

Event Session

Pivotal Points: Capitalizing on Building Milestones for Environmental Gains

Date: October 19, 2023

00:00:00 --> 00:00:01: Thank you, Kevin.

00:00:03 --> 00:00:06: So as Kevin mentioned, I'm by the way, I'm an

00:00:06 --> 00:00:09: AI member and I chair the Resilience Committee for ULI.

00:00:09 --> 00:00:12: So I, I love this program together.

00:00:12 --> 00:00:15: I was talking with Kevin and and Rebecca both about

00:00:15 --> 00:00:15: it.

00:00:15 --> 00:00:16: So I think we should be doing more of this

00:00:17 --> 00:00:17: hopefully.

00:00:19 --> 00:00:23: So the resilience committee with ULI, we we we we

00:00:23 --> 00:00:27: started about two years ago and we we really focus

00:00:27 --> 00:00:31: on trying to find ways to to bring about conversation

00:00:31 --> 00:00:35: to create healthy and resilient community.

00:00:36 --> 00:00:40: In those two years we hosted multiple conversations about

00:00:40 --> 00:00:42: developing

00:00:40 --> 00:00:42: waterfront resilient waterfronts.

00:00:42 --> 00:00:45: We hosted a bunch of place management organizations from

00:00:46 --> 00:00:49: across

00:00:46 --> 00:00:49: the country to a workshop on how climate activity is

00:00:49 --> 00:00:51: changing our approach to programming public space.

00:00:52 --> 00:00:56: And we worked with community leaders to evaluate the

00:00:56 --> 00:00:59: feasibility

00:00:56 --> 00:00:59: of equitably relocating neighbors in a flood prone area, a

00:00:59 --> 00:01:03: flood prone area of Philadelphia neighbors to higher ground.

00:01:03 --> 00:01:07: Today's conversation will build on that and specifically

00:01:07 --> 00:01:11: explore opportunity

00:01:07 --> 00:01:11: for commercial and multi family owners to make strategic

00:01:11 --> 00:01:15: resilient

00:01:11 --> 00:01:15: investments into their projects while improving the financial

00:01:15 --> 00:01:16: performance of

00:01:15 --> 00:01:16: those assets.

00:01:17 --> 00:01:21: I love the way that these three sessions today really,

00:01:21 --> 00:01:23: really stack the conversation.

00:01:23 --> 00:01:24: So there's three scales, right?

00:01:24 --> 00:01:27: There's site, you know the individual projects, there's community and

00:01:27 --> 00:01:29: then there's a regional perspective.

00:01:29 --> 00:01:32: And we heard some of this in the first session

00:01:32 --> 00:01:37: already and the three systems maybe of like stormwater management,

00:01:37 --> 00:01:40: renewable energy and transportation infrastructure.

00:01:40 --> 00:01:42: So I want, I want you to keep your ears

00:01:42 --> 00:01:44: open for these connections throughout the conversations.

00:01:45 --> 00:01:49: And equally important is these, these notions of impetus, financing

00:01:49 --> 00:01:51: and partnerships, right?

00:01:51 --> 00:01:53: How do these things get started, right?

00:01:53 --> 00:01:56: Brazilian seems like such a big issue, you know, but

00:01:56 --> 00:01:58: the fact that you can get it started with a

00:01:58 --> 00:02:01: Big Mac, right, a conversation that leads to that is

00:02:01 --> 00:02:01: pretty huge.

00:02:02 --> 00:02:03: So save those coupons.

00:02:05 --> 00:02:08: So in that context, I'm happy to introduce our second

00:02:08 --> 00:02:12: panel for today, capitalizing on building milestones for environmental gains.

00:02:13 --> 00:02:16: Our moderator, Lindsay Brugger, she's Vice President of Urban Resilience

00:02:16 --> 00:02:17: for Urban Land Institute.

00:02:18 --> 00:02:21: I work closely with Lindsay in my role both as

00:02:21 --> 00:02:25: Resilience Chair and also resilient land use cohort.

00:02:26 --> 00:02:28: So I'm pleased to to introduce her today.

00:02:28 --> 00:02:31: Please help me welcome Lindsay Brugger who introduced our panelists

00:02:31 --> 00:02:32: in the discussion.

00:02:32 --> 00:02:32: Thank.

00:02:41 --> 00:02:42: You very much.

00:02:58 --> 00:02:58: Thank you David.

00:02:58 --> 00:03:00: Appreciate that introduction.

00:03:01 --> 00:03:04: So as David mentioned, we are shifting gears a little bit.

00:03:04 --> 00:03:07: We had a fantastic conversation to kick off the day

00:03:07 --> 00:03:10: that was really at the sites kind of neighbourhood scale,

00:03:10 --> 00:03:12: it was more public sector.

00:03:12 --> 00:03:15: We're going to shift gears really looking at the asset

00:03:15 --> 00:03:18: scale and thinking more about the role of the private

00:03:18 --> 00:03:19: sector.
00:03:19 --> 00:03:22: So you all heard a little bit about me from
00:03:22 --> 00:03:22: David.
00:03:22 --> 00:03:25: I'll add that Prior to joining ULIA couple years ago,
00:03:25 --> 00:03:29: I managed resilience and adaptation and disaster assistance
at AIA
00:03:29 --> 00:03:30: National.
00:03:30 --> 00:03:33: So I am particularly excited about this collaboration and love
00:03:33 --> 00:03:36: seeing everybody here in this room and want to start
00:03:36 --> 00:03:38: off by getting to know you a little bit.
00:03:39 --> 00:03:42: So show of hands, where are all the architects in
00:03:42 --> 00:03:43: the room?
00:03:44 --> 00:03:45: I'm sure we have a bunch.
00:03:46 --> 00:03:46: Excellent.
00:03:46 --> 00:03:46: OK.
00:03:46 --> 00:03:48: And I know we had some planners.
00:03:48 --> 00:03:50: I was sitting with some planners earlier.
00:03:50 --> 00:03:51: Great.
00:03:51 --> 00:03:52: Few more hands.
00:03:52 --> 00:03:54: Any engineers in the room?
00:03:54 --> 00:03:55: Oh, yeah, Proud engineers.
00:03:55 --> 00:03:57: Those hands went right up.
00:03:57 --> 00:03:59: Great developers.
00:04:01 --> 00:04:02: Good.
00:04:02 --> 00:04:03: We got some Uli members here.
00:04:03 --> 00:04:03: OK.
00:04:04 --> 00:04:05: Any owners?
00:04:06 --> 00:04:07: Couple.
00:04:08 --> 00:04:08: OK.
00:04:09 --> 00:04:10: Government folk.
00:04:11 --> 00:04:12: Yeah, that's right.
00:04:12 --> 00:04:12: Panel one.
00:04:12 --> 00:04:13: There you go.
00:04:14 --> 00:04:16: And then what about finance people?
00:04:16 --> 00:04:17: I know we have at least one.
00:04:18 --> 00:04:19: Yeah, there we are.
00:04:19 --> 00:04:19: OK.
00:04:19 --> 00:04:22: So my panelists, great.
00:04:22 --> 00:04:24: So we are going to try to talk to a
00:04:24 --> 00:04:27: lot of those perspectives today and to set the scene
00:04:27 --> 00:04:29: for our resilient retrofit conversation.
00:04:30 --> 00:04:33: I'm going to provide a little bit of background on

00:04:33 --> 00:04:35: a report that ULI published about a year ago called
00:04:36 --> 00:04:37: Resilient Retrofits.
00:04:37 --> 00:04:41: So we're going to talk about how we prepare our
00:04:41 --> 00:04:45: existing buildings to be ready for the changes in climate,
00:04:45 --> 00:04:48: specifically physical climate risks.
00:04:48 --> 00:04:50: So floods, heat, wildfire.
00:04:51 --> 00:04:54: There's of course intersections with our climate mitigation
goals, but
00:04:54 --> 00:04:58: this conversation is predominantly going to be about climate
adaptation.
00:04:59 --> 00:05:03: And this report looks at the business case for these
00:05:03 --> 00:05:07: resilient retrofits as well as a summary of design strategies,
00:05:07 --> 00:05:12: policies and financing mechanisms to make these resilient
retrofits a
00:05:12 --> 00:05:12: reality.
00:05:13 --> 00:05:16: So for my brief overview, I'm really going to focus
00:05:16 --> 00:05:18: on the business case, sprinkling in a little bit of
00:05:18 --> 00:05:21: the design elements and then teeing up our conversation
today,
00:05:21 --> 00:05:25: which will be predominantly about the financing mechanisms
and the
00:05:25 --> 00:05:27: challenges and benefits that are out there.
00:05:29 --> 00:05:32: So why are we talking about existing buildings?
00:05:33 --> 00:05:36: Well, believe it or not, most of our built environment
00:05:36 --> 00:05:37: already exists.
00:05:38 --> 00:05:40: This stat is from architecture 2030.
00:05:41 --> 00:05:45: And according to that organization, 2/3 of the global building
00:05:45 --> 00:05:48: stock already exists and will be with us again in
00:05:49 --> 00:05:49: 2040.
00:05:52 --> 00:05:54: So that's a lot of buildings and that could be
00:05:54 --> 00:05:56: a little bit daunting.
00:05:56 --> 00:05:59: It's a big challenge but but the good news is
00:05:59 --> 00:06:04: that all of these retrofits have significant economic
opportunities and
00:06:04 --> 00:06:09: one of those opportunities is enhanced marketability and
access to
00:06:09 --> 00:06:10: capital.
00:06:10 --> 00:06:14: So that might look like reputational benefits or the ability
00:06:14 --> 00:06:17: to attract and retain high value tenants.
00:06:17 --> 00:06:21: It might be fasting, leasing and sale or even higher
00:06:21 --> 00:06:22: rental and sale premiums.
00:06:23 --> 00:06:26: And as we'll hear later, it might also be better
00:06:26 --> 00:06:27: access to financing.

00:06:31 --> 00:06:34: Resilient buildings might be cheaper to ensure.
00:06:34 --> 00:06:38: Insurance is a big topic these days and we know
00:06:39 --> 00:06:43: that insurers price risk, so less risk could mean a
00:06:43 --> 00:06:44: lower price.
00:06:46 --> 00:06:48: There's a hotel in South Florida that's all this.
00:06:48 --> 00:06:53: They saved over \$500,000 on their policy just by protecting
00:06:53 --> 00:06:58: their MEP equipment, using impact resistant windows, and
adding backup
00:06:58 --> 00:07:01: power and water supply to their facility.
00:07:05 --> 00:07:08: Resilient buildings could avoid future costs.
00:07:09 --> 00:07:13: We all know that disasters come with a very high
00:07:13 --> 00:07:16: price tag, so you could say that it might be
00:07:16 --> 00:07:21: actually cheaper to fortify your building now than to repair
00:07:21 --> 00:07:22: or rebuild later.
00:07:24 --> 00:07:26: FM Global big major insurer.
00:07:26 --> 00:07:28: They're offering all sorts of discounts.
00:07:28 --> 00:07:30: They have research to back this up.
00:07:30 --> 00:07:34: They found that for every \$1.00 that a company spends
00:07:35 --> 00:07:39: to protect their structure, they reduce their loss exposure by
00:07:39 --> 00:07:40: about \$105.00.
00:07:42 --> 00:07:43: That's a pretty great return.
00:07:46 --> 00:07:50: And then we could also say that resilient buildings could
00:07:50 --> 00:07:51: be cheaper to operate, right?
00:07:51 --> 00:07:54: Materials are more durable, they last longer, they don't need
00:07:54 --> 00:07:55: to be replaced quite as often.
00:07:56 --> 00:08:00: And then particularly when we're thinking about extreme heat
mitigation
00:08:00 --> 00:08:04: measures, they have wonderful Co benefits, they help us
lower
00:08:04 --> 00:08:07: energy bills, and they support our net 0 ambitions.
00:08:07 --> 00:08:10: That might be things like cool coatings for roofs or
00:08:10 --> 00:08:11: facades.
00:08:12 --> 00:08:15: Those are relatively affordable and they help to reduce
indoor
00:08:16 --> 00:08:17: heat gain and energy bills.
00:08:18 --> 00:08:22: Even something as simple as shading really basic but can
00:08:22 --> 00:08:25: help reduce our heat gain, lower energy bills.
00:08:28 --> 00:08:31: So all that to say, the increased demand from investors
00:08:31 --> 00:08:34: and end users is a big piece of this, and
00:08:34 --> 00:08:37: that is coming from a lot of different places.
00:08:37 --> 00:08:40: We're seeing increased consumer awareness, right?
00:08:40 --> 00:08:42: MLS listings are listing physical climate risks.
00:08:42 --> 00:08:45: We have all sorts of disclosure regulations coming out at

00:08:45 --> 00:08:47: the city, state and federal levels.

00:08:48 --> 00:08:51: And that's actually a good thing because when we build

00:08:51 --> 00:08:55: more resilient buildings, everyone benefits, all right, We have
a

00:08:55 --> 00:08:57: more stable property environment.

00:08:57 --> 00:08:59: We have safer buildings for our occupants.

00:09:00 --> 00:09:04: You could argue there's more competitive markets for growth
and

00:09:04 --> 00:09:07: our local economies are more supportive and our cost to

00:09:07 --> 00:09:09: our public, our taxpayers are also lower.

00:09:11 --> 00:09:15: So here's some more good news from a design perspective.

00:09:16 --> 00:09:17: We know how to do this.

00:09:19 --> 00:09:22: Retrofit strategies exist for every major hazard type and
when

00:09:22 --> 00:09:26: we're thinking about how we retrofit our buildings and which

00:09:26 --> 00:09:30: design strategies to select and implement, we should think
about

00:09:30 --> 00:09:30: three things.

00:09:31 --> 00:09:34: First is we want to be comprehensive.

00:09:35 --> 00:09:38: I can't think of a single building that only faces

00:09:38 --> 00:09:40: one single hazard, right.

00:09:40 --> 00:09:42: We are in a multi hazard kind of world and

00:09:42 --> 00:09:43: we got to address it.

00:09:44 --> 00:09:47: And fortunately there are synergies between many of these
strategies.

00:09:49 --> 00:09:52: And Speaking of synergies, we want to address adaptation
and

00:09:52 --> 00:09:53: mitigation.

00:09:53 --> 00:09:57: Because while we know that disasters are increasing in
frequency

00:09:57 --> 00:10:00: and intensity, and we need to address that, we also

00:10:00 --> 00:10:03: need to address the root cause and reduce our greenhouse

00:10:03 --> 00:10:04: gas emissions.

00:10:04 --> 00:10:08: And sometimes, as designers, that requires us to balance
these

00:10:08 --> 00:10:10: two objectives with our project goals.

00:10:11 --> 00:10:15: And then finally, we want to have the big audacious

00:10:15 --> 00:10:17: goal of being comprehensive.

00:10:18 --> 00:10:20: We know that things like money can be a challenge

00:10:20 --> 00:10:23: and so we may not be able to implement everything

00:10:23 --> 00:10:25: all at once, but knowing where we need to get

00:10:25 --> 00:10:27: to in the long run can help us be a

00:10:27 --> 00:10:29: more effective in the short term.

00:10:32 --> 00:10:34: So for my designers in the room, this all probably

00:10:34 --> 00:10:35: looks really familiar.

00:10:35 --> 00:10:39: Here's a few examples of what might need to happen

00:10:39 --> 00:10:40: here in Philly.

00:10:41 --> 00:10:42: These are pretty low hanging fruit.

00:10:42 --> 00:10:45: These are some of the lower cost items that are

00:10:45 --> 00:10:48: detailed in the report, recognizing that heat and flooding are

00:10:48 --> 00:10:50: some of the major hazards here in Philadelphia.

00:10:54 --> 00:10:58: And then today's conversation comes back to that sticky question

00:10:58 --> 00:11:00: of where do we find the money.

00:11:00 --> 00:11:02: I'll admit this part's harder.

00:11:02 --> 00:11:05: It's not figured out quite as much as those design

00:11:05 --> 00:11:09: strategies, but there are financing mechanisms out there and that's

00:11:09 --> 00:11:11: going to be a big part of our conversation today.

00:11:13 --> 00:11:15: So with that, I'd like to bring up our incredible

00:11:16 --> 00:11:16: panelists.

00:11:16 --> 00:11:19: I'll do a quick introduction once they take their seats.

00:11:27 --> 00:11:33: All right.

00:11:34 --> 00:11:37: So my very first applauder here, we have Greg Reeves,

00:11:37 --> 00:11:40: CEO and Co Founder of Mosaic Development Partners.

00:11:41 --> 00:11:44: Then we have Sheila Wallace, Senior Director and of originations

00:11:44 --> 00:11:46: at Nubian Green Capital.

00:11:46 --> 00:11:47: So she's going to tell us where all the money

00:11:47 --> 00:11:47: comes from.

00:11:48 --> 00:11:52: And then we have Alicia Schulach, Director of Commercial Programs

00:11:52 --> 00:11:55: at Philadelphia Energy Authority, who's going to be kicking us

00:11:55 --> 00:11:57: off with a little bit of an overview.

00:11:59 --> 00:12:01: And I'm going to warn you all now, all of

00:12:01 --> 00:12:04: my panelists are really excited about Q&A.

00:12:04 --> 00:12:06: So we're going to be tossing it to you really

00:12:06 --> 00:12:06: early.

00:12:06 --> 00:12:08: So get your questions ready.

00:12:10 --> 00:12:10: Thank you, Lindsay.

00:12:10 --> 00:12:11: Really appreciate it.

00:12:12 --> 00:12:13: I'm going to stand up for a second.

00:12:16 --> 00:12:18: If you've been in a room with me when I've

00:12:18 --> 00:12:20: been at the front of the room, you'll know that

00:12:20 --> 00:12:22: the very first thing I do is take a picture

00:12:22 --> 00:12:23: of the audience.

00:12:23 --> 00:12:24: But you have to wave at me.
00:12:24 --> 00:12:27: Hey, let's go.
00:12:27 --> 00:12:27: Wave.
00:12:27 --> 00:12:28: Don't stop.
00:12:29 --> 00:12:29: Don't stop.
00:12:34 --> 00:12:34: Thank you.
00:12:34 --> 00:12:38: I'll see if any of them turn out OK.
00:12:39 --> 00:12:40: You know what?
00:12:40 --> 00:12:42: I'm just going to stand while I answer this first
00:12:42 --> 00:12:45: question and then I'm going to sit Lisa Shulak, Philadelphia
00:12:45 --> 00:12:46: Energy Authority.
00:12:47 --> 00:12:52: I also am Chair of the Board of Greenbelt United,
00:12:52 --> 00:12:57: but I'm here in my PEA capacity, so financing.
00:12:57 --> 00:13:00: So just I just want to just restate a couple
00:13:00 --> 00:13:04: of things that Lindsay just said, which is the first
00:13:04 --> 00:13:08: panel was the amazing and wonderful and was really
00:13:08 --> 00:13:09: focused
00:13:08 --> 00:13:09: on public projects.
00:13:10 --> 00:13:14: We're here today to talk about privately owned property,
00:13:14 --> 00:13:18: which
00:13:14 --> 00:13:18: could be both, you know, for profit as well as
00:13:18 --> 00:13:21: nonprofit owners, but just not government owned.
00:13:21 --> 00:13:25: So that's that's kind of the realm that we're talking
00:13:25 --> 00:13:25: about.
00:13:27 --> 00:13:30: One of the things I love about resiliency and by
00:13:30 --> 00:13:33: the way that the report that Lindsay was had the
00:13:33 --> 00:13:35: slides from is an amazing report.
00:13:35 --> 00:13:37: I'm actually going to be looking at it a little
00:13:37 --> 00:13:39: bit and looking at some of these pages today.
00:13:39 --> 00:13:41: So if you didn't get that link I would recommend
00:13:41 --> 00:13:43: that you you you take a look at it.
00:13:43 --> 00:13:47: One of the things about resiliency is that it's so
00:13:47 --> 00:13:50: I my background is more in the energy space and
00:13:50 --> 00:13:54: storm water management and flooding and all that is much
00:13:54 --> 00:13:56: newer topic for me.
00:13:56 --> 00:14:00: But I love that they're so connected and when you
00:14:00 --> 00:14:05: make a building more resilient to both heat you're you're
00:14:05 --> 00:14:09: also able to do a lot of flood mitigation and
00:14:09 --> 00:14:11: stormwater management.
00:14:11 --> 00:14:13: So that's I think that's pretty cool.
00:14:13 --> 00:14:17: So but what I'm going to start talking about today
00:14:17 --> 00:14:17: is C pace.
00:14:18 --> 00:14:20: So how many people have ever heard of C pace?

00:14:22 --> 00:14:23: Fantastic.

00:14:25 --> 00:14:28: How many people feel like they know a lot about

00:14:29 --> 00:14:29: C Pace?

00:14:31 --> 00:14:33: OK, Maria, you can go take a walk.

00:14:36 --> 00:14:39: Other than that, I guess everybody else has to say

00:14:39 --> 00:14:41: so it's a, it's a funding mechanism.

00:14:41 --> 00:14:46: It stands for Commercial Property Assessed Clean Energy and it's

00:14:46 --> 00:14:50: been around in various states for well over 10 years

00:14:50 --> 00:14:53: but it has really been growing in popularity.

00:14:53 --> 00:15:00: It became it was enacted enabled in Pennsylvania in 2018

00:15:00 --> 00:15:06: in the first Finance C Pace project was in Philadelphia

00:15:06 --> 00:15:08: in July 2020.

00:15:08 --> 00:15:11: And the reason Maria raised her hand is because she

00:15:11 --> 00:15:15: was she was a the key property owner representative at

00:15:15 --> 00:15:18: the time and so she you might still have some

00:15:18 --> 00:15:21: scars getting through that but we have completely made it.

00:15:21 --> 00:15:25: It's a such an easy seamless process now that thanks

00:15:25 --> 00:15:28: to Maria so it so it's a financing mechanism that

00:15:28 --> 00:15:32: has public benefit and it was originally and the thing

00:15:32 --> 00:15:35: that I love about this this session about retro, about

00:15:35 --> 00:15:39: retrofitting existing buildings is it was created as a tool

00:15:39 --> 00:15:43: that retrofit buildings to make them more energy efficient and

00:15:43 --> 00:15:46: to be able to add renewable energy to them.

00:15:46 --> 00:15:48: It has since become a tool that also can be

00:15:48 --> 00:15:50: used for new construction.

00:15:50 --> 00:15:54: But the idea is that if you're able, you're what

00:15:54 --> 00:15:57: you do is you finance and then you can use

00:15:57 --> 00:16:00: a you could pay for 100% of all the hard

00:16:00 --> 00:16:04: and soft costs of anything related to a retrofit of

00:16:04 --> 00:16:09: a building that in Pennsylvania that's real, that is either

00:16:09 --> 00:16:14: improving its energy efficiency, its reduction in water use, its

00:16:14 --> 00:16:19: resiliency in terms of stormwater management, flood risk mitigation and

00:16:19 --> 00:16:24: and any other resilient measure that makes sense where

00:16:24 --> 00:16:28: your building is located and also renewable energy.

00:16:28 --> 00:16:30: So what it does is you what happens is the

00:16:31 --> 00:16:34: sea pace an assessment gets it's an assessment is placed

00:16:34 --> 00:16:36: on your property.

00:16:36 --> 00:16:39: And the idea is that when you're investing in making

00:16:39 --> 00:16:43: your building more resilient or more energy efficient, it has

00:16:43 --> 00:16:46: long term benefit and and it's you know could be
00:16:46 --> 00:16:49: 20 to 25 to 30 years of benefit that you're
00:16:49 --> 00:16:51: going to get out of an investment.
00:16:51 --> 00:16:54: But many building owners don't know how long they're going
00:16:54 --> 00:16:56: to own a building or even have a plan to
00:16:56 --> 00:16:58: you know to to to sell the building at some
00:16:59 --> 00:16:59: point.
00:16:59 --> 00:17:04: So whoever is paying for that assessment is also benefiting
00:17:04 --> 00:17:06: from the investment.
00:17:06 --> 00:17:09: So that the assessment stays with the property for the
00:17:09 --> 00:17:12: duration of as long as the assessment is on the
00:17:12 --> 00:17:12: property.
00:17:12 --> 00:17:15: So that's like the key that's that that's that's what
00:17:15 --> 00:17:19: distinguishes C Pace from from most other funding really
pretty
00:17:19 --> 00:17:21: much all other funding mechanisms.
00:17:23 --> 00:17:27: I'm just going to say one more thing and then
00:17:27 --> 00:17:31: pass it back to to Lindsay, which is it's C
00:17:31 --> 00:17:36: Pace is incredibly versatile, but it isn't for every building,
00:17:36 --> 00:17:39: it isn't for every project.
00:17:39 --> 00:17:43: In Pennsylvania, we've had 25 projects funded by C Pace
00:17:43 --> 00:17:46: thus far in in three years, 15 of them in
00:17:46 --> 00:17:50: been in Philadelphia, nine of them have been with Sheila's
00:17:50 --> 00:17:54: company, Naveen Green Capital and more and more and
nine
00:17:54 --> 00:17:54: in Philly.
00:17:54 --> 00:17:56: And I think you have more in the other parts
00:17:56 --> 00:17:57: of the state too.
00:17:58 --> 00:18:03: And there's and my role is in Philadelphia.
00:18:03 --> 00:18:05: I'm the program administrator.
00:18:05 --> 00:18:07: So I am here to do market education and to
00:18:07 --> 00:18:12: help property owners and interested stakeholders learn more
about C
00:18:12 --> 00:18:15: Pace and to walk you through the process if you're
00:18:15 --> 00:18:17: interested in in using C PACE financing.
00:18:17 --> 00:18:20: And then I send you off to Sheila or 29
00:18:21 --> 00:18:25: of her competitors in in Pennsylvania to actually get the
00:18:25 --> 00:18:27: C PACE financing.
00:18:29 --> 00:18:31: Thanks for that CPACE overview, Lisa.
00:18:32 --> 00:18:34: So let's move it over to Sheila since you teed
00:18:34 --> 00:18:34: it up so well.
00:18:34 --> 00:18:37: Sheila, can you talk a little bit about as a
00:18:37 --> 00:18:41: capital provider, why Nuveen Green Capital is interested in

CSPACE?

00:18:42 --> 00:18:43: Yes, no problem.

00:18:43 --> 00:18:45: So Sheila Wallace UV and Green Capital.

00:18:46 --> 00:18:50: First off, the company that I work for was purchased

00:18:50 --> 00:18:52: by Nuveen 2 years ago.

00:18:52 --> 00:18:55: Started out as Greenworks Lending and then two Co
founders

00:18:55 --> 00:18:58: actually worked at the Connecticut Green Bank.

00:18:58 --> 00:19:01: Realized that the C pace mechanism was really a great

00:19:01 --> 00:19:05: tool to help encourage energy efficiency and so they started

00:19:05 --> 00:19:07: this company to start financing it.

00:19:07 --> 00:19:13: They financed a whole bunch of properties and put together

00:19:13 --> 00:19:19: pools of of these bonds and ended up selling them

00:19:19 --> 00:19:19: to nuvi.

00:19:20 --> 00:19:25: Nuvi loved it because all these bonds had an E1

00:19:25 --> 00:19:28: rating, which is the S&P.

00:19:28 --> 00:19:32: Standard and Poor's comes up with the ratings and they

00:19:32 --> 00:19:36: have an environmental one that goes from E1 to E4

00:19:36 --> 00:19:38: and they were all rated E1.

00:19:39 --> 00:19:44: TIAA, which owns Nuveen, has a goal for to hit

00:19:44 --> 00:19:47: net 0 carbon emissions by 2050.

00:19:47 --> 00:19:51: So they're pretty committed to trying to get more energy

00:19:52 --> 00:19:56: efficient investments within their general account.

00:19:57 --> 00:19:59: It's not that easy though I will say and I'm

00:20:00 --> 00:20:02: sure Greg is going to definitely expand on it.

00:20:04 --> 00:20:09: The Co founders started Greenworks lending acquired by
Nuveen with

00:20:09 --> 00:20:13: the hopes of developing more products outside of CPS.

00:20:14 --> 00:20:16: It's was extremely challenging.

00:20:16 --> 00:20:20: We even had like a we had a solar team

00:20:20 --> 00:20:23: dedicated to solar, solar projects.

00:20:23 --> 00:20:26: And it just was not penciling out, right.

00:20:27 --> 00:20:30: What's great about CPS is it is a public private

00:20:30 --> 00:20:33: partnership where it gets paid back as a tax.

00:20:33 --> 00:20:35: And so it is a little more credit secured.

00:20:35 --> 00:20:38: So it does help with a little bit of the

00:20:38 --> 00:20:38: pricing.

00:20:38 --> 00:20:41: And there's a little bit of arbitrage when you add

00:20:42 --> 00:20:44: CPS to a senior lender in a capital stack.

00:20:45 --> 00:20:46: That's always the case though.

00:20:46 --> 00:20:49: So that's why I mean they would use it all

00:20:49 --> 00:20:50: the time if that was the case.

00:20:51 --> 00:20:54: There's different ways that can be structured that makes it
00:20:54 --> 00:20:57: more beneficial like the longer useful life that will help
00:20:58 --> 00:21:00: make it more beneficial depends on the asset type.
00:21:01 --> 00:21:04: You know if you have a 30 year term and
00:21:04 --> 00:21:07: you're working on a multi family project, it could be
00:21:07 --> 00:21:08: beneficial.
00:21:08 --> 00:21:11: It might not because all lenders provide 30 year terms,
00:21:11 --> 00:21:14: but if you're working on a hotel or an office
00:21:14 --> 00:21:17: or retail project and they're all doing a 25 year
00:21:17 --> 00:21:21: term by helping lengthen that term, it lowers the per
00:21:21 --> 00:21:25: year payment which is really important today and it's really
00:21:25 --> 00:21:27: high interest rate environment.
00:21:27 --> 00:21:31: I'm, I'm digressing so, but what I wanted to say
00:21:31 --> 00:21:35: is there's a lot of investment out there looking to
00:21:35 --> 00:21:38: have impact in the environmental and resilient space.
00:21:40 --> 00:21:44: Whether or not they're willing to pay more or or
00:21:44 --> 00:21:49: receive a lower net return is to be determined and
00:21:49 --> 00:21:52: still trying to figure it out.
00:21:52 --> 00:21:55: But if you have, you know apples, apples and one
00:21:55 --> 00:21:59: of them is an E1 rating, by all means everyone
00:21:59 --> 00:22:02: out there is going to want this E1 rating.
00:22:02 --> 00:22:05: There are some projects that we worked on here in
00:22:05 --> 00:22:09: Philly like the Wells Fargo building where the investor was
00:22:09 --> 00:22:13: actually from UK and the investor's compensation was
00:22:13 --> 00:22:15: actually tied
00:22:13 --> 00:22:15: to the energy efficiency of the building.
00:22:15 --> 00:22:19: And so they really pushed the developer to get those
00:22:19 --> 00:22:21: improvements made.
00:22:19 --> 00:22:21: So there's money out there.
00:22:21 --> 00:22:23: It's challenging.
00:22:24 --> 00:22:25: So the public private partnership does really help.
00:22:25 --> 00:22:28: There still needs to be incentives to get done, but
00:22:29 --> 00:22:32: there's, you know, the IRA and other government supported
00:22:32 --> 00:22:37: outlets
00:22:37 --> 00:22:41: that might hopefully push people in this direction.
00:22:41 --> 00:22:45: And I know this is resilience and I I want
00:22:45 --> 00:22:48: to also mention for me it gets a little Gray
00:22:48 --> 00:22:52: but with resilience versus energy efficiency.
00:22:52 --> 00:22:57: But I do know the climate risk and insulation.
00:22:57 --> 00:23:01: All that definitely is duplicated or qualifies as energy
00:22:57 --> 00:23:01: efficiency
00:23:02 --> 00:23:04: and it all kind of ties together.
00:23:05 --> 00:23:07: But I'm still learning that piece too.

00:23:07 --> 00:23:08: How that differs?

00:23:09 --> 00:23:13: Thanks Sheila and for background and Lisa and Sheila can

00:23:13 --> 00:23:16: tell you both more, the Resilience piece of C paste

00:23:16 --> 00:23:18: in Philadelphia is is much newer.

00:23:18 --> 00:23:20: I don't know if either of you want to.

00:23:20 --> 00:23:20: Yeah, it just.

00:23:21 --> 00:23:21: It just.

00:23:22 --> 00:23:23: Yeah, sure.

00:23:23 --> 00:23:27: So I I mentioned that C paste was originally enacted

00:23:27 --> 00:23:30: in 2018 in our first the project was in 2020.

00:23:30 --> 00:23:34: In 2022 the legislation was amended to not only add

00:23:34 --> 00:23:40: multi family properties as a newly eligible property type but

00:23:40 --> 00:23:45: also added resiliency and indoor air quality as newly eligible

00:23:45 --> 00:23:48: measures that can be financed with CPA.

00:23:48 --> 00:23:53: So we haven't actually had a project yet use like

00:23:53 --> 00:23:58: a measure that would be counted as resilient, but not

00:23:58 --> 00:24:01: in the energy category.

00:24:01 --> 00:24:03: So, so far all of our projects have been for

00:24:03 --> 00:24:06: energy efficiency or renewable energy.

00:24:06 --> 00:24:10: But we're really looking forward to seeing some stormwater

00:24:10 --> 00:24:13: management

00:24:10 --> 00:24:13: projects use see pace and I can talk about that

00:24:13 --> 00:24:14: a little bit more later.

00:24:15 --> 00:24:16: Thank you.

00:24:16 --> 00:24:19: So zooming out of the financing piece, Greg, as our

00:24:19 --> 00:24:22: resident developer here, could you talk a little bit about

00:24:22 --> 00:24:25: how you're creating more resilient buildings and any benefits

00:24:25 --> 00:24:27: or

00:24:25 --> 00:24:27: challenges you've experienced?

00:24:27 --> 00:24:29: We'll talk about the challenges definitely.

00:24:31 --> 00:24:34: So we do use C Pace and we reach out

00:24:34 --> 00:24:38: to you frequently for programs and projects that C Pace

00:24:39 --> 00:24:42: is great for those who how many people have used

00:24:42 --> 00:24:44: it in the room.

00:24:44 --> 00:24:47: Well, Maria also works with Mosaic.

00:24:47 --> 00:24:50: She's my colleague at Mosaic and our Senior VP of

00:24:50 --> 00:24:50: Development.

00:24:50 --> 00:24:54: So that's far Mosaic is you see PACE in this

00:24:54 --> 00:24:58: room and we do it primarily on a number of

00:24:58 --> 00:24:58: fronts.

00:24:59 --> 00:25:00: We're hoping to be able to use it at the

00:25:00 --> 00:25:02: Navy Yard, but we've also used it in projects, particularly

00:25:02 --> 00:25:05: when we're driving equity in neighbourhoods that have struggled.

00:25:05 --> 00:25:08: And see PACE has been a tool that we've been

00:25:08 --> 00:25:11: able to use to replace equity in many cases, because

00:25:11 --> 00:25:15: the cost of equity often makes these projects undoable.

00:25:15 --> 00:25:18: When you look at it's hard for me to look

00:25:18 --> 00:25:24: at development conceptually, whether we're looking at resiliency, stormwater management,

00:25:24 --> 00:25:27: we talked about it in our pre discussion or in

00:25:27 --> 00:25:31: any other terms without bringing up in at least our

00:25:31 --> 00:25:34: mindset issues of poverty and race and how the effect

00:25:34 --> 00:25:37: of what you build has on poverty and race.

00:25:38 --> 00:25:41: And and for us we're equitable builders.

00:25:41 --> 00:25:43: We've been that way since 2008.

00:25:43 --> 00:25:44: That's why we started our company.

00:25:44 --> 00:25:47: So I believe we have quite a bit of expertise

00:25:47 --> 00:25:48: in this space.

00:25:48 --> 00:25:50: We work in seven of the tough neighbor, seven of

00:25:50 --> 00:25:54: the toughest neighborhoods in Philadelphia, seven of the 10 toughest

00:25:54 --> 00:25:55: neighborhoods in Philadelphia.

00:25:55 --> 00:25:58: We love being in the neighborhoods, but we also understand

00:25:58 --> 00:26:01: the true complexities of trying to develop and invest in

00:26:01 --> 00:26:02: those neighborhoods.

00:26:02 --> 00:26:06: And when what I worry about are we're kind of

00:26:07 --> 00:26:13: bringing first world demands and technologies into spaces where we

00:26:13 --> 00:26:16: can't get it done, We can't.

00:26:16 --> 00:26:22: Where we add layers of requirements onto communities, particularly communities

00:26:22 --> 00:26:26: of color where we're unable to put financing together.

00:26:26 --> 00:26:30: That makes really great things happen because of those consequences.

00:26:30 --> 00:26:33: And we talked about the difference between public and private

00:26:33 --> 00:26:33: investment.

00:26:34 --> 00:26:37: The problem is, is that people that put these requirements

00:26:37 --> 00:26:38: on are public investment people.

00:26:38 --> 00:26:41: They they view the world differently than the private market.

00:26:41 --> 00:26:42: They're not the same.

00:26:43 --> 00:26:45: We work a lot with public investment and we have

00:26:45 --> 00:26:47: a lot of public investment strategies.

00:26:47 --> 00:26:48: But I think it's important to note in the last

00:26:48 --> 00:26:51: discussion that when you're talking about all of these

wonderful

00:26:51 --> 00:26:53: things that you're doing, you're using public money to do

00:26:53 --> 00:26:53: it.

00:26:54 --> 00:26:56: The private market doesn't work anything like that.

00:26:56 --> 00:26:58: So what we have to think about is how do

00:26:58 --> 00:27:02: we complement in the private market with public investment to

00:27:02 --> 00:27:04: really get the outcomes that we're seeking.

00:27:04 --> 00:27:07: And so because what we also know is that government

00:27:07 --> 00:27:10: doesn't provide the bulk of the funding to change communities,

00:27:10 --> 00:27:12: right, They provide a catalyst for change.

00:27:12 --> 00:27:15: They do or they don't, but they could And the

00:27:15 --> 00:27:18: key is do you provide a catalyst that actually spurs

00:27:18 --> 00:27:19: future investment.

00:27:19 --> 00:27:22: And so when we talk about high performing buildings or

00:27:22 --> 00:27:25: buildings that we're working on, a number of lead certified

00:27:25 --> 00:27:28: buildings all all on I would say the East Coast

00:27:28 --> 00:27:32: frankly and but different levels of resiliency depending upon where

00:27:32 --> 00:27:34: we are particularly at the Navy Yard.

00:27:34 --> 00:27:36: For those that know that that community there's a lot

00:27:36 --> 00:27:39: of issues that we deal with coming out of the

00:27:39 --> 00:27:41: ground and we're right by the river.

00:27:41 --> 00:27:44: So the the conditions that we face there, because of

00:27:44 --> 00:27:47: the market the way it is, we're able to absorb

00:27:48 --> 00:27:53: resiliency strategies in ways that communities in Charleswood could not

00:27:53 --> 00:27:56: or in Frankfurt or in Strawberry Mansion or in you

00:27:56 --> 00:28:00: name the neighborhood Olney where we also work or in

00:28:00 --> 00:28:02: Germantown where we work.

00:28:02 --> 00:28:05: So we're realistic about how this all comes to play,

00:28:05 --> 00:28:08: but what we're trying to do is drive equity and

00:28:08 --> 00:28:10: wealth in our building and performance.

00:28:11 --> 00:28:13: I know that didn't answer your question, but I'm saying

00:28:13 --> 00:28:14: it anyway.

00:28:14 --> 00:28:18: So, so, so, so from a resilience standpoint though, we're

00:28:18 --> 00:28:22: doing everything that we can that fits within the capital

00:28:22 --> 00:28:26: stack to drive the best possible building for all people,

00:28:26 --> 00:28:28: no matter what income level they sit.

00:28:29 --> 00:28:31: And so we have a big belief that whatever building

00:28:31 --> 00:28:34: we build, the same level of quality goes to anyone

00:28:34 --> 00:28:37: who's in that building, the same performance of the building.

00:28:38 --> 00:28:41: We don't develop programs for people that are poor.
00:28:41 --> 00:28:44: That's different than people who have excess income.
00:28:44 --> 00:28:47: We build the same level and the same approach in
00:28:47 --> 00:28:49: terms of how we drive that.
00:28:49 --> 00:28:51: And what that does is it puts more of a
00:28:51 --> 00:28:53: burden on our ability to meet some of these other
00:28:53 --> 00:28:53: ideals.
00:28:54 --> 00:28:57: Triple pane windows, that's something somebody called that
low hanging
00:28:57 --> 00:28:57: fruit.
00:28:57 --> 00:29:00: That is not low hanging fruit in my world it's
00:29:00 --> 00:29:00: not.
00:29:01 --> 00:29:03: And so it's it's little things like that.
00:29:03 --> 00:29:06: But I think at some level, you know, we'd love
00:29:06 --> 00:29:09: to have real dialogue about how this can come together
00:29:09 --> 00:29:13: and we could use public investment to drive better private
00:29:13 --> 00:29:17: strategies on highly performing buildings that serve all
communities and
00:29:17 --> 00:29:21: in our in our interest, particularly low income communities
and
00:29:21 --> 00:29:22: communities of color.
00:29:24 --> 00:29:26: So I warned you all that we'd be coming to
00:29:26 --> 00:29:28: you nice and quick because we figured you were pretty
00:29:28 --> 00:29:29: chatty earlier.
00:29:29 --> 00:29:32: So does anyone have a question now before I dive
00:29:32 --> 00:29:33: into others for the panelists?
00:29:37 --> 00:29:38: OK, keep thinking.
00:29:39 --> 00:29:39: Raise your hand if you do.
00:29:40 --> 00:29:41: Otherwise I'm just going to steal the show.
00:29:42 --> 00:29:47: So Lisa, you talked earlier about how the resilience
measures
00:29:47 --> 00:29:48: is somewhat new.
00:29:48 --> 00:29:51: Could you talk more about that amendment in the specific
00:29:51 --> 00:29:54: design strategies that are eligible for C PACE financing under
00:29:54 --> 00:29:55: that amendment?
00:29:59 --> 00:30:00: Of course, happy to.
00:30:01 --> 00:30:03: I kind of committed to do that, so I should.
00:30:05 --> 00:30:11: So, yes, resilience was added to the Pennsylvania statute in
00:30:11 --> 00:30:15: 2022 and it is one of the broadest, I would
00:30:15 --> 00:30:21: say, around the country in terms of different CPACE statutes.
00:30:21 --> 00:30:24: We there are other states that are starting to bring
00:30:24 --> 00:30:28: resilience on as part of their eligible measures.
00:30:29 --> 00:30:32: We also added indoor air quality as I mentioned before

00:30:32 --> 00:30:35: and there isn't another state that I'm aware of that
00:30:35 --> 00:30:37: explicitly talks about indoor air quality.
00:30:37 --> 00:30:44: So from a resiliency standpoint raise your hand if you're
00:30:44 --> 00:30:46: from Pennsylvania.
00:30:47 --> 00:30:49: I assume the vast majority of you are right or
00:30:49 --> 00:30:52: I mean live currently live in Pennsylvania, OK, not originally
00:30:52 --> 00:30:52: from OK.
00:30:53 --> 00:30:57: So we all know what the politics are in Pennsylvania,
00:30:57 --> 00:31:02: We're fossil state, yet CPACE is really a bipartisan issue.
00:31:02 --> 00:31:06: When we were able to, the original statute was passed
00:31:06 --> 00:31:09: and then it was amended with a Republican majority both
00:31:10 --> 00:31:11: in the House and the Senate.
00:31:12 --> 00:31:15: And one of the ways we were able to do
00:31:15 --> 00:31:18: that was to never mention the words climate change or
00:31:19 --> 00:31:20: greenhouse gases.
00:31:20 --> 00:31:24: It was simply a way to make buildings more efficient
00:31:25 --> 00:31:28: as a public benefit and and and and protect and
00:31:29 --> 00:31:34: to protect against natural disasters that the resiliency
language is
00:31:34 --> 00:31:38: about protection from natural disasters.
00:31:39 --> 00:31:42: We don't really care what causes those natural disasters.
00:31:42 --> 00:31:44: We just know that we want to be protected from
00:31:44 --> 00:31:44: them.
00:31:44 --> 00:31:49: So in our in Philadelphia, I believe that the, OK,
00:31:49 --> 00:31:53: let me back up and say as I mentioned earlier,
00:31:53 --> 00:31:57: anything you do to your building to make it more
00:31:57 --> 00:31:59: energy efficient is both.
00:32:00 --> 00:32:03: And as Lindsay said before, it's both a mitigation strategy
00:32:03 --> 00:32:06: and an adaptation strategy because you make it more
efficient,
00:32:06 --> 00:32:09: you're putting less greenhouse gases in the atmosphere.
00:32:09 --> 00:32:14: You're also reducing what's called heat island effect, which is
00:32:14 --> 00:32:17: like how hot it is in a particular in a
00:32:17 --> 00:32:21: in a very small area, a small neighborhood, and you're
00:32:21 --> 00:32:26: making that building more resilient to when there is a
00:32:26 --> 00:32:29: an an electricity or a utility outage.
00:32:29 --> 00:32:32: If it's more efficient, it will be able to sustain
00:32:32 --> 00:32:35: livable temperatures for a longer period of time.
00:32:35 --> 00:32:39: If there's if there's less heat exchange from inside to
00:32:39 --> 00:32:40: outside, vice versa.
00:32:40 --> 00:32:44: So all of the energy improvements you can make are
00:32:44 --> 00:32:49: also going to help with resiliency including of course adding

00:32:49 --> 00:32:54: renewable energy and adding storage absolutely adds to the resilience

00:32:54 --> 00:32:56: of resilience of your building.

00:32:57 --> 00:33:00: I think in Philly flooding is the most light is

00:33:00 --> 00:33:03: is the even though Lindsay you said there's there's not

00:33:03 --> 00:33:06: a single building that doesn't have more than one risk

00:33:06 --> 00:33:07: factor.

00:33:07 --> 00:33:11: I think in Philly flooding is probably and and heat.

00:33:11 --> 00:33:15: So there's your two flooding that isn't covered by energy

00:33:15 --> 00:33:18: is the most likely thing that we that we face.

00:33:18 --> 00:33:24: And somebody earlier today mentioned Hurricane Ida which had devastating

00:33:24 --> 00:33:27: flooding consequences here in Philly.

00:33:28 --> 00:33:31: And so we had worked very closely with the Philadelphia

00:33:31 --> 00:33:35: Water Department when we were putting together the program guidelines

00:33:35 --> 00:33:38: to implement how do we, how do we actually make

00:33:38 --> 00:33:40: resiliency happen.

00:33:40 --> 00:33:43: And we in order to use C PACE to fund

00:33:44 --> 00:33:49: a stormwater project, you have to meet all of the

00:33:49 --> 00:33:52: PWD requirements and then more.

00:33:52 --> 00:33:56: So you have to meet the minimum plus just like

00:33:56 --> 00:33:57: we do with energy.

00:33:57 --> 00:34:01: And if you're investing in energy efficiency, you have to

00:34:01 --> 00:34:05: meet our Building Energy Code, which is right now IECC

00:34:05 --> 00:34:05: 2018.

00:34:06 --> 00:34:08: And yet you have to beat it by no particular

00:34:08 --> 00:34:08: amount.

00:34:08 --> 00:34:09: You just have to beat it.

00:34:09 --> 00:34:12: And the same with the the water regulations.

00:34:12 --> 00:34:15: You just have to do better than what PWD requires.

00:34:16 --> 00:34:17: That answer your question?

00:34:17 --> 00:34:18: That's great.

00:34:18 --> 00:34:18: Thank you.

00:34:18 --> 00:34:22: And so the report that Lisa so generously endorsed that

00:34:22 --> 00:34:25: I shared earlier, there are matrices in there for all

00:34:25 --> 00:34:29: of the major hazard types, including a flooding and heat.

00:34:29 --> 00:34:32: And Lisa, if I'm correct in quoting you, you said

00:34:32 --> 00:34:35: earlier that nearly everything on those lists qualifies for CPS.

00:34:35 --> 00:34:36: That's correct.

00:34:36 --> 00:34:37: Awesome.

00:34:37 --> 00:34:38: So there's your shortcut.

00:34:39 --> 00:34:40: All right.

00:34:41 --> 00:34:43: So unless there's a question, I'll go to Sheila.

00:34:46 --> 00:34:46: OK.

00:34:46 --> 00:34:49: Sheila, can you talk a little bit about what kinds

00:34:49 --> 00:34:52: of projects that you're seeing use C Pace funding and

00:34:52 --> 00:34:55: what role C PACE plays in the capital stack?

00:34:57 --> 00:34:58: Yeah, sure.

00:34:58 --> 00:35:02: I might have touched on it earlier, but so we

00:35:02 --> 00:35:03: see a lot.

00:35:03 --> 00:35:03: OK.

00:35:04 --> 00:35:05: So we'll back up a little bit.

00:35:05 --> 00:35:09: Historically, C pace was first utilized just for retrofits.

00:35:09 --> 00:35:13: So a building now is existing needs to replace really

00:35:13 --> 00:35:17: old HVAC systems or coolers, boilers, whatever like new roof

00:35:18 --> 00:35:21: you would come and finance that would see face.

00:35:22 --> 00:35:26: Since then it evolved to now utilize new construction.

00:35:26 --> 00:35:30: A lot of the legislative bodies recognize that it was

00:35:30 --> 00:35:34: just not only great tools encourage clean energy also kind

00:35:34 --> 00:35:37: of helps with job growth and potential development.

00:35:39 --> 00:35:44: So, so now new construction, mid construction, post

00:35:44 --> 00:35:49: construction you

00:35:49 --> 00:35:54: can basically finance anytime there up until two years post

00:35:54 --> 00:35:57: CFO here in Pennsylvania, different states have different

00:35:59 --> 00:36:03: lengths of

00:36:03 --> 00:36:05: time you can finance post construction.

00:36:05 --> 00:36:08: So it's being used a lot for projects that sometimes

00:36:08 --> 00:36:12: encounter issues.

00:36:12 --> 00:36:16: And actually one that we we explored at a recent

00:36:17 --> 00:36:20: panel was a developer who actually had a storm water

00:36:20 --> 00:36:20: management issue and it had a \$1.7 million cost overrun.

00:36:20 --> 00:36:23: And the bank had a right committed to lending this

00:36:23 --> 00:36:28: money.

00:36:28 --> 00:36:28: And this was a big chunk that they were not.

00:36:28 --> 00:36:31: It was a smaller project, 20 some million to have

00:36:31 --> 00:36:33: a 1.7.

00:36:33 --> 00:36:38: Yeah, it was.

00:36:38 --> 00:36:40: Yeah, it was very painful for the developer.

00:36:40 --> 00:36:44: But fortunately, the bank was open to different ideas, which

00:36:44 --> 00:36:48: includes Cpace at the time.

00:36:48 --> 00:36:49: We actually could not do resiliency, but we're able to

00:36:51 --> 00:36:55: finance the energy efficiency and use that to help with

00:36:51 --> 00:36:55: that cost overrun.

00:36:51 --> 00:36:55: And so in today's economic environment, you're seeing tons

of
00:36:55 --> 00:36:59: cost overruns because interest rates are so high and to
00:36:59 --> 00:37:04: carry the project through completion and stabilization, you're
bound to
00:37:04 --> 00:37:07: have an over or like not enough or deficiency in
00:37:07 --> 00:37:09: that reserve account, right.
00:37:10 --> 00:37:13: And so we're also seeing C pays utilize to help
00:37:13 --> 00:37:18: these projects even though it's it's not directly related to
00:37:18 --> 00:37:23: resiliency, it does qualify for these items in an environment
00:37:23 --> 00:37:28: where a borrower can't refinance because they went into the
00:37:28 --> 00:37:33: project with three percent, 4% interest rates and today it's
00:37:33 --> 00:37:38: 8% and they're trying to refinance out and the construction
00:37:38 --> 00:37:42: loans 30 million and that they go to other lenders
00:37:42 --> 00:37:46: and the lenders say the Max that we'll give you
00:37:46 --> 00:37:47: is 25,000,000.
00:37:48 --> 00:37:52: So C pace is helpful in that situation too.
00:37:52 --> 00:37:56: But most of all, it's helpful for ground and construction
00:37:57 --> 00:38:02: where potentially there's there's only so much a senior lender
00:38:02 --> 00:38:06: can do and they need a little bit more capital
00:38:06 --> 00:38:09: to fill up that full stack to get the project
00:38:09 --> 00:38:10: going.
00:38:11 --> 00:38:13: And so it's helping those instances.
00:38:13 --> 00:38:14: Yeah, I see a question.
00:38:15 --> 00:38:15: Awesome.
00:38:15 --> 00:38:16: Yeah.
00:38:24 --> 00:38:25: Is C pace A?
00:38:25 --> 00:38:28: Floating rate like other construction loans or is it fixed
00:38:29 --> 00:38:32: and if so, what's the difference between it and market?
00:38:32 --> 00:38:33: Rate, Yeah, great question.
00:38:35 --> 00:38:38: So it's a fixed rate long term loan and that's
00:38:38 --> 00:38:40: why it can be helpful.
00:38:40 --> 00:38:44: So pretend, OK, so we're priced 360 to 400 /
00:38:44 --> 00:38:50: 10 year treasury which means we were really attractive four
00:38:50 --> 00:38:51: months ago.
00:38:51 --> 00:38:55: But the interest, the 10 year treasury went up over
00:38:55 --> 00:38:58: 1% just in a couple months.
00:38:58 --> 00:39:01: And so we are now a little less attractive in
00:39:01 --> 00:39:03: comparison to senior debt.
00:39:04 --> 00:39:06: But what's nice is we know what the rate's going
00:39:06 --> 00:39:07: to be on the exit.
00:39:07 --> 00:39:11: And so if we're able to have that payment set
00:39:11 --> 00:39:14: for year one and the senior lender is doing some

00:39:14 --> 00:39:18: arbitrary exit stress rate to figure out how much they
00:39:18 --> 00:39:22: could finance if they put us in there there, there
00:39:22 --> 00:39:26: might be a chance where every dollar we finance, they
00:39:26 --> 00:39:30: might have to cut some proceeds, but not dollar for
00:39:30 --> 00:39:30: dollar.
00:39:31 --> 00:39:35: And so it helps get a little more in leverage
00:39:35 --> 00:39:38: and reduce the equity need for a developer.
00:39:39 --> 00:39:39: Yeah.
00:39:39 --> 00:39:42: If I can, the leverage piece is really important, yes.
00:39:42 --> 00:39:45: So if you're have a project that's 50% leveraged and
00:39:46 --> 00:39:49: the lender won't go beyond that and and and the
00:39:49 --> 00:39:52: deal could really accept 60% or 65%, you don't want
00:39:52 --> 00:39:55: to replace that with equity, right.
00:39:55 --> 00:39:56: You want to look for additional debt.
00:39:56 --> 00:39:59: So even debt that might be a little bit higher,
00:39:59 --> 00:40:02: but it's fixed over the term, it's still more attractive.
00:40:02 --> 00:40:05: So that's where we certainly have looked to you all
00:40:05 --> 00:40:07: to come in and say, all right, the leverage isn't
00:40:07 --> 00:40:10: enough, the equity is too high for the project to
00:40:10 --> 00:40:10: work.
00:40:10 --> 00:40:12: C Pace now becomes that tool that comes in and
00:40:12 --> 00:40:15: helps make that really happen in a meaningful way.
00:40:18 --> 00:40:20: I'm coming with a a mic.
00:40:24 --> 00:40:27: So I do a lot of like LEAD certifications and
00:40:27 --> 00:40:30: WELL certifications and there's a lot of overlap between
LEAD
00:40:30 --> 00:40:33: and WELL which is really great when you can leverage
00:40:33 --> 00:40:36: that because then you don't have to do the work
00:40:36 --> 00:40:37: twice.
00:40:37 --> 00:40:40: Lindsay, I think I also saw that your CPHC you
00:40:40 --> 00:40:44: mentioned you know building energy envelope efficiencies
and that is
00:40:44 --> 00:40:47: excellent for reducing energy costs etcetera.
00:40:48 --> 00:40:50: So does C Pace have a sort of rubric for
00:40:50 --> 00:40:53: like, OK, this building is LEED Gold or LEED Platinum,
00:40:53 --> 00:40:57: This, this building's going after, well, this building is certified
00:40:57 --> 00:40:58: Passive House.
00:40:58 --> 00:41:02: And is there some sort of, you know, way that
00:41:02 --> 00:41:05: you like, let's say I'm talking to a client and
00:41:05 --> 00:41:09: I have a building that's LEED Gold and well, gold
00:41:09 --> 00:41:12: and the client's like, OK, well, can we apply C
00:41:12 --> 00:41:12: Pace?

00:41:12 --> 00:41:14: Like, is there a way to say that?

00:41:14 --> 00:41:16: Oh yeah, because it's lead gold and, well, gold C

00:41:16 --> 00:41:18: Pace will be a lot easier to get.

00:41:25 --> 00:41:25: Great question.

00:41:25 --> 00:41:26: Thank you.

00:41:26 --> 00:41:31: So for C pace in Pennsylvania and in most jurisdictions

00:41:31 --> 00:41:36: a, a survey needs to be created that's submitted to

00:41:36 --> 00:41:42: us as the program administrator that shows that whatever it

00:41:42 --> 00:41:47: is that you want to finance is it meets the

00:41:47 --> 00:41:48: our requirements.

00:41:48 --> 00:41:52: So if you're going after energy efficiency we and it's

00:41:52 --> 00:41:56: and it's new construction and kind of the cases that

00:41:56 --> 00:42:00: you were just talking about we it usually we we

00:42:00 --> 00:42:04: most people are submitting a whole building energy model

00:42:04 --> 00:42:09: and

00:42:09 --> 00:42:09: if you're getting lead certification you already have created

00:42:09 --> 00:42:11: one.

00:42:09 --> 00:42:11: So that's really easy to submit.

00:42:12 --> 00:42:16: And then we and then our engineer actually contracted

00:42:16 --> 00:42:21: through

00:42:16 --> 00:42:21: right now through practical energy solutions reviews it make

00:42:21 --> 00:42:25: sure

00:42:21 --> 00:42:25: it, it, it, the energy, the, the model of

00:42:25 --> 00:42:28: the energy use is going to be above code which

00:42:28 --> 00:42:32: I mentioned earlier is IECC 2018 in Philadelphia.

00:42:33 --> 00:42:39: And for stormwater management, other resiliency measures,

00:42:39 --> 00:42:44: it has to

00:42:39 --> 00:42:44: be better than what's required either by the water department

00:42:45 --> 00:42:46: or by building code.

00:42:47 --> 00:42:51: And in the case of indoor air quality, we have

00:42:51 --> 00:42:56: a number of different modeled certifications that we that

00:42:56 --> 00:43:01: we've

00:42:56 --> 00:43:01: agreed to look at including well including reset air a

00:43:01 --> 00:43:02: few other things.

00:43:02 --> 00:43:06: And so it's it's it's better than what is required

00:43:06 --> 00:43:10: and it you just have to provide a survey that

00:43:10 --> 00:43:14: that that proves that for an existing building or for

00:43:15 --> 00:43:19: you know so if you're if you're upgrading you know

00:43:19 --> 00:43:24: certain measures then it's you don't need a whole building

00:43:24 --> 00:43:25: energy model.

00:43:25 --> 00:43:28: You just need to show how the what you're replacing

00:43:28 --> 00:43:31: is is is better than what exists or let's say

00:43:31 --> 00:43:35: with stormwater management or or even like hardening a

00:43:31 --> 00:43:35: building

00:43:35 --> 00:43:38: to to to flood risk maybe you're you're moving it
00:43:38 --> 00:43:41: you're replacing and moving equipment from the lower let
you
00:43:41 --> 00:43:44: know from the basement to a higher level and and
00:43:44 --> 00:43:48: maybe you're going to replace that equipment at the same
00:43:48 --> 00:43:48: time.
00:43:48 --> 00:43:50: So all you know all of those costs are included
00:43:50 --> 00:43:51: in.
00:43:51 --> 00:43:54: So it depends on whether it's new construction and whether
00:43:54 --> 00:43:57: a whole energy model, a whole building model is required
00:43:57 --> 00:43:59: or if it's a in this year we're talking about
00:43:59 --> 00:44:00: retrofits today.
00:44:00 --> 00:44:02: So it's probably going to be a much simpler kind
00:44:02 --> 00:44:04: of process to get approval.
00:44:05 --> 00:44:06: I have a.
00:44:06 --> 00:44:07: Question of my own if that's OK.
00:44:08 --> 00:44:11: Lindsay, you you mentioned I think at the top and
00:44:11 --> 00:44:13: I might get the statistic wrong, but I think it
00:44:13 --> 00:44:16: was something like 2/3 of our built environment that we'll
00:44:17 --> 00:44:18: need in the future is already built.
00:44:19 --> 00:44:22: And and you sort of preface the conversation to saying
00:44:22 --> 00:44:25: that it's it's, there's no way that we'll be able
00:44:25 --> 00:44:28: to kind of finance all of the enhancements or improvements
00:44:28 --> 00:44:29: all at once.
00:44:29 --> 00:44:32: But over the life cycle of the building, there's strategic
00:44:32 --> 00:44:35: points where that might happen really for any of the
00:44:35 --> 00:44:36: panelists.
00:44:36 --> 00:44:39: Can you kind of elaborate what are those strategic points
00:44:39 --> 00:44:42: within a building's life cycle that it makes the most
00:44:42 --> 00:44:45: sense to make these types of resilient investments?
00:44:51 --> 00:44:54: Well, we do retrofits and grand up developments.
00:44:54 --> 00:44:57: So for for a hotel, for example, a PIP is
00:44:57 --> 00:44:59: 7 years, right?
00:44:59 --> 00:45:02: So if you look at hotel operations, if you're in
00:45:02 --> 00:45:06: that space, every seven years, you're basically turning over
hotel
00:45:06 --> 00:45:08: and you may want to look in that cycle as
00:45:08 --> 00:45:13: to whether or not there's some real opportunities for
significant
00:45:13 --> 00:45:15: upgrades and resiliency at the Navy Yard.
00:45:16 --> 00:45:18: The way we're looking at a 15 year cycle, we're
00:45:18 --> 00:45:21: building a neighborhood that's lead for ND for the entire
00:45:21 --> 00:45:21: neighborhood.

00:45:22 --> 00:45:24: Every building that we're building is lead silver or above.

00:45:25 --> 00:45:28: All of our buildings are dealing with significant resiliency.

00:45:28 --> 00:45:30: The cost of doing that is exorbitant, but we've committed

00:45:30 --> 00:45:31: to it.

00:45:31 --> 00:45:35: We're going to do it anyway, but alternatively we're working

00:45:35 --> 00:45:37: in Olney with Zion Baptist Church.

00:45:38 --> 00:45:40: I don't know if you, you know the church certainly

00:45:40 --> 00:45:44: well recognized in the city of Philadelphia for many, many

00:45:44 --> 00:45:44: years.

00:45:45 --> 00:45:48: We're helping them retrofit a building, their annex building.

00:45:48 --> 00:45:52: We're doing it at 2A LEED certification, very difficult to

00:45:52 --> 00:45:56: achieve given the community that it's in the neighborhood, the

00:45:56 --> 00:45:59: rents that are able to pay for the cost of

00:45:59 --> 00:46:00: doing that work.

00:46:00 --> 00:46:04: And so again, as you move into different neighborhoods, the

00:46:04 --> 00:46:06: goals shift with the goals are the same, but the

00:46:06 --> 00:46:09: reality shift and the way that you have to deal

00:46:09 --> 00:46:11: with them becomes far more complicated.

00:46:11 --> 00:46:14: So, so it's really a mix in terms of how

00:46:14 --> 00:46:18: you're trying to make this work because ultimately our

00:46:18 --> 00:46:22: ultimate

00:46:18 --> 00:46:22: goal is to create buildings that are activated, that meet

00:46:22 --> 00:46:26: the needs of the community right, first, right that that

00:46:26 --> 00:46:29: are solving problems in neighborhoods.

00:46:29 --> 00:46:32: And we do that with the mindset are we doing

00:46:32 --> 00:46:35: it at the highest possible quality, but we have to

00:46:35 --> 00:46:39: also make choices on what matters most and then sometime

00:46:39 --> 00:46:44: some cases certain lead requirements or lead objectives get

00:46:44 --> 00:46:46: sacrificed.

00:46:44 --> 00:46:46: And that's just the realities of what we have to

00:46:46 --> 00:46:46: deal with.

00:46:47 --> 00:46:48: I'll add to that.

00:46:48 --> 00:46:49: Go ahead.

00:46:49 --> 00:46:51: I was just going to say in the timing of

00:46:51 --> 00:46:53: that, in many cases deals with when you have to,

00:46:53 --> 00:46:56: when you're in a financing situation with respect to that.

00:46:56 --> 00:46:57: Yeah.

00:46:57 --> 00:46:58: And so a few examples.

00:46:58 --> 00:47:03: We're seeing many cities across the country institute building

00:47:03 --> 00:47:04: performance

00:47:03 --> 00:47:04: standards, right.

00:47:04 --> 00:47:08: And so that is going to, from a regulation standpoint,

00:47:08 --> 00:47:11: incite some level of retrofit often from an energy efficiency standpoint.

00:47:12 --> 00:47:12: But that is another opportunity to layer in some of these resilience and climate adaptation measures.

00:47:15 --> 00:47:18: Because if you're going to be opening up the wall anyway, consider what else you can do.

00:47:18 --> 00:47:21: Like in the in the Pacific Northwest, which I know is not at all where we are right now, when they're looking to add insulation, they're also looking at potential

00:47:21 --> 00:47:24: seismic upgrades, right, because you're in the wall anyway.

00:47:24 --> 00:47:27: So think about what you're doing so that you can begin to minimize the long term costs and consider does it make sense in investing a little bit more now

00:47:27 --> 00:47:29: so you don't have to do it all over again later?

00:47:29 --> 00:47:33: The other thing that I'm going to show you at the close of this panel is in addition to the report that Uli did, the American Institute of Architects has a Resilience and Adaptation certificate series on there, our online learning platform AIAU.

00:47:33 --> 00:47:37: And one of those classes is on conducting vulnerability assessments at the building scale.

00:47:37 --> 00:47:39: So this is something that all you architects could do. It's potential service that you could offer.

00:47:39 --> 00:47:42: But one of the ways that you might go through and do that vulnerability analysis on an existing building is after a disaster, right?

00:47:42 --> 00:47:45: Because you want to understand what is failing in the building that needs to be repaired and what are other opportunities to enhance its resilience again, while you're already undergoing

00:47:45 --> 00:47:47: construction, while you already have financing in place.

00:47:47 --> 00:47:47: And then the last opportunity might be when you're thinking about repositioning the building or selling the building, thinking about

00:47:48 --> 00:47:50: your your your next buyer and what they might want to get out of the building and how you can potentially make it more attractive given the fact that our investors are more and more concerned about physical climate risk.

00:47:50 --> 00:47:52: your your your next buyer and what they might want to get out of the building and how you can potentially make it more attractive given the fact that our investors are more and more concerned about physical climate risk.

00:47:52 --> 00:47:55: your your your next buyer and what they might want to get out of the building and how you can potentially make it more attractive given the fact that our investors are more and more concerned about physical climate risk.

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00:48:00 --> 00:48:04: your your your next buyer and what they might want to get out of the building and how you can potentially make it more attractive given the fact that our investors are more and more concerned about physical climate risk.

00:48:04 --> 00:48:05: your your your next buyer and what they might want to get out of the building and how you can potentially make it more attractive given the fact that our investors are more and more concerned about physical climate risk.

00:48:05 --> 00:48:07: your your your next buyer and what they might want to get out of the building and how you can potentially make it more attractive given the fact that our investors are more and more concerned about physical climate risk.

00:48:07 --> 00:48:10: your your your next buyer and what they might want to get out of the building and how you can potentially make it more attractive given the fact that our investors are more and more concerned about physical climate risk.

00:48:10 --> 00:48:13: your your your next buyer and what they might want to get out of the building and how you can potentially make it more attractive given the fact that our investors are more and more concerned about physical climate risk.

00:48:13 --> 00:48:17: your your your next buyer and what they might want to get out of the building and how you can potentially make it more attractive given the fact that our investors are more and more concerned about physical climate risk.

00:48:17 --> 00:48:19: your your your next buyer and what they might want to get out of the building and how you can potentially make it more attractive given the fact that our investors are more and more concerned about physical climate risk.

00:48:19 --> 00:48:22: your your your next buyer and what they might want to get out of the building and how you can potentially make it more attractive given the fact that our investors are more and more concerned about physical climate risk.

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00:48:32 --> 00:48:37: your your your next buyer and what they might want to get out of the building and how you can potentially make it more attractive given the fact that our investors are more and more concerned about physical climate risk.

00:48:37 --> 00:48:41: your your your next buyer and what they might want to get out of the building and how you can potentially make it more attractive given the fact that our investors are more and more concerned about physical climate risk.

00:48:41 --> 00:48:44: your your your next buyer and what they might want to get out of the building and how you can potentially make it more attractive given the fact that our investors are more and more concerned about physical climate risk.

00:48:44 --> 00:48:47: your your your next buyer and what they might want to get out of the building and how you can potentially make it more attractive given the fact that our investors are more and more concerned about physical climate risk.

00:48:47 --> 00:48:50: your your your next buyer and what they might want to get out of the building and how you can potentially make it more attractive given the fact that our investors are more and more concerned about physical climate risk.

00:48:50 --> 00:48:54: your your your next buyer and what they might want to get out of the building and how you can potentially make it more attractive given the fact that our investors are more and more concerned about physical climate risk.

00:48:55 --> 00:48:56: So, great question.

00:48:56 --> 00:48:57: Thank you, Kevin.

00:48:58 --> 00:49:01: I just want to add one more potential time when

00:49:01 --> 00:49:04: it is from heavy as I mentioned I come at

00:49:04 --> 00:49:08: this more from an energy perspective is end of life

00:49:08 --> 00:49:12: of equipment is and that's you know from a public

00:49:12 --> 00:49:16: policy standpoint and just from in general it is the

00:49:16 --> 00:49:20: biggest challenge is is getting to property owners to to

00:49:20 --> 00:49:24: get them to to plan before the end of life.

00:49:24 --> 00:49:26: So it isn't an emergency replacement when your boiler is

00:49:26 --> 00:49:29: out in the middle of January, but in August they've

00:49:29 --> 00:49:31: actually planned for it and they they know what they're

00:49:31 --> 00:49:34: going to, you know, they know what they're going to

00:49:34 --> 00:49:36: replace it with and not necessarily the cheapest off the

00:49:36 --> 00:49:37: shelf thing.

00:49:37 --> 00:49:41: So that's and that's not necessarily relevant to resiliency per

00:49:41 --> 00:49:44: SE but it's it's just another place where we we

00:49:44 --> 00:49:45: need to to look I was.

00:49:47 --> 00:49:51: I was going to say C pays financing related.

00:49:52 --> 00:49:56: It's challenging to do it mid like mid financing because

00:49:56 --> 00:50:00: we have to get approval from the lender to use

00:50:00 --> 00:50:03: C pays and so it usually only works when it

00:50:03 --> 00:50:06: is at the end of the use of life and

00:50:06 --> 00:50:09: they have no other option and then the lender might

00:50:09 --> 00:50:12: say OK fine you can do this.

00:50:12 --> 00:50:15: Otherwise you really need to plan to do it for

00:50:15 --> 00:50:19: like a large renovation or when you're refinancing and

00:50:19 --> 00:50:23: considering

00:50:23 --> 00:50:27: all that because it does get a little challenging sometimes

00:50:27 --> 00:50:28: to put see pace in there without the full stack

00:50:28 --> 00:50:29: consideration.

00:50:29 --> 00:50:32: Yeah.

00:50:32 --> 00:50:33: Or really the change of ownership, you know that's that's

00:50:33 --> 00:50:36: a pretty important trigger.

00:50:36 --> 00:50:38: When I think of it now that I'm thinking about

00:50:38 --> 00:50:41: it, that would be more likely when I would look

00:50:41 --> 00:50:42: at replacing these systems because I'm thinking about what

00:50:42 --> 00:50:46: the

00:50:46 --> 00:50:49: new program is coming in.

00:50:49 --> 00:50:49: The existing owner may be incremental because that's what

00:50:49 --> 00:50:49: their

00:50:49 --> 00:50:49: capital stack will allow them to be right in, in

00:50:49 --> 00:50:49: reality.

00:50:49 --> 00:50:52: But if you have a change of ownership with new
00:50:52 --> 00:50:54: equity coming in, a new lender, a new lender profile,
00:50:55 --> 00:50:57: a new investor profile, it's actually a great time to
00:50:57 --> 00:51:00: look at all of the building footprint to determine what
00:51:00 --> 00:51:02: the best approach is moving forward.
00:51:06 --> 00:51:06: All right.
00:51:06 --> 00:51:09: I'm just going to say one more thing that isn't
00:51:09 --> 00:51:13: an answer to any question, but this, this, this came
00:51:13 --> 00:51:16: out, came out in your report which is, you know,
00:51:16 --> 00:51:20: so we're seeing, you know, post pandemic work from home
00:51:20 --> 00:51:23: off, you know, the office sector is really been hit
00:51:23 --> 00:51:23: hard.
00:51:24 --> 00:51:26: So which what office buildings are doing?
00:51:26 --> 00:51:29: Well, the ones that are amenity rich, but you know
00:51:30 --> 00:51:30: what else?
00:51:31 --> 00:51:33: The ones that are not in a flood zone or
00:51:33 --> 00:51:37: you know likely to get flooded again because they were
00:51:37 --> 00:51:38: during Hurricane Ida.
00:51:39 --> 00:51:43: So just that that buildings that are in, you know,
00:51:43 --> 00:51:48: that have some resiliency risk are going to lose market
00:51:48 --> 00:51:51: value, are going to lose tenants.
00:51:51 --> 00:51:55: So that's just like another motivating factor, I think, for
00:51:55 --> 00:51:56: some property owners.
00:52:06 --> 00:52:06: Thank you.
00:52:06 --> 00:52:08: I, I don't really have a a proper question formulated
00:52:08 --> 00:52:10: here, but Greg this is going to be directed at
00:52:10 --> 00:52:11: you here.
00:52:11 --> 00:52:14: So share a vision with me, right.
00:52:14 --> 00:52:16: You're in, you're in seven of the top 10 toughest
00:52:17 --> 00:52:19: communities as you're saying and and we will all want
00:52:19 --> 00:52:22: those communities to to whatever happens in that
community, we
00:52:23 --> 00:52:24: want it to be the best, right.
00:52:24 --> 00:52:28: We want that housing to be waterproof, flood proofed,
elevated,
00:52:28 --> 00:52:29: mechanicals protected, right.
00:52:30 --> 00:52:31: Just aesthetically beautiful.
00:52:32 --> 00:52:34: How, how do we make that happen?
00:52:34 --> 00:52:36: I mean obviously that that there's gap funding.
00:52:36 --> 00:52:39: What you're saying is you can't make that investment
because
00:52:39 --> 00:52:40: you can't recoup that investment, right.
00:52:41 --> 00:52:44: What when you say, you know, kind of the public

00:52:44 --> 00:52:48: programming, public investment needs to complement private what is it?

00:52:48 --> 00:52:49: Can you give me examples?

00:52:49 --> 00:52:50: What can we do?

00:52:50 --> 00:52:52: How drastic is that cost differential?

00:52:52 --> 00:52:53: What's out there?

00:52:54 --> 00:52:55: How can the city make that happen?

00:52:55 --> 00:52:57: I mean we we nibble, right?

00:52:57 --> 00:52:57: The city nibbles, right.

00:52:57 --> 00:53:00: We give you a storm water credit on your bill

00:53:00 --> 00:53:02: right when you manage storm water or we allow you

00:53:03 --> 00:53:05: to do density bonuses when you when you add a

00:53:05 --> 00:53:08: green roof, which probably is not, you know, affordable, maybe

00:53:08 --> 00:53:11: in, in, in, in in some of these communities, you're

00:53:11 --> 00:53:12: saying what can be done?

00:53:12 --> 00:53:13: How can we do it?

00:53:13 --> 00:53:14: How drastic is it?

00:53:14 --> 00:53:15: How much noise is around it?

00:53:16 --> 00:53:18: Like how can we help bridge that gap?

00:53:18 --> 00:53:21: We want those communities to be the showpieces, right?

00:53:21 --> 00:53:22: Yeah.

00:53:22 --> 00:53:25: And I I guess particularly look I'm, I'm on the

00:53:25 --> 00:53:26: private side.

00:53:26 --> 00:53:30: So to be fair, I am not a government employee

00:53:30 --> 00:53:33: nor have I ever played one in TV so and

00:53:33 --> 00:53:38: but we work so closely with government funding and government

00:53:38 --> 00:53:40: support and not for profits.

00:53:40 --> 00:53:43: We work in West Philly, Southwest Philly, and we're working

00:53:43 --> 00:53:46: with all of these neighbourhoods that have the same needs

00:53:46 --> 00:53:47: that any other neighbourhood has.

00:53:47 --> 00:53:50: And we always run into this gap.

00:53:50 --> 00:53:54: But then on the private side, I also know that

00:53:54 --> 00:53:57: that dollars run like water.

00:53:57 --> 00:53:59: They follow the path of police resistance.

00:54:00 --> 00:54:03: And on the private side, the more resistance you put

00:54:03 --> 00:54:06: up or the more barriers that you place, the less

00:54:06 --> 00:54:08: the money will flow in that direction.

00:54:08 --> 00:54:11: So I think the answer is twofold.

00:54:11 --> 00:54:14: One is we need to provide, we need to recognize

00:54:14 --> 00:54:17: that there are socio economic conditions that created the poverty

00:54:17 --> 00:54:22: situations that exist in our communities, particularly communities of color.

00:54:22 --> 00:54:26: We need to recognize that without additional wealth in those

00:54:26 --> 00:54:29: neighborhoods that even those small fixes will not last, right.

00:54:29 --> 00:54:30: They won't last.

00:54:30 --> 00:54:33: That's you might feel good that you planted a tree

00:54:33 --> 00:54:35: or that you did something nice or that I I

00:54:35 --> 00:54:37: heard somebody talk about aquaponics.

00:54:37 --> 00:54:41: We're doing something at Cheney University with that group as

00:54:41 --> 00:54:41: well.

00:54:41 --> 00:54:42: Those are great things.

00:54:42 --> 00:54:45: They might be close to proof of concept, but they're

00:54:45 --> 00:54:46: truly not.

00:54:46 --> 00:54:49: They're not fundamentally changing the neighborhoods that as long as

00:54:49 --> 00:54:52: I've been in Philadelphia, we've been hovering around 25% true

00:54:52 --> 00:54:53: poverty rate.

00:54:53 --> 00:54:57: Until we get real about fixing poverty in these neighborhoods,

00:54:57 --> 00:55:00: everything else that we talk about is incremental.

00:55:00 --> 00:55:03: And so for us, what we're focused on is how

00:55:03 --> 00:55:06: we building neighbourhoods back up to build incomes, particularly of

00:55:06 --> 00:55:08: people of colour who don't have access to it.

00:55:08 --> 00:55:11: And that how do we infuse that first dollar to

00:55:11 --> 00:55:15: provide stabilized buildings that can now perform at a higher

00:55:15 --> 00:55:19: level That's always going to be at a discounted rate.

00:55:19 --> 00:55:21: Like we're always going to be in a place we

00:55:21 --> 00:55:23: we could never afford to build the building that's the

00:55:24 --> 00:55:27: right building for communities of color that can't fundamentally afford

00:55:27 --> 00:55:28: it over a period of time.

00:55:29 --> 00:55:31: That's where the government's role plays in.

00:55:31 --> 00:55:34: Now the question is, can the government be that on

00:55:34 --> 00:55:34: every project?

00:55:34 --> 00:55:35: Absolutely not.

00:55:35 --> 00:55:38: They can barely hold on to their current budgets, right?

00:55:38 --> 00:55:42: Without the federal government having the condition that we had

00:55:42 --> 00:55:45: because of COVID, the government wouldn't have been washed with

00:55:45 --> 00:55:46: cash at all.

00:55:46 --> 00:55:49: They would be at a deficit right now dealing with

00:55:49 --> 00:55:49: pensions.

00:55:50 --> 00:55:52: And so the reality is, is that you need the

00:55:52 --> 00:55:54: private sector to have an incentive to invest in these

00:55:54 --> 00:55:55: neighborhoods.

00:55:55 --> 00:55:57: But it's got to be an incentive.

00:55:57 --> 00:55:59: It can't be punitive because they won't invest.

00:55:59 --> 00:56:01: They'll just take their money and go somewhere else.

00:56:01 --> 00:56:05: So until we start looking holistically, for example, we want

00:56:05 --> 00:56:08: to be punitive on developers because we believe they have

00:56:09 --> 00:56:12: money and they do or they have access to significant

00:56:12 --> 00:56:15: capital, just the punitive approach doesn't work.

00:56:15 --> 00:56:18: I mean, they'll go somewhere that's less punitive because

00:56:18 --> 00:56:18: that's

00:56:18 --> 00:56:18: how money flows.

00:56:19 --> 00:56:21: So if we can figure out ways to share the

00:56:21 --> 00:56:26: resilience strategy with both government and the cities, I've

00:56:26 --> 00:56:30: always

00:56:26 --> 00:56:30: said, well, why aren't we more holistic with resilience

00:56:30 --> 00:56:33: Together?

00:56:30 --> 00:56:33: We have a city of 1.6 million people, and it's

00:56:33 --> 00:56:35: 1.5 to 1.7, however we look at it.

00:56:36 --> 00:56:39: But the city was built for 2.2 million people, right?

00:56:39 --> 00:56:42: So we're providing services for a city that we can't

00:56:42 --> 00:56:44: even pay for a bulk of what the city is

00:56:44 --> 00:56:45: today.

00:56:45 --> 00:56:46: Why don't we shrink it?

00:56:47 --> 00:56:50: Why don't we stop allowing people to build and take

00:56:50 --> 00:56:53: redevelopment land, the RDA land, let's green it.

00:56:53 --> 00:56:56: I mean, isn't 50% of the city is impervious?

00:56:56 --> 00:56:57: Let's start looking at that.

00:56:57 --> 00:57:00: So we don't put the burden on new developments because

00:57:00 --> 00:57:02: they're bringing new money and let's fix the stuff that

00:57:02 --> 00:57:06: exists in neighborhoods today that are making these

00:57:02 --> 00:57:06: neighborhoods high.

00:57:07 --> 00:57:10: So let's let's let's really be holistic about all of

00:57:10 --> 00:57:14: these approaches and share in the burden of fixing our

00:57:14 --> 00:57:15: neighborhoods.

00:57:16 --> 00:57:19: And so until we get real that the private sector

00:57:19 --> 00:57:21: is not going to do the role of government no

00:57:21 --> 00:57:25: matter what confines you put on them, it's not going

00:57:25 --> 00:57:25: to happen.

00:57:26 --> 00:57:28: And until we put incentives in place that help make

00:57:28 --> 00:57:31: it happen, we're not going to be able to fundamentally

00:57:31 --> 00:57:31: fix it in my view.

00:57:32 --> 00:57:35: And our incentives should be around wealth building for these

00:57:35 --> 00:57:38: communities so eventually they can be self sustainable and and

00:57:38 --> 00:57:41: help create the standards that really work and are fair

00:57:41 --> 00:57:42: for these neighbourhoods.

00:57:44 --> 00:57:46: Thank you for that question and thank you all for

00:57:46 --> 00:57:47: joining the conversation.

00:57:47 --> 00:57:49: I think we need to to wind down.

00:57:49 --> 00:57:52: I want to say thank you to our panelists and

00:57:52 --> 00:57:54: I want to share those last two resources that I

00:57:54 --> 00:57:55: very briefly mentioned.

00:57:57 --> 00:57:57: There we go.

00:57:58 --> 00:58:03: So one is the report that I mentioned earlier, knowledge.uli.org/resilient

00:58:03 --> 00:58:04: Retrofits.

00:58:04 --> 00:58:05: So please check that out.

00:58:05 --> 00:58:09: We already have an endorsement from 1 panelist and then

00:58:09 --> 00:58:11: we had to bring in some AIA resources too.

00:58:11 --> 00:58:13: I I still have a lot of love for AIA

00:58:13 --> 00:58:16: conducting vulnerability assessments.

00:58:16 --> 00:58:19: That's course 5 in the Resilience and Adaptation online series

00:58:19 --> 00:58:22: that helps you understand the vulnerabilities of your existing building,

00:58:23 --> 00:58:25: whether or not it should be retrofitted, right?

00:58:25 --> 00:58:27: Because we do need to think of site selection as

00:58:27 --> 00:58:28: an adaptation strategy.

00:58:29 --> 00:58:31: And then if you are going to move forward, what

00:58:31 --> 00:58:33: makes the most sense given your objectives?

00:58:33 --> 00:58:37: And then finally, if the wonderful strategies in the report aren't enough, there is a video Existing buildings Hazard Mitigation

00:58:37 --> 00:58:41: Retrofits that also goes through a bunch of strategies.

00:58:41 --> 00:58:44: So if you prefer to read to learn or prefer

00:58:44 --> 00:58:46: to listen to learn, we got you covered.

00:58:46 --> 00:58:48: So thank you again everyone.

00:58:49 --> 00:58:50:

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