

ADVISORY GROUP ON Efficiency and Benchmarking **PROPOSAL#:** AGEB # 12

SUBJECT: State Land Use **DATE ADOPTED BY ADVISORY GROUP:** 9-8-09

COMMISSION ACTION: _____ **DATE:** _____

RECOMMENDATION: To direct the Division of Administration to determine the current fair market value and the "highest and best use" of each state-owned property, and to develop opportunities for the state to enter into public-private development partnerships with private and non-profit public partners, chosen by competitive bid, in order to develop and manage state-owned real estate in a manner that achieves the "highest and best" use of the property, increases cash flow for taxpayers, meets smart growth principles, and satisfies the highest standards of design and environmental sustainability.

Summary Description/Nature of Change	Key Implementation Responsibilities	Need	Action Needed	Benefit/Saving	Done/Study
To direct the Division of Administration to determine the current fair market value and the "highest and best use" of each state-owned property, and to develop opportunities for the state to enter into public-private development partnerships with private and non-profit public partners, chosen by competitive bid, in order to develop and manage state-owned real estate in a manner that achieves the "highest and best" use of the property, increases cash flow for taxpayers, meets smart growth principles, and satisfies the highest standards of design and environmental sustainability.	Legislature	To increase cash flow to the state by optimizing the use of all state-owned properties.	Statutory amendment.		

The State of Louisiana owns a real estate portfolio of thousands of acres of land and improvements, including buildings, offices, warehouses, parking lots and vacant land. The Office of State Lands and the Office of Risk Management in the Louisiana Division of Administration maintains an inventory of these properties, but the office does not track current market value or the “highest and best use” of each property. To the maximum extent possible, and where appropriate, Louisiana needs to turn its real estate assets into dynamic income-producing assets, ready to make a significant contribution to state cash flow regardless of the economy or business cycle, and, further, needs to manage its real estate assets as efficiently as possible to save taxpayer money. To achieve this end, the state must be optimally positioned to tap the value and potential value of its real estate holdings in order to uncover hidden opportunities. The Louisiana Streamlining Government Commission recommends to the governor and the Louisiana Legislature that the Division of Administration be directed to determine the current fair market value and the “highest and best use” of each state-owned property, and that the DOA develop opportunities for the state to enter into public-private development partnerships with private and non-profit public partners, chosen by competitive bid, to develop and manage state-owned real estate in a manner that achieves the “highest and best” use of the property, increases cash flow for taxpayers, meets smart growth principles, and satisfies the highest standards of design and environmental sustainability.