HEALTH AND SOCIAL EQUITY IN REAL ESTATE

Examples from the Field

Urban Land Institute

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Front cover: Philadelphia Skyline. (Brandywine Realty Trust)

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ABOUT THE URBAN LAND INSTITUTE

The Urban Land Institute is a global, member-driven organization comprising more than 45,000 real estate and urban development professionals dedicated to advancing the Institute's mission of providing leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.

ULI's interdisciplinary membership represents all aspects of the industry, including developers, property owners, investors, architects, urban planners, public officials, real estate brokers, appraisers, attorneys, engineers, financiers, and academics. Established in 1936, the Institute has a presence in the Americas, Europe, and Asia Pacific regions, with members in 80 countries.

The extraordinary impact that ULI makes on land use decision-making is based on its members sharing expertise on a variety of factors affecting the built environment, including urbanization, demographic and population changes, new economic drivers, technology advancements, and environmental concerns.

Peer-to-peer learning is achieved through the knowledge shared by members at thousands of convenings each year that reinforce ULI's position as a global authority on land use and real estate. In 2019 alone, more than 2,400 events were held in about 330 cities around the world.

Drawing on the work of its members, the Institute recognizes and shares best practices in urban design and development for the benefit of communities around the globe.

More information is available at uli.org. Follow ULI on Twitter, Facebook, LinkedIn, and Instagram.

About the ULI Greenprint Center for Building Performance

The ULI Greenprint Center for Building Performance is a worldwide alliance of leading real estate owners, investors, and strategic partners committed to improving the environmental performance of the global real estate industry. Through measurement, benchmarking, knowledge sharing, and implementation of best practices, Greenprint and its members strive to reduce greenhouse gas emissions 50 percent by 2030 and achieve net-zero carbon operations by 2050.

About the ULI Building Healthy Places Initiative

Around the world, communities face pressing health challenges related to the built environment. Through the Building Healthy Places Initiative, launched in summer 2013, ULI is leveraging the power of ULI's global networks to shape projects and places in ways that improve the health of people and communities.

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INTRODUCTION TO HEALTH AND SOCIAL EQUITY IN REAL ESTATE

Commercial real estate companies are beginning to grasp the value of health and social equity investments in their portfolios. The 2020 coronavirus pandemic has pushed health to the forefront for real estate companies. Even before the pandemic, however, companies were integrating a focus on health and social equity into their buildings and portfolios.

For some firms, programs and activities that advance health and social equity at their properties or across their portfolio are a new proposition. Often they aim to first prove out concepts at the asset level, then they ultimately adopt health and social equity practices on a portfolio-wide scale as they integrate these practices into their long-term business strategies. They are also figuring out how to quantify and analyze the resulting costs and benefits. These considerations and associated investments are influencing real estate practices and resulting in healthier and more inclusive buildings and communities.

Despite the challenge of obtaining consistent and meaningful metrics, the industry is interested in identifying the business case for health and social equity in real estate practices. Within the real estate industry, the business case is evident in qualitative value, as tenant surveys and faster lease re-ups help show the value of health and social equity investments at the asset level. Developers are benefiting from the surrounding community's success upon investment in these practices. Healthy building certifications provide a third-party stamp of an asset's value and have grown in popularity, especially in response to the coronavirus pandemic. Government incentives help make the financial business case for implementing such projects. Firms are also seeing increased value through branding and marketing the efforts of their health and social equity work.

These firms are implementing projects at the asset level, such as offering child care in workforce housing and providing increased access to healthy food choices, and are committing to portfolio-wide actions such as adoption of healthy building certifications, training in green janitorial cleaning, and programs to address the incidence of suicide by construction workers. And it's not just nonprofit developers that are leading on health and social equity: for-profit market-rate real estate firms understand the value proposition and are implementing programs and projects for their buildings, their occupants, and the broader community. Further examples of how real estate early adopters have advanced health and social equity are detailed in this report.

Defining Health and Social Equity in Real Estate

Health and equity issues are interconnected and intersect with real estate and land development in inextricable ways. Research has increasingly made clear that health is not just what happens in the doctor's office. Instead, individual and public health outcomes are the result of many factors related to where people live and work, and the influence that their homes, workplaces, and communities exert on their well-being. Health is shaped by an accumulation of factors that include housing, transportation, education, and job opportunities—the social determinants of health.

Because of disinvestment driven by systemic racism and other factors, low-income communities and people of color—in particular, Black people—are especially likely to lack access to the ingredients they need to thrive, including stable, healthy, and affordable housing; high-quality employment, food, and transportation options; and strong social services. The coronavirus pandemic has illuminated and exacerbated these disparities.

This report employs the following definitions:

Health: Health is a state of complete physical, mental, and social well-being, and not merely the absence of disease or infirmity. Health is shaped by a variety of factors, including the built environment, access to job opportunities, education, and more.

Social Equity: Equity means just and fair inclusion. An equitable society is one in which all can participate and prosper. According to the PolicyLink Equity Manifesto, the goal of equity must be to create conditions that allow all to reach their full potential.

Health Equity: Health equity means everyone has a fair and just opportunity to be healthier. This condition requires removing obstacles to health such as poverty and discrimination and their consequences, including powerlessness and lack of access to good jobs with fair pay, quality education and housing, safe environments, and health care.

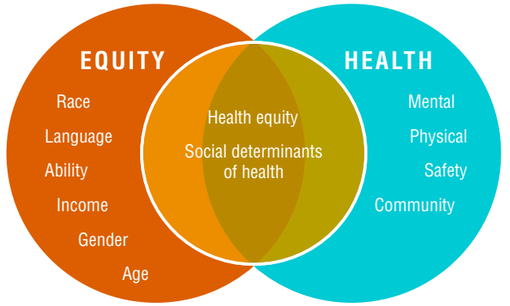

Figure 1: Issues map illustrating relationship between health and social equity.

Real estate development projects and initiatives can directly influence health and social equity. Addressing health issues through an equity lens helps ensure that health-promoting strategies are inclusive, and it prevents the exacerbation of existing inequities.

Figure 1 demonstrates the links between health and social equity. Part 2 of this report showcases real estate examples from the field that value health equity, social equity, or both in their developments and operations.

Heightened Importance in 2020

The health and social equity strategies highlighted in this report have a heightened level of importance in today's world. The ongoing coronavirus pandemic has both exacerbated and illuminated long-standing historic inequalities. Black people have disproportionately shouldered the burden of fighting the pandemic and keeping cities operating, while bearing the brunt of the pandemic's health and economic impacts.

Before the pandemic, real estate companies were already searching for information on accelerating health and social equity investments and the business case behind those decisions. Now, the lessons learned and success stories are even more important. Where applicable, company project profiles reflect any changes or considerations as a result of COVID-19.

The history of urban planning and real estate development in the United States has included racist practices that have caused economic and social harm to Black and minority people for generations. The 2020 racial justice protests across the globe further elevate the need for the real estate industry to acknowledge this legacy while prioritizing investments to make real and lasting progress.

2019 ULI *State of the Market* Assessment

ULI and partners conducted a comprehensive assessment in 2019 to identify the state of the market for health and social equity, the level of adoption of health and social equity practices across the industry, and key drivers for accelerating investment in health and social equity in the built environment.

Results from the assessment and related report, *Health and Social Equity in Real Estate: State of the Market,* help inform this report by clarifying the industry's overall level of health and social equity adoption, and motivators and barriers to increased implementation. The report identified market needs, such as a business case for health and social equity and the sharing of best practices—examples and ideas of innovations and approaches in the market.

This report directly addresses those needs by providing details on the value proposition for real estate firms to invest in health and social equity at their properties and by showcasing successful real estate health and social equity projects and programs.

Rendering of Drexel Square and Schuylkill Yards.

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PART 1:
THE MARKET PERSPECTIVE

There's more to health and social equity in real estate than a simple return on investment (ROI). Unlike calculating the value of energy reductions in dollars saved, determining the value of health and social equity outputs is more difficult because the outcomes have a less direct tie to the investment. Further, because health and social equity real estate initiatives can be carried out in myriad ways, the real estate industry has not collectively settled on metrics for a business case to quantify the impacts of these initiatives across the board.

The Business Case

The qualitative value that results from implementing health and social equity practices is not to be overlooked. The coronavirus pandemic taught the real estate industry that health in the built environment shouldn't be an amenity or a "nice to have" only because it affects the bottom line: it should be the baseline.

Real estate companies that have been successful in accelerating and integrating health and social equity considerations fold the value proposition into their portfolio and ongoing business practices. They are finding value by using tenant and resident surveys, harnessing the power of building certifications, and building government incentives into the pro-forma. These firms also focus on health and social equity to gain an altruistic competitive edge by performing better when the community thrives, and by promoting their efforts through branding and marketing.

The Renaissance gazebo and common space.

LAUREL STREET

Occupant Demand

Occupants increasingly demand healthy physical environments for employees and residents. In response, the industry is stepping up and making improvements to existing properties and planned developments. Many features not only add value but also address societal needs, such as bike storage and shower facilities at office buildings and health-forward affordable housing units.

In light of the coronavirus pandemic, advancing health and well-being in buildings is no longer just a trend, it is a necessity to limit the impacts of the pandemic and any potential future outbreaks. Now tenants of all types, not just the premium big-name tech tenants, are seeking healthy spaces for their occupants to work, live, and play. Building owners and developers are receiving tenant requests for healthy buildings through means of air quality, increased ventilation, building certifications, occupant temperature checks, green cleaning, and more. Increasingly, health- and social equity–related features are strong tenant recruitment and retention tools. For example, one of Pembroke's office tenants cited appreciation of the building's health and wellness amenities as a major factor in renewing its lease with increased square footage.

Real estate firms use surveys to track and understand tenant and resident needs, and these surveys are beginning to add sustainability topics to the list. Kingsley Associates, a company that oversees such surveys, runs an annual tenant survey platform for real estate companies to measure and track the entire tenant experience. These surveys address matters from leasing process to service delivery, sustainability of a space, retention, health and wellness, and loyalty and overall satisfaction. More real estate firms such as Clarion, Kilroy Realty Corporation, and The Tower Companies are asking to add questions to the typical tenant/resident survey on sustainability and health and well-being to gauge the satisfaction of tenants and employees on those topics.

Although Kingsley survey questions on sustainability and health are relatively new, the company has been asking since 2008, "How important are sustainable building operations to your company?" In 2008, 61 percent of respondents answered "important" or "very important," and by 2018 that number had grown to 74 percent. Responses from the national 2018 Kingsley survey include strong preferences for health and social equity elements:

- 83 percent of office respondents said having access to healthy food options was important or very important.
- Over 80 percent of office respondents said having a recycling program and energy efficiency were important or very important.
- 70 percent of office respondents said having access to exercise options (e.g., gyms or trails) was important or very important.
- 68 percent of office respondents said having access to green space or nature was important or very important.

The surveys also help owners and managers understand why tenants are interested in sustainability across specific asset types:

- Industrial respondents ranked the following items highly as reasons their company was interested in sustainability: cost savings (55 percent), healthier work environment (40 percent), corporate responsibility goals/initiatives (39 percent).
- Office respondents ranked the following items highly as reasons their company was interested in sustainability: healthier work environment (65 percent), cost savings (45 percent), corporate responsibility goals/initiatives (41 percent).
- Multifamily respondents answered that the following items were of interest to them in a property: fitness center (84 percent), sustainability/green initiatives (73 percent), on-site renewable energy (63 percent), community vegetable garden (49 percent), organic waste composting (47 percent).

By asking targeted questions on these surveys, such as "What health and wellness programs would you like to see on the property?" and "Did the health and social equity components of this property impact your decision to lease/rent?," real estate companies can begin to document more direct metrics to better track resulting impact and value from health and social equity efforts.

Community Success

Real estate developers leverage the opportunity to collaborate with and get valuable input from the community to inform development decisions. This ultimately can help foster a mutually beneficial relationship between the real estate company and the surrounding community. The more successful and prosperous a community is overall, the more financially successful the real estate within it will be.

Community engagement is no longer a "check the box" activity for real estate developers. As affirmed by the Los Angeles LDC, the more time developers spend up front to incorporate equity and community engagement, the more valuable the project can be on the back end. Community collaboration can help meet and affirm market demand, while also potentially working toward improving the bottom line of the company through faster approvals, increased rental rates, and enhanced tenant retention. Brandywine Realty Trust's Schuylkill Yards development is one example of a megaproject that deeply engaged the community to identify the best ways to positively revitalize the neighborhood.

State and local municipalities are adopting public policies and regulations designed to foster healthier and equitable projects and communities. Community stakeholders, such as local nongovernmental organizations (NGOs), often play a critical role in helping propel these policies forward. Further, many real estate firms negotiating development details with a municipality include health and social equity measures to strengthen the final proposal.

To get the most value from community engagement, developers must work to cultivate long-term trusted relationships with communities before starting the project in full force. Community meetings held before and during the development planning phase are a starting point for companies to gather feedback. Often local institutions, like churches, can partner with developers and lean-in to the process to ensure that the resulting development is supportive of the long-time residents in the community. These institutions often have a strong grasp on community needs and can become critical partners.

For example, Primestor prides itself on thorough in-house community outreach and on creating partnerships with the entire community over the life cycle of their real estate projects. Laurel Street Residential connects with local churches and long-time residents in neighborhoods it plans to develop.

Additional initiatives can be put in place once construction has started. During construction, Tishman Speyer, for example, implements ongoing community surveys and offers 24/7 phone and email lines open to members of the public who would like to weigh in on plans and progress. These efforts require significant time and effort—first to hear what people want and need for their community and then to analyze how to bring those requests to the project within the parameters of the development's budget and expected returns. This process results in a quality development project that stands the test of time.

Although developers generally have a shorter-term outlook on returns from development projects, the upfront cost of investing in social equity actions can have long-term payoffs. Proactive work on social and racial equity during the entitlements process allows for leadership, involvement, and creativity from the developer to propose specific investments and programs, rather than simply reacting to less-innovative city requests such as paying $20,000 to clean the streets.

For example, proactive proposals by Trammell Crow Company focused on meaningful workforce development to support local residents for a big retail project in Washington, D.C., and included both apprentice/construction jobs and training programs for retail jobs at the stores in the buildings being built.

As Boston Properties' Hub on Causeway exemplifies, community engagement becomes particularly important for long-term hold owners who plan to hold assets for 10, 15, 20 years or even longer: the assets' financial performance depends on the local communities thriving. Building owners and operators can continue this symbiotic relationship through long-term engagement and partnerships with local schools, religious groups, and other organizations important to local community.

A view of theMART on the Chicago Riverwalk.

Government Incentives

Many real estate firms take advantage of incentives to improve the financial business case for implementing health and social equity practices. Incentives typically come from federal, state, or local governments, utilities, or third-party financing institutions. Oftentimes incentive programs will require companies to meet certain parameters or take certain actions but can lead to high paybacks for successful completion of incentive terms. Incorporating these incentives into the pro-forma helps cover the incremental costs of including health and social equity in the projects.

Companies like Laurel Street Residential leverage such government funding and financial incentives in their capital stack to make the business case for mixed-income housing developments. Jonathan Rose Companies secured financing for its Grace West Manor redevelopment using the low-income housing tax credits program, which allowed for an additional $18 million in upgrades to the asset.

EXAMPLES OF EFFECTIVE INCENTIVES

Funding/financing incentives

- Tax increment financing
- Low-income housing tax credits
- New market tax credits
- Fannie Mae Healthy Housing Rewards program
- Opportunity zones
- Community development block grants
- Incentives for Leadership in Energy and Environmental Design (LEED) certification

Local requirements

- Affordable housing density bonuses
- Local hiring
- Access to outdoor space
- Bicycle and transit route proximity

Other

- Technical assistance
- Capacity-building workshops

The Tower Companies headquarters lobby.

Competitive Branding/Marketing

Some firms implement socially equitable developments to boost their brand identity and uphold their organization's reputation. The more favorable public perception can be better for business, especially if social equity actions align with local government priorities, and can help the organization in indirect ways, like attracting higher-caliber talent.

Marketing and communication of health and social equity efforts can demonstrate competitiveness in the market and can also help companies demonstrate that they understand the moral and ethical obligation to provide a healthy and equitable space. Real estate firms like Boston Properties, Jamestown, The Tower Companies, Pembroke, and Vornado use their leadership in health and wellness in messaging to their clients and their communities.

Although the coronavirus pandemic certainly brought to light the importance of health and wellness for all generations, before the crisis millennials in particular were gravitating toward employers and buildings—both residential and commercial—that focused on health and wellness. Surveys demonstrate that millennials prefer employers who focus on these initiatives. A 2019 Welltok report found that 78 percent of millennials believe their company should do more to support their health and wellness needs.

For many commercial real estate owners and investors, this mandate translates to not only implementing health and wellness initiatives but also ensuring proper branding and marketing to maintain a reputation as being in touch with the community and trends. Some companies, such as Tishman Speyer, have a dedicated employee focused on bringing environmental, social, and governance (ESG) strategy together, branding it, and communicating and marketing it properly.

MARKET INITIATIVES FOCUSED ON HEALTH AND SOCIAL EQUITY

NAACP Centering Equity in the Sustainable Buildings Sector
The National Association for the Advancement of Colored People (NAACP) Centering Equity in the Sustainable Buildings Sector (CESBS) initiative works to ensure a just transition within communities. This effort includes ensuring equitable access, opportunities, treatment, impacts, and outcomes for all regardless of identity or status. Since its launch in 2018, the program has brought together hundreds of stakeholders and has published yearly goals for the group.

Social Economic Environmental Design
Social Economic Environmental Design (SEED) aims to promote design projects that focus on inclusivity and participation. The network aims to build a culture of supporting civic responsibility and engagement across the built environment. SEED shares best practices and ideas via an evaluator, awards, case studies, and additional resources and tools. The SEED Evaluator provides guidelines for pursuing a design process informed by inclusivity and participation that can lead to SEED certification. Companies that are just beginning their journey as well as those further along may find value in the variety of resources offered through SEED.

The Renaissance townhouses.

Building Certifications and Reporting Structures

Companies are promoting health and social equity in their assets through the use of property-level certifications. These certification programs have been instrumental in raising awareness and driving adoption of a variety of health and social equity practices that can be implemented on a project. Building certification also adds reputational value and provides a competitive edge, which translates to financial gain.

Traditional green building certifications include credits for many health and social equity considerations, and further market interest has driven health-specific certifications into fruition. Although building certifications have been around since the 1990s, the advent of WELL in 2014 and Fitwel in 2015 spurred a new generation of health-focused buildings and real estate practitioners. Further, structures for reporting sustainability work are helping companies align their health and social equity efforts to broader reporting schema and hold themselves accountable to their commitments. Table 1 outlines these certifications and reporting structures in more detail.

Table 1:

Green Building Certifications and Reporting Structures with Health Elements, Social Equity Elements, or Both

Certification/Reporting Structure	Details	Health/Social Equity Elements
Leadership in Energy and Environmental Design (LEED)	Coordinated by the U.S. Green Building Council (USGBC), LEED was created in 1998 and regularly evolves as the market changes. In 2020, LEED employs version 4.1, which addresses a wide array of energy, sustainability, health, and social equity areas.	Core credits that address health and social equity issues include air quality, nontoxic environments, access to transit, and healthy food. Also provides guidance for promoting health and social equity through "pilot" credits: Social Equity within the Project Team, Social Equity within the Community, Social Equity within the Supply Chain, and Integrative Process for Health Promotion.
LEED Safety First Pilot Credits*	As part of its Healthy Economy strategy, the USGBC has added six LEED pilot credits to help building teams provide healthy spaces and assist with re-entry from COVID-19 shutdowns.	Six LEED Safety First pilot credits as a response to the coronavirus pandemic: Cleaning and Disinfecting Your Space credit; Re-enter Your Workspace credit; Building Water System Recommissioning credit; Managing Indoor Air Quality During COVID-19 credit; Pandemic Planning credit; Social Equity in Pandemic Planning credit
Living Building Challenge (LBC)	The Living Building Challenge was created in 2006 and addresses regenerative design and sustainable building features for long-term improvement of the local environment.	Two of the LBC petals include the Equity Petal and the Health and Happiness Petal. The Equity Petal awards buildings that foster an inclusive sense of community that is just and equitable regardless of an individual's background, age, class, race, gender, or sexual orientation, and includes a requirement that for every dollar of total project cost, the development must set aside and donate half a cent or more to a charity of its choosing. The Health and Happiness Petal awards buildings that focus on the most important environmental conditions that must be present to create robust, healthy spaces rather than to address all the potential ways that an interior environment could be compromised.
Enterprise Green Communities	Launched in 2005, Enterprise Green Communities sets the standard for green affordable housing construction nationwide. Currently 27 states and Washington, D.C., require that affordable housing developments receiving public funds comply with the criteria.	Criteria include features in the following categories: integrative design, location/neighborhood fabric, site improvement, water, operating energy, materials, healthy living environment, and operations and maintenance and resident engagement. Any Enterprise Green–certified community is automatically WELL certified also.
Certified Organization for Resident Engagement & Services (CORES)	Stewards of Affordable Housing for the Future (SAHF) certification that recognizes owners that have developed a robust commitment, capacity, and competency in providing coordination of resident services in affordable rental housing.	SAHF is the certifying entity of CORES and intends to build on SAHF's mission to advance the creation and preservation of healthy, sustainable affordable rental homes that foster equity, opportunity, and wellness for people of limited economic resources by promoting and providing resources for robust resident services across the country.
EarthCraft Multifamily	Multifamily standards for low-rise and mid-rise multifamily projects, EarthCraft standards address a wide range of sustainability considerations, including environmental performance, indoor air quality, building durability, comfort, and affordability.	"Well-built for well-being." The EarthCraft standard reflects Southface's commitment to involve builders and industry leaders in creating holistic buildings in which all systems work together for optimal performance, health, sustainability, and comfort.
WELL	International WELL Building Institute's performance-based system measures, certifies, and monitors features of buildings that affect human health and well-being.	The certification analyzes buildings in the following categories: air, water, nourishment, light, movement, thermal comfort, sound, materials, mind, community, and innovations. Certifications range from Silver to Platinum level.
WELL Health-Safety Rating*	This rating focuses on protocols, operations, and emergency plans in a post–coronavirus pandemic environment to better address health, environment, and safety-related issues in the future.	Criteria are broken down into the following categories: operational policies, maintenance protocols, emergency plans, and stakeholder engagement. In addition, rating systems are segmented by asset type (e.g., sports entertainment, movie theater, education, offices, and so on).
Fitwel	Fitwel is a certification system for optimizing building design and operations to support health and well-being.	The seven health impact categories include impacts community, reduces morbidity and absenteeism, supports social equity for vulnerable populations, instills feelings of well-being, provides healthy food options, promotes occupant safety, and increases physical activity.
Fitwel Viral Response Module*	This Fitwel module addresses health and wellness areas that respond to the coronavirus pandemic.	The module includes the following criteria: cleaning and maintenance protocols, indoor air and water quality, educational signage, emergency preparedness and pandemic planning, stakeholder engagement and collaboration, communication practices, and health promotion programming.
RESET	RESET is the first sensor-based, real-time certification system, allowing for more accurate and current standards.	With the understanding that air quality is a critical component of a healthy building, the certification is driven by real-time data, health standards, long-term monitoring, and communication.
United Nations Sustainable Development Goals (UN SDGs)	The SDGs provide a framework for UN member states to promote solutions to end poverty and other deprivations. The framework acknowledges that this must go hand in hand with strategies that improve health and education, reduce inequality, and spur economic growth—all while tackling climate change and preserving oceans.	Health and equity considerations are pervasive throughout the majority of the SDGs, such as #3, Good health and well-being, and #5, Gender equality.
Global Real Estate Sustainability Benchmark (GRESB)	Leading environmental, social, and governance (ESG) reporting platform for real estate companies, GRESB compares investment funds on sustainability performance.	Health module includes questions such as, Does the company have a policy for health and well-being? Does the company have a senior employee responsible for health and well-being issues? Does the organization monitor the impact of employee health promotion strategies on employee health and well-being goals? Does the entity understand the health and well-being–related needs of tenants and of its real estate assets and/or customers for its services?

*Modules created specifically to address the coronavirus pandemic

According to a study by Fitwel, 49 percent of building owners are willing to pay more for buildings that have a demonstrated positive impact on health. Some companies are simply harnessing the power of brand recognition and marketing budgets in order to attract tenants and residents to their properties by advertising certifications and health- and social equity–related initiatives.

For example, the Hudson Pacific Properties redevelopment of the Ferry Building includes LEED and Fitwel certifications, as well as a farmer's market held at the building three times a week in partnership with the Center for Urban Education about Sustainable Agriculture (CUESA). Prologis is bringing health and well-being to the industrial sector and its workforce as the first company to achieve WELL certification in a logistics real estate property. Vornado prioritizes wellness certifications such as Fitwel and RESET at theMART redevelopment project.

Building tenants pursue WELL four times more often than building owners do; occupants directly gain value from the health benefits to attract and retain talent, enhance employee engagement and productivity, and reduce absenteeism. Nonetheless, some early-adopter real estate companies choose to scale certifications across their portfolio. For example, Fitwel Champions such as Boston Properties, Clarion, Hudson Pacific Properties, Kilroy Realty Corporation, Gerding Edlen, Tishman Speyer, and The Tower Companies use Fitwel standards across projects.

Other entities leverage these certifications to drive financing programs that reward healthy buildings. Fannie Mae offers a certification-tied program that has direct economic implications: the Healthy Housing Rewards program. This financial incentive program promotes affordable housing development that focuses on health and wellness. The program uses the CORES certification and includes two pathways for borrowers to qualify: borrowers can either demonstrate healthy design—relying on Fitwel certifications—which results in a 15 basis point reduction, or they can demonstrate enhanced resident services in affordable housing assets, which results in a 30 basis point reduction.

Investors recently have explored options to encourage real estate funds to implement health and social equity projects, in part because of the ability to measure and track consistently through healthy building certifications and ESG reporting schemes like the Global Real Estate Sustainability Benchmark. Although not yet a key feature on ESG investors' minds, health and social equity are of interest and will be a larger focus as the market evolves to consistently measure and report on those initiatives. Investors like Nuveen are interested in achieving a positive impact on society by investing in real estate funds selected via data-driven criteria and metrics.

THE CORONAVIRUS PANDEMIC AND HEALTHY BUILDING CERTIFICATIONS

With the advent of the coronavirus pandemic, the demand for "healthy buildings" has dramatically increased. ASHRAE is calling for 100 percent outside air ventilation in commercial buildings. The Centers for Disease Control and Prevention (CDC) is offering guidance on office environments' ventilation, outdoor air, water systems, and more. Building operators are increasing their green cleaning activities in a visible and frequent way. Tenants are expecting their leased spaces to be as healthful as possible.

In response, the International WELL Building Institute has created a new WELL Health-Safety Rating specifically to address the pandemic, and the Center for Active Design has added a new Viral Safety Module to Fitwel. LEED has added new Safety First pilot credits to help building teams provide healthy spaces and to assist with reentry. Many owners are leaning on third-party healthy building certifications as a proof point that their buildings are indeed healthy and fit for occupancy.

Measuring Impacts

While many companies are already taking a hard, data-driven stance on environmental metrics and performance goals, the focus on health and social equity is generally less well defined and less consistently measured. As with any commercial real estate strategy, owners and investors are likely to seek quantifiable metrics before they justify scaling programs. Without standard industry metrics, the real estate industry has been left to find innovative, creative, and qualitative key performance indicators to measure program benefits.

Metrics

Although qualitative metrics and value propositions are proving successful and sufficient for some companies, the need remains for more holistic and widely agreed upon standards so that investors and developers alike can measure, verify, and value success. How the commercial real estate industry addresses the valuation depends on factors that include investment strategy, geographic region, and asset type.

The market is ripe for additional ways to measure and verify health initiatives beyond healthy building certifications or metrics like indoor air quality or walk score. Outcomes from social equity investments also can be challenging to collect, track, and analyze across projects, with some options being number of jobs created, number of youths enrolled in after-school programs, or percentage of employees and contractors living in the town where they work.

SAMPLE METRICS FOR MEASURING HEALTH AND SOCIAL EQUITY IMPACTS

Health metrics

- Walk scores
- Health impact assessments
- Participation rates in health programs
- Measured air quality improvements or alignment with standards
- Achievement of healthy building certifications
- Demonstrated improved health outcomes

Social equity metrics

- Number of affordable housing units created/preserved
- Number of quality jobs created
- Percentage of employees living in the town where they work
- Number of youths enrolled in after-school and summer programs
- Indexes or tracking associated with community benefit agreements
- Dollars invested
- Volunteer hours completed
- Title VI compliance

Both health and social equity metrics

- Demonstrated employee/tenant retention
- Number of event participants
- Children's Health Insurance Program (CHIP) Livable Place Index compliance
- Amount of open park space created
- Number of meals donated
- Occupant and community feedback

Calculators and Tools

Early tools and calculators in the market, as highlighted in table 2, attempt to measure and value these efforts. Although no calculator or initiative is perfect at quantifying impacts, the existing efforts are a strong start for helping to quantify the costs and benefits of health and social equity in real estate.

Table 2:

Health and Social Equity Calculators and Tools

Tool	Details
Autocase Triple-Bottom-Line Analyses	Autocase actively tracks and quantifies triple-bottom-line (people, planet, profit) analyses for a variety of assets, including offices, industrial spaces, airports, and others. Building owners input operational and design data, and the Autocase software aids in putting a dollar value on impacts such as health, absenteeism, and productivity to calculate a social return on investment (ROI) for the project. The platform and company consultants aid building owners in making informed decisions about upgrades and future building improvements focused on health and social equity. Real estate firms like Jamestown, Kilroy Realty Corporation, and Prologis have leveraged this analysis to understand the social ROI of their real estate projects.
eTOD Social Impact Calculator	This tool helps developers discover the social and economic impacts of affordable housing developments and the benefits of locating them near transit. It provides a broad swath of data important to developers, households, neighborhoods, and communities: parking, jobs, public transportation, greenhouse gas emissions, building purchasing power, and bike sharing. Real estate entrepreneurs used the eTOD (transit-oriented development) calculator, for example, to understand the social impact of a transit-oriented development in Washington Park outside Chicago.
LIIF Social Impact Calculator	The Low Income Investment Fund (LIIF) calculator is an open-source tool that estimates the social value of community development projects and puts a dollar value on initiatives such as affordable housing, early childhood care, education, health centers, and access to transit. It also goes beyond a dollar value and estimates the social return for each. LIIF is a community development financial institution (CDFI) that provides innovative capital solutions that support healthy families and communities. As a CDFI, LIIF invests in projects that have high social value but may not be able to access the services offered by traditional financial institutions.
SocialProfit Calculator	This U.K.-based firm forecasts, monitors, and evaluates the entire life cycle of projects, helping clients have a purpose beyond profit. The solutions use government-approved methodologies to understand the long-term value of projects. Quantified benefits include fiscal savings, well-being improvements, local economy supply chain impacts, economic benefits, environmental benefits, and gross value added from employment. Clients cover the construction and infrastructure industry, as well as social investment, professional services, and public and third sector. Real estate firms like Newcore Capital Management and Alpha Real Capital have used the SocialProfit Calculator.
Social Value Portal	This U.K.-based tool allows organizations to measure, manage, and report the contribution that their organization and supply chain make to society. The methodology allows organizations to report both nonfinancial and financial data and rewards organizations for doing “more good” in the community through their projects. Environmental value, economic value, local employment, mentoring hours, and training weeks are all metrics that can be highlighted. It also offers expertise on community needs and public sector targets. The portal also has added a coronavirus pandemic feature and boosts a number of free and paid resources and tools on the website. Contractors have had the social value portal analyze developments like Lendlease’s 245 Hammersmith Road by outputting the amount of social value delivered from the project.

The Pearl multifamily building in Silver Spring, Maryland.

THE TOWER COMPANIES

PART 2:
EXAMPLES FROM THE FIELD

With the health and social equity field so new and broad, real estate firms often struggle with getting started and identifying ideas and initiatives to implement. They need to know what's working, how programs are implemented, and what resulting impacts are measured.

The profiles listed in table 3 and detailed in this report present a range of successful examples of projects and programs from the field that span a range of building types, scales, and geographies. They are intended to provide inspiration and information to real estate practitioners seeking to amplify their focus on health and social equity in their work.

Some practices provide both health and social equity benefits. Some are more focused on health and, unless targeted to low-income communities, may not have a social equity–promoting outcome. And some are aimed at improving the social determinants of health, and thereby improving health outcomes specifically for historically disadvantaged or excluded groups.

Table 3:

Examples from the Field: Real Estate Health and Social Equity Project Profiles

Company	Description
HEALTH PROFILES	
Vornado Realty Trust	Healthy building upgrades as a core redevelopment focus of a historic asset, with community-focused initiatives that include a local art display along the asset's riverwalk
Clarion Partners	Increased tenant satisfaction via surveys to better address health and wellness–related wants and needs of building occupants
Tishman Speyer	Using technology and community engagement to carry health from the construction phase through the occupancy phase of an asset
The Tower Companies	Health and wellness–certified multifamily building with eye toward active living and cutting-edge building layouts and designs
Pembroke	An office building renovation that prioritizes health and wellness and sees a tenant renew and double leased space as a result of these features
Kilroy Realty Corporation	Partnership with a green janitorial cleaning training and implementation initiative rolled out through the entire office portfolio
SOCIAL EQUITY PROFILES	
Brandywine Realty Trust	Long-term neighborhood revitalization development megaproject that incorporates large-scale community investments in job training, parks and open space, local business support, and more
Primestor	Shopping center development in brownfield neighborhood answering the community's call for increased workforce development
Trammell Crow Company	Retail development in overlooked neighborhood that ensures local hiring and permanent job creation to preserve and strengthen the community
FCP	Nonprofit community collaboration that offers workforce housing residents more equitable access to child care options
PROFILES OF BOTH HEALTH AND SOCIAL EQUITY	
Jonathan Rose Companies	An affordable housing property that undergoes two multimillion-dollar renovations specifically focused on increasing the equitable access to health and wellness and sustainability features
Laurel Street	Mixed-income residential development following the Purpose Built Communities model, with a priority to increase health and wellness as well as equitable access to housing and community services
Boston Properties	Mixed-use transit-oriented development that brought an affordable grocery store to a previous "food desert" and revitalized a transportation hub
Prologis	Workforce development program that addresses gaps in the logistics industry with a focus on underserved communities and that improves the health and well-being of its warehouses for occupants
Lendlease	Mental health and suicide prevention program with a focus on the needs of construction sector workers
Hudson Pacific Properties	Historic renovation focused on health and wellness features with ongoing community engagement and programming
Jamestown L.P.	Major redevelopment project along a public trail with community engagement and health and well-being upgrades, including doubling Supplemental Nutrition Assistance Program (SNAP) benefits at the on-site farmer's market

COMPANY:
Vornado Realty Trust

PROPERTY:
theMART

LOCATION:
Chicago, IL

SIZE:
5-acre site, 4 million sq ft

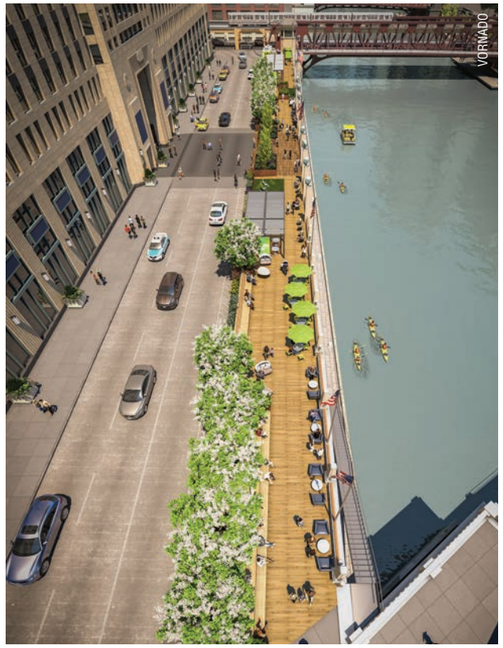
TYPE:
Mixed-use—office, retail showroom, park/open space

STATUS:
Renovations completed in 2016

HEALTH FOCUS:
Healthy building certifications, increased park space, community showcases

PROBLEM/MOTIVATION:
Need for upgraded Riverwalk and increased community space

ACTION/SOLUTION:
Major redevelopment to improve health and well-being, and revitalize the community space while providing local show space for artists



Chicago Riverwalk at theMART.

Healthy Living and Community Showcases at theMART

Vornado Realty Trust, a fully integrated real estate investment trust (REIT) focused primarily on office and retail properties, undertook the redevelopment of theMART, an iconic Chicago Riverwalk property. The project demonstrates how an existing building can become a community hub that also promotes health and well-being.

theMART, located in the center of the sought-after River North submarket, is interwoven into the fabric of Chicago. The 1930s landmark, formerly known as the Merchandise Mart, encompasses 4.2 million gross square feet, spans two city blocks, rises 25 stories, and is visited by an average of 30,000 people each business day and nearly 10 million people annually. theMART offers a showcase location for businesses, holds community art events, and incudes health and wellness features throughout the property.

> "As a leader in ESG, Vornado is committed to providing an optimal environment for employees, tenants, and local communities who spend time in and around our properties. We are thrilled that the redevelopment of theMART and its Riverwalk park has been so successful and look forward to continuing to do our part to support health and wellness."
>
> — **MYRON MAURER**
> Chief Operating Officer, theMART

The development features a newly rebuilt park along the Chicago River and a community art installation/event known as "Art on theMART." Art on theMART is the largest digital art projection in the world, projecting contemporary artwork across the 2.5-acre river facade of theMART. Projections are visible to the public from Wacker Drive and along the city's public promenade, the Chicago Riverwalk.

The installation is fully funded through Vornado as part of its $8 million of infrastructure investment. It not only supports and showcases the work of artists but also provides a family-friendly event each evening to foster community in a rapidly revitalizing area. Vornado licenses part of the city's Riverwalk through the mayor's office.

Chicago Riverwalk at theMART.

The development's new 12,000-square-foot River Park was completed in 2020 as the last phase of the buildingwide transformation, including interior and exterior renovations. This lush green space along the river offers space for outdoor dining and can accommodate private events.

Health and wellness are integrated in Vornado's portfolio and is particularly apparent at theMART. Among its initiatives, Vornado operates a green/eco-conscious janitorial company to manage portfolio-wide maintenance needs, encouraged tenants to participate in active lifestyle events, prioritized building certifications that promote wellness, and integrated health and wellness amenities such as biking, walking, and exercising.

The property has also achieved LEED Gold, Fitwel, and RESET certifications and has increased the amount of bike parking to a total of 375 spaces. As part of theMART's pursuit of Fitwel certification, the building team integrated health and wellness infrastructure for the benefit of theMART's thousands of tenants and daily visitors. Features of this infrastructure include the provision of stairwell access, beginning at the Grand Stair and continuing to the top floors, as well as floor-by-floor installation of automated external defibrillators (AEDs) and training of over 70 first responders. The universal access of such amenities made theMART a prime candidate to be the first building to achieve Fitwel through the multitenant, whole building approach.

Offering continuous innovation and creativity from leading technology, manufacturing, and design-oriented companies, theMART also serves as a business hub for interior designers, architects, contractors, business owners, and buyers. As a testament to the value tenants place on assets that prioritize health and community, theMART is home to Chicago's most creative and technologically innovative companies, including PayPal, Motorola Mobility, 1871, Yelp, and MATTER, as well as Fortune 500 companies Conagra, Allstate, Kellogg's, Beam Suntory, W. W. Grainger, and Bosch. The project's success represents how a REIT can fund a historic building renovation and increase the health and community connectedness on the property.

COMPANY:
Clarion Partners

PROPERTY:
Portfolio-wide

LOCATION:
U.S. nationwide

SIZE:
Portfolio-wide

TYPE:
Market-rate multifamily and office

STATUS:
Ongoing

HEALTH FOCUS:
Using tenant surveys to respond to market demand for additional health and wellness amenities and programs

PROBLEM/MOTIVATION:
Need to gather metrics to better quantify and measure health and wellness

ACTION/SOLUTION:
Use third-party and internal tenant surveys to gauge resident demand and interest in health and wellness

> "Incorporating ESG questions into yearly tenant surveys was a no-brainer for Clarion. We understood early on that tenants' preferences were shifting towards sustainability and health and wellness and saw the opportunity to utilize the surveys to hear first hand what specific health-focused amenities tenants want and why. From the survey responses, we can create a better environment for tenants and stay current on what sustainability and health and wellness features are most important to them. This data also helped to inform our decision to become a Fitwel Champion and IWBI member and pursue health and well-being building certifications at our properties."
>
> **— KATIE VAZ**
> Managing Director, Clarion

Tenant and Resident Survey Engagement with Clarion Partners

Clarion Partners, a New York–based global real estate investment firm, focuses on healthy and active living through a variety of initiatives including Fitwel certifications, a heightened focus on indoor air quality (IAQ), Walk Score/walkability due diligence, and surveys of tenants and residents on health and wellness.

While many companies use third-party surveys to gauge interest in a number of areas, Clarion notably includes health and wellness–related questions and has seen a marked increase in respondents focused on those topics. Of those surveyed in 2019 about why they were interested in sustainability and health and wellness initiatives, 69 percent responded it was because of the desire for a healthier work environment, 51 percent said cost savings, and 50 percent said corporate social responsibility goals/initiatives. Data gathered from these surveys helps better inform property decisions.

To obtain information on sustainability and health and wellness, Clarion integrates questioning into both due diligence and tenant/resident engagement. An ESG checklist, which includes questions on items such as walk, bike, and transit scores, is incorporated into the due diligence process while third-party survey providers, like Kingsley Associates, and internal surveys are used to analyze tenant satisfaction with their properties. Scores and data are included in investment memorandums that are presented to the company's Investment Committee and used to assess property eligibility for healthy building certifications like Fitwel.

Residents at The Ashley Gables Buckhead in Atlanta, Georgia, can relax and recharge in the restorative garden.

SAMPLE HEALTH AND WELLNESS: FOCUSED QUESTIONS AND RESULTS FROM A 2019 SURVEY OF CLARION'S PORTFOLIO

Why is your company interested in sustainability initiatives? (Choose all that apply.)

- Healthier work environment (69%)
- Cost savings (51%)
- Corporate responsibility goals/initiatives (50%)
- Attracting/retaining employees (36%)
- Engaging your customer/community (24%)
- Personal interest of company decision-makers (21%)
- Company not interested in sustainability initiatives (6%)

On a scale of "not important at all" to "very important," rank how important the following items are to you. (Percentages indicated below are the respondents who selected "important" or "very important.")

- Access to healthy food options (85%)
- Proximity to public transportation (78%)
- Access to nature (71%)
- Access to exercise (71%)
- Social spaces in common areas (58%)
- On-site shower access (57%)
- On-site bike storage (54%)
- Wellness services (52%)
- On-site child care services (37%)

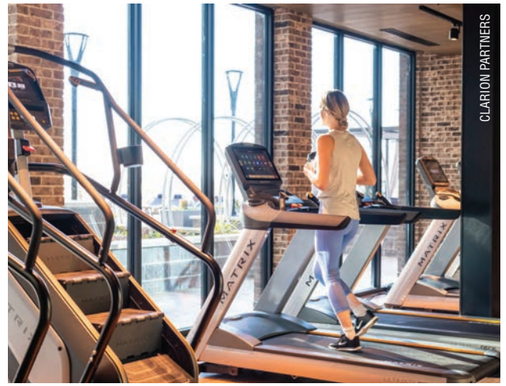
Among the amenities indicated as "important" or "very important," which amenities are the must-haves in your search for office space? (Choose all that apply.)

- Access to exercise (e.g., gyms, trails) (57%)
- Outdoor seating areas (52%)
- On-site showers (35%)
- Access to green space/nature (28%)
- On-site bike storage (26%)
- Social spaces within the building's common areas (19%)
- Activities that engage with the community (12%)

How likely is your company to pay additional rent for these amenities? (Percentages listed are those respondents answering "likely" or "very likely.")

- Access to exercise (38%)
- Proximity to public transportation (36%)
- On-site child care services (36%)
- On-site showers (31%)
- Access to healthy food (29%)
- On-site bike storage (23%)

Rooftop and community gathering location for multifamily residents.



State-of-the-art fitness center at The Ashley Gables Buckhead, Atlanta, Georgia.

As noted from the responses, tenants value more access to healthy food options, exercise, and spaces and programs for community engagement. These responses have enabled Clarion to not only adjust programming and amenities at individual locations in response to tenant feedback, but also to factor in these considerations when selecting new locations for assets.

Clarion works to meet these tenant requests by enacting initiatives such as improving IAQ, addressing the walkability of assets, and providing community engagement events and access to fitness and shower facilities and bike storage. Clarion also engages tenants with creative messaging such as "Burn Calories, Not Electricity. Take the Stairs!" signs to encourage tenants to be more active. Knowing that health and wellness is a conscious business decision, and that tenants are increasingly demanding it, such initiatives will continue to be a long-term strategy for Clarion.

COMPANY:

Tishman Speyer

PROPERTY:

The Spiral, and portfolio-wide

LOCATION:

New York, NY, and global

SIZE:

12 acres, 2.85 million sq ft, and 10,000 workers

TYPE:

Office, portfolio-wide

STATUS:

Program launched in 2017

HEALTH FOCUS:

Addressing both occupant and construction workers' needs under one comprehensive platform

PROBLEM/MOTIVATION:

Holistically address health across the development value chain

ACTION/SOLUTION:

Provide construction worker and tenant health and wellness offerings through the ZO. platform

Construction underway on The Spiral.

Carrying Health Initiatives from Construction to Occupancy at The Spiral at Hudson Yards

A dedication to health is integrated into the culture of Tishman Speyer, a New York–based global private real estate firm. The Fitwel Champion launched the amenity app "ZO." in 2017 with the goal of helping its corporate tenants achieve a healthy work-life balance.

Tishman Speyer rolled out ZO. at its Rockefeller Center property in New York City, offering tenants a comprehensive suite of wellness, lifestyle, and corporate services. Now the developer is expanding the program's reach by offering access to the app to its construction workforce at The Spiral at Hudson Yards. This marks the first time such an amenity package has ever been offered to a construction team.

According to the U.S. Chamber of Commerce, about 61 percent of construction companies are having difficulty finding experienced workers. Tishman Speyer anticipates about 10,000 workers will work on the construction phase of The Spiral, set to complete in 2022, and knows the health and wellness of those workers is a top priority.

The Building and Construction Trades Council of Greater New York is pleased to see developers like Tishman Speyer providing services that benefit its union members. Amenities offered to the construction workers come at no cost to the trade workers, and the workers are able to access and book all services through Tishman Speyer's ZO. mobile app.

Services available to construction workers through the ZO. app include

- A wide variety of personalized online video fitness and well-being classes, available for workers and their families to stream at home
- Lunch offerings
- Ergonomics coaching
- Stretch & Flex: Morning warm-ups
- End-of-day massages and wellness services
- Haircuts and shaves
- On-site medic providing acute medical care and drug and alcohol screenings
- Blood sugar checks
- Blood pressure checks
- Body mass index (BMI) screenings
- Nutrition consultations
- Access to online project orientation for contractors
- Smoking cessation services

Construction worker on-site haircuts at The Spiral.

> "We believe our health and wellness amenities should be available to everyone who works in our buildings, and that includes those that build our buildings. It's a natural extension of the program to now offer it to our construction workers."
>
> **— ROB SPEYER**
> CEO, Tishman Speyer

Further, indoor amenities available for booking on the app include

- A break room for workers
- Expanded wellness services, including healthy eating demos
- Computer and printer area
- Privacy phone booths on the break room floor
- Expanded food offerings

Tishman Speyer collects statistics throughout the construction process to track these activities for insurance purposes and can leverage the data to measure its health and social impacts as well. The philosophy is that an employee who feels better is more productive.

Once construction of The Spiral is complete and the building is occupied, Tishman Speyer will continue its health and wellness initiatives by offering a variety of programs to tenants. These also will be organized through the ZO. platform and will offer initiatives such as yoga and meditation classes, dry cleaning, ride shares, volunteer days, team building activities, prescription drug delivery, child care, medical care and onsite health screenings, nutrition consultants, and coworking spaces.

After initially offering this program for occupants only at Rockefeller Center, ZO. is now available at 37 of the company's locations across Europe and the United States. In the future, Tishman Speyer plans to offer amenities during construction at more of the company's development sites. Eventually, Tishman Speyer plans to reach every property and all 250,000 people working in Tishman Speyer buildings.

COMPANY:

The Tower Companies

PROPERTY:

The Pearl

LOCATION:

Silver Spring, MD

SIZE:

317,000 sq ft

TYPE:

Market-rate multifamily

STATUS:

Completed in 2017; ongoing health programming

HEALTH FOCUS:

Health and wellness weaved throughout design and construction as well as operations and tenant engagement activities

PROBLEM/MOTIVATION:

Traditional buildings do not always plan for residents to partake in a healthy, active lifestyle

ACTION/SOLUTION:

Implement innovative solutions that prioritize health and well-being during design and construction and through occupancy

Active stairwell design in lobby at The Pearl, Silver Spring, Maryland.

Resident-Focused Health and Wellness at The Pearl

As a privately held real estate developer, owner, and property management company with a heightened focus on health and sustainability, The Tower Companies (Tower) leverages its corporate responsibility team, property management and leasing teams, and third-party commercial brokers to communicate the value of healthy and sustainable building features and amenities.

For Tower, some of these strategies include investing in smart design, creating active community spaces, using recognized and proven industry standards for guidance and validation, and engaging people through education and programming. This commitment is embodied across the portfolio, and specifically at one of the Maryland-based company's multifamily properties, The Pearl.

Tower's approach to design and operations has been ingrained in the company's DNA for decades, and the vision statement highlights this: "The Tower Companies envisions a world where buildings inspire and enrich the lives of their occupants and create positive social change."

Completed in 2017, The Pearl was Tower's first Fitwel project and Fitwel's first-ever multifamily certification. The building has been so successful at attracting and retaining tenants that it has achieved a 95 percent lease rate, and many residents have shared that the health and wellness features were a factor in their decision to live at The Pearl.

> "I truly believe that buildings can positively impact people—and really work for people, affect the output of human capital, and promote business success. Everyone has a natural response to the environments in which they live, work, and play, and it's our responsibility to design and operate buildings with wellness in mind. We also know that when our employees and tenants are healthy and happy, our business also does well."
>
> **— JEFFREY ABRAMSON**
> Partner, The Tower Companies

Courtyard at The Pearl, Silver Spring, Maryland.

To ensure the health and wellness features of The Pearl are communicated and marketed properly, Tower educates internal leasing teams and third-party commercial office brokers about the innovative sustainability and wellness features of each building and the value they bring to all occupants. After tenants move in, Tower organizes engagement campaigns and surveys to ensure the company is meeting the sustainability and wellness needs of each tenant.

The property incorporates features such as ample green open space for residents, a courtyard with restorative gardens, a playground and a dog park, a two-story fitness center, and an urban farm. The property is also strictly tobacco free and includes a centrally located glass staircase with signage to encourage residents and visitors to use the stairs instead of elevators.

Although it is difficult to attribute employee and tenant retention statistics to just one feature or amenity, Tower demonstrates that when businesses and people are productive and successful, building owners and property management companies are also successful. In 2020, Tower renewed its status as a Fitwel Champion and is expanding its wellness strategy across the portfolio. Tower is also an early adopter of the Fitwel Viral Response Module.

Tower's holistic approach to health and wellness has also been reinforced during the coronavirus pandemic. The company has adapted and learned along the way, and Tower has fully recognized that its wellness strategy is a key contributor to overall building resilience. As the real estate industry responds to the crisis, it is critical that companies implement an overarching strategy that prioritizes occupant health in the face of any challenge.

> "When we walked around The Pearl, we noticed that we were smiling. We felt like we were in an elevated space. It's like a resort vacation, but it's also homey and friendly. The Pearl is classy, it's conscious of nature and the environment. We'd like to think maybe those qualities can rub off on us too. What did we get at The Pearl that we didn't get elsewhere? The Pearl gave us that relaxed feeling you get in your neck and shoulders when you don't have stress. The Pearl gives us inspiration."
>
> **— GIL**
> Resident at The Pearl

COMPANY:

Pembroke

PROPERTY:

1201 New York Avenue

LOCATION:

Washington, D.C.

SIZE:

444,000 sq ft, 13 stories, plus tenant-accessible roof terrace

TYPE:

Office

STATUS:

Completed in 2020

HEALTH FOCUS:

Upgrade health and wellness into office features and building operations

PROBLEM/MOTIVATION:

Office tenants are valuing a more heightened focus on health and wellness

ACTION/SOLUTION:

Develop a holistic repositioning strategy to integrate health and wellness throughout the long-term hold building

The full-building-height glass interior atrium: brings natural light into a new dual-level lobby at 1201 New York Avenue, Washington, D.C.

Upgraded Health and Wellness for Tenant Retention at 1201 New York Avenue

For Pembroke, an international real estate developer and adviser that manages office and mixed-use assets in the world's leading cities, health and wellness are viewed as a market separator and receive a deliberate focus across the company's portfolio. With a long-term hold approach, Pembroke understands the financial value of retaining tenants, as well as the demand for health and wellness as a workplace requirement.

One example of Pembroke's strategy is the repositioning of 1201 New York Avenue in Washington, D.C., where health and wellness are central to transforming the building and maintaining a track record of tenant satisfaction. The new amenities delivered as part of the building's repositioning played a role in the expansion of one tenant, who agreed to lease more space in the building while repositioning work was underway.

The significant redevelopment of 1201 New York Avenue in Washington, D.C., includes a variety of new health and wellness features. Access to natural light has been improved through the addition of full-building-height glass to the interior atrium and full-height windows along the exterior. Tenants now have access to a 6,000-square-foot fitness center with the latest technology; end-of-trip facilities, including men's, women's, and unisex showers; and secure bike storage.

> "Health and wellness are central to our long-term approach to real estate. The transformation of 1201 New York showcases our commitment to continuous improvement and the thoughtful and thorough approach we take across our portfolio. It is an asset that has been in our portfolio for more than 10 years and needed significant capital investment in order to provide the best service offering to our tenants. We are confident that we are delivering a new workplace experience to the market and worked closely with the tenants in place to accommodate their business needs when designing our transformation of the building."
>
> **— CORY SAUNDERS**
> Vice President, Pembroke

At 1201 New York Avenue, Washington, D.C., the rooftop terraces offer new perspectives and feature multiple seating options to work or socialize while getting fresh air.

An expansive multipurpose 15,000-square-foot rooftop features conference space with dynamic and energy-efficient SageGlass, a wrap-around outdoor terrace, and a game room, providing tenants with opportunities to access the outdoors and contribute to energy savings. The dual-level lobby was designed to be an extension of tenants' workspaces with kombucha and infused waters on tap to encourage hydration.

As a company with a global track record, Pembroke has seen how enhancing office properties with on-site activation, curated health and wellness amenities, and thoughtful community-driven experiences adds value to its assets and for its tenants.

COMPANY:

Kilroy Realty Corporation

PROPERTY:

Portfolio-wide

LOCATION:
Southern California

SIZE:
4.9 million sq ft

TYPE:
Office portfolio

STATUS:
Ongoing

HEALTH FOCUS:
Addressing the need for green cleaning products and trained janitorial staff to address concerns of health and wellness in buildings

PROBLEM/MOTIVATION:
Janitorial staff members often do not have training in health and wellness or sustainability, which results in missed early intervention on health and wellness concerns for themselves and the buildings where they work

ACTION/SOLUTION:
Educate janitorial staff on green cleaning procedures

Portfolio-Wide Green Janitorial Training Program at Kilroy Realty Corporation

Kilroy Realty Corporation (Kilroy), a Los Angeles–based real estate investment trust with a strong commitment to sustainability and health and wellness, understands the importance of leveraging janitorial teams at its properties.

Kilroy recognized that the janitorial staff were not usually included in conversations about health and wellness and decided to change that. The firm decided to implement the Green Janitor Education Program created by the U.S. Green Building Council Los Angeles Chapter (USGBC-LA), Building Owners and Managers Association of Greater Los Angeles (BOMA-GLA), Building Skills Partnership (BSP), and Service Employees International Union (SEIU).

The training, offered in Spanish and English to all eligible janitors, is a qualified USGBC program through which janitors learn why green cleaning practices are critical. They learn how to contribute to green building certifications and are empowered to help reduce a building's environmental footprint, such as by reporting leaks. This program also focuses on the safety and environmental and personal impact of workers in the building community.

> "Janitors are the eyes and ears of every building, and the existing buildings stock cannot fully reach its greatest environmental potential without fully integrating our janitors into the sustainability conversation. We at Kilroy believe that buildings with janitors who have gone through this program see lasting energy and water reductions, and it is a program we hope every building owner supports."
>
> **— SARA NEFF**
> Senior Vice President, Sustainability, Kilroy Realty Corporation

Eligible janitors work on teams of four or more and are members of an SEIU chapter that supports the program. In total, 93 janitors participated and received training they not only could use at work but also could take home to their families. Response to the program, as measured by feedback from participants, was overwhelmingly positive.

Before this program, the janitors, who are at the forefront of building operations, did not necessarily understand why certain sustainable procedures or materials were required or what impact they, as janitors, could have on energy reduction and water consumption—and ultimately, human health—through their work.

Piloted first at Kilroy's 800,000-square-foot Long Beach campus, the program was deemed successful and popular and was scaled to properties in Los Angeles, Orange County, and San Diego, with total area topping 4.9 million square feet (40 percent of Kilroy's portfolio). The program also qualifies for a LEED for Existing Buildings Innovation credit.

Graduates of the green janitorial program.

Janitors leveraging their new knowledge made some major changes to green cleaning within Kilroy's portfolio:

- Eliminating the need to use most cleaning chemicals in 11 San Diego properties, replacing them with aqueous ozone for all janitorial services, and saving the team $21,600 in cleaning expenses;
- Using cleaning products and standards verified by a combination of LEED, GreenSeal, and California Volatile Organic Compound (VOC) limits; and
- Using only vacuums that meet the Carpet and Rug Institute Seal of Approval.

With the onset of the coronavirus pandemic and amid increased concerns about workplace health and wellness, the BSP and USGBC-LA offered guidance on maintaining green cleaning programs during the pandemic. While the health crisis may compel companies to forsake environmentally friendly practices in the name of safety, the groups announced that "we can continue to uphold green cleaning practices that continue to work towards a sustainable future, while keeping everyone's health and safety a priority, including the janitorial service workers on the front lines." USGBC-LA included information on green cleaning products that are on the Environmental Protection Agency N-List (of disinfectants for use against the virus that causes COVID-19) as well as less hazardous Green Seal–recommended chemicals. The BSP also offered a two-hour special training module for service workers, which focused on the health and safety of workers who are on the front lines of sanitizing, disinfecting, and maintaining workspaces during the pandemic.

The green janitorial training program is just one facet of Kilroy's robust building health program. As a Fitwel Champion, the firm focuses on great indoor air quality and active design features that help its building occupants stay physically active. Kilroy ended 2019 with 19 Fitwel certifications, the most certifications of any nongovernment real estate owner in the world; this represents 43 percent of Kilroy's portfolio by square footage. Portfolio-wide, Kilroy employs healthy building practices such as indoor air quality testing, prohibiting the use of low-VOC materials, maintaining roof gardens to improve mental health and reduce stress, and providing access to healthy snacks, break areas, readily accessible drinking water, dedicated lactation rooms, active workstations, nearby public transit (average walk score of 70), bike storage, active stairwells, fitness centers, and leak detection to help prevent mold growth. Moving forward, the firm plans to continue its focus on incorporating active design features into all of its projects, both those in development and existing.

COMPANY:
Brandywine Realty Trust

PROPERTY:
Schuylkill Yards

LOCATION:
Philadelphia, PA

SIZE:
14-acre site, 7 million sq ft

TYPE:
Mixed-use office, retail, residential, lab, park/open space

STATUS:
Groundbreaking in 2017, full buildout by 2036

HEALTH/SOCIAL EQUITY FOCUS:
Increased park/open space initiative, and $16.4 million–plus community investment commitment

PROBLEM/MOTIVATION:
West Philadelphia neighborhood struggling with socioeconomic barriers to advancement

ACTION/SOLUTION:
Five-tiered approach, including $9.3 million in local grants, apprenticeship program, small business financial assistance, CDC partnership, and local sourcing initiatives

A rendering of Drexel Square and office towers at Schuylkill Yards, Philadelphia.

Community-Serving Park and Comprehensive Neighborhood Investment at the Schuylkill Yards Development

At Schuylkill Yards, Brandywine Realty Trust—a national, fully integrated REIT—went beyond bricks and mortar to respond to the needs of the West Philadelphia community in the long-term master plan for the 14-acre site. The team has prioritized health and social equity with a $16.4 million–plus Neighborhood Engagement Initiative, and the immediate creation of a public park, Drexel Square. The result is a community-supported master plan that is guiding Brandywine's future investments and long-term commitment to partnering with the surrounding neighborhood.

In late 2017, Brandywine Realty Trust broke ground on the first Schuylkill Yards parcel. Driven by a passion for place-making and public spaces, the Trust transformed what was once a surface parking lot across from Amtrak's 30th Street Station into a vibrant 1.3-acre public park, Drexel Square, flanked by 23 redwood trees.

When the master-planned development—located amid 30th Street Station, Drexel University, and the University of Pennsylvania—is completed, it will include 7 million square feet of work space, lab space, and residential and retail space, along with 6.5 acres of public green space. The project is designed to unite, connect, and serve the many adjacent uses, all while advancing the equitable revitalization of the surrounding West Philadelphia neighborhoods.

According to the U.S. Census Bureau, the average median income in Philadelphia is just over $43,000, with over 24 percent of residents in the city under the poverty line. The West Philadelphia community is home to some of the city's poorest residents.

> "We're genuinely looking to maximize what we can do. We committed to these initiatives knowing that by partnering with the community and bringing resources to bear to advance their priorities we could achieve meaningful results. We're funneling more resources on the front end, and while it's early still, we do feel we're starting to see the returns and the impact on local individuals and businesses."
>
> **— JOE RITCHIE**
> Vice President, Development, Brandywine Realty Trust

To address income disparities and provide opportunity for West Philadelphia residents, businesses, and community organizations, Brandywine pioneered an extensive community engagement process that culminated in a community benefit agreement (CBA). This CBA codified a $16.4 million–plus five-tired approach to neighborhood investment, which is being called the Neighborhood Engagement Initiative. The CBA covers five main initiatives:

1. Provide $9.3 million in cash grants to a fund managed by a consortium of local community groups.
2. Establish an apprentice training program to place local residents in union construction jobs.
3. Support local minority-owned small businesses with low-interest loans and technical assistance.
4. Include community development corporations (CDCs) in every phase of the development.
5. Invest in local sourcing, incentivizing corporate spending on West Philadelphia businesses.

The development is anchored by Drexel Square, a $14 million park that opened to the public in June 2019. Although most developers would start with office space or a revenue-generating product, Brandywine began with a park to reinforce the importance of public spaces. A variety of health and wellness features are embedded in the design of the park, including the mature dawn redwood trees to help meet aggressive goals for stormwater management, shade, and heat island mitigation. The trees are strategically planted around the perimeter of the site to obscure adjacent vehicular features, including busy intersections and highways. Drexel Square is the first of a network of parks totaling 6.5 acres to be developed within Schuylkill Yards.

As a follow-up to the Drexel Square park, Brandywine completed the reimagination of the historic Bulletin Building, an existing structure. The office and lab space is 100 percent leased to gene therapy company Spark Therapeutics, and ground-floor retail will further activate the adjacent park and streetscape. The tenant, Spark, is pursuing LEED certification for interior design and construction. In the near future, Brandywine will begin construction of two new towers with office, lab, retail, and residential space.

Rendering of Drexel Square at Schuylkill Yards.

COMMUNITY BENEFIT AGREEMENT (CBA)

A CBA is an agreement signed by community group(s) and a real estate developer indicating the developer will provide specific amenities and/or community engagement components on the property.

Throughout the coronavirus pandemic, Brandywine has continued supporting the West Philadelphia neighborhood and its residents. One example of the community stewardship includes sponsoring a meal donation program. Through its partnership with Mount Vernon Manor in Mantua and Centennial Parkside CDC and a few of the company's restaurant tenants (including the Garces Group, Matt and Maries, Pagano's, and Walnut Street Café), Brandywine was able to supply over 28,000 meals to underserved communities in Philadelphia from May to August 2020. Together, the organizations have been able to serve meals through the Philadelphia Ronald McDonald House, Centennial Parkside CDC, Chosen 3000 homeless services, and People's Emergency Center. Brandywine's meal program began with the proceeds raised from an employee GoFundMe campaign, which helped bring in $20,000, to which Brandywine added $30,000. Following the initial success of the program, Brandywine seeded it with an additional $140,000.

THE FIVE TIERS OF BRANDYWINE REALTY TRUST'S $16.4 MILLION–PLUS NEIGHBORHOOD ENGAGEMENT INITIATIVE

1. Provide $9.3 million in cash grants to fund managed by a consortium of local community groups.

Brandywine established and is funding a local grant program to support West Philadelphia community groups in proximity to the site. To oversee distribution of grant dollars, multiple community organizations formed an umbrella nonprofit governed by a board of directors that includes representation of neighborhood stakeholders. Distribution of funds must be unanimously agreed upon by the board and must support community-stated priorities: affordable housing, housing preservation, job training, minority business development, and capacity building within area community organizations.

2. Establish an apprentice program to place local residents in construction jobs.

Philadelphia is a union-centric city and Brandywine uses union labor in its construction. However, area unions disproportionately rely on a workforce composed of white suburban residents; the union demographic does not reflect the demographics of the city's population. To better mirror the city's population, Brandywine established an apprentice program which uses retired union tradespeople to educate, train, mentor, and place men and women of color, with an emphasis on residents of West Philadelphia, in family-sustaining union apprentice positions. The goal of this program is to give local residents a chance to break into the union trades. Brandywine requests that contractors hire from the apprenticeship program whenever possible. So far, the program has placed 50 program graduates as apprentices. Once the company breaks ground on over 1 million square feet of space in the next phase of the Schuylkill Yards development, this number is expected to increase exponentially.

3. Support local minority-owned small businesses with low-interest loans and technical assistance.

Brandywine recognized that the lack of access to capital is a major barrier for small and minority businesses. When small businesses are hired for design and construction projects, they often find themselves in debt while they wait for payments from the developers and continue to pay wages to employees. Without access to capital, these businesses find it nearly impossible to remain competitive. Brandywine is helping businesses overcome these challenges by partnering with a local nonprofit lender to establish a small business loan fund and by providing an initial grant of $250,000. In addition, Brandywine is committing a small portion of its $3.5 billion total project budget to the fund. The fund provides low-interest loans to area small and minority-owned businesses at a discounted rate of 1 percent. In addition to funding, each loan recipient receives ongoing financial and technical assistance. The goal is to set the stage for each small business to access capital from broader markets after one or two successful grants through Brandywine.

In response to the global coronavirus pandemic, Brandywine redirected $350,000 to relieve small and minority-owned construction and construction-related businesses struggling with the economic impact of the pandemic.

4. Include community development corporations (CDCs) in every phase of the development.

Brandywine seeks continued engagement with West Philadelphia–based CDCs with the goal of funneling support back into the neighborhood. By engaging an area CDC on every Schuylkill Yards project through a contract valued at $100,000 annually, Brandywine helps these organizations add staff capacity and maximize their impact through more mission-based programming. This process also gives CDCs access to Brandywine's resources and education, so they can bring certain business practices learned from a large capitalized developer back to their organizations and neighborhood. CDCs also are encouraged to name Brandywine as a reference or client as they seek additional funding.

COMMUNITY DEVELOPMENT CORPORATION (CDC)

CDCs are 501(c)(3) nonprofit organizations that help revitalize and fund communities, especially those in at-risk, struggling, or impoverished areas. As nonprofit entities, they may receive private and public funding, which is in turn used to fund community programs.

5. Invest in local sourcing

Brandywine has prioritized West Philadelphia businesses for corporate spending on items including catering and office supplies and offers to pay up to 10 percent of a tenant's first purchase (whether goods or services) if it uses a West Philadelphia company for procurement.

Rendering of the Bulletin Building at Schuylkill Yards.

COMPANY:

Primestor

PROPERTY:

Freedom Plaza

LOCATION:

Watts, South Los Angeles, CA

SIZE:

70 acres with 115,000 sq ft of retail

TYPE:

Mixed use, with retail, residential, community center

STATUS:

Completed construction in December 2019

SOCIAL EQUITY FOCUS:

Mixed-use development that helps empower and grow the community from construction through operations

PROBLEM/MOTIVATION:

Need to create an equitable environment that helps all residents thrive

ACTION/SOLUTION:

Deeply engage the community in design and construction as well as in operation of businesses to help foster social equity in a variety of forms

Open-air walkways with art and fountain displays at Freedom Plaza, Los Angeles.

Deep Community Engagement and Local Job Creation at Freedom Plaza

Recognizing a need to revitalize urban areas, Primestor, a vertically integrated real estate firm based in California, was founded to build community projects in areas often overlooked by other developers. The company's mission is to manage and develop properties that will have a direct and positive impact on the communities it serves and to partner with community organizations to create local neighborhood gathering spaces.

This model is showcased at the Freedom Plaza redevelopment, a vast urban development encompassing 1,400 new apartments, condominiums, schools, community centers, a central park, sports facilities, a transit hub, and 9.5 acres of retails shops and restaurants in the Jordan Downs community of Watts, South Los Angeles. Community engagement and workforce development initiatives have resulted in creation of 578 construction jobs and 50–66 percent local hiring for many of the large anchor stores in the complex.

To assess the needs of the community, Primestor takes a hands-on in-house approach to organizing development education forums well before construction commences. Primestor projects are driven by a desire to bring in class A, LEED-certified brownfield redevelopment to these neighborhoods, for these neighborhoods. Primestor's work to redevelop the 70 acres of brownfield infrastructure in the Jordan Downs neighborhood into a thriving community center began community outreach even before the final development agreement was signed.

The formal and informal forums and meetings helped outline how the planning process works and the reasoning behind design and encouraged strong input as to what would make the project viable and reflective of the neighborhood. The meetings also gave local residents an opportunity to weigh in and share opinions. At Freedom Plaza, this process resulted in the community helping to name the project and guide marketing and branding. With the onset of the coronavirus pandemic, Primestor has remained committed to these initiatives and forges ahead on local hiring, adjusting meetings and trainings to be virtual instead of being hosted in person.

Site of Freedom Plaza, Los Angeles.

Primestor found the attraction of so many national retailers to the development to be an opportunity to give back to the community by educating tenants on the value of local hiring. Tenants, including Smart & Final, Ross Dress for Less, Nike, Blink Fitness, Starbucks, The Habit Burger Grill, Bright Now Dental, and OneWest Bank have participated by hiring local residents.

The pedestrian-oriented community offers not only a number of businesses that employ local residents but also sustainable building methods such as drought-tolerant landscaping and contemporary architecture. The large open-air center allows for spaces for live performances and is decorated by two murals, vetted and approved by the community. As part of the mural installation, four one-year art scholarships were granted to local high school students, and students had the option to participate in the actual mural installation. The property also sits at a transit hub to offer local residents and visitors ample public transportation options. When the grocery store was added in January 2020, it became the first in the area to sell fresh produce, alleviating some food access concerns for the neighborhood, which is 85 percent Latino and 14 percent African American.

> "At Primestor, we measure success by how many people's lives we can positively impact through equitable economic development. Most important is that this process offers the opportunity for locals to gain valuable life skills. By this metric alone, Freedom Plaza has been a humbling success because of the number of jobs it created and the solid relationship of trust and mutual respect we have built with the community."
>
> **— ARTURO SNEIDER**
> CEO, Primestor

Primestor's dedication to local communities has paved the way for more equitable developments and a more overarching response to community needs and has demonstrated that this approach can be part of a successful core business strategy. The value of such developments extends beyond financial return. The investments are meant to be long term, with social equity considerations established for the lifetime of the projects.

COMPANY:

Trammell Crow Company and Fort Lincoln New Town Corp.

PROPERTY:

The Shops at Dakota Crossing

LOCATION:
Washington, D.C.

SIZE:
430,000 sq ft

TYPE:
Retail

STATUS:
Completed in 2017

SOCIAL EQUITY FOCUS:
Community-based workforce development for local residents

PROBLEM/MOTIVATION:
Unattractive development site in a neighborhood lacking quality jobs for many residents

ACTION/SOLUTION:
Brought large national retail chains to the development and partnered with an NGO to develop workforce training for local residents

Neighborhood Revitalization through Retail Workforce Development

As in many cities across the United States, certain neighborhoods in Washington, D.C., have seen tremendous growth and revitalization over recent decades. Trammell Crow Company (TCC), a national real estate development company, has recognized the value in long-term community engagement through retail offerings and associated workforce development.

TCC's development, The Shops at Dakota Crossing, is a distinctive example of a revitalization project that not only brings the area jobs, tax revenues, and retail amenities but also community workforce development and thoughtful consideration to the social equity of local residents for the long term.

The Fort Lincoln neighborhood, located in the northeast quadrant of the District of Columbia, historically struggled to attract significant levels of retail development. The steeply graded site on which The Shops at Dakota Crossing now sits had been vacant for decades and lacked the basic infrastructure typically sought after in ground-up developments.

The Shops at Dakota Crossing, Washington, D.C.

The Shops at Dakota Crossing, Washington, D.C.

Beyond topographical issues, zoning approval included a complex process that required sign-off from the District government, the D.C. Zoning Commission, the State Historic Preservation Office, the U.S. Army Corps of Engineers, and the National Capital Planning Commission. Despite these potential roadblocks, TCC forged a partnership with Fort Lincoln New Town Corporation (FLNTC) to create a development that would bring much-needed amenities, sustainable buildings, and long-term jobs to the area.

The final design transformed what was fallow ground into a 430,000-square-foot retail center that contains large-format national retailers like Costco and a "main street" retail layout with neighborhood-serving restaurants and small shops. The project created over 500 permanent jobs and is on track to far exceed the projected $565 million in tax revenues for the city over a 30-year period.

> "The value of neighborhood revitalization projects can be easy to see when you think about making it part of your firm's DNA, saying 'this is what we do' before getting into entitlements conversations. If you are proactive about it, and it's just part of your development strategy, those conversations are easy and can go smoothly. If you aren't proactive on community benefits, the project may get backed into a plan without the developer having a say in where those benefits go."
>
> **— ADAM WEERS**
> Principal, Trammell Crow Company

Beyond the socioeconomic design elements, the development also showcases low-impact features such as an innovative irrigation system with underground cisterns to allow the retail center to capture significant levels of water, minimizing the reliance and impact on municipal utilities. In addition, four of the buildings have achieved LEED certification.

Understanding that market growth simply through new retail store placement would not sustain the existing community long term, TCC and FLNTC focused attention on training and empowering local workers through workforce development partnerships. Throughout the development period, TCC and FLNTC worked to match Costco, Lowe's, and the project's many national and local retailers with Goodwill Industries, a local expert in workforce training and development. Goodwill's capabilities, paired with its convenient location across the street from The Shops at Dakota Crossing, made the nongovernmental organization (NGO) a natural partner in the efforts.

Not only has the program made a marked impact on residents through general job growth and training, it has increased the number of local residents employed with good, steady jobs with national retailers located near their homes. This also benefits the Dakota Crossing retailers in reducing the amount of time and cost it takes to hire their workers; TCC and FLNTC have used this aspect as a competitive advantage in recruiting retail tenants to lease space at the development.

The workforce mission falls in line with the UN Sustainable Development Goals of Decent Work and Economic Growth and Sustainable Cities and Communities. TCC and FLNTC plan to replicate this neighborhood revitalization strategy across future developments as well, continuing to ask, "How can we do things with a lens on impact and equity?"

COMPANY:

FCP

PROPERTY:

Holly Spring Meadows and Stratford Ridge

LOCATION:

Maryland and Georgia

ASSET TYPE:

Workforce housing

STATUS:

Began in 2019 with plans to continue rolling out to additional properties

SOCIAL EQUITY FOCUS:

Afterschool and summer child care at workforce housing properties

PROBLEM/MOTIVATION:

The burden of the high cost of child care for low-income families

ACTION/SOLUTION:

Offer an after-school and summer program for resident children in an underused space

NGO Collaboration to Improve Child Care Options in Workforce Housing at Holly Spring Meadows and Stratford Ridge

FCP, a privately held investor of multifamily and office assets based outside of Washington, D.C., has worked to bring down the cost of child care for residents by integrating high-quality, low-cost after-school and summer child care programs into two of its existing workforce multifamily properties in Maryland and Georgia.

Where families live, and what they pay for housing, can have a direct impact on the financial well-being of both an individual family and the community at large. Unfortunately, the exorbitant cost of child care is a problem nearly everywhere in the United States, and for many families the cost of child care starts only a few weeks or months after birth.

FCP sought to ease the heavy burden of after-school care for its residents by offering subsidized quality after-school and summer programs at two workforce multifamily properties: Holly Spring Meadows in a Maryland suburb of Washington, D.C., and Stratford Ridge outside Atlanta, Georgia.

The FCP team participates in its annual Empower for School campaign.

"AFFORDABLE" CHILD CARE

According to the Center for American Progress, with center-based costs for an infant averaging over $1,200 per month, in no U.S. state could child care be considered "affordable." The costs decrease only slightly as children grow. For example, a study from the Afterschool Alliance, a nonprofit dedicated to affordable child care, found that the average married couple with one child under 18 spends 10.6 percent of their income on child care, whereas single parents spend 37 percent of their income on average.

Located in vacant or underused common spaces on site at multifamily properties, the FCP programs offer safe and affordable places for the school-aged children of residents to go after school and during the summers. Because the spaces were already empty, FCP did not have to forgo rental income when repurposing them for the child care programs.

FCP partnered with local nonprofit groups Community Services Foundation in Maryland and Star-C in Georgia to help run the programs. In both locations, robust offerings include computer programming, and science, technology, engineering, and math (STEM) classes to keep resident children engaged and safe during off-school hours. To fund the programs, the nonprofits use some state and local grants, and FCP uses operating capital to cover a portion of the operating costs.

A classroom for the after-school child care program at Holly Spring Meadows Apartments in Prince George's County, Maryland.

Summer Haltli, senior vice president for strategic management and sustainability at FCP, saw the initiative as an opportunity to differentiate the company from competitors while offering a desperately needed service to residents in low-income areas. At the end of 2019, the programs in both states were enrolled at maximum capacity, and the Stratford Ridge program had a 20-student waitlist.

> "We are experiencing a child care crisis in the United States. The cost of care can quickly overtake a parent's after-tax income, forcing many to leave children at home alone after school. By [our] providing residents with after-school programming, residents can continue to work, earn income, and feel less stressed knowing that their children are cared for in a quality environment. We are thrilled to partner with Star-C and Community Services Foundation to provide this important service."
>
> — **SUMMER HALTLI**
> Senior Vice President, Strategic Management and Sustainability, FCP

In 2019, the programs emerged as a key resident satisfaction and retention factor and Stratford Ridge saw tenant retention increase by 20 percent, significantly reducing costs associated with resident turnover and marketing and bringing total resident retention to 80 percent. At both properties, FCP regularly receives resident referrals and word-of-mouth recommendations in large part because of these programs. FCP is continuing to analyze outcomes and impacts and hopes to expand the program to more properties in the coming years.

In response to the coronavirus pandemic, FCP came together with partners to provide relief to those affected by COVID-19. Community Services Foundation transformed its after-school program into virtual learning and continued to provide meals to children in the program at Holly Spring Meadows. To better serve its residents, FCP SERVES, the company's employee-led charity, developed guides to assist in navigating the CARES Act as well as resources for home schooling, social distancing, free access to high-speed internet, online classes, and wellness services. FCP continues to prioritize the health of its residents, tenants, and team members in response to the coronavirus pandemic.

BOTH HEALTH AND SOCIAL EQUITY PROJECT PROFILES

COMPANY:
Jonathan Rose Companies

PROPERTY:
Grace West Manor

LOCATION:
Newark, NJ

SIZE:
14 acres

TYPE:
Affordable multifamily

STATUS:
Acquired in 2013, first round of renovations completed in 2018, second round in 2019

HEALTH AND SOCIAL EQUITY FOCUS:
Preserved affordable housing with a holistic approach to sustainability and health and wellness

PROBLEM/MOTIVATION:
Section 8 housing doesn't usually undergo extensive health and wellness and sustainability upgrades despite the intrinsic need

ACTION/SOLUTION:
Leverage tax credits and innovative financing vehicles to roll out $18 million worth of additional upgrades in 2018

Housing as a Solution to Health and Social Equity at Grace West Manor

Jonathan Rose Companies, a New York–based real estate development and investment management firm with a focus on affordable housing, views housing as an essential solution to improving health and social equity. The work of Jonathan Rose Companies is underpinned by an understanding that there is a moral obligation to health and social equity, and also an ability to improve the financial performance of properties by investing in it. That mission has been further propelled by the alignment of private equity investors. By simply adjusting certain elements of housing, such as decreasing utility bills with energy-efficiency upgrades or increasing access to grocery stores in low-access areas, the level of stress and insecurity in low-income communities decreases, and financial security increases.

In 2013, Jonathan Rose Companies acquired Grace West Manor in Newark, New Jersey, a 429-unit Section 8 affordable housing development. The firm rolled out $4 million worth of upgrades between 2013 and 2018 while it sought a tax credit transaction for the property. These renovations included modernized elevators in the senior tower, energy-efficient boilers in the townhomes, and construction of a new community center.

JONATHAN ROSE COMPANIES

Expansion to Grace West Manor Community Center included in 2019 property upgrades.

With Grace West Manor, Jonathan Rose restructured financing to ensure more access to capital to make health and social equity–focused upgrades. Affordable housing properties have limited rental revenue streams and cannot easily increase rents, so developers and owners must be savvy to reduce operating costs. Part of Jonathan Rose Companies' strategy is to implement energy- and water-saving measures that reduce operating expenses for the property and its residents.

The company recognizes investments in health and well-being as an opportunity to bring value to residents, the surrounding community, and the underlying property—even if the payback is not currently as clearly measurable as investments in energy efficiency are. For example, investing in the physical, mental, and financial health of residents brings benefits to the community and also serves to stabilize occupancy and income at properties because residents can continue to live in the units.

Jonathan Rose Companies, in partnership with Community Opportunity Fund and Westchester Public Private Partnership, was successful in securing funding through Fannie Mae's Innovation Challenge, to run a Telehealth Intervention Program for Seniors (TIPS) at Grace West. TIPS is an award-winning model that has proven that regular remote patient monitoring of vital signs, together with "wraparound" social services, can act as an early warning preventive strategy that enables participants to remain in their community, significantly improves individual/community health, prevents hospitalization/ER incidents, and reduces individual/health system costs. TIPS uses technology innovatively, combining it with face-to-face contact to offer "high tech/high touch" services.

The Jonathan Rose team works collectively with residents and surrounding community assets at each property to determine the design and programming that will bring the most benefit to a particular community by addressing the community's specific needs and tapping into its existing assets and connections. Jonathan Rose Companies is drawing on its work in the affordable housing space to begin to quantify the impact of this investment strategy, including the following metrics:

- Participation in education and community-building events such as voter registration drives held on site
- Number of voters registered—over 31 voter registration events held in seven states
- Police, fire department, and emergency medical service call rates
- Number of meals served—over 20,000 meals served to underserved residents to date

In 2018, Jonathan Rose Companies secured financing for Grace West Manor using the low-income housing tax credits program, which allowed for an additional $18 million worth of upgrades, bringing the total upgrade costs to $22 million. The next set of upgrades aimed to focus on improving the quality of life for residents through energy efficiency and resiliency upgrades as well as the implementation of "Communities of Opportunity," which uses design and programming interventions to improve the social determinants of health in a community.

LOW INCOME HOUSING TAX CREDITS (LIHTC)

LIHTC provides incentives for the acquisition, construction, or rehabilitation of affordable rental housing for low-income areas.

Improvements at Grace West Manor included upgrades to the bathrooms, kitchens, and windows to increase accessibility for disabled residents; new lighting, flooring, roofing, and painting; and upgrades to the central building mechanical systems. As part of the Communities of Opportunity package, Jonathan Rose added a gym for seniors, a medical exam room, and an all-season room extension to the community room. All of these upgrades to energy efficiency, resiliency, and health and wellness have been shown to improve the quality of residents' lives as well as their overall satisfaction with their residence.

COMPANY:
Laurel Street

PROPERTY:
The Renaissance

LOCATION:
Charlotte, NC

SIZE:
110 one-bedroom senior apartment units, 224 affordable housing units

TYPE:
Mixed-income and affordable housing, with senior-specific housing available

STATUS:
Completed in 2016

HEALTH AND SOCIAL EQUITY FOCUS:
Using good-quality, stable housing as the base for a socially equitable community with supportive services also provided

PROBLEM/MOTIVATION:
Housing insecurity can cause a myriad of social equity problems, and housing alone does not revitalize a community

ACTION/SOLUTION:
Develop a mixed-income community that boasts enhanced community features for a "cradle to career" type property in partnership with a nonprofit offering long-term services

The Renaissance development, Charlotte.

The Renaissance Mixed-Income Housing Showcases Purpose Built Communities Model

In Charlotte, North Carolina, one neighborhood development stands out as a prime example of the holistic, Purpose Built Community approach to health and social equity. The Renaissance, a mixed-income residential complex developed by Laurel Street on behalf of the Charlotte Housing Authority, was built through public-private partnerships and offers increased financial stability for residents, educational integration of students from early childhood and pre-K through eighth grade, and promotion of active living.

Pool and community center at The Renaissance.

The Renaissance is the first Purpose Built Community in Charlotte. With the understanding that social equity must be achieved through a multifaceted approach, Renaissance West Community Initiative (RWCI) was created as a nonprofit community quarterback to promote the most equitable living environment for its residents over the lifetime of the development.

A $100 million investment includes an innovative funding structure and partnership model as well as a focus on housing and socially equitable community needs. Support from the Charlotte Housing Authority (CHA) and the city of Charlotte combined with 4 percent and 9 percent low-income tax credit equity, operating subsidies from the U.S. Department of Housing and Urban Development's Rental Assistance Demonstration (RAD) program, subsidized loans from the North Carolina Housing Finance Agency, and permanent loans.

PURPOSE BUILT COMMUNITIES

The Purpose Built Communities Model was pioneered in the mid-1990s after the successful transformation of the East Lake neighborhood in Atlanta. The holistic approach grew from the knowledge that it's not enough to improve or replace a single aspect of a struggling neighborhood.

The model combines quality mixed-income housing, a flourishing cradle-to-college education pipeline, and enriching community wellness programs, all driven by a committed local lead organization. By applying that holistic model to other areas of concentrated urban poverty around the nation, Purpose Built Communities is helping local leaders make a positive impact in some of this country's most distressed neighborhoods.

The development was built in three phases that operate as two communities—one age restricted and the other for families. The Retreat at Renaissance comprises 110 one-bedroom affordable apartment units for seniors and The Residences at Renaissance comprises 224 one-, two-, and three-bedroom apartments for mixed-income residents. The amenities across The Renaissance provide quality health and equity opportunities for residents in an authentic way that makes the buildings a better place to live. Like almost every community that Laurel Street develops, Renaissance includes a fitness center to offer residents the opportunity to exercise without the additional cost of going to a gym.

The Retreat includes a great room with kitchen and fireplace, computer/library centers, private lounges, a fitness center, garden plots, a covered patio with seating area, screened in and covered porches, and a large veranda with rocking chairs. The Residences include a large community swimming pool, fitness center, a greenway trail, multiple playgrounds, a tot lot, gazebos, and covered picnic areas.

> "When the housing one lives in is stable, affordable, and promotes an engaged and active life, residents will thrive. Laurel Street understands that housing isn't the only solution to social equity issues but it's a critical step. The Renaissance is one example of a community that integrates features from "cradle to career" to ensure residents are fortified and empowered to live their best lives."
>
> **— DIONNE NELSON**
> President and CEO, Laurel Street

Laurel Street recognizes the importance of considering the needs of the community when developing on a site rather than defaulting to a traditional strategy of building only housing. As part of the master plan for the development, Laurel Street and CHA considered educational components, child care, and connections to surrounding development and uses.

Through collaboration with RWCI, the two major health systems in Charlotte came together through a BUILD Health Challenge Grant to bring health care offerings directly to the site. A registered nurse visits on a regular schedule to support the residents with on-site physical solutions for health care. Also on site at The Renaissance is the 15,000-square-foot John Crawford Community Center, which is available for use by residents.

CHA donated land to Charlotte Mecklenburg Schools, which developed a pre-K through eighth grade school, the Renaissance West STEAM Academy, with an innovative academic model supported by RWCI. RWCI also developed the on-site childhood development center, the Howard Levine Child Development Center. Beyond its exceptional model and associated features, the Renaissance is LEED for Neighborhood Development certified and all residential buildings are built to Earthcraft standards.

RWCI has been able to track the success of The Renaissance and similar communities and found that in one year the employment rate increased from 46 percent to 64 percent and the average income of families in the Family-Self-Sufficiency Program increased from $13,100 to $22,600. The Family-Self-Sufficiency Program is a CHA initiative delivered in partnership with RWCI to support the lowest-income households at the Renaissance. Building on the knowledge that housing is the first step to social stability and economic growth, Laurel Street and its partners plan to continue this form of community-minded development to continue bolstering local communities.

COMPANY:

Boston Properties

PROPERTY:

The Hub on Causeway

LOCATION:

Boston, MA

SIZE:

2.8 acre site; 1.67 million sq ft

TYPE:

Mixed-use retail, office, hotel, and market-rate residential

STATUS:

Acquired in 2013, broke ground in 2016. Phases 1 and 2 delivered in 2019. Phase 3 expected to deliver in 2021.

HEALTH AND SOCIAL EQUITY FOCUS:

Revitalized site of the original Boston Garden, addition of a supermarket to low-access community, infrastructure improvements including transit access upgrades, and local job creation

PROBLEM/MOTIVATION:

Centrally located redevelopment opportunity to improve neighborhood cohesion, access to food and transportation

ACTION/SOLUTION:

Grocery store as lead tenant, improved access to transit, and job and community amenity creation

Collaborative Engagement for Mutual Benefit at The Hub on Causeway

Boston Properties, a large publicly held developer and owner of class A office properties in the United States, typically engages in long-term holds. The firm seeks to deliver financially viable assets while adding value to its host community. In 2013, Boston Properties formed a partnership with Delaware North Companies to redevelop the site of the former Boston Garden arena at North Station, a major Boston transportation hub.

The neighborhood, at the northern gateway to Boston, is historic and transitional with new residential development combined with old stock and class B office spaces. The blocks were once dominated by an elevated train and by Interstate 93, which were both moved underground over the years, changing the landscape of the neighborhood. Plans for the site were originally developed in the 1980s, even before Boston Garden was demolished, but never were able to get off the ground.

Boston Properties began conversations with city officials to redevelop the former site of the original Boston Garden arena into a mixed-use three-tower complex next to and above Boston's North Station.

BOSTON PROPERTIES

Rendering of completed redevelopment of The Hub on Causeway.

The resulting plan was made possible thanks to a complex public-private partnership agreement. After thorough analysis and debate, a $30 million bond was issued to help finance the development and served to instill a sense of community in the development because the project would address a number of critical neighborhood needs.

> "In general, we make an enormous amount of effort to improve the public realm. No two projects are the same, and we take each community's needs and desires into consideration before construction starts and during the design phase. Our best projects are a result of these collaborations because we understand the value of strong public-private relationships."
>
> **— BEN MYERS**
> Vice President, Sustainability, Boston Properties

Quantifying the social impact of the Boston Properties development pipeline for this project incorporated metrics on public realm improvements that facilitate the use of sidewalks and multimodal transportation (mass transit), delivery of affordable housing units, and creation of construction and retail jobs.

Boston Properties listened to residents' concerns, particularly that a grocery store was a clear priority. The area was a true food desert with no supermarkets for miles. The nearest grocery stores were either convenience stores or expensive organic markets, with no real options for low- and middle-income earners. The neighborhood formed a committee of residents specifically to lobby for a supermarket.

In response, Boston Properties signed a 60,000-square-foot anchor lease with a well-known, reasonably priced, local supermarket chain, which transformed the community and gave residents access to an affordable grocery option. Development began with the supermarket—a rare occurrence for most mixed-use developments.

Over the next six years, the project, now known as The Hub on Causeway, completely revitalized the North Station transportation hub, Boston's northern gateway, and added much needed improvements to the area. The 1.6 million-square-foot mixed-use development includes retail, office, hotel, and residential space on the 2.8-acre site adjacent to Boston's transformed North Station. The first two phases of the project are complete, and the third and final phase, a 630,000-square-foot office tower, is to be delivered in 2021.

Connecting the project with the neighborhood was always one of the goals Boston Properties—as well as a challenge it faced. To succeed, such a project must engage people and draw them from the surrounding neighborhoods. Thus the project sought to add a variety of community-facing features along with a host of improvements to help make navigating the site's many transportation systems easier. The project included the addition of a community room to provide meeting space for neighborhood groups and nonprofits. In addition, The Hub on Causeway is currently pursuing LEED Gold certification.

Improvements to Boston's North Station include a new underground pathway allowing passengers to more easily and safely transfer from regional commuter rail to the local orange and green lines of the MBTA subway. These station upgrades also shield commuters in case of inclement weather. In addition, Boston Properties and Delaware North provided early funding toward the delivery of senior affordable housing in the North End in addition to 66 additional affordable housing units on nearby Beverly Street, along with the Related Beal real estate firm, as part of an agreement with the city.

COMPANY:

Prologis

PROPERTY:

Prologis Park Tacoma Building D, and portfolio-wide

LOCATION:

Workforce development partnerships in Los Angeles, Miami, Chicago, Dallas, Philadelphia, and Long Beach and Tracy (California)

SIZE:

Program goal to train over 25,000 workers by 2025

TYPE:

Industrial

STATUS:

Program launched in 2018

HEALTH AND SOCIAL EQUITY FOCUS:

Training workers in disadvantaged communities in needed labor skillsets and developing warehouses designed with health and wellness in mind

PROBLEM/MOTIVATION:

Labor shortage in the logistics, transportation, and manufacturing industries and the lack of healthy industrial/logistics spaces

ACTION/SOLUTION:

Training and job placement assistance through organized programs

Industrial Workforce Development Meets Health-Forward Warehouses for Prologis

Prologis, a global leader in logistics real estate, is actively working to integrate health and social equity into its industrial and warehouse spaces. Prologis is working to train and mentor a new generation of logistics workers, and provide healthy warehouse buildings for them to work in.

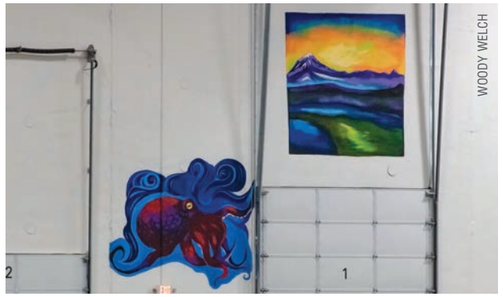
In 2018, Prologis launched the Community Workforce Initiative (CWI) in Los Angeles to provide job opportunities and career pipelines for disadvantaged groups and to address the labor shortage concerns of Prologis's customers.

CWI focuses on developing diverse and qualified talent while revitalizing career pathways and creating economic opportunity in the communities Prologis serves. In 2020, Prologis announced a partnership with JFF, a national nonprofit that drives transformation in the American workforce and education systems, to expand CWI and equip 25,000 individuals with the necessary skills for jobs in transportation, distribution, and logistics by the end of 2025.

A key component to reaching this goal will be the deployment of an online learning platform that Prologis is developing for the logistics industry.

Prologis' Community Workforce Initiative

Floor-to-ceiling windows for increased natural daylight in warehouses.



Biophilic murals painted in Prologis warehouses.

Prologis will also provide funding to community-based organizations, community colleges, and workforce development boards. These organizations will engage jobseekers through online training resources, connect them with regional employment opportunities, and provide additional career guidance, coaching, and support services to foster their success as the next generation of logistics talent. The partnerships will begin in Miami, Chicago, Dallas, Philadelphia, and Long Beach and Tracy, California—regions with a significant and growing presence of logistics companies and corresponding demand for talent.

Prologis's commitment goes beyond workforce development. The firm also prioritizes health and wellness building upgrades for its warehouse properties by integrating features such as daylighting, ventilation, parks/open space, and biophilia. Prologis develops assets with a key focus on health and wellness using industry standards such as WELL and LEED.

In partnership with Prologis, IWBI launched its warehouse pilot program in 2017 to develop a standard for the health and well-being of workers in logistics and distribution centers. Under WELL's warehouse pilot program, Prologis designed Prologis Park Tacoma, Building D with the following features to integrate employee health and wellness:

- Sustainable design elements, including energy-efficient lighting, water-conserving components, and use of local and recycled building materials
- Insulation, ventilation, and natural daylight, which can improve occupant comfort and productivity
- An outdoor walking trail for use during breaks, as well as before and after work
- A learning garden with a blueberry patch to promote healthy eating and awareness of native species
- A collection of eight murals painted by a local artist to depict a story, bring color and design to the interior, and provide a feeling of connection to the outdoors, nature, and space—also referred to as "biophilia," an important component of the WELL standard

The WELL certification of Prologis Park Tacoma demonstrates Prologis's ongoing commitment to sustainability, future-proofing its buildings and offering the highest-quality buildings to its customers Because warehouses do not traditionally promote healthy living and the wellness of their logistics workers, Prologis's achievements set the company apart and help demonstrate what is possible in the industry.

COMPANY:
Lendlease Americas

PROPERTY:
Portfolio-wide

LOCATION:
U.S. nationwide

ASSET TYPE:
Portfolio-wide construction

STATUS:
Program launched in 2015

HEALTH AND SOCIAL EQUITY FOCUS:
Address the rate of construction worker suicide, which is four times the national average

PROBLEM/MOTIVATION:
To decrease the suicide rate among construction workers

ACTION/SOLUTION:
Develop a comprehensive mental health and suicide prevention program that includes education and training programs, business operation integration, and advocacy to address the high suicide rate in the industry

Prioritizing Mental Health and Suicide Prevention in the Workplace and on Construction Sites with Lendlease

Recognizing staggering averages of suicide rates among construction workers, Lendlease, an international property and investment group, is working to make a difference in suicide prevention by offering education, early intervention programs, active support, and recovery and maintenance initiatives.

Some 450 million people worldwide live with mental health illness, and the construction industry is particularly at risk. Whereas the national average of suicide is 12.54 per 100,000 people, construction workers see an average suicide rate of 53.3 per 100,000 people—a figure 2.5 times the national average. This places the construction sector as the industry with the highest suicide rate.

Lendlease is committed to prioritizing mental health and suicide prevention in its workforce and in the communities where the company operates. After focusing on mental health resources and awareness for its corporate employees, Lendlease expanded the efforts to include assets within its portfolio and the workers associated with those assets. As shown in figure 2, the organization has developed a four-pronged approach that focuses on education and awareness, early intervention, active intervention, and recovery and maintenance.

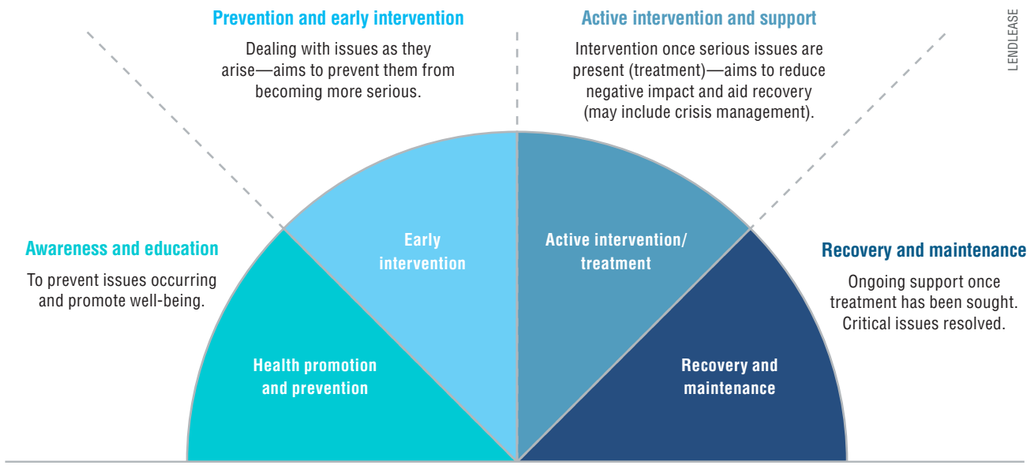


Figure 2: Lendlease's four-pronged approach to suicide prevention.

Lendlease construction site.

The organization carries out mental health and wellness initiatives including

- Providing counseling and support services for employees through the Employee Assistance Program;
- Partnering with mental health providers and organizations, such as the National Council on Behavioral Health and Living Works, to promote awareness and to educate and provide training for employees and construction site workers;
- Creating a safety network of Mental Health First Aiders—more than 10 percent of its employee base—who serve as mental health and wellness champions across the business;
- Creating a culture that reduces the stigma around mental health issues by integrating this thinking throughout construction and safety operations, such as through Toolbox Talks;
- Launching 60-minute in-person suicide prevention training targeted at the tradespeople; reaching more than 100 workers in trades, such as flooring, sheet metal, and roofing, to date;
- Offering online suicide prevention training and wellness resources for site workers in response to the coronavirus pandemic; and
- Collaborating with industry leaders and serving as a board member with the Construction Industry Alliance for Suicide Prevention (CIASP) to advance efforts and to raise awareness in the construction sector.

Lendlease construction site.

> "Lendlease is committed to prioritizing mental health and suicide prevention within our company and safety culture. We strive to create a culture of care throughout our business and are mindful about extending this impact across the entire construction industry,"
>
> **— MIKE FRATIANNI**
> Managing Director,
> Construction, Lendlease Americas

Lendlease recognizes that although much work has been done to address mental health and suicide prevention, the process is long term. The key is to listen to workers' needs and to foster a safe space for conversations as mental health providers recommend. Through awareness, training, business operation integration, and advocacy, Lendlease aims to reduce the risk of suicide and will continue its efforts to address mental health issues in the industry.

COMPANY:

Hudson Pacific Properties

PROPERTY:

The Ferry Building

LOCATION:

San Francisco, CA

SIZE:

3-acre site

TYPE:

Mixed-use office and retail

STATUS:

Acquired in 2018, under redevelopment

HEALTH AND SOCIAL EQUITY FOCUS:

Redevelopment enhanced health and wellness and sustainability, and serves as a source of community gathering

PROBLEM/MOTIVATION:

A newly acquired asset has the opportunity to improve on health and community equity

ACTION/SOLUTION:

Prioritize leadership on sustainability, health, and equity at the building and for the broader community

HUDSON PACIFIC PROPERTIES

The historic clock tower and entrance to market at the Ferry Building, San Francisco.

Acquisition Redevelopment to Enhance Health and Community Connectivity at the Ferry Building

Hudson Pacific Properties, a West Coast real estate investment trust, views its ability to thrive as a company as inextricably tied to the vibrancy and resiliency of the communities that live, work, and play in and around its properties. The firm seeks to create and cultivate communities that champion diversity and inclusivity and afford opportunity for everyone to succeed. These efforts are evident at the Ferry Building in San Francisco, which Hudson Pacific acquired jointly with Allianz Real Estate in 2018 for $219 million.

Hudson Pacific Properties has an ESG platform—Better Blueprint—that is integral to the company's business model and guides its work with tenants, employees, investors, and partners. Specifically, this blueprint aims to drive sustainability, health, and equity across the Hudson Pacific portfolio. All three themes intersect at the Ferry Building, one of San Francisco's most famous landmarks.

When the Ferry Building opened in 1898, it was the main gateway to the city; by the 1950s, most commuting occurred via automobile, and foot traffic at the Ferry Building plummeted. A new double-decker freeway along the Embarcadero limited pedestrian access and much of the building's interior was converted to standard office space.

The Ferry Building's redevelopment continued after the 1989 Loma Prieta earthquake, which started a citywide movement to reconnect San Francisco to its waterfront.

Today the Ferry Building serves as a community gathering point, local artisan market, transit hub, and health and wellness–certified building. The 3-acre site continues to bring together the community safely even during the coronavirus pandemic.

The LEED- and Fitwel-certified Ferry Building has a 75,000-square-foot marketplace featuring local restaurants, cafés, and retail shops offering a variety of foods, beverages, groceries, goods, and wares. The building joins a select group of just 23 percent of Fitwel-certified buildings to receive two stars or higher in its building category. The second-story Grand Hall houses over 190,000 square feet of class A office space. The Ferry Building uses 100 percent renewable electricity and has a wide, open stairwell, abundant natural light, and connections to multiple modes of public transportation.

HUDSON PACIFIC PROPERTIES

Third Thursday at the Ferry Building.

The building hosts a Ferry Plaza Farmers Market three times a week in partnership with the Center for Urban Education about Sustainable Agriculture (CUESA). As part of its community-building strategy, Hudson Pacific holds public programming, including a "Wellness Wednesday" program offering free exercise classes in partnership with MINDBODY SF, and a "Third Thursday" series with a special outdoor café table setup featuring free live entertainment and wares from local retailers.

The Ferry Building also recently opened a new outdoor seating area, with tables, chairs, and umbrellas that enable more than 200 people to safely enjoy its merchants' offerings while social distancing and following COVID-19 precautions. The public seating area and connected markets have always been a community gathering location, and in light of coronavirus pandemic restrictions, the space has become even more valued in the community. New entertainment and community engagement options that are in accordance with the latest health guidelines are also in development.

Fully supportive of the San Francisco coronavirus pandemic–related eviction moratorium, Hudson Pacific implemented a rent relief program to support the property's retailers, most of which are small local businesses. The property team rolled out new operating procedures, including extensive signage and a mobile tenant app, to keep the building safe, secure, and operational even during the stay-at-home order. The team illuminated the building's iconic clock tower in purple lights to express solidarity for hospitality workers and joined Hudson Pacific's #FeedtheFrontline campaign, purchasing hundreds of meals from Ferry Building restaurant tenants and donating them to health care workers at a nearby coronavirus testing site, homeless individuals at a local food pantry, and other vulnerable populations on the front lines of the crisis.

> "The Ferry Building holds a special place in the San Francisco community, and delivering meals from its beloved restaurants to frontline workers as a token of our appreciation while also supporting our restaurant tenants was a win-win situation."
>
> — **NATALIE TEEAR**
> Vice President, Sustainability and Social Impact, Hudson Pacific

Going forward, Hudson Pacific intends to further the Ferry Building's leadership on sustainability, health, and equity. The firm has developed a Healthy Building Checklist, which outlines the key design and operational features Hudson Pacific is committed to implementing across its portfolio; the goal is that by 2025, 100 percent of in-service properties will meet every item on the list. Hudson Pacific also has a goal to achieve net-zero carbon and net-zero waste in operations across its entire portfolio by 2025.

COMPANY:

Jamestown L.P.

PROPERTY:

Ponce City Market

LOCATION:

Atlanta, GA

SIZE:

16-acre site, 2.1 million sq ft

TYPE:

Mixed-use retail, office

STATUS:

Completed in 2014, ongoing community events

HEALTH AND SOCIAL EQUITY FOCUS:

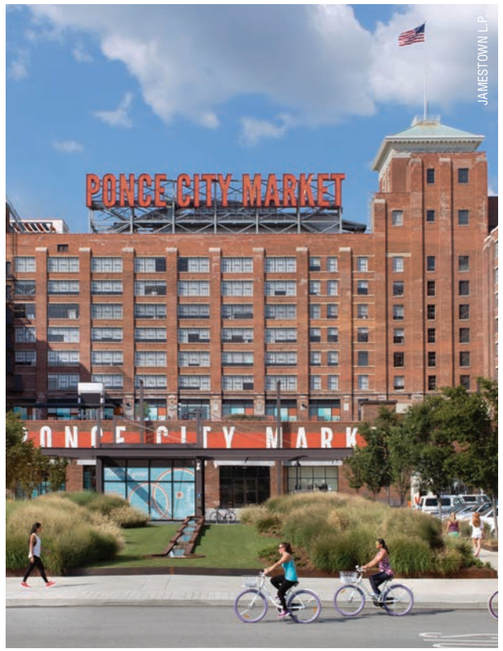
Community engagement and programming, including a farmer's market doubling SNAP benefits

PROBLEM/MOTIVATION:

Longstanding community affected by redevelopment

ACTION/SOLUTION:

Offer public programming within a mixed-use development to help revitalize the community and bolster the local economy



Ponce City Market in Atlanta on the BeltLine.

Urban Redevelopment with Community Initiatives at Ponce City Market

It is no surprise that Jamestown L.P., a design-focused real estate investment manager that puts health and wellness at its core, prioritized health and wellness, sustainability, and community involvement at its Ponce City Market development.

The $350 million redevelopment was completed in 2014 and completely reimagined this former Sears, Roebuck and Co. retail store, warehouse, regional office, and showroom. The project helped continue to spur redevelopment of the Old Fourth Ward community and bolstered the success of the Atlanta BeltLine. The project boosts three LEED Gold certifications and ongoing community initiatives that evolve with the community needs.

Jamestown's adaptive use strategy has always focused on creating spaces that will lift up surrounding neighborhoods and help support existing communities. Over the course of operations, Jamestown has crafted programming for the local community to benefit from the redevelopment.

The company is sensitive to integrating the community and works to connect with the city and local government before and during development to ensure community needs are met. This process usually means hosting community meetings beyond just the quantity required by permitting and city laws to gauge interest and understand the needs of the public. Jamestown then takes the feedback and incorporates it into development plans.

> "Incorporating health and social equity into real estate isn't the status quo—yet. So, while right now, simply saying 'yes, we're actively offering these initiatives' might be enough, we know it won't stay that way for long. The overall health and well-being of both our employees and our tenants directly impacts not only how they engage with us as a company but also how they view their community and what it offers to them. We try to actively listen in any community we come into to ensure we're meeting the needs of the community as much as possible."
>
> **— BECCA RUSHIN**
> Vice President, Sustainability and Social Responsibility, Jamestown

Table 4:

Autocase Triple-Bottom-Line Cost-Benefit Analysis of Ponce City Market Redevelopment

Stakeholder	Category	Impact name	Mean value
Owner	Financial	Financial savings from electricity	$1,471,000
Owner	Financial	Financial savings from water	$2,475,000
Occupant	Social	Productivity	$15,698,000
Occupant	Social	Occupant health	$299,300
Occupant	Social	Cycling health benefit	$6,077,000
Community	Social	Vehicle usage	$4,206,000
Community	Social	Heat island effect	$12,654
Community	Social	Flood risk	$1,666
Community	Environmental	Social value of air pollution	$5,211,000
Community	Environmental	Social value of GHGs	$1,182,500
Community	Environmental	Social value of water	$2,870
	Financial NPV		**$5,211,000**
	Social NPV		**$1,182,500**
	Environmental NPV		**$2,870**
Total TBL–NPV			**$36,636,990**

Note: TBL = triple bottom line; GHGs = greenhouse gases; NPV = net present value.

During construction, Jamestown partnered with general contractor Gay Construction to support a neighborhood employment program. Jamestown knew that there was a need for quality jobs and training for residents of the Old Fourth Ward community where Ponce City Market is located, and the team partnered with a community group to find workers interested in the program.

Triple-bottom-line (TBL) analysis software, Autocase, estimated the social net present value (NPV) of the Ponce City Market property to be $26,294,620, six times the financial NPV of the project, meaning the asset generates a high level of community and social engagement. As shown in table 4, factors going into this rating include the productivity of tenants, occupant health, benefits gained by cycling, decreased vehicle usage, reduced heat island effect, and lower flood risk.

Jamestown's entire portfolio includes a variety of health and equity–related strategies and features, including affordable housing, lactation rooms for nursing mothers in commercial buildings, and on-site yoga and fitness programs for tenants and employees. The firm's commitment to health and community engagement is apparent at the Ponce City Market development: the property offers a variety of health and wellness initiatives and amenities, many of which are executed through partnerships with the local community and frequently at little to no cost to Jamestown.

Tenants host events for the public and harness Jamestown's marketing department and social media presence to amplify the message though communications and outreach. For example, companies such as Mountain High Outfitters and Lululemon sponsor free running and yoga programs using the outdoor space at Ponce City Market. Additional amenities to make the property cyclist friendly include a bicycle valet and a bicycle stairway with a channel alongside it to facilitate walking a bicycle up or down the stairs.

Indoor marketplace at Ponce City Market in Atlanta on the BeltLine.

The Ponce City Farmers Market is located directly on the BeltLine and is the only farmer's market in Georgia primarily attended by pedestrians and cyclists. The market hosts some of Atlanta's finest local food talent, including urban farmers, artisanal food makers, and pop-up chefs. Further, Jamestown matches SNAP/electronic benefit transfer (EBT) dollars with an equal amount of tokens for fruits and vegetables.

The community offerings at Ponce City Market have evolved over time as needs and demands have shifted. For example, during the coronavirus pandemic, Ponce City Market has served as a pickup point for online orders for the local farmer's market, with a drive-through operation in the parking lot set up for contact-free pickups. The Ponce City Farmer's Market also has spread word to its network about the pandemic electronic benefit transfer (P-EBT) program, which gives financial assistance with food purchases to families with students who qualify to receive free and/or reduced lunch.

Also during the coronavirus pandemic, Jamestown set up a $50 million relief fund to assist small businesses as they prepare to reopen to wary customers emerging from expiring shelter-in-place orders. The $50 million fund will come from a mix of Jamestown's balance sheet and from credit lines. The funds will be parceled out to tenants for hard and soft operating expenses. The money may come in the form of loans, tenant improvement dollars spread over the life of leases, or abated rents, and Jamestown may also provide assistance with marketing and advertising instead of cash.

Jamestown has also been listening during the 2020 racial justice protests and is committed to systemic change. The firm stands with its communities against violence and hatred. Jamestown remains committed to creating communities that better reflect the diversity and cultural richness of its neighborhoods. Jamestown recognizes that while its ability to help solve these issues extends beyond property operations, the properties do have the ability to support social movements for positive change, such as peaceful protests for racial justice.

In May 2020, Ponce City Market considered ways to support the protests taking place across the nation. The team acted quickly as protesters marched through Atlanta and put a plan in place to support their efforts while ensuring safety for the protestors and other visitors on site. First, Jamestown's leadership decided to welcome protestors to march through the site. Later, as protestors marched down the Atlanta BeltLine, the management team set up a station to provide water and snacks to community members. The management team also set up a station with materials to make posters and signs, so that others could join in. Jamestown hopes that these small gestures will continue to support this important movement and is committed to making concrete changes across the organization to eliminate racial inequity and injustices.

As these types of health and community initiatives continue, Jamestown anticipates that much like environmental goals, companies will seek to set more firm targets around health and well-being and social equity initiatives, and will invest more time into monitoring and tracking the impact of these programs.

CONCLUSION:
ACCELERATING HEALTH AND SOCIAL EQUITY IN REAL ESTATE

CONCLUSION: ACCELERATING HEALTH AND SOCIAL EQUITY IN REAL ESTATE

Since adoption of health and social equity initiatives in the real estate industry is still in its early stages, it is difficult to provide a formula for how companies can best maneuver the space. For now, the successes of the real estate firms showcased in this report provide inspiration and justification for others to follow suit.

Ongoing work is underway to assign and track metrics, scale programs to entire portfolios, and continue adding to innovative health and social equity offerings. Some real estate companies are beginning to assign and measure impact metrics using internal methods and social calculators. Real estate firms can make the business case for their health and social equity efforts across several means: occupant demand, government incentives, community relations, building certifications, and brand value.

The industry is also realizing that the value of human health and social good is difficult—or unnecessary—to quantify. Perhaps these initiatives should be treated in the same way as, for example, lobby holiday decorations, in that a return on investment isn't required and the cost is simply a baseline expectation of conducting business.

Leadership to Act

Leadership is required to accelerate investment in health and social equity in the real estate industry.

Company efforts often require senior leadership to be key drivers of change. This necessitates executive leadership at the C-suite level to establish and endorse health and social equity as a company priority and area of focus. This includes empowering others and dedicating resources to advance action to meet new priorities and areas of focus.

For example, senior leadership at FPA Multifamily have a vested commitment to helping residents of its workforce housing properties through programs like after-school child care, tutoring, and eviction prevention efforts. The CEO of Kilroy Realty Corporation, John Kilroy, has a strong commitment to sustainability, which is reflected across the entire firm's decision-making and operational strategies. Examples of these firms' health and social equity efforts are shown in their project profiles.

Some firms' health and social equity programs have been developed and driven at the property level with on-site staff serving as "boots on the ground" leadership to create and propel initiatives forward. Property managers are well suited to identify and address the needs of building occupants and the surrounding community, and many real estate firms empower them to act on those ideas. These building-specific programs and activities can drive health and social equity in a way that is particularly appropriate to a particular place or building. Individual health and social equity initiatives can be driven by internal champions alone, though programs can reach greater impact when they are scaled and applied across the portfolio.

For example, an asset manager at FCP came up with the idea to partner with local nonprofits to offer after-school programs and summer school services on site at one of FCP's workforce multifamily properties. This program is now being considered for expansion at additional assets throughout the portfolio. Another example is Lendlease's mental health programming, which started with resources for its corporate employees and then expanded to include assets within its portfolio and the workers associated with those assets.

What's Next

What's next for those companies already investing in health and social equity at their properties? Real estate firms are interested in trying new programs and ideas, expanding their efforts to larger megaprojects, and growing their initiatives from one-off activities to portfolio-wide strategies. Here are a few examples of future plans:

- Hudson Pacific Properties is planning to engage its supply chain partners to encourage diverse hiring practices in their companies.
- Laurel Street is using a privately funded social investment fund as equity for a mixed-income housing development adjacent to a community church.
- Brandywine plans to mimic its long-term Schuylkill Yards revitalization strategy for developments at other properties.
- Both Clarion Partners and Tower Companies will drive increased inclusion of health and social equity–focused questions on tenant surveys to better track occupant preferences on health and social equity.
- FCP will expand after-school child care and summer camps to more multifamily properties for low-cost, high-payback returns in the form of resident retention.
- FPA Multifamily is launching an eviction prevention program at its residential properties.
- Jamestown will significantly increase the number of businesses owned by women and minorities at its properties, with a particular focus on black, indigenous, and people of color (BIPOC), and will work only with contractors and service providers who share Jamestown's commitment to engaging minority-owned and female-owned businesses.
- Kilroy Realty Corporation is completing a comprehensive analysis of the environmental and social impacts on the most critical components of its supply chain: engineering, janitorial, parking, landscaping, and security vendors.

As the real estate industry accelerates investment in health and social equity, there is much opportunity ahead and many lessons still to be learned. The coronavirus pandemic has amplified the focus on health and social equity in real estate. As the country evolves with the pandemic, the real estate industry is primed to listen to the market's calls for increased health and social equity at existing properties and new developments.

Owners, investors, and developers interested in adopting health and social equity practices can benefit from the lessons and success stories of the early adopters showcased in this report, while companies already practicing can strengthen existing plans to further help uptake in the market. The real estate industry is ripe for accelerated investment in health and social equity.

ACKNOWLEDGMENTS

Thank you to the following industry leaders for their input on the overall state of the real estate market on health and social equity, and for sharing details on specific projects and programs within their own firms:

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Mark Bettin
theMART

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Hines

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Health and Social Equity in Real Estate
Examples from the Field

This report takes an in-depth look at commercial real estate firms successfully integrating health and social equity into assets across the country. As a companion report to ULI's *Health and Social Equity in Real Estate: State of the Market,* this report summarizes the findings found from interviews with 44 stakeholders across the real estate industry to distill insights on health and social equity in real estate, analysis on the business case for these practices, metrics to measure outputs and success, and plans for where the market might be headed next. By demonstrating what companies have already achieved at their properties, and their motivations for doing so, this report aims to accelerate the uptake of health and social equity initiatives in commercial real estate portfolios marketwide.

Commercial real estate companies are beginning to grasp the value of health and social equity investments in their portfolios. The 2020 coronavirus pandemic has pushed health to the forefront for real estate companies. Even before the pandemic, however, companies were integrating a focus on health and social equity into their buildings and portfolios. This report touches on examples with existing building programs as well as innovative development efforts. Written simultaneously with both the COVID-19 pandemic and the increased racial injustice movement in the United States, the report also includes references to how companies are addressing the health and social equity movements of 2020.

Information and data gathered from the interviews identified five main elements of the business case that together constitute the motivation for why companies engage in health and social equity initiatives. Those elements are: *occupant demand*—more tenants are requesting and valuing these initiatives; *community success*—the more successful and prosperous a community, the more financially successful the real estate within it; *government incentives*—oftentimes state and federal incentives make incorporating health and social equity easier and more economically feasible; *competitive branding/marketing*—health and social equity are important to many occupants and help real estate firms boost their brand identity and reputation; and *building certifications and reporting structures*—such third-party structure and consistency support awareness and adoption of health and equity practices at scale.

The report also identifies a number of tools, calculators, resources, and partnership groups for commercial real estate stakeholders interested in deepening their firms' commitment and strategic alignment with health and social equity initiatives. Since adoption of health and social equity initiatives in the real estate industry is still in its early stages, it is difficult to provide a formula for how companies can best maneuver the space. For now, the successes of the real estate firms showcased in this report provide inspiration and justification for others to follow suit.
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