

2008 ULI Fall Meeting – Session Transcript

Town Hall Discussion with ULI's Climate Change Land Use and Energy (CLUE) Advisory Group

October 29, 2008

The following transcript was taken from the CLUE Advisory Group Townhall meeting at the 2008 ULI Fall Meeting in Miami. The presentation was accompanied by a simple power point presentation summarizing the CLUE Advisory Group Findings Report which can be found online at www.uli.org. This transcript has been edited.

KEN HUBBARD:

What we're going to do is run through the presentation that we gave. I hope that you'll develop some questions or even challenges to what we've done. If I spot other people on the advisory committee who walk in the room, I'll ask them sit up here and join us. We have everybody sitting up here who participated in our advisory work, so they might have an opinion that's even different than what we present, and we're hoping that they will express that as well. So you're not going to be hearing presentations from each of our panelists, but hopefully you're going to hear some questions and discussion. Jonathan Rose and I are going to try to give you a little bit of background and then hope that you choose to engage in some conversation. So, this is a little more informal than some of the sessions, but that's what we thought we would attempt.

We have commented a number of times, that if you look to ULI, really, sustainability is part of its history. No, the word wasn't used in the 70's, but it's always been implied, always been part of the fabric, the so-called DNA, of ULI. Now, we use the word sustainability as we're in this decade, but it's not really a new subject for ULI that's so dedicated to responsible land use. The CLUE Advisory committee we've really had in existence for about a year. And we're going to sunset, and as we sunset, we're really opening it up for everyone else to decide what they want to embrace of the priorities we've set. It's going to be a checkpoint for staff, in terms of programs and commitments. And, I guess I'll just say at the outset, the hardest thing we did was to work on what all the priorities were. We agreed on 30 #1 priorities. Well, no organization can take on 30 #1 priorities, so that's kind of just to hopefully stimulate some of your questions – 'how did we narrow 30 to 8?' is where we're open to comment and maybe even some criticism. But, that was really a prime part of our task.

We had a large group. We either met in person or had conversations once a month. So, we had some pretty lively engagement during that time. And these were, we jokingly looked at some of the photographs and said whether this represents a CLUE or CLUE-less – I'll let you decide. But, what is CLUE? Climate Change, Land Use, and Energy. One member of our group who is particularly good at word-smithing quickly figured out that what we were was CLUE, so that became the name of our group. But, I think what's interesting about it is that these subjects are uppermost. And, if you listen to both campaigns, climate change, energy, even land use is coming into the language. Well guess what - right at the center of that really is the Urban Land Institute. So we're really in the hot spot in terms of interest. Going forward in sustainability, clearly is that place. And, I think that one of the things that came out of all of our discussions is when we think of sustainability, I don't mean to say that we think of it just in a business context, but many of us have to apply it in a business context, so that really became uppermost in our thinking as we looked at sustainability. Again, is this a CLUE or CLUE-less?

What can we produce? We have a statement, we have a set of principles, and we have a priority topic area that I think will be what you're going to want to spend the most amount of time on. We did this organizational scan in the book that we produced, and I think the staff did a phenomenal job on this. But we kept pushing them back

on this saying that somebody else must be studying this area or we would name another organization. Think we ended up, Uwe, with about 36 organizations - there are probably more - all of whom claim to be working in the same space in some way or another. And clearly, we didn't want to duplicate the work of others. We said, 'Okay, can we collaborate with others? Can we draw upon what others are doing?'

We also developed a bibliography on climate change. Whether it was a McKinsey report or a Pew Institute report - wherever it came from. Or more recently a RREEF report that has come out that really speaks to the business context. But, if you want to talk about climate change and think about it, if you're at the debate stage on it, that's fine. There's a lot of good information in the bibliography. If you're at the advocacy stage, there are a lot of things in there that will support you. It's a pretty solid bibliography and you may find that helpful.

There's this one comment from the statement that I'll make. The statement, you might guess, is longer than it might have been, but really the key of it is, is that what we're really dealing with is fostering new policies and solutions to address global climate change that are both feasible and effective at the nexus land use, real estate, energy, and infrastructure. Again, you could hear one of the candidates making a statement like that, and guess what, that's what we all do at ULI.

I'm going to move quickly forward again, is this a CLUE or is this CLUE-less? If you study that photograph closely, by the way, it's a pretty amazing scene. And then we came up with a list of guiding principles. And Jonathan, I don't want to move too quickly through these, but at the same time I think I'm going to move forward so that we can get to some discussion. But you will see that we do have this list of guiding principles, and that began to form our thinking as we started to pick what our priority areas would be. ... And, here's a CLUE (referring to a visual). ... and then the priority topic areas for ULI. And again, we ended up with many "ones" - 8 "ones" - and the number one on that list was "Making the Business Case".

I don't want you thinking that it was only about the business case, but that became really what our first priority topic was. And I'm going to ask Jonathan to spend some time of each of the Top 8. And then I think that what I'd really like to do is open it up for discussion, either to our panel or to you all, so that we actually engage in a dialog, or you can go and take on the other 30 priorities that we dealt with and ask us why they didn't make it into the Top 8. We're hoping to have a good discussion with you all.

JONATHAN ROSE:

Thank you Ken. Before getting into the topic areas, I want to encourage, this was a really great experience and I think we all really enjoyed, as many other committee members who couldn't make it, really enjoyed our conversations together and being together. I'm actually going to miss the – they sunset-ed us – and I'm going to miss that. It's been extraordinary working with Ken. It's been a great collaborative experience, and, but, the reality is that all the work is really done by ULI staff and Uwe Brandes and Maureen McAvey, and they were just incredible partners with us. And I say that because what I really want to encourage you is the next time ULI does a committee to focus on a topic area, I encourage you to get involved. It took some time, but I feel that we got so much back from it. And we were so well supported in doing it. So, I really want to thank ULI for that and encourage you.

The other reason why we're doing this is because, writing a report is great, but if the rubber doesn't hit the road..., and that's really why we're holding this meeting. This is for you. We're going to go through some principles, but our question to you really is how can you and everything you may be doing in your life at the district council level, at whatever level you may be engaged with, ULI could take this forward. I'll just give you an

example. In Seattle, the Seattle District Council held something they called Reality Check, which was a planning exercise to look at how climate change, energy, land use is in Seattle. Our firm has some activities in Seattle. I went there a couple of months later, and everyone was talking about Reality Check. If you asked a question about transit or about sustainability guidelines, green building guidelines for the city, they all framed their answer in the context of Reality Check. So it showed how much ULI brought to that table. And, that means you. So I really encourage you to do that back in your own home community.

So the first issue we decided on was 'Making the Business Case'. There're really 2 cases for going Green. One is the business case that it makes more economic sense, and we think that's important. And we also think that there is a moral case that needs to be made. One of the things that I keep running into at ULI is, for example, older members who say to me, "I really have concerns about the world I am leaving my grandchildren. And, I really want to make the world a better place." And ULI's really infused with that.

And so, we know that there's a lot of hard financials, we're living in a clear financial world, we need to make a business case that also includes the caring, the moral case. Metropolitan infrastructure – in the next year, and in the next month we're going to have probably a 300 billion dollar stimulus bill followed by an energy bill, a climate bill, and a T4, which is a new transportation infrastructure bill. Every one of these is an opportunity for us to have impact. Every one of these will have tremendous impact on the future of our industry. They will completely shape how, what, our opportunities and our limitations are. We've already seen that in California, a bill called, SB-375 was passed, a state bill, which on climate change and land use, essentially says that urban infill, mixed use development, development next to transit is going to be tremendously enabled, breeze through environmental impact statements. And suburban sprawl is going to be tremendously disadvantaged, is really going to have a hard time getting through environmental impact statements because of the climate impacts. I tell you this because we really need to be at the table. And the enabler of future real estate development, from a climate change point of view, is going to be mass transit. And the more we can get bus rapid transit, light rail, street cars, all that, funded and being built, the more we're going to have an opportunity for our own growth. So that's an extremely important issue.

Existing buildings - I mentioned earlier today, that we only build 1 or 2% and maybe we're going to build less of our building stock a year. And we will make no true climate change impact unless we deal with existing buildings. They are harder, they're more complicated, and they take more education. And yet the members of ULI are the owners of a substantial amount of the existing building stock. Tremendous opportunity for ULI to engage with its members to learn from each other, and again, it's an area that no one else is really focused in on.

Edge Development - Many of us are passionate urbanists and many of us are deeply engaged in rebuilding cities, but ULI has a much broader constituency and one thing we heard really clearly from Peter Rummell and others was that we have to think about the full ULI and the full membership. Many of us are doing development in edge areas, and that has to be green too and we have to figure out how to connect it with transit and we will be probably the only major real estate or advocacy or planning group thinking about those, that issue.

Infill Development - has long been an issue for ULI. It's really where the nexus of the best climate change solutions will be found. ULI put out a very important publication called Growing Cooler. If you all don't have it, I suggest you all get it at the bookstore. Growing Cooler is coming out shortly. These are really great explanations of the relationship between climate change, land use, and energy. Essentially, the more we sprawl, the more we use cars, the higher the environmental impact. The more we concentrate, the more walkable things are, the lower the impact. Just as a funny side note, apparently John McCain put out a proposal that anybody who bought a hybrid car should get a \$5,000 rebate. And somebody in a question said to him, "Well how about if I

only walk? Can I get a \$5,000 rebate?" Imagine how that would help our real estate development if we said, 'if we build walkable condos in downtowns with no garages, that everybody got a federal \$5,000 rebate for buying there'? Well that, I'm serious about that by the way. That's the kind of policy that we need to stand up for.

Mixing More Land Uses – complicated but something that ULI's been a big advocate of for creating walkable neighborhoods. The land use implications of infrastructure decisions, I talked about earlier, and development regulations like SB-375. We need to be at the table. Interestingly, 15 years or 20 years ago, we would've been at the table to enable unbridled development. And we're now a different organization. And we will be at the table to enable responsible development. Development that allows our industry to thrive and prosper, but also that's focused on what's best for the climate and the environment. And that transformation of our organization is something that I am extremely proud of and proud to be associated with. And, I think we'll leave it at that.

KEN HUBBARD:

I would just make a comment. When we made the presentation to the trustees, it was followed by a capital markets group. Jonathan and I made our presentation, and we know the people, and so they were obviously interested in paying attention but are they really paying attention, and we're all here to hear about capital markets, and I think that's why most people are showing up at ULI now. And, I'm on the capital markets panel and the question gets asked 'why are we even going to deal with sustainability right now? It's an increased cost item; it's really a burden to the business environment.' I said, "Well, gee, you don't really have to ask me. Why don't we ask," you know there are some major institutions on the panel, "Rather than me be an advocate, let's ask them." I didn't know what the answer was going to be. I'm sorry they're not here, but you had the Bank of America, Morgan Stanley, Chase, I don't know whom I'm leaving out. These major institutions say, 'You don't get it. Sustainability has never been more important to us. This is our cost savings opportunity. They spoke about it in a very clear business context, and they went on to all the reasons you all know, which are maybe the softer reasons but are still important to them, in terms of employee productivity, the ability to track new employees, recruit, etc. They looked at this area with energy still as a high risk in their perception. They were looking to reduce costs. They weren't confused at all. So, there was a great answer.

So, what's happened? The user market has really jumped ahead of a lot of us who are sitting in this room. That's part of, if you will, the wind behind us right now, is for us to keep up with our user market, and to really be the point of education and the point of leadership, so what a great response we got out of them. And then of course, we just heard that our portfolio was going down by 50%. But anyways.

Should we ask our panel if they'd like to comment on any of these Top 8? To say what they would endorse, embrace, agree or disagree with?

JEFF KINGSBURY:

I want to talk, just for a minute, on what Jonathan had expressed, in terms of the discussion, debate, that we had regarding ULI's place at the table, particularly with regard to edge development. Certainly, a number of us are engaged more in urban contexts and that sort of thing, but the other thing that we became aware of was that the market demand, as well as, the supply of where future development is going to occur by necessity, is going to require us to address Greenfields in a more proactive way. ULI, about 4 years ago, published a monograph about planned communities without sprawl. In that, there was an analysis done that showed that

about 20% of the future land development would occur in urban infill situations, about 20% in suburban densification, and situations with about 60% in Greenfields. So not only is there going to be a demand for walkable communities, not only in an urban context, but in a suburban context as well. That's really the place we felt ULI needed to speak more authoritatively about, which was dealing with the infrastructure, land use, and transportation issues. Thanks.

ED McMAHON:

One of the things that I think this process taught us is that there's no silver bullet to climate change. This was really a learning process for all of us. One of the things that I think ULI can have is a great impact on the debate that's going to go on in Congress and around the country in coming years. Just one example of that is our new publication, Growing Cooler. If you'd talked to the people in Congress a year ago, all they were talking about was biofuels, reducing the carbon content of fuels - that's a good idea, does have some downsides like affecting our food, etc. - increasing the fuel efficiency of cars. But if we only do those 2 things, that's not enough because Vehicle Miles Traveled (VMT) have been increasing 3 times faster than population growth, so we have to reduce driving. ULI entered that discussion by simply saying, 'we have a low-cost climate change solution. It's called mixed-use, walkable, compact communities. And that has really changed the discussion in Congress, and we hope to be able to do that in other ways as well. So, I think this process has contributed to that discussion, not just within our organization, but around the country as well.

ROGER PLATT:

The one thing I wanted to highlight was the, I think very important fact, that ULI recognized this role of existing buildings. Jonathan mentioned the point, but every year, only 1% or 2% depending on the building type is new, and the whole climate change debate is really focused around the next 10-12 years - where are the really significant reductions that we can make almost immediately? And so, while the longer term planning considerations which are critical and which ULI is sort of a real master leader on, existing buildings is an area where people should be aware there are amazing resources, as is indicated in here (referring to a report or resource in his hands). And one thing that people may not know, that they really should know, is that the Building Owners and Managers Association, which with all respect was not known as an edgy, forward-looking group on these types of issues even maybe 5-6 years ago, has radically transformed itself to the point where there is no group in Washington now that's making more of a challenge to its members. 30% reductions in 2 years - an edgy challenge to really make a difference. An edgy challenge most groups, including ULI, did not choose to make to its members. So, there's a really important amount of resources here, and, in terms of public policy, there's lots of opportunity especially with existing buildings to make the case for incentives.

KEN HUBBARD:

I might just make a comment that this report will be online now that it has been presented to the trustees. I know you all don't have a copy of it. We will just put the slides up of the Top 8, and you don't get to see the rest of the 22, but ask a question and we'll tell you if it made the list or not. Why don't we jump around a little bit here? Dan, would you like to give us a comment?

DAN CASHDAN:

I've been involved with climate change and this general topic for a while now. Here are a couple of observations. First of all, for ULI, clearly if you were to rewind the clock 2 years or 3 years, we as an organization wouldn't have done something like this, using the words climate change. I think that the fact that the organization came to grips with simply the words, almost like the current administration, was a great step forward. Working with Ken and Jonathan and the other members of this group has been fascinating.

We, just to give you a little insight, we generally dial-in via telephone. Some of these have been in person, but we dial-in and you have a wide range of opinions, all moving in the same direction for sure, but a wide range of opinions with respect to how we talk about carbon. Or how we talk about communities. Or how we talk about social justice. We really sought to explore the central question: What does this topic mean? It was essentially a year of narrowing and narrowing it to a statement and a set of principles that we thought would be widely palatable to the trustees and, more importantly, to the whole organization.

With respect to that, it was a tremendous process and a very good result. However, being one of the ones sort of on the fringe, I think the statement is a starting point. I think for those of you willing to come and listen to us this morning, I think you need to, as you go back to your homes and business and practices, realize that this challenge that we have, this climate change challenge is enormous and that on the real estate side of the equation, we're really the demand side of the energy policy, energy problem in our country.

Whether it pertains to transportation, as we've talked about, or it pertains to in-building consumption of electricity. So we can do a lot on the demand side. We can go on a diet, in effect. Energy efficiency can drive the use of carbon-based fuels down dramatically. But the other side of the equation, of course, is supply. Regardless of the outcome of the election, we're going to see dramatic changes in how we approach the supply of electricity in the country. So, I said this yesterday in a panel, and I'll say it to you again, just as citizens and as members of the community that's effectively the largest consumer of electricity in the country, think about what we do on the supply side, whether we shift to nuclear, switch to more renewables, if we have a cap-and-trade program - which we're going to talk about tomorrow - all of these topics interplay with the way we interact with utilities, with power producers and so-on. But with respect to the real estate community, there's no question that in the short- term, our ability to cut consumption, and therefore the production of greenhouse gases, is enormous. I hope that's helpful.

KEN HUBBARD:

I might just comment that Dan has a great passion for the whole issue of climate change, and he's obviously quite convinced and quite concerned, other people are less convinced, and he asked if he could speak to the board of trustees, you know the board of trustees here meet for about 2-3 hours, and he said that he would like to come in and talk on climate change and he thought he could keep his remarks to about 45 minutes. So, it's clearly driving him and I think a lot of the ULI membership. We didn't want to debate climate change and we took the bibliography approach to make sure that we were identifying where the discussion takes place but you can be sure that just about everybody who served on our panel had a pretty strong motivation and were very convinced of climate change being a real risk to all of our successful business lives going forward--Burt.

BERT GREGORY:

Well, I think that we're definitely at a very unique moment in time, needless to say from a capital market standpoint, a value of real estate, and what we see for the future. But it is a unique moment in time when we think about what is the path ahead. I'm an architect/urban designer. Some people, in fact, a good friend in south Florida said, that I lived in Ewok Land, which is Seattle. But there has been a fundamental shift in the attitudes about responsible real estate, I believe. As I walk around the office, and have young people somewhat shell-shocked about their 401ks and what's really going on, since they've not experienced this, I speak a little bit about the fundamentals.

The fundamentals in the future are that we have to accommodate 100,000,000 people in the U.S. - in some cases, depending on who you talk to, many more - in the next 40 years or so. This is a tremendous opportunity for us to change the world, and change it through responsible real estate. I think we're at a time where when we talk about risk, responsible real estate is actually less risky. We talk about value creation; responsible real estate is the way to create new kinds of value. And the third aspect is 'where's the market?' The market wants this stuff, and that's really the other big fundamental change. I think the report lists some good principles and strategies. If each of you can go home, and walk around your office, and talk one-on-one with the young people, and have them embrace these values, that's really how we're going to change.

Roger's discussion about incentives is absolutely critical. We have operated, for a long time, where pollution was free, and responsible real estate was not rewarded. We need to, all, work very aggressively at our city council level, at our state legislative and executive level, and certainly back with our friends in Washington D.C. to really make sure it's clear to all those folks that buildings consume, depending on where you are, 40% of the energy. That means that we can be 40% of the solution. We need to incentivize good behavior, and reward folks for that good behavior, and as I tell my good developer friends, my job is to make the green developers the richest developers. And, that's what we need to do.

KEN HUBBARD:

Marilyn, we might ask you to finish up here for the panel then. And I don't know which hat you're going to wear, whether you're going to speak as an architect at Skidmore (Owings & Merrill LLP), as former Chairman of ULI, or in your new lofty position as Dean at University of Pennsylvania Architecture School. You can wear all 3 hats or pick one.

MARILYN JORDAN TAYLOR:

Well, luckily there's room for advocacy in all of those positions. I'll be short, one because people have said things so well here. Two, because they've said it so well, there's one topic I'd like to hone in on for a minute, which is transportation and the coming transportation bill. And third, because I think we'd really like to spend some time getting to you all and figure out in the way Burt just described or within ULI, individually or within ULI, what we can do to continue to advance this. I mean, Jonathan's exertion is everywhere we are, everything we do, and in many ways, that is the only way we'll be successful. But, what does that mean to you as a member of ULI, a member of your firm, a member of your community, where all these actions are going to be played out.

The four legislative bills that Jonathan mentioned (stimulus, climate, cap-and-trade, and transportation) really are an opportunity to create for the first time, in a long time, something that approximates a metropolitan

agenda for our country whose leaders have still thought that we're a Jeffersonian agrarian country instead of the true metropolitan country that we have become. In that sense, I couldn't agree more with Burt – the time is now. I just wanted to reflect for a minute on the history of the transportation bills, of which this will be the 4th, because I think it's a pretty inspirational story.

The first time it was created, it was Pat Moynihan who was really making the case for America's urbanism and America's cities. They got darn close, with help from many of us who were younger, maybe more naive, not so practiced in all of these things that we'd like to bring to the table now. But he genuinely put together, he and the Congress, put together a program that in its first steps, got out of the literal bounds of the transportation project and said community, land use, preservation, and open space are indeed an integral part of infrastructure investments that we need to make in our country.

And do you remember the next 2? We fought over devolution. Did you get as much money as you put in? How little could you exchange from your highway funds for any form of mass transit or anything else? It was just the most discouraging disassembly of the key principles that many of us felt had come to life in the first transportation bill. Many people are mobilized again to reassert that relationship between infrastructure investment and land use policy as it will be manifest in this bill and will be implemented by the many people who will come to receive things from this bill.

It's going to come up earlier too, as hopefully it will be part of the economic stimulus package. One of those surprises in life is going down to listen to the folks on Wall Street talk about how they're going to reform banking, and having the end of the conversation being their firm belief that the best thing Congress could do next was an economic stimulus package that didn't put money in people's pockets, but invest it in the infrastructure that will be the competitive advantage of America markets in the future. These are huge shifts in position, and the time is now to take advantage of it.

Having said that, oh, and reminding everybody, because it's a careful line we walk. ULI is a 501(c3). We are researchers, educators, information sharers, and advocates. It doesn't say 'advocate' in the mission statement. We tried, didn't get there, but we've been advocating Smart Growth for over a decade. And it's pretty clear that the information that we're compiling in its role as expert information gives us an opportunity to enhance the debate with good information that makes the case that we want to make. However, we're all individuals. We walk out of this room, and there are more things that we can and will do. I think it's very important to keep both of those things in mind, as I hope, we hear from you about where this ought to go.

AUDIENCE MEMBER:

I wanted to point out that we had two ideas which were to study the regional impact but also to study the lack of capacity, so if you wanted to take X% of the next 100,000,000 people and put them by TOD, how much investment do we need to create that capacity?

MARILYN JORDAN TAYLOR:

Just one quick comment about that. Then, in the mid-60's when the US Department of Trans was created, the actual legislation said that money could not go for anything aesthetic. Do you remember that one too? We've come a long way.

KEN HUBBARD:

And Alex, I think it's worth mentioning, the City of 2050 exhibit is worth visiting in the main conference hall. While it's hypothetical, it shows all the influences that should be positive effects looking forward to 2050. Your point's a good one. Let's study what already exists as well.

ED MCMAHON:

Just to comment on this as well. It goes to Marilyn's point about economic competitiveness in the world. Washington D.C. has been debating extending our Metro system to Dulles Airport, one of the most important airports in the country for 30 years. We still haven't started construction on it. Meanwhile, they're building 19 new subway lines in Beijing, China, and they'll all be done by 2020. This is where we're falling behind, and this is why this transportation bill is so important.

AUDIENCE MEMBER:

Did the Advisory Panel conclude that Climate Change is real?

KEN HUBBARD:

I am, going to try first with a defensive response. I think what we tried to do was not get stuck in a debate on climate change. And, I'm not suggesting to you that all the trustees don't accept climate change. But, we saw an opportunity to move forward, to say 'what can ULI be doing about responsible land use?'. And so, we had a good thrust to move forward, so we moved forward. But, maybe Dan Cashdan wants to respond because I would say he shares the view that there should be much greater discussion about climate change, but we really didn't want that to get in our way of progress—Dan.

DAN CASHDAN:

I agree. Look, I think it's a trap for us in the industry. We all use electricity as a practical matter. We're users. We're consumers of this. And so while I completely agree with your sentiment, I think people should embrace this, I don't think there's enough you can do. My wife and kids are sick of me, but with respect to that there's a practical matter, right? We hear a lot of talk, for example. The words matter. They say buildings produce so much of the CO2. Well, in fact, buildings don't produce any CO2, unless they're on fire! What ULI has done is terrific. And I don't mean to imply anything other than that. But, I think that the larger responsibility rests with GE, rest with our large corporations and rests with us as citizens to focus on the supply side of the equation. So I think what ULI has done, representing that side of the equation is terrific, and there's a lot to do. I think we need to look broadly at the topic.

AUDIENCE MEMBER:

Have you found any information on the cost premium for these buildings, including residential?

JONATHAN ROSE:

Actually, I'll answer that. If you do an integrated design, you can make green buildings for 1% more. It's when you don't integrate your design, and you actually start with an ordinary building, and then add lots of things on, it'll be 5 or 6%. And there are 3 guides to use. You can look at the LEED for homes. You can look at the Enterprise Green Communities, which is, frankly, a little easier to use, a little more user friendly. And, apparently NAHP has a new guide out too.

BERT GREGORY:

Ok. Well, we need a comprehensive integrated strategy on all fronts. I think the Seattle Reality Check really brought that to my attention, where we analyzed the carbon benefit of high density connected communities as we look to accommodate 1.7 million people by 2030. And even the most aggressive, substantially urban solution offered from one of the tables did not meet the climate goals of the Puget Sound Regional Government. So that says that we have to have a very comprehensive strategy on all fronts. And, as an example, as we speak to CA and WA and OR's building codes, that are going to be revised to align with architecture 2030, if we look at 'how are we going to produce structures that have a 50 – 70% demand reduction', that's a revolutionary set of buildings.

And so we need to have strategies on all fronts, including research, in order for us to understand how we're going to reduce demand in order to reach our goals. Certainly, policy is really key; enabling legislation that rewards good behavior, and places growth in the most beneficial location. And then, we do have to develop a strategy where incentives are created ahead of the building code so that we don't slow our economy down, but we actually can promote the economy through green strategies.

KEN HUBBARD:

I might just quickly comment. ULI does have a role here. And it isn't in our first priority, and that is to document best practices. There are a lot of firms—Jonathan is a great example of it—I think Hines has some very good best practices programs. A lot of other developers do as well. And we said it's our job at ULI to try to identify those and share them.

MARILYN JORDAN TAYLOR:

The first part of the answer to that is because we're a member of the organization; it's the members that are going to take them. But I think what you raise is an opportunity to think about it in a more comprehensive way.

AUDIENCE MEMBER:

Good morning. First of all I'd like to thank ULI for this strong interest in infrastructure and this terrific report on infrastructure put out every year. It is a widely circulated and read report, and really formed the debate on transportation and land use in the country, so I want to thank you all for that. This is also in the nature of an advertisement for a transportation program for a campaign. For developers and the developing community, ULI in particular, in alliance with the Rockefeller Foundation to participate in the transportation activities around transportation and to coordinate that campaign. So, if anyone here would like to participate in transportation, land use and climate, it's an important part of this new bill, will be a comprehensive bill, a transportation bill, a climate bill and the cap-and-trade elements will probably be the greatest source for new funding for transportation. So, anyone who wants to help in that effort, talk to me, talk to and thank you for your strong support of Smart Growth.

AUDIENCE MEMBER:

So much of our lives are unsustainable. Are we trying to change how America lives by moving everyone out of the suburbs and into cities? Or are we living in the suburbs in homes that can get retrofitted?

BERT GREGORY:

There was a great workshop sponsored by ULI a month or two ago, I think, in Phoenix of all places, that was on edge development, and a new vision for edge development. It really was focused on recognizing, as stated here, about how growth is going to occur, and the need to help those communities understand the benefit of strategically creating great communities that are compact, complete, and connected. Actually, there's a draft report out, and will probably be issued pretty soon, the Center for Balanced Development in the West was the instigator of the conference.

A couple of big ideas: energy farms, smart water communities, more transportation choices, local agriculture, greener and smarter homes, towards a greener work life, re-thinking streets and streetscapes, changing the rules, re-inventing and re-integrating regenerative nature and the vibrant village. So I think that ULI, through these strategies is really trying to re-frame how ultimately growth occurs and recognizing that there's a range of choices of lifestyles, but that ultimately, compact, completed, connected nature communities, ideally at an average density of 14 units/acre or more, is the way to go.

KEN HUBBARD:

Let me just acknowledge something, which we really haven't addressed. ULI should be an example, and our meetings themselves could be exemplary, couldn't they?

AUDIENCE MEMBER:

We have two types of clients. Those who think about the moral position of sustainability and the other are focused on the bottom line. This Advisory Group has contributed the extra weight of the blessing of ULI and it proves that it pays to go green. My question is about the cost to install new air conditioners, dishwashers, etc, in rental buildings, so that these buildings, too, get to 'go green'. Given the complicated structures of tenants, resident boards and owners, how will it ever get done?

KEN HUBBARD:

We acknowledged that the business case to be #1. But what you said is, very interesting. Do we really understand who the constituents are – who's our audience? And there are probably a lot more specific audiences than what we've identified yet. That's a very helpful comment.

JONATHAN ROSE:

Two quick ideas. Number 1: Recommission the building. You'll find so much just in the way the building is tuned. And Number 2: Create green guidelines for any future tenet renovations. That will at least mean that as there's some turn over, you'll move towards green.

One additional idea is to look at the Energy Service Contract (ESCO) model for retro-fits. And that model, essentially, does the capital improvements and extends the loan term, but pays off the loan through the savings, energy savings. And an ESCO model can be done through an independent third party source, or the condominium association could potentially create a loan that could have a longer term that would pay off these improvements. Some creative developers are actually financing some more aggressive green strategies through the condominium association.

AUDIENCE MEMBER:

As I look at the list of the final 8 priorities, I find it consistent with ULI's traditional orientation toward sustainable development. I also want to go back to a point Jonathan made earlier, about where the problem really is. 95% of the problem is existing buildings. I think we talk too much about new development. Developers of new buildings get it now, and the market's going to take care of itself. For most existing buildings, the quickest and easiest payback we can get is on changing the light bulbs, but that alone is not being done in existing buildings. If buildings and technology are not managed correctly, it can counteract all of the new great technology we add.

ROGER PLATT:

I would emphasize that there's the new research and studies showing that the lowest 30% of the buildings in the EnergyStar program have some of the most sophisticated design features for making the building super energy efficient. It's essentially like a VCR that's still flicking the time on it. No one's ever really figured out how to make the building work. And so, basically, operations is a huge issue. The question of how to deal with

incentives for operations rather than design and development is key. If buildings are not operated well, they do nothing for the environment. Why would we want to do a lot of incentivizing of green buildings if they're not operated well in the future?

AUDIENCE MEMBER:

I am working on an educational opportunity in the state of New Jersey for municipalities to work together with the Rutgers Center for Green Building. We came up with a whole set of criteria for municipalities to put into place. We think this is an interesting topic. All of the elected officials are dealing with this type of thing. We have neighbors going out and signing all types of pledges with no concept of what they're saying. The outgrowth is to create a whole series of pamphlets to allow municipalities to set up an actual green program themselves. This is being launched in 3 municipalities in NJ in November. I point out this challenge, because ULI needs to direct this effort back to the District Councils. We're now in the situation where they want us to go and educate all of the principal employees in 187 municipalities in the state. And remember, all of these things require municipal approval and support. The challenge is immense.

KEN HUBBARD:

That's a great charge for the District Councils. That's terrific. Thank you.

ED MCMAHON:

You should know that ULI's been working very hard on developing a new curriculum for public officials and we're rolling it out, sort of beta testing it, in Orange County, CA and Charlotte, NC. And it's a program we hope to be able to bring to District Councils everywhere. So, we are working on that.

KEN HUBBARD:

We have to close now. I am very sorry we didn't get all your questions. Please go online. Please get the CLUE Advisory Group Findings Report online and fire away. Thank you very much for your participation.