shareholders: qualified homeowners, local governement and the developer) becomes 100% owner of the commercial structures that receive ongoing revenue. Ownership is defined by the market value of initial investment against overall value of the Yellowfield project.

(1) Residential structures: Residents do not incur any cost in the Yellowfield Model. Homeowners are entitled to a new apartment in either equivalent square surface or market value (to be determined). If the homeowners original home is of greater value than the apartment unit, the homeowner becomes a shareholder in the Property Management Company. The cost of buidling the new apartment structures for original homeowners is recovered by the sale (or eventually rent) of new housing units. Urban planners would determine how many new units can be constructed considering population density allowance for certain areas;
(2) Public Space: The Federal Government has the opportunity to „buy back“ land by offering a tax incentive to the Property Management Company in the value of the land;
(3) Commercial structures: The level of ownership of each stakeholder will be determined by the level of investment in the beginning:
   - *Residents*: A market valuation of each property and home will be made and compared to the overall cost of the Yellowfield investment to determine the level of ownership for each resident.
   - *Developer*: The market price of development against the overall cost of the Yellowfield project will determine the percentage of ownership of the developer.
   - *Local Government*: The monetary value of the buidling permit against the overall cost of the Yellowfield project will determine the percentage of ownership of the local government.

Some Highlighted Costs of Yellowfield Model:

Property and land costs…………………….	Eliminated / homeowners become shareholders
Real Estate property tax..........................	Eliminated / no property purchases are made
Building permit costs for new structures.....	Eliminated / local governments become shareholders
Relocation costs……………………………..	Absorbed in the sale of new apt. units
Demolition costs…………………………….	Absorbed in the sale of new apt. units
Building costs………………………………..	Cost to the Property Management Company

The source of financing can be any combination of the following: bank credit, other institutional investors or small shareholders (who then also become owners), developers own resources.

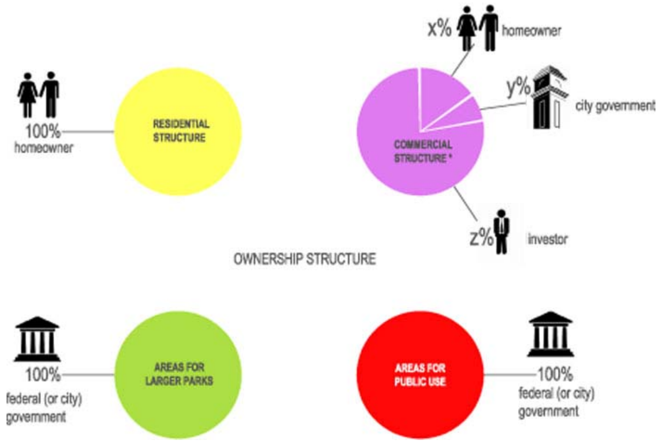

Illustration 2: Ownership structure of new spaces

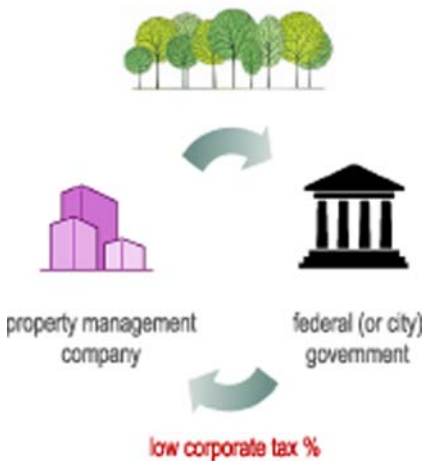

Illustration 3: Land is returned to the Government through tax incentive

Step 3: Future of the Commercial Structure

The Property Management Company can continue to function in the way it was defined in the beginning with each shareholder receiving his dividend. One area of consideration is shareholder size which would represent a majority vote or veto power. This would mean for example, if the residents happen to make 25% of the shareholders, they would have veto power over what happens in the commercial structure. The same is true of course for the developer or local government.

The commercial structure can also be sold, refinanced to another property management company giving the shareholders a chance to close any bank credits (if remaining) and receive an immediate profit. New generations of Yellowfield projects can be added to existing ones making the pool of shareholders per location more unified and not in competition with one another. This is an area of discussion.

CONCLUSION:

Some sustainable benefits to the Yellowfield Models:

SOCIETY

- Neighborhoods can be reconfigured to be healthier and promote active living
- Creates a neighborhood of higer value and avoids „fragmented“ development on small parcels of land
- Allows for large corrections to be made in a physical space (better roads, open space, etc.)

ECONOMY

- Recycles urban space that already has communal and transportation infrastructure
- Use of space can be more rational depending on needs of the community
- May be attractive to Investors as it minimizes the cost (and risk) and has a tax incentive through Goverment tax incentive
- Creates wider economic stability by allowing homeowners to become investors
- Gives local governments reoccuring revenue
- With more rational neighborhood infrastructure, less taxpayer money is spent
- Creates a new taxpayer for the Government (new Property Management Company)

ENVIROMENT

- Mixed land use and walkable neighborhoods decrease the amount of car use
- Air quality is better with the implementation of greener building technologies and a decrease in car use