

Webinar

Resiliency in a New Normal

Date: April 28, 2020

00:00:00 --> 00:00:03: Hello I am Billy Grayson, executive director of you Allies
 00:00:03 --> 00:00:06: for sustainability and economic performance.
 00:00:06 --> 00:00:10: Thank you for joining today's Web and our resiliency in
 00:00:10 --> 00:00:11: a new normal.
 00:00:11 --> 00:00:14: So we're excited to leverage the webinar today is brought
 00:00:15 --> 00:00:17: to you in a few allies annual fund,
 00:00:17 --> 00:00:20: an important source of funding for all of you allies.
 00:00:20 --> 00:00:24: Mission driven work including urban plan advisory services
 and our
 00:00:24 --> 00:00:25: UI centers initiatives.
 00:00:25 --> 00:00:28: For those of you who already donated before the web
 00:00:28 --> 00:00:29: and R,
 00:00:29 --> 00:00:31: Thank you. Haven't had a chance yet.
 00:00:31 --> 00:00:33: Please visit us at ualive.org\
 00:00:33 --> 00:00:37: Donate to make a contribution after the webinar today.
 00:00:37 --> 00:00:40: The Web and R is also part of utilized COVID-19
 00:00:40 --> 00:00:41: in real estate series.
 00:00:41 --> 00:00:44: Every Tuesday our next webinar is on May 5th focused
 00:00:44 --> 00:00:47: on parks and public spaces in the age of COVID-19
 00:00:47 --> 00:00:51: and our May 12th Webinar will feature real estate CEOs
 00:00:51 --> 00:00:54: from Asia sharing how they're navigating opening back up
 after
 00:00:54 --> 00:00:57: the first wave of COVID-19 and lessons learned that we
 00:00:57 --> 00:01:00: can US is we could start to think about how
 00:01:00 --> 00:01:02: we're going to open back safely.
 00:01:02 --> 00:01:05: We'll then take a break for the UI Spring meeting,
 00:01:05 --> 00:01:08: which is a virtual meeting over six weeks,
 00:01:08 --> 00:01:12: and I'd encourage everybody to check out the concurrent
 sessions
 00:01:12 --> 00:01:14: for that and register for those as well.

00:01:14 --> 00:01:17: And now it's my pleasure to introduce Nana Lynch,
00:01:17 --> 00:01:20: CEO's Island projects, active member of you,
00:01:20 --> 00:01:25: allies, responsible Property Investment Council to kick it off
and
00:01:25 --> 00:01:27: introduce our Nana.
00:01:27 --> 00:01:30: Great thank you Billy and couldn't see you and your
00:01:30 --> 00:01:34: team at you alive for quickly putting together programming.
00:01:34 --> 00:01:36: That's been really responsive and relevant.
00:01:36 --> 00:01:39: As Billy said, I'm gonna Lynch founder and CEO of
00:01:40 --> 00:01:41: Island projects.
00:01:41 --> 00:01:45: Xylem is a mission driven you'll estate development and
investment
00:01:45 --> 00:01:49: company focused on affordable workforce and mixed income
housing in
00:01:49 --> 00:01:50: the Northeast.
00:01:50 --> 00:01:51: I'm also a member of RPI.
00:01:51 --> 00:01:54: See today's Co. Sponsor of the Web and R along
00:01:54 --> 00:01:57: with You Alive Center for sustainability and.
00:01:57 --> 00:02:03: Economic performance. RPC stands for Responsible
Property Investment Council and
00:02:03 --> 00:02:06: our goal as a Council and with our webinars,
00:02:06 --> 00:02:11: is twofold. One, to facilitate important conversations around
what responsible
00:02:11 --> 00:02:12: property investment means?
00:02:12 --> 00:02:15: What does it look like in practice and how do
00:02:15 --> 00:02:19: we invest for resilience in return and to the educate?
00:02:19 --> 00:02:23: The broader you like Community and others about emerging
trends,
00:02:23 --> 00:02:27: changing standards and practical tools and strategies.
00:02:27 --> 00:02:30: So today the panelists is made up of three gentleman
00:02:30 --> 00:02:34: with a vast depth of experience and a diversity of
00:02:34 --> 00:02:35: experience.
00:02:35 --> 00:02:38: So I'm just going to introduce them by their name
00:02:38 --> 00:02:42: and title and then roughly describe what they do.
00:02:42 --> 00:02:45: But I encourage you to check out their BIOS,
00:02:45 --> 00:02:49: either on you, allies website or elsewhere in the depth
00:02:49 --> 00:02:52: of experience is quite impressive,
00:02:52 --> 00:02:54: but if we went through their BIOS,
00:02:54 --> 00:02:57: I think we will be here all day.
00:02:57 --> 00:02:59: So let's begin with Jonathan Rose,
00:02:59 --> 00:03:03: president of Rose companies. Rose companies is a
developer,
00:03:03 --> 00:03:06: owner, operator and Jonathan is the author of the Well
00:03:07 --> 00:03:09: Tempered City and we have Mark Bozeman,

00:03:09 --> 00:03:13: Managing Director and head of real Estate Equities at MetLife,

00:03:13 --> 00:03:17: he invests across the aspect spectrum and mainly in the

00:03:17 --> 00:03:17: US.

00:03:17 --> 00:03:19: And then we have Brad Doctor,

00:03:19 --> 00:03:21: CEO of Green Generation Inc.

00:03:21 --> 00:03:25: A global energy solutions company as well as an investor.

00:03:25 --> 00:03:28: So the run of show today is that there will

00:03:28 --> 00:03:29: be no presentations.

00:03:29 --> 00:03:32: I'm going to leave the questioning for about half our

00:03:32 --> 00:03:34: time and then transition to audience questions,

00:03:34 --> 00:03:38: so I encourage you to submit questions using the chat

00:03:38 --> 00:03:38: function.

00:03:38 --> 00:03:41: And so the goal of today's webinar is to get

00:03:41 --> 00:03:44: practical insight into how can the real estate industry not

00:03:45 --> 00:03:49: only whether the current situation and recover quickly but flourish

00:03:49 --> 00:03:52: and opposed downturn market, and how can an alignment with

00:03:52 --> 00:03:53: your life mission,

00:03:53 --> 00:03:57: in particular a focus on sustainability and resiliency,

00:03:57 --> 00:04:00: help companies more successfully weather a downturn.

00:04:00 --> 00:04:03: So those are going to the scene for focusing on.

00:04:03 --> 00:04:06: So with that I'm going to jump into the first

00:04:06 --> 00:04:06: question,

00:04:06 --> 00:04:09: and I'd like all the panelists to address this.

00:04:09 --> 00:04:12: Question and it's meant to set context for the rest

00:04:13 --> 00:04:14: of our conversation today.

00:04:14 --> 00:04:18: So what is your approach to resiliency and sustainability and

00:04:18 --> 00:04:21: how is it changed in light of Covid Johnson?

00:04:21 --> 00:04:24: If we could start with you then go to Brett

00:04:24 --> 00:04:26: Mark and then Brad,

00:04:26 --> 00:04:29: that would be great. Thank you so much friend.

00:04:29 --> 00:04:32: Thank you all for joining us.

00:04:32 --> 00:04:37: So we think of resilience and sustainability in two sides

00:04:37 --> 00:04:41: on the green building energy and environment side and on

00:04:41 --> 00:04:42: the human side.

00:04:42 --> 00:04:46: Our company was a leader in on the energy side

00:04:46 --> 00:04:47: and by the way,

00:04:47 --> 00:04:50: just as a as a reference the last time around,

00:04:50 --> 00:04:55: it turns out that our greenness was an enormous benefit.

00:04:55 --> 00:04:57: There were very few green,

00:04:57 --> 00:04:59: fewer green buildings around then,

00:04:59 --> 00:05:04: and we found it was a tremendous leasing advantage.

00:05:04 --> 00:05:07: For example, we had renovated a Class B office building

00:05:07 --> 00:05:07: in Seattle.

00:05:07 --> 00:05:10: It was the only Class B building that was Super

00:05:10 --> 00:05:13: Green and we were able to track in a time

00:05:13 --> 00:05:15: in which the overall market occupancy went in.

00:05:15 --> 00:05:17: Class B went down, 83%

00:05:17 --> 00:05:18: were able to be above 95%

00:05:18 --> 00:05:21: because we had a green building on the market,

00:05:21 --> 00:05:23: so but in terms of resiliency,

00:05:23 --> 00:05:25: now all of our buildings have generators.

00:05:25 --> 00:05:28: Is a whole series of things that more and more

00:05:28 --> 00:05:31: solar power we've been doing to try and improve that,

00:05:31 --> 00:05:34: but the other thing we've been focusing on so and

00:05:34 --> 00:05:37: the reason I told you that example is because.

00:05:37 --> 00:05:40: The next thing we talked about lagged our our environmental

00:05:40 --> 00:05:44: sustainability is the human sustainability side or the human

00:05:44 --> 00:05:47: resilience

00:05:47 --> 00:05:50: and this really had to do with looking at our

00:05:50 --> 00:05:52: culture, which we began to do a couple of years

00:05:52 --> 00:05:56: ago and we realized that we were.

00:05:56 --> 00:05:59: We're rapidly growing company and it was very high stress.

00:05:59 --> 00:06:02: So we have been working on how do we create

00:06:02 --> 00:06:04: more human resiliency that had to do with really delving

00:06:04 --> 00:06:07: into our values and our company culture.

00:06:07 --> 00:06:10: We're still want to be very high performing culture,

00:06:10 --> 00:06:14: but we were focusing much more on well being where

00:06:14 --> 00:06:17: our offices now have meditation every week and we've been

00:06:17 --> 00:06:20: actually doing digital meditation and then the last thing I

00:06:20 --> 00:06:22: would say is that we had been focusing a lot

00:06:22 --> 00:06:25: on growing a more of a digital connection.

00:06:25 --> 00:06:28: Fortunately, and this is lagging so you think it is

00:06:28 --> 00:06:30: in phases there the area where were the most bottom

00:06:30 --> 00:06:33: the least advanced on?

00:06:33 --> 00:06:37: But in digitizing and so when the move out of

00:06:37 --> 00:06:38: our offices and into the digital world and working from

00:06:38 --> 00:06:42: home happened,

00:06:42 --> 00:06:43: it actually happened pretty smoothly because we had the

00:06:43 --> 00:06:46: tools

00:06:46 --> 00:06:48: in place to do it.

00:06:48 --> 00:06:51: Got it, thank you and any followup comments on how

00:06:51 --> 00:06:51: your approach is changed in light of covid.

00:06:54 --> 00:06:57: Yes, so number one.

00:06:57 --> 00:07:00: Then most important thing that matter,

00:07:00 --> 00:07:03: the covid really underscores is health,

00:07:03 --> 00:07:06: human health and well being of our people and our

00:07:06 --> 00:07:06: residents.

00:07:06 --> 00:07:08: And you know, it's interesting.

00:07:08 --> 00:07:12: We've always said well being is an important value and

00:07:12 --> 00:07:14: we care a lot about it.

00:07:14 --> 00:07:17: But when when it comes down to health and illness

00:07:17 --> 00:07:19: and the potential for death on the line,

00:07:19 --> 00:07:22: either you really prioritize it or you don't.

00:07:22 --> 00:07:25: And at every level we are really,

00:07:25 --> 00:07:28: really prioritizing health and well being and.

00:07:28 --> 00:07:32: And disinfection at the properties and and.

00:07:32 --> 00:07:36: Just everything we can to keep our people and we

00:07:36 --> 00:07:39: consider our residents also our people healthy.

00:07:39 --> 00:07:40: Got it, thank you Mark.

00:07:40 --> 00:07:43: Would you like to tackle that question?

00:07:43 --> 00:07:46: Your approach to resiliency and sustainability and how is it

00:07:46 --> 00:07:48: changed in light of covid?

00:07:48 --> 00:07:53: Yeah, thanks and thanks everybody for joining this morning.

00:07:53 --> 00:07:58: I guess I would start by answering that question from

00:07:58 --> 00:07:58: a you know,

00:07:58 --> 00:08:02: kind of up from a high level from an investor

00:08:02 --> 00:08:05: kind of level so you know what we do is

00:08:05 --> 00:08:10: invest on behalf of insurance companies and pension funds

00:08:10 --> 00:08:15: and

00:08:10 --> 00:08:15: sovereign wealth funds who have very long term obligations

00:08:15 --> 00:08:16: to

00:08:15 --> 00:08:16: their constituents.

00:08:16 --> 00:08:20: So we may be investing to promise a payout that

00:08:20 --> 00:08:24: doesn't happen for 20 or 30 or 40 or 50

00:08:24 --> 00:08:24: years.

00:08:24 --> 00:08:29: And so you know, the resiliency of our investment program

00:08:29 --> 00:08:33: and sustainability of our investment program is clearly,

00:08:33 --> 00:08:38: you know, critical. And it's just part of our DNA

00:08:38 --> 00:08:42: in terms of being able to be there for these

00:08:42 --> 00:08:45: long-term long-term obligations.

00:08:45 --> 00:08:48: You know so. So when we think about that,

00:08:48 --> 00:08:53: you know we're thinking about in in the in the

00:08:53 --> 00:08:55: world of sort of institutions.

00:08:55 --> 00:08:58: It's it's around risk management.

00:08:58 --> 00:09:03: And how do you protect yourself from market risk?

00:09:03 --> 00:09:06: From operational risk from event risk?

00:09:06 --> 00:09:11: Certainly lately there's been a greater amount of focus on

00:09:11 --> 00:09:16: resiliency in the context of climate change and.

00:09:16 --> 00:09:22: Investment strategies to position yourself appropriately with with changes

00:09:22 --> 00:09:25: happening in the in the world.

00:09:25 --> 00:09:29: Again, if you have a thirty 4050 year kind of

00:09:29 --> 00:09:31: horizon like we have.

00:09:31 --> 00:09:35: But but but again, I think a lot of you

00:09:35 --> 00:09:39: know risk management is is in in good times is

00:09:39 --> 00:09:41: sort of considered sort of.

00:09:41 --> 00:09:44: You know, at best, sort of a necessary evil,

00:09:44 --> 00:09:46: Anne and Anne Anne. You know,

00:09:46 --> 00:09:49: most people want to do deals and they don't want

00:09:49 --> 00:09:50: to worry.

00:09:50 --> 00:09:51: They want to do good deals,

00:09:51 --> 00:09:54: but they don't want to have to worry about,

00:09:54 --> 00:09:58: you know. Managing exposures and managing managing risks.

00:09:58 --> 00:10:00: But when you have a crisis like this,

00:10:00 --> 00:10:03: it it really. If you've had a good risk management

00:10:03 --> 00:10:04: program,

00:10:04 --> 00:10:06: it's kind of worth its weight in gold.

00:10:06 --> 00:10:10: An again from an institutional investor standpoint,

00:10:10 --> 00:10:12: I think how well you're faring at this.

00:10:12 --> 00:10:15: You know, at this stage of the juncture and how

00:10:15 --> 00:10:17: will you feel fair going?

00:10:17 --> 00:10:20: You know, the next six months is going to be

00:10:20 --> 00:10:22: a lot on how how well you attended to,

00:10:22 --> 00:10:24: you know, kind of risk management,

00:10:24 --> 00:10:28: risk management protocols. You know I mentioned,

00:10:28 --> 00:10:31: you know the resiliency in terms of climate change is

00:10:31 --> 00:10:35: certainly something that we've been recently more focused on,

00:10:35 --> 00:10:38: and then certainly the other aspect is sort of the

00:10:38 --> 00:10:39: S in ESG,

00:10:39 --> 00:10:42: the social considerations and the you know social.

00:10:42 --> 00:10:47: Inequality issues and certainly covid is bringing to light or

00:10:47 --> 00:10:52: is focusing you know additional attention on some of those

00:10:52 --> 00:10:57: those challenges in in terms of lower income populations being

00:10:57 --> 00:11:02: affected, in many cases more more dramatically than higher higher

00:11:02 --> 00:11:04: income classification.

00:11:04 --> 00:11:07: So I I do think it is interesting that.

00:11:07 --> 00:11:11: Well, well, I think we have been prepared for a

00:11:11 --> 00:11:13: variety of shocks to the system.

00:11:13 --> 00:11:17: I don't think I haven't come across an institution yet,

00:11:17 --> 00:11:20: but that was well prepared for this pandemic,

00:11:20 --> 00:11:24: so we are certainly some of the things that we've

00:11:24 --> 00:11:28: done have helped protect us through this process,

00:11:28 --> 00:11:30: but but certainly, you know,

00:11:30 --> 00:11:35: we haven't specifically addressed the risk of pandemic like we

00:11:35 --> 00:11:37: will going forward.

00:11:37 --> 00:11:40: Great and later in the conversation I'd like to pick

00:11:40 --> 00:11:42: back up on some of those specific things that you've

00:11:42 --> 00:11:44: done that have helped prepare you.

00:11:44 --> 00:11:46: But for now, let's let's go to Brad,

00:11:46 --> 00:11:48: and if you could address that question,

00:11:48 --> 00:11:51: your approach to religion, see and sustainability and how it's

00:11:52 --> 00:11:53: changed in light of covid.

00:11:53 --> 00:11:56: Yeah, it's interesting now because.

00:11:56 --> 00:12:00: My firm, which is now a global energy solutions provider,

00:12:00 --> 00:12:03: actually was born out of the last major crisis in

00:12:03 --> 00:12:06: 2008 and that was more of a financial crisis than

00:12:06 --> 00:12:07: this one,

00:12:07 --> 00:12:10: and it's very interesting to sort of see a lot

00:12:10 --> 00:12:12: of the same sort of things being repeated.

00:12:12 --> 00:12:16: It's fascinating to me because in many respects little has

00:12:16 --> 00:12:17: changed for us.

00:12:17 --> 00:12:21: We've seen in the last couple of years tremendous

00:12:21 --> 00:12:25: momentum

00:12:25 --> 00:12:28: around the idea of sustainability and thinking about how it

00:12:28 --> 00:12:31: integrates into the built environment.

00:12:31 --> 00:12:33: In early 2020, in the beginning of this quarter,

00:12:33 --> 00:12:38: we saw really the zenith if you will,

00:12:38 --> 00:12:41: with Larry Fink's letter from Black Rock and Steve

00:12:41 --> 00:12:47: Schwarzman's

00:12:47 --> 00:12:49: proclamation to the Wall Street Journal at Davos,

00:12:49 --> 00:12:51: basically proclaiming in slightly different ways that

00:12:51 --> 00:12:55: sustainability was everything.

00:12:55 --> 00:12:57: It was the most important thing,

00:12:57 --> 00:12:59: and it's just good business.

00:12:59 --> 00:13:01: What sort of exacerbating or accelerating that is this notion

00:13:01 --> 00:13:03: of double bottom line?

00:12:57 --> 00:13:00: It's not just about driving a financial outcome.

00:13:00 --> 00:13:05: Reducing your expenses, repairs and maintenance insurance to drive your

00:13:05 --> 00:13:07: cash flows and asset values.

00:13:07 --> 00:13:10: But we're also seeing and we have not seen any

00:13:10 --> 00:13:12: sort of slowdown in this.

00:13:12 --> 00:13:14: We've seen that the capital markets,

00:13:14 --> 00:13:20: particularly equity capital markets, really demanding that sustainability and resiliency

00:13:20 --> 00:13:23: be a core part of the business plan for any

00:13:23 --> 00:13:24: asset.

00:13:24 --> 00:13:26: Whether you're developing it, building it,

00:13:26 --> 00:13:28: owning it, and so you know,

00:13:28 --> 00:13:31: people are realizing, realizing that.

00:13:31 --> 00:13:33: An energy plan is simply a core part of a

00:13:33 --> 00:13:34: business plan,

00:13:34 --> 00:13:35: and if you don't have it,

00:13:35 --> 00:13:39: it's not only going to potentially reduce your cash flow,

00:13:39 --> 00:13:41: but it's going to limit your access to the capital

00:13:42 --> 00:13:42: markets.

00:13:42 --> 00:13:45: The one thing that has probably changed for us in

00:13:45 --> 00:13:48: really in the last couple of weeks is that there's

00:13:48 --> 00:13:51: much more interest from people in talking about health and

00:13:51 --> 00:13:54: safety. Historically, this was. Perhaps an*

00:13:54 --> 00:13:56: to the conversation. People would say,

00:13:56 --> 00:13:58: well, that's nice, you know,

00:13:58 --> 00:14:00: let's integrate some of the ideas of well,

00:14:00 --> 00:14:04: but I'm certainly not spending money to be certified or

00:14:04 --> 00:14:06: put that in my building and we're now seeing an

00:14:06 --> 00:14:08: awful lot of people say,

00:14:08 --> 00:14:10: hey, what was well or what should we be doing?

00:14:10 --> 00:14:12: How do we think about that?

00:14:12 --> 00:14:15: I have two calls later this week with two different

00:14:15 --> 00:14:19: developers in Europe on large scale master planned projects where

00:14:19 --> 00:14:20: they're at saying,

00:14:20 --> 00:14:23: hey, can we have a discussion about how to add

00:14:23 --> 00:14:25: health and safety to this discussion?

00:14:25 --> 00:14:26: And I think the other thing,

00:14:26 --> 00:14:29: and be curious to see what Mark and Jonathan think

00:14:29 --> 00:14:33: about this is historically the idea of technology in design

00:14:33 --> 00:14:33: was something.

00:14:33 --> 00:14:36: Let's put it in, but let's make sure it's hidden.

00:14:36 --> 00:14:39: Let's put it away. We don't want anyone to see

00:14:39 --> 00:14:39: it,

00:14:39 --> 00:14:41: and we're seeing now a complete 180 as you try

00:14:41 --> 00:14:44: to think about how to create confidence in people.

00:14:44 --> 00:14:47: And I know it's getting ahead of ourselves,

00:14:47 --> 00:14:49: but everyone saying now we want to see this,

00:14:49 --> 00:14:52: don't hide the air filters don't hide cleaning.

00:14:52 --> 00:14:55: Don't hide these things. These need to be sort of

00:14:55 --> 00:14:56: front and center.

00:14:56 --> 00:14:59: In every aspect is we think about impacting all the

00:14:59 --> 00:15:02: different stakeholders that we've got in real estate.

00:15:05 --> 00:15:07: Great thank you Mark or Jonathan.

00:15:07 --> 00:15:11: Do you want to jump in on anything that Brad

00:15:11 --> 00:15:13: mentioned there?

00:15:13 --> 00:15:19: I just find it really interesting because the investor investor

00:15:19 --> 00:15:21: demand is a big driver.

00:15:21 --> 00:15:27: A very big driver of performance and we have very

00:15:27 --> 00:15:30: much seen as a company that.

00:15:30 --> 00:15:32: Investors want to see sustainability.

00:15:32 --> 00:15:35: They were they are looking more and more for impact.

00:15:35 --> 00:15:38: I just find that interesting that it makes total sense

00:15:38 --> 00:15:41: that all of a sudden health and well being are

00:15:41 --> 00:15:43: going to be an important,

00:15:43 --> 00:15:46: you know, rise rapidly on the impact.

00:15:46 --> 00:15:50: Schedule I do want to say something about the BlackRock

00:15:50 --> 00:15:53: commitment because I'm skeptical about it and a friend of

00:15:53 --> 00:15:57: mine was looking to invest her retirement savings in green

00:15:57 --> 00:16:01: real estate and said, what about this Black Rock Fund?

00:16:01 --> 00:16:03: Would you look at it for me?

00:16:03 --> 00:16:06: And so I Googled Blackrock's real estate fund and there

00:16:06 --> 00:16:10: it proudly announced that day which was about six weeks

00:16:10 --> 00:16:13: ago that it hit invested 2.2 billion of its 8.6

00:16:13 --> 00:16:16: or something like that billion in buying.

00:16:16 --> 00:16:20: The Bellagio Casino in Las Vegas and I would posit

00:16:20 --> 00:16:24: that that was not a green investment and that was

00:16:24 --> 00:16:28: probably not a socially responsible investment and.

00:16:28 --> 00:16:32: So I really appreciate all the statements that companies are

00:16:32 --> 00:16:32: making.

00:16:32 --> 00:16:36: There are some amazing companies that are doing really

00:16:36 --> 00:16:39: good work and really highly disciplined work,

00:16:39 --> 00:16:44: but I think we're going to need more discernment between

00:16:44 --> 00:16:46: statements and actions.

00:16:46 --> 00:16:48: So yeah, please go ahead.

00:16:48 --> 00:16:50: I would add that because I you know my view

00:16:51 --> 00:16:54: is that Larry Fink's letter this year was essentially the

00:16:54 --> 00:16:56: same letter he wrote last year.

00:16:56 --> 00:16:58: The difference was really us.

00:16:58 --> 00:17:01: We sort of were primed in 2019 for a variety

00:17:01 --> 00:17:05: of reasons to react differently to the same message and

00:17:05 --> 00:17:06: all of a sudden.

00:17:06 --> 00:17:09: Now in 2020 there was a an audience that was

00:17:09 --> 00:17:10: prepared to act.

00:17:10 --> 00:17:12: You know, in a different manner,

00:17:12 --> 00:17:16: new stakeholders emerge new groups that emerged.

00:17:16 --> 00:17:19: And so the reaction was much different to a letter

00:17:19 --> 00:17:22: that I would argue that was fundamentally the same,

00:17:22 --> 00:17:25: and I think it's important to note that the vast

00:17:25 --> 00:17:28: majority of the assets under management for Black Rock you

00:17:28 --> 00:17:30: know are index funds,

00:17:30 --> 00:17:33: and so this wasn't explicitly a message about real estate.

00:17:33 --> 00:17:37: Real Estate is a very small percentage of Blackrock's total

00:17:37 --> 00:17:37: au M,

00:17:37 --> 00:17:39: but it did get a lot of attention.

00:17:39 --> 00:17:43: We had some meetings with Blackstone or BlackRock offices

00:17:43 --> 00:17:45: around

00:17:45 --> 00:17:48: the world right after this,

00:17:48 --> 00:17:50: and they were all trying to get ahead of it.

00:17:50 --> 00:17:52: Before anyone in New York found them,

00:17:52 --> 00:17:54: they just wanted to address it,

00:17:54 --> 00:17:55: and so it did. It did act as a catalyst

00:17:55 --> 00:17:58: in many respects.

00:17:58 --> 00:18:01: For, you know, the real estate group.

00:18:01 --> 00:18:04: Right, I want to put in a new issue on

00:18:04 --> 00:18:06: the table which is uncertainty.

00:18:06 --> 00:18:12: So in whenever you render,

00:18:12 --> 00:18:13: crisis is tremendous uncertainties and we are facing

00:18:13 --> 00:18:15: tremendous uncertainty

00:18:15 --> 00:18:20: going forward.

00:18:20 --> 00:18:25: So has been well reported.

00:18:25 --> 00:18:25: The multifamily collections were surprisingly strong in rent,

00:18:25 --> 00:18:28: correct? Collections in April. But there have been

00:18:28 --> 00:18:28: \$26,000,000 job

00:18:28 --> 00:18:28: there.

00:18:28 --> 00:18:28: Were there were four million reported job losses then,

00:18:28 --> 00:18:30: and there's 26 million. I think now,

00:18:30 --> 00:18:33: and there's probably more because people can't even get into

00:18:33 --> 00:18:36: the system to file for unemployment benefits.

00:18:36 --> 00:18:40: And so I think then they I think we're all

00:18:40 --> 00:18:47: facing extraordinary uncertain conditions in the coming months in which.

00:18:47 --> 00:18:52: This balance between health and social distancing and people desperately

00:18:52 --> 00:18:55: needing to get back to work and get people desperately

00:18:55 --> 00:18:55: not.

00:18:55 --> 00:18:59: You know, needing to avoid?

00:18:59 --> 00:19:01: Sickness and how those all get balanced,

00:19:01 --> 00:19:05: and particularly since we're an affordable housing in lower income

00:19:05 --> 00:19:07: and moderate income world,

00:19:07 --> 00:19:09: which has far fewer resources.

00:19:09 --> 00:19:12: So just think about your kids are at home because

00:19:12 --> 00:19:15: your school's out and you're supposed to be taking care of school work.

00:19:15 --> 00:19:16: But your governor just told you you're supposed to go

00:19:16 --> 00:19:19: back to work and you need the income.

00:19:19 --> 00:19:22: And are you, you know,

00:19:22 --> 00:19:23: the other competitive pay, rent and all those things.

00:19:23 --> 00:19:26: Are systemic, so I think what this also points out

00:19:26 --> 00:19:31: as there is a lot we can do for individual

00:19:31 --> 00:19:32: companies.

00:19:32 --> 00:19:34: Individual strategies are individual investors,

00:19:34 --> 00:19:35: but this covid has pointed out more than ever before

00:19:35 --> 00:19:38: that we're all in it together that we need larger

00:19:38 --> 00:19:41: healthy systems to get us through this.

00:19:41 --> 00:19:44: And I don't think. And So what I actually this

00:19:44 --> 00:19:47: is a role that you will like to play it

00:19:47 --> 00:19:50: making enormous contribution to is to collectively help us

00:19:50 --> 00:19:52: both

00:19:52 --> 00:19:56: in our local markets, an nationally and globally.

00:19:56 --> 00:20:00: To think about what are the systemic improvements that are

00:20:00 --> 00:20:04: needed that these are really systemic?

00:20:04 --> 00:20:06: I mean government and fed reserves,

00:20:06 --> 00:20:09: and the larger institutions that in which we work.

00:20:09 --> 00:20:13: I don't. As I said,

00:20:13 --> 00:20:14: I'm not sure we know the answers to all these

00:20:14 --> 00:20:17: questions now,

00:20:17 --> 00:20:18:

00:20:18 --> 00:20:21: but I think we should be paying a lot of
00:20:21 --> 00:20:23: attention to what is.
00:20:23 --> 00:20:27: What creates a truly resilient and well being and sustainable
00:20:27 --> 00:20:27: world.
00:20:27 --> 00:20:30: Post covid.
00:20:30 --> 00:20:34: Thank you Jonathan. Well said so it sounds like a
00:20:34 --> 00:20:39: really strong theme that's emerged and the difference of
00:20:39 --> 00:20:43: covid
00:20:39 --> 00:20:43: is really the focus on health and well being on
00:20:43 --> 00:20:46: as a as a company in this institution,
00:20:46 --> 00:20:48: but also on the individual level.
00:20:48 --> 00:20:52: One of my colleagues on RPI See who's an owner
00:20:52 --> 00:20:58: operator has started looking into SharePoint and Jonathan
00:20:58 --> 00:21:01: and the
00:20:58 --> 00:21:01: issue of a company's resiliency is.
00:21:01 --> 00:21:04: Talking with his tennis about payment plans,
00:21:04 --> 00:21:07: 'cause the last thing he wants to do is
00:21:07 --> 00:21:12: being proactive about it because we can anticipate that this
00:21:12 --> 00:21:15: is going to be an issue and you know just
00:21:15 --> 00:21:18: a few weeks ago that would have been unthinkable,
00:21:18 --> 00:21:22: but now it's it's a reality and I think kudos
00:21:22 --> 00:21:22: to him.
00:21:22 --> 00:21:25: But also it's an element of resiliency,
00:21:25 --> 00:21:28: both for those people and their families,
00:21:28 --> 00:21:32: and also for and for his company and his assets.
00:21:32 --> 00:21:36: So, so yeah, it sounds like that's a major theme
00:21:36 --> 00:21:38: that's really coming out.
00:21:38 --> 00:21:40: I'd like to shift to.
00:21:40 --> 00:21:46: Resiliency, the question of are there resiliency and
00:21:46 --> 00:21:51: sustainability strategies
00:21:46 --> 00:21:51: or tactics that you implemented previously that better
00:21:51 --> 00:21:51: positions you
00:21:51 --> 00:21:51: now?
00:21:51 --> 00:21:56: And if you could give specific examples that would be
00:21:56 --> 00:21:58: that would be great.
00:21:58 --> 00:22:03: So with this one, can we start with you Mark?
00:22:03 --> 00:22:08: Could comment on your portfolio companies and.
00:22:08 --> 00:22:10: Sure, sure, I you know I,
00:22:10 --> 00:22:13: I think that I think that in many ways you
00:22:13 --> 00:22:15: know this pandemic is really,
00:22:15 --> 00:22:17: you know, kind of a unique,
00:22:17 --> 00:22:19: unique challenge that we're facing.
00:22:19 --> 00:22:23: I think that you know many of the other other

00:22:23 --> 00:22:25: risks that have been out there.

00:22:25 --> 00:22:27: You know, have been we can.

00:22:27 --> 00:22:34: We can address through. Portfolio diversification we can address through

00:22:34 --> 00:22:39: insurance programs we can address through.

00:22:39 --> 00:22:43: You know basically a risk exposure to any any certain

00:22:43 --> 00:22:43: thing,

00:22:43 --> 00:22:48: and you know we're certainly doing that with things as

00:22:48 --> 00:22:50: big as climate as climate risk,

00:22:50 --> 00:22:54: but but you know, certainly if you think about other

00:22:54 --> 00:22:57: other risks like like terrorism,

00:22:57 --> 00:22:57: like.

00:23:00 --> 00:23:04: Weather extreme weather events. You know hurricanes.

00:23:06 --> 00:23:10: Earthquakes you know the all all of these are things

00:23:10 --> 00:23:15: that that typically we manage through some combination of insurance

00:23:15 --> 00:23:20: and through some combination of diversification and exposure mitigation and

00:23:20 --> 00:23:22: and you know, with I guess,

00:23:22 --> 00:23:25: by definition, a global pandemic.

00:23:25 --> 00:23:28: You know there aren't a lot of places to hide

00:23:28 --> 00:23:29: from,

00:23:29 --> 00:23:32: you know from the risks related to that.

00:23:32 --> 00:23:35: I do think that it really gets to the last

00:23:35 --> 00:23:37: couple of sets of comments made.

00:23:37 --> 00:23:42: Relative to resiliency of companies.

00:23:42 --> 00:23:45: You know clearly how you capitalize yourself and how you

00:23:45 --> 00:23:49: retain access to liquidity to make it through this.

00:23:49 --> 00:23:51: Which again we don't know.

00:23:51 --> 00:23:54: It's uncertain how long this is going to be,

00:23:54 --> 00:23:56: but it's certainly, you know,

00:23:56 --> 00:24:00: I don't think anybody believes that it's going to be

00:24:00 --> 00:24:00: a fast,

00:24:00 --> 00:24:03: you know, kind of. Kind of snapback,

00:24:03 --> 00:24:04: but I think you know,

00:24:04 --> 00:24:08: certainly a lesson learned coming out of the global financial

00:24:08 --> 00:24:09: crisis was,

00:24:09 --> 00:24:11: you know, those companies that.

00:24:11 --> 00:24:16: Over levered that that didn't pay attention to how their

00:24:16 --> 00:24:19: debt is structured and sort of balancing their.

00:24:19 --> 00:24:21: You know their maturities, etc.

00:24:21 --> 00:24:26: You know they're they're in much worse shape today than

00:24:26 --> 00:24:30: those that that didn't over leverage and that do have

00:24:30 --> 00:24:30: sources.

00:24:30 --> 00:24:33: You know, sources of liquidity so you know,

00:24:33 --> 00:24:36: I think I think that.

00:24:36 --> 00:24:39: And in many respects this is a unique set of

00:24:39 --> 00:24:42: circumstances that we weren't prepared for.

00:24:42 --> 00:24:44: But I do think that some of the other basic

00:24:45 --> 00:24:47: event risk mitigation strategies have been,

00:24:47 --> 00:24:50: you know, have provided some some protection.

00:24:53 --> 00:24:54: Garland OK with the.

00:24:58 --> 00:24:59: We lost you there, sorry.

00:25:02 --> 00:25:03: Nope.

00:25:05 --> 00:25:07: Better your Newt, you seems like.

00:25:09 --> 00:25:10: I'm not on mute now.

00:25:10 --> 00:25:12: You're now you're back here.

00:25:12 --> 00:25:15: OK, got it sorry bout that I was I thank

00:25:15 --> 00:25:16: you for that.

00:25:16 --> 00:25:20: I Jonathan do you wanna jump in on that question?

00:25:20 --> 00:25:23: Lays previously that you think you're going to help you.

00:25:23 --> 00:25:27: Well, actually, we shifted our strategies so the last time

00:25:27 --> 00:25:28: around.

00:25:28 --> 00:25:30: So in 2008 our company was about a tenth of

00:25:31 --> 00:25:33: the size and what the company is today.

00:25:33 --> 00:25:35: We were much in terms of assets owned.

00:25:35 --> 00:25:39: We were much smaller. We were much more diverse than,

00:25:39 --> 00:25:42: so our strategy. Then we were doing a great deal

00:25:42 --> 00:25:43: of 3rd party work,

00:25:43 --> 00:25:48: both as as consultants and particularly third party

00:25:48 --> 00:25:50: development management.

00:25:48 --> 00:25:50: So we had a much more diversified.

00:25:50 --> 00:25:53: And that was very useful back then for this paying

00:25:53 --> 00:25:56: overhead and staff costs such and we and we grew

00:25:56 --> 00:25:59: during the recession because the second thing is we had

00:25:59 --> 00:26:02: a series of what were called shovel ready projects and

00:26:02 --> 00:26:05: when the funding came for affordable housing,

00:26:05 --> 00:26:08: it looked for the shovel ready projects and so our

00:26:08 --> 00:26:10: projects were able to move forward.

00:26:10 --> 00:26:13: This time we really are almost completely out of the

00:26:13 --> 00:26:16: third party project management consulting business.

00:26:16 --> 00:26:18: We're doing a little bit of that,

00:26:18 --> 00:26:21: but we're much, much more focused on.

00:26:21 --> 00:26:25: On our own assets in our own anyway and growing

00:26:25 --> 00:26:28: our platform in affordable housing.

00:26:31 --> 00:26:33: So it is our.

00:26:35 --> 00:26:38: So the that kind of you actually were in some

00:26:38 --> 00:26:39: ways where we.

00:26:39 --> 00:26:44: Yeah, we actually made a strategic decision to be focused

00:26:44 --> 00:26:46: company versus diverse now.

00:26:49 --> 00:26:53: The interesting thing about what we've always said about the

00:26:53 --> 00:26:57: affordable housing space is it in itself is tremendously non

00:26:57 --> 00:26:58: correlated that.

00:27:01 --> 00:27:04: That because I rents are so much lower than those

00:27:04 --> 00:27:07: of the market rents in the main cities where we

00:27:07 --> 00:27:07: are,

00:27:07 --> 00:27:11: our projects are 100% full and have long waiting lists

00:27:11 --> 00:27:14: and that has proven to be a really effective strategy

00:27:14 --> 00:27:14: for us.

00:27:14 --> 00:27:18: So I would say we went from diversification to concentration

00:27:18 --> 00:27:23: because integration needs something that we felt was deeply

00:27:23 --> 00:27:24: purposeful

00:27:24 --> 00:27:27: and socially necessary.

00:27:27 --> 00:27:29: Actually, we're now seeing is stable.

00:27:29 --> 00:27:34: Green affordable housing is hugely health,

00:27:34 --> 00:27:38: providing in many ways. And non correlated.

00:27:38 --> 00:27:38: Right, OK, great brand. I'd love to hear your thoughts

00:27:38 --> 00:27:38: on this.

00:27:38 --> 00:27:41: Yeah, you know I think a couple things at a

00:27:41 --> 00:27:42: macro level.

00:27:42 --> 00:27:47: Certainly the lack of reserves just generally across all

00:27:47 --> 00:27:49: businesses,

00:27:49 --> 00:27:53: not just real estate. We're really,

00:27:53 --> 00:27:54: I think exposed, but the other part is sort of

00:27:54 --> 00:27:56: what I call it resiliency.

00:27:56 --> 00:28:00: The ability to work remotely.

00:28:00 --> 00:28:03: A lot of companies didn't have remote access to files

00:28:03 --> 00:28:04: we actually had spent a lot of time earlier this

00:28:04 --> 00:28:04: year.

00:28:04 --> 00:28:07: Investing in this and.

00:28:07 --> 00:28:09: Focusing on it to a great extent,

00:28:09 --> 00:28:12: we had initiated a 2 day trial that we previously

00:28:12 --> 00:28:14: spent a week get leading up to it,

00:28:14 --> 00:28:16: and at the end of the first day,

00:28:16 --> 00:28:18: the feedback was very positive.

00:28:18 --> 00:28:21: We also recognize that we're going to go from a

00:28:21 --> 00:28:22: 2 day trial to permanent,

00:28:22 --> 00:28:25: so we then shipped out monitors and keyboards and other

00:28:25 --> 00:28:27: peripheral devices to people,
00:28:27 --> 00:28:31: and we've remained so, and we've essentially been functioning ever
00:28:31 --> 00:28:31: since.
00:28:31 --> 00:28:34: Pretty busy actually, but I think also,
00:28:34 --> 00:28:36: you know what this is exposed is that.
00:28:36 --> 00:28:39: People generally focus on what's likely to happen our contracts.
00:28:39 --> 00:28:41: The first you know couple of pages.
00:28:41 --> 00:28:44: The first few sections are all the things that are
00:28:44 --> 00:28:45: going to happen.
00:28:45 --> 00:28:47: You know this agreement starts here.
00:28:47 --> 00:28:49: It ends there. You will pay this rent.
00:28:49 --> 00:28:52: Here's what expiration will look like and then like sections
00:28:52 --> 00:28:54: you know 10 through like 70 or all the things
00:28:54 --> 00:28:55: the lawyers say.
00:28:55 --> 00:28:58: This happened to me once and we should put something
00:28:58 --> 00:28:59: in and you don't.
00:28:59 --> 00:29:01: Even most people don't even read that.
00:29:01 --> 00:29:02: They just push it to the side.
00:29:02 --> 00:29:04: And so I think this notion of sort of,
00:29:04 --> 00:29:06: you know, Black Swan, or you know.
00:29:06 --> 00:29:09: Unlikely events you know, low probability,
00:29:09 --> 00:29:13: but high value events is really exposed at this point
00:29:13 --> 00:29:16: and I think one of the things we're also seeing
00:29:16 --> 00:29:20: is a much more expanded view of stakeholders and people.
00:29:20 --> 00:29:23: Typically, you know if you're a restaurant,
00:29:23 --> 00:29:25: it's really just been about my customers,
00:29:25 --> 00:29:27: but now it's my government.
00:29:27 --> 00:29:31: My suppliers, not just the people who bring me the
00:29:31 --> 00:29:31: food,
00:29:31 --> 00:29:34: but where does the where the where's the beef and
00:29:34 --> 00:29:38: the chickens and the eggs all come from because.
00:29:38 --> 00:29:40: There's a much larger supply chain,
00:29:40 --> 00:29:42: sort of across all the businesses.
00:29:42 --> 00:29:46: If you're a hotel, it's not just about your guest
00:29:46 --> 00:29:46: now,
00:29:46 --> 00:29:48: it's about your frontline workers.
00:29:48 --> 00:29:53: It's about your community. It's about all the different people
00:29:53 --> 00:29:55: that comprise your business,
00:29:55 --> 00:29:59: and I think people are recognizing that part of the
00:29:59 --> 00:29:59: solution.

00:29:59 --> 00:30:02: Is we have to really understand that there's so many
 00:30:03 --> 00:30:06: more people involved in the businesses that we're in?
 00:30:06 --> 00:30:07: And how do we impact them?
 00:30:07 --> 00:30:09: How do we, you know,
 00:30:09 --> 00:30:12: address their needs? How do we even identify who they
 00:30:12 --> 00:30:12: are?
 00:30:12 --> 00:30:15: I think it's been a really interesting focal point for
 00:30:15 --> 00:30:15: us.
 00:30:18 --> 00:30:21: Right, right, sorry I was just going to add that,
 00:30:21 --> 00:30:25: you know, it's kind of interesting that that you know
 00:30:25 --> 00:30:27: until you get hit with something,
 00:30:27 --> 00:30:31: we're really not mobilized. You know to deal with it,
 00:30:31 --> 00:30:32: and I think about you.
 00:30:32 --> 00:30:36: Think about you know before 911 there were certainly you
 00:30:36 --> 00:30:40: know growing risks of terrorism around the world,
 00:30:40 --> 00:30:44: but nobody ever thought you know what would happen
 happen.
 00:30:44 --> 00:30:46: I'm not 11 and an you know.
 00:30:46 --> 00:30:49: Similarly, you know we saw this brewing.
 00:30:49 --> 00:30:52: Covid Brewing in China in you know,
 00:30:52 --> 00:30:57: in December and nobody really focused on it until you
 00:30:57 --> 00:30:59: know three months later.
 00:30:59 --> 00:31:01: And and and then, you know,
 00:31:01 --> 00:31:02: kind of like what, what?
 00:31:02 --> 00:31:04: How is this going to change?
 00:31:04 --> 00:31:06: You know how is this going to change us?
 00:31:06 --> 00:31:09: Getting to some of the things that you know Brad
 00:31:09 --> 00:31:10: Brad was talking about?
 00:31:10 --> 00:31:12: You know. Certainly when 911 happened,
 00:31:12 --> 00:31:15: people said no one will ever live in lower Manhattan
 00:31:15 --> 00:31:15: again.
 00:31:15 --> 00:31:17: And obviously that isn't true.
 00:31:17 --> 00:31:20: You know, lower Manhattan. Lots of people live and it's
 00:31:20 --> 00:31:21: a vibrant place.
 00:31:21 --> 00:31:23: But there were things that changed forever.
 00:31:23 --> 00:31:26: You know how you go through security at an airport?
 00:31:26 --> 00:31:30: How a cockpit is, you know the protocols around protecting
 00:31:30 --> 00:31:31: the cockpit in an airplane.
 00:31:31 --> 00:31:34: How you have air marshals on.
 00:31:34 --> 00:31:37: You know international flights and etc.
 00:31:37 --> 00:31:40: So there there will be a host of things that
 00:31:40 --> 00:31:43: that are likely to you know to come out of

00:31:43 --> 00:31:43: this.

00:31:43 --> 00:31:48: Anne and Brad was starting to talk about some of

00:31:48 --> 00:31:48: them.

00:31:48 --> 00:31:50: Yeah, and I'd like to get into some of those

00:31:50 --> 00:31:52: specifics and little bit later,

00:31:52 --> 00:31:55: let's tackle this last question and then we'll go to

00:31:55 --> 00:31:57: questions from the audience.

00:31:57 --> 00:32:00: How do you see and we've touched on looks a

00:32:00 --> 00:32:03: little bit already in the conversation,

00:32:03 --> 00:32:05: but I'd like to just dig in a little deeper.

00:32:05 --> 00:32:09: How do you see the calculus of investing in sustainability

00:32:09 --> 00:32:10: changing,

00:32:10 --> 00:32:11: and if so, how so?

00:32:11 --> 00:32:14: You know a couple of you reference Black Rock and

00:32:14 --> 00:32:17: Larry Fink letter that got a lot of press about

00:32:18 --> 00:32:18: ESG.

00:32:18 --> 00:32:21: Of course, there was also the last year the Business

00:32:21 --> 00:32:26: Roundtable statement that they created a more expansive

00:32:26 --> 00:32:27: view of

00:32:26 --> 00:32:27: what it means to.

00:32:27 --> 00:32:31: To create value, but then more recently there was a

00:32:31 --> 00:32:34: statement that came from Black Rock saying,

00:32:34 --> 00:32:36: oh, you know what we can we can pull.

00:32:36 --> 00:32:38: We can ease back a little bit,

00:32:38 --> 00:32:41: you know, especially in the short term.

00:32:41 --> 00:32:44: There are other things to worry about,

00:32:44 --> 00:32:47: so there is some concern that that is going to

00:32:47 --> 00:32:52: shift the focus away from sustainability and really resiliency

00:32:52 --> 00:32:56: effort.

00:32:52 --> 00:32:56: I'm really curious to hear your thoughts on the calculus

00:32:56 --> 00:32:58: of investing in sustainability,

00:32:58 --> 00:33:01: resiliency and. If it's going to change and how?

00:33:04 --> 00:33:07: So with that, how about we Jonathan?

00:33:07 --> 00:33:09: Do you want to start?

00:33:09 --> 00:33:12: Yeah, so my sense of investor that it's ever more

00:33:12 --> 00:33:15: important to investors and that.

00:33:17 --> 00:33:20: Investors are done by the first of all in the

00:33:20 --> 00:33:21: real estate industry.

00:33:21 --> 00:33:26: We have grasped the grow global real estate sustainability

00:33:26 --> 00:33:29: benchmarks.

00:33:26 --> 00:33:29: More and more investors are demanding grasp of ports and

00:33:29 --> 00:33:31: grab standardbred standards.

00:33:31 --> 00:33:37: Its sustainability is extremely trackable and investors want to

see

00:33:37 --> 00:33:39: that is being achieved and.

00:33:39 --> 00:33:45: Investors also are deeply concerned about climate and investors know

00:33:45 --> 00:33:46: that.

00:33:46 --> 00:33:48: You know we're seeing a lot of articles that show

00:33:48 --> 00:33:51: that covid in these and other well being related issues

00:33:52 --> 00:33:53: are deeply tied to climate issues,

00:33:53 --> 00:33:56: and so I think that's only going to increase and

00:33:56 --> 00:33:57: not decrease,

00:33:57 --> 00:34:00: and that the most competitive firms are going to be

00:34:00 --> 00:34:03: the ones that are most successful in figuring this out.

00:34:03 --> 00:34:04: Now, one of the things,

00:34:04 --> 00:34:07: for example, that our company does is we will do

00:34:07 --> 00:34:10: any green investments that has a five year payback or

00:34:10 --> 00:34:10: better.

00:34:10 --> 00:34:13: That's 20% return on investment and it's non correlated.

00:34:13 --> 00:34:16: I keep saying non correlated 'cause I think that's also

00:34:16 --> 00:34:20: one of the things that investors are really looking for.

00:34:20 --> 00:34:23: So when you put in LED lights and you put

00:34:23 --> 00:34:27: in weather stripping and and variable speed pumps and insulation

00:34:27 --> 00:34:28: and stuff like that.

00:34:28 --> 00:34:31: It's it's it's good for the environment.

00:34:31 --> 00:34:34: It's good for the bottom line.

00:34:34 --> 00:34:37: I it's hard to imagine that investors are going to

00:34:37 --> 00:34:38: ask for less of that,

00:34:38 --> 00:34:41: and my sense is they're going to increasingly be asking

00:34:42 --> 00:34:43: for more and more.

00:34:46 --> 00:34:50: Great Marky when I comment your thoughts on this.

00:34:50 --> 00:34:54: Yeah, I I certainly agree with Jonathan that that you

00:34:54 --> 00:34:55: know investors.

00:34:55 --> 00:34:58: Institutional investors are, you know,

00:34:58 --> 00:35:04: the resiliency and sustainability ESG concerns have become much more.

00:35:04 --> 00:35:07: You know, front burner in recent years,

00:35:07 --> 00:35:10: and I think this is going to tilt tilt more

00:35:10 --> 00:35:14: attention to the whole health and Wellness dimension.

00:35:14 --> 00:35:18: You know, as we as we talked about an is

00:35:18 --> 00:35:20: going to continue to.

00:35:20 --> 00:35:25: Put emphasis on again this social.

00:35:25 --> 00:35:27: You know, social issues, social equality,

00:35:27 --> 00:35:32: community involvement. You know doing good things are

industry doing
00:35:32 --> 00:35:34: good things to support,
00:35:34 --> 00:35:36: you know, to support the community.
00:35:36 --> 00:35:40: I do think it's interesting you know that.
00:35:40 --> 00:35:42: In the year prior to this,
00:35:42 --> 00:35:45: we Billy's Advisory Board we had talked about how it
00:35:45 --> 00:35:48: seems like a day didn't go by when there wasn't
00:35:48 --> 00:35:51: an article in one of the major newspapers about global
00:35:51 --> 00:35:53: warming and the effects on,
00:35:53 --> 00:35:55: you know various effects. And now of course,
00:35:55 --> 00:35:59: all of those articles have been replaced by various,
00:35:59 --> 00:36:01: you know, covid COVID-19 things.
00:36:01 --> 00:36:04: So it is interesting you know shifting from that perspective
00:36:04 --> 00:36:07: and then one other just kind of off the wall
00:36:07 --> 00:36:10: comment I would make is that it'll be interesting to
00:36:10 --> 00:36:14: see. You know, with the dramatic drop in the price
00:36:14 --> 00:36:17: of oil and and you know that now oil is
00:36:17 --> 00:36:21: a lot cheaper than renewable energy sources.
00:36:21 --> 00:36:24: Are you know what does that do to the to
00:36:24 --> 00:36:26: the you know otherwise,
00:36:26 --> 00:36:31: very positive trend line and momentum moving towards
renewable energy
00:36:31 --> 00:36:32: sources.
00:36:32 --> 00:36:36: So that's a question. It's not the answer.
00:36:36 --> 00:36:39: Right, I mean cause one of the things we have
00:36:39 --> 00:36:40: heard,
00:36:40 --> 00:36:44: it seems, is that resiliency and sustainability investments
have been
00:36:44 --> 00:36:48: able to take off really because of the economic calculus.
00:36:48 --> 00:36:51: The proof that there is return on investment,
00:36:51 --> 00:36:53: and if that calculus changes it,
00:36:53 --> 00:36:54: I would. I would worry,
00:36:54 --> 00:36:58: Brad, what are you seeing from your clients that you're
00:36:58 --> 00:36:59: dealing with?
00:36:59 --> 00:37:00: Yeah, I just want to.
00:37:00 --> 00:37:02: I just address that for one second,
00:37:02 --> 00:37:06: you know, oil, I think is mentally correlated to energy,
00:37:06 --> 00:37:08: but. Oil is about transportation.
00:37:08 --> 00:37:10: It's not about the built environment.
00:37:10 --> 00:37:13: With a few exceptions like the Caribbean in a couple
00:37:13 --> 00:37:16: of countries it is not a source of energy for
00:37:16 --> 00:37:20: buildings of the built environment really at all in this

00:37:20 --> 00:37:23: country mean like 0%, but I think there's a couple
00:37:23 --> 00:37:23: of things.
00:37:23 --> 00:37:26: One we've seen no let up at either the governmental
00:37:27 --> 00:37:27: level.
00:37:27 --> 00:37:30: So the pietersberg dialogue that are you know,
00:37:30 --> 00:37:32: occur in the last couple of days.
00:37:32 --> 00:37:34: 30 countries. Most of the Europeans there,
00:37:34 --> 00:37:36: they basically doubled down on the.
00:37:36 --> 00:37:39: EU Green new deal. They said that this is going
00:37:39 --> 00:37:42: to be a key part of the economic revival,
00:37:42 --> 00:37:45: and essentially what they're saying is let's as we rebuild
00:37:46 --> 00:37:46: the economy,
00:37:46 --> 00:37:48: we're going to rebuild the economy.
00:37:48 --> 00:37:51: We want to have, not the economy.
00:37:51 --> 00:37:52: With that we previously had,
00:37:52 --> 00:37:56: so that's 12. We've been involved in some polling with
00:37:56 --> 00:37:57: the Business Roundtable,
00:37:57 --> 00:37:59: and it's not yet public,
00:37:59 --> 00:38:01: but I will tell you that you are not seeing
00:38:01 --> 00:38:03: in this polling data.
00:38:03 --> 00:38:06: You're not seeing the public say we don't care about
00:38:06 --> 00:38:07: sustainability.
00:38:07 --> 00:38:09: You're seeing small portions of it,
00:38:09 --> 00:38:13: but the vast majority are still saying this is important.
00:38:13 --> 00:38:16: Again, rebuild the economy that we want to have,
00:38:16 --> 00:38:18: and then I think two things.
00:38:18 --> 00:38:22: One just an anecdote. We've got a hotel project in
00:38:22 --> 00:38:25: Europe that we do the energy data metering for.
00:38:25 --> 00:38:28: They closed the hotel last month and yet it still
00:38:28 --> 00:38:31: was running at about 15,000 euros a month and that
00:38:31 --> 00:38:34: was well beyond their expectations.
00:38:34 --> 00:38:36: They didn't expect it to go to zero,
00:38:36 --> 00:38:39: but they expected it to be a lot lower.
00:38:39 --> 00:38:42: And after a lot of work with the on-site team
00:38:43 --> 00:38:44: and our team in Europe,
00:38:44 --> 00:38:48: what was discovered that the vast majority of that energy
00:38:48 --> 00:38:51: was in fact some adjacent water pumps in a River
00:38:51 --> 00:38:54: that did not belong to the hotel that had been
00:38:54 --> 00:38:58: wired in for whatever reason behind the meter into the
00:38:58 --> 00:39:00: hotel and for 10 years no one knew.
00:39:00 --> 00:39:03: Now our client had bought the hotel no one had
00:39:03 --> 00:39:04: known,

00:39:04 --> 00:39:07: but now we're in a process trying to figure out
 00:39:07 --> 00:39:10: who actually should be paying for these meter,
 00:39:10 --> 00:39:12: who owns them. That's not clear,
 00:39:12 --> 00:39:15: but what is clear is you're talking about in excess
 00:39:15 --> 00:39:17: of 120,000 euros at A6 cap,
 00:39:17 --> 00:39:18: close to 2 million Ek dollar,
 00:39:18 --> 00:39:20: or two million euros of equity,
 00:39:20 --> 00:39:24: and so you know there's some unintended consequences as
 you
 00:39:24 --> 00:39:27: shut down as to reduce your economic activity,
 00:39:27 --> 00:39:30: whether it's air quality, you know the idea that you
 00:39:30 --> 00:39:34: know individual action is more important that people may
 have
 00:39:34 --> 00:39:36: thought or things like this.
 00:39:36 --> 00:39:38: And I think just the last point that I think
 00:39:38 --> 00:39:39: is really important,
 00:39:39 --> 00:39:42: because all of us were sitting here in the US
 00:39:42 --> 00:39:43: in North America is that,
 00:39:43 --> 00:39:47: you know there's very much a decoupling as you approach
 00:39:47 --> 00:39:47: this,
 00:39:47 --> 00:39:50: we have more. We have a really active business in
 00:39:50 --> 00:39:53: Asia right now we've been greenlighted in five new projects
 00:39:53 --> 00:39:56: in the last two weeks we've got two that are
 00:39:56 --> 00:39:59: going to contract pricing, and that's not just in Japan,
 00:39:59 --> 00:40:01: it's in Korea. It's in China,
 00:40:01 --> 00:40:04: it's in Hong Kong and there they've been dealing with
 00:40:04 --> 00:40:05: this differently.
 00:40:05 --> 00:40:07: I was in Singapore early.
 00:40:07 --> 00:40:10: February I went from the ULI Europe meeting in Amsterdam,
 00:40:10 --> 00:40:12: where no one was really caring.
 00:40:12 --> 00:40:15: Much about this flew to Singapore an it's all that
 00:40:15 --> 00:40:16: anybody is focused on.
 00:40:16 --> 00:40:21: Mass temperature checks the UL I'm eating in Singapore
 was
 00:40:21 --> 00:40:23: cancelled because of this.
 00:40:23 --> 00:40:26: You know Europe meeting a day earlier had not been
 00:40:26 --> 00:40:28: an and so I think it's it's we want to
 00:40:28 --> 00:40:31: be careful to not sort of just put us solely
 00:40:31 --> 00:40:34: a US lens on this because Europe is probably stricter
 00:40:34 --> 00:40:35: than us.
 00:40:35 --> 00:40:38: Asia is lighter. We're somewhere in the middle of all
 00:40:38 --> 00:40:41: this you probably saw yesterday on the news,
 00:40:41 --> 00:40:45: you know, school kids in Spain being released from their

00:40:45 --> 00:40:47: homes for the first time in six weeks.

00:40:47 --> 00:40:51: They weren't allowed to go outside for any purpose for

00:40:51 --> 00:40:52: the last six weeks.

00:40:52 --> 00:40:53: Today they got an hour.

00:40:56 --> 00:41:01: Yeah, fantastic, so I think this is really heartening news

00:41:01 --> 00:41:06: that we're hearing what what I'm gathering from you is.

00:41:06 --> 00:41:07: No pull back at all,

00:41:07 --> 00:41:10: and in fact a greater emphasis on resiliency.

00:41:10 --> 00:41:13: But more than that, the themes that I've heard come

00:41:13 --> 00:41:14: out today is really,

00:41:14 --> 00:41:17: uh, and this addresses some of the questions that have

00:41:17 --> 00:41:17: come up,

00:41:17 --> 00:41:20: which is it's a more expansive view of resiliency,

00:41:20 --> 00:41:22: right when we talk about health and Wellness,

00:41:22 --> 00:41:25: nobody would have thought of that as a resiliency,

00:41:25 --> 00:41:28: but now it is. When we talk about social infrastructure

00:41:28 --> 00:41:29: and ecosystem great,

00:41:29 --> 00:41:31: the comment you made proud about.

00:41:31 --> 00:41:34: It's not just whether you restaurant can pay rent,

00:41:34 --> 00:41:37: but thinking about, well, what are your restaurant suppliers?

00:41:37 --> 00:41:43: And really? Taking a more macro and systemic view of

00:41:43 --> 00:41:46: how everything is interrelated.

00:41:46 --> 00:41:48: So you know with that,

00:41:48 --> 00:41:51: I'd love to jump into one question here,

00:41:51 --> 00:41:54: which really gets to something more specific.

00:41:54 --> 00:41:59: What sustainable measures and even Wellness measures do

00:41:59 --> 00:42:03: you think

00:41:59 --> 00:42:03: may may begin to be incorporated into projects now due

00:42:03 --> 00:42:04: to covid?

00:42:08 --> 00:42:11: Anybody can take that or I can call it.

00:42:11 --> 00:42:13: Yeah, yeah, I mean, I'll take.

00:42:13 --> 00:42:16: I'll address one thing. So I think for the first

00:42:16 --> 00:42:19: time people in the US are really focused on air

00:42:19 --> 00:42:19: quality.

00:42:19 --> 00:42:23: Historically, we'd sort of presume the air was clean in

00:42:23 --> 00:42:24: our building,

00:42:24 --> 00:42:26: but we didn't really focus much on it.

00:42:26 --> 00:42:30: And, you know, we've been doing extensive work and

00:42:26 --> 00:42:30: thinking

00:42:30 --> 00:42:31: about this,

00:42:31 --> 00:42:32: but on our our venture side,

00:42:32 --> 00:42:36: we have an investment that we're announcing very shortly in

00:42:36 --> 00:42:38: an air quality company.
00:42:38 --> 00:42:41: But in Asia. You absolutely can monetize this.
00:42:41 --> 00:42:42: You know people in Asia in China,
00:42:42 --> 00:42:45: in particular, sit there and go and they check the
00:42:45 --> 00:42:48: air quality every single day to decide if they're going
00:42:48 --> 00:42:51: to let the kids go out without a mask with
00:42:51 --> 00:42:53: the mask were not let them go out at all,
00:42:53 --> 00:42:56: and so the ability to demonstrate you know good air
00:42:56 --> 00:42:59: quality means people will stay longer in your shopping center
00:42:59 --> 00:43:00: or your hotel,
00:43:00 --> 00:43:03: or less. That's real. I think that's you know the
00:43:03 --> 00:43:05: type of thing that we're going to be going toward,
00:43:05 --> 00:43:08: because in the absence of both the treatment and a
00:43:08 --> 00:43:09: vaccine.
00:43:09 --> 00:43:11: The only thing we can do is basically try to
00:43:11 --> 00:43:12: do the best we can,
00:43:12 --> 00:43:15: but also messaging signals to people that were doing it.
00:43:15 --> 00:43:18: So I suspect that hotels will go away or spaces
00:43:18 --> 00:43:20: and storage will go away from the idea of a
00:43:20 --> 00:43:23: scent that is soft and perfumed and go more toward
00:43:23 --> 00:43:24: bleach, chlorine or pine saw,
00:43:24 --> 00:43:27: you know, basically getting multiple senses.
00:43:27 --> 00:43:28: It's not just enough to basically,
00:43:28 --> 00:43:31: you know, tell you it's clean sort of hearing,
00:43:31 --> 00:43:33: but you need to smell it's clean.
00:43:33 --> 00:43:35: You need to see the cleaners we used to hide
00:43:35 --> 00:43:36: the cleaners.
00:43:36 --> 00:43:38: Now where I think you should be putting an orange
00:43:38 --> 00:43:39: vest on them.
00:43:39 --> 00:43:41: And let them be everywhere,
00:43:41 --> 00:43:43: and so everyone should be more comfortable.
00:43:43 --> 00:43:45: You know we're going to find more ways to message
00:43:45 --> 00:43:47: the measures that we take and bring it out to
00:43:47 --> 00:43:48: the front,
00:43:48 --> 00:43:51: then hide it in the back.
00:43:51 --> 00:43:54: Yeah I I would just add and there's certainly been
00:43:55 --> 00:43:56: a lot written about this,
00:43:56 --> 00:43:59: but I think it's real in terms of,
00:43:59 --> 00:44:01: you know, office design, an office,
00:44:01 --> 00:44:05: building layouts an you know will this result in,
00:44:05 --> 00:44:09: you know, a reversal of this long trend of densification
00:44:09 --> 00:44:10: that we've,

00:44:10 --> 00:44:13: you know we've been in for a number of years.
00:44:13 --> 00:44:14: And and then you know,
00:44:14 --> 00:44:19: offsetting that is just. I think companies are realizing that
00:44:19 --> 00:44:22: you know that more work can be done outside of
00:44:22 --> 00:44:23: the office.
00:44:23 --> 00:44:26: And so there may be more flexibility,
00:44:26 --> 00:44:30: so you know what does that mean for the design
00:44:30 --> 00:44:31: of office buildings?
00:44:31 --> 00:44:34: Less less dense layouts, certainly.
00:44:34 --> 00:44:38: Again, some of the things that Brad talked about relative
00:44:38 --> 00:44:41: to fresh air and sunlight and and,
00:44:41 --> 00:44:43: and you know, filtration systems and,
00:44:43 --> 00:44:47: and you know more interaction with the outdoors,
00:44:47 --> 00:44:50: I think, is is likely to happen in terms of
00:44:50 --> 00:44:51: design,
00:44:51 --> 00:44:54: and whether that ultimately results in.
00:44:54 --> 00:44:56: More demand or less demand for office space,
00:44:56 --> 00:44:57: I think is still to be determined.
00:44:59 --> 00:45:02: Jonathan, do something to ask.
00:45:02 --> 00:45:06: Only that you know as we are thinking of about
00:45:06 --> 00:45:07: our reentry,
00:45:07 --> 00:45:11: our goal. Our current thought is that we divide our
00:45:11 --> 00:45:14: company into kind of eighteens and B teams and have
00:45:15 --> 00:45:18: the Azaan and the bees on you know so that
00:45:18 --> 00:45:22: in effect we create more social distancing within the same
00:45:22 --> 00:45:25: office but have bring people back I.
00:45:27 --> 00:45:29: You know what I really think?
00:45:29 --> 00:45:31: We've all talked a lot about work,
00:45:31 --> 00:45:35: life balance, and I think this is really revealed it.
00:45:35 --> 00:45:37: I mean, the issue of my so my instinct is
00:45:37 --> 00:45:40: when we're done as when we when we get back
00:45:40 --> 00:45:41: to normal,
00:45:41 --> 00:45:43: normal is going to recognize it.
00:45:43 --> 00:45:45: If your kid is home,
00:45:45 --> 00:45:48: sick from school, let's say year from there if it
00:45:48 --> 00:45:51: is vaccinated and all that but your kids home from
00:45:51 --> 00:45:54: sick that you can be home and work from home
00:45:54 --> 00:45:56: affectively and there may have,
00:45:56 --> 00:45:58: I think. By the way.
00:45:58 --> 00:46:01: This works great for people who are working out of
00:46:01 --> 00:46:02: their offices.
00:46:02 --> 00:46:05: This is not working for people who are cleaning the

00:46:05 --> 00:46:06: offices or people who are,
00:46:06 --> 00:46:08: you know, have service jobs,
00:46:08 --> 00:46:10: etc. So there's a lucky group of us that who
00:46:10 --> 00:46:11: are office occupiers,
00:46:11 --> 00:46:14: in which I think is going to be much more
00:46:14 --> 00:46:18: tolerance for distributed work and work from home.
00:46:18 --> 00:46:23: But I also think that ultimately we are zoom experiences
00:46:23 --> 00:46:27: come from the fact that they they model physical place
00:46:27 --> 00:46:29: based experiences.
00:46:29 --> 00:46:33: So that actually leads to a question that comes from
00:46:33 --> 00:46:37: the audience about the debate that's going on about cities,
00:46:37 --> 00:46:39: right in the future of cities.
00:46:39 --> 00:46:43: So it's not just about offices and workspaces.
00:46:43 --> 00:46:44: I'm curious. I told you,
00:46:44 --> 00:46:47: tell us what your thoughts are.
00:46:47 --> 00:46:50: I mean, you know it's so much as a crystal
00:46:50 --> 00:46:50: ball,
00:46:50 --> 00:46:54: but as you look about the future and create your
00:46:54 --> 00:46:57: investment strategies and and deal with,
00:46:57 --> 00:46:59: you know you're the ecosystem.
00:46:59 --> 00:47:01: Love of folks. What do you?
00:47:01 --> 00:47:05: What do you? Have you seen any trends emerging or
00:47:05 --> 00:47:10: thought of any initial thoughts and where this is going
00:47:10 --> 00:47:11: to go?
00:47:11 --> 00:47:14: Mark United your head, you know well it's that it's
00:47:14 --> 00:47:18: a it's a loaded question and you know we've been,
00:47:18 --> 00:47:22: you know, in this this trend towards urbanization and all
00:47:22 --> 00:47:25: of the benefits of urbanization for many years.
00:47:25 --> 00:47:29: And the question is this experience going to reverse that
00:47:29 --> 00:47:30: Anne Anne Anne?
00:47:30 --> 00:47:32: You know I, I don't know.
00:47:32 --> 00:47:34: I mean, I don't think so from.
00:47:34 --> 00:47:38: From my perspective, my expectation is that once.
00:47:38 --> 00:47:42: You know this is behind us and once we people
00:47:42 --> 00:47:47: feel safe that people you know inherently are attracted to
00:47:47 --> 00:47:51: the everything that cities that cities offer.
00:47:51 --> 00:47:55: But I think that in the meantime you know is
00:47:55 --> 00:47:59: there a big interest in Manhattanites renting houses in in
00:47:59 --> 00:48:01: the suburbs absolutely,
00:48:01 --> 00:48:04: and if if this. If this does have a more
00:48:05 --> 00:48:08: significant change to the way we are able to live
00:48:08 --> 00:48:12: our lives more lasting than I think it's going to,

00:48:12 --> 00:48:16: I think I think we will get back to normal,
 00:48:16 --> 00:48:18: but but you know that.
 00:48:18 --> 00:48:21: That would certainly raise the question.
 00:48:21 --> 00:48:23: I mean, if you can't.
 00:48:23 --> 00:48:30: I function in a densely packed whatever you know
 entertainment
 00:48:30 --> 00:48:30: venue.
 00:48:30 --> 00:48:34: Value of being close to a lot of entertainment venues.
 00:48:34 --> 00:48:38: Kind of diminishes so, but my guess is that this
 00:48:38 --> 00:48:40: does not reverse the trend right?
 00:48:40 --> 00:48:44: And you know, it's one of these interesting things that
 00:48:44 --> 00:48:49: in part depends on how the real estate industry responds.
 00:48:49 --> 00:48:51: And to Brad's comment earlier,
 00:48:51 --> 00:48:54: which if we're able to respond in a way that
 00:48:54 --> 00:48:58: gives the public confidence in these bases,
 00:48:58 --> 00:49:00: you know that in turn can help cities.
 00:49:00 --> 00:49:04: Remain resilient themselves.
 00:49:04 --> 00:49:07: Yes Jonathan, so let's take a little longer term because
 00:49:07 --> 00:49:10: what this really comes down to is our rely our
 00:49:10 --> 00:49:13: transportation systems in part so you know,
 00:49:13 --> 00:49:15: for example, in our case in New York City we
 00:49:15 --> 00:49:18: have people who are comfortable at home but eager to
 00:49:18 --> 00:49:21: get back to work and will be comfortable in the
 00:49:21 --> 00:49:24: office. But they are concerned about the space in between
 00:49:24 --> 00:49:25: the subway system.
 00:49:25 --> 00:49:29: Ultimately we see this movement towards autonomous
 vehicles,
 00:49:29 --> 00:49:32: and if we have individual autonomous vehicles,
 00:49:32 --> 00:49:35: we have chaos. But if we have autonomous vehicles that.
 00:49:35 --> 00:49:38: Basically glom together is this kind of like call them
 00:49:38 --> 00:49:42: private semi private shared vehicles you don't own your own.
 00:49:42 --> 00:49:45: It comes on demand, but they chain up and they
 00:49:45 --> 00:49:46: in effect form train car.
 00:49:46 --> 00:49:49: You know, along train lines and those move along.
 00:49:49 --> 00:49:52: That to me is a solution that gives people the
 00:49:52 --> 00:49:54: sense of security and privacy.
 00:49:54 --> 00:49:57: But the efficiency of transport of a mass transit system.
 00:49:57 --> 00:49:59: I don't, that's the right one.
 00:49:59 --> 00:50:02: But the point is, I think it's about time that
 00:50:02 --> 00:50:02: we really,
 00:50:02 --> 00:50:06: seriously imagine. What's the next generation because.
 00:50:06 --> 00:50:08: In China, they build it in five years.
 00:50:08 --> 00:50:10: In America, will build it in 50 years,

00:50:10 --> 00:50:12: but we gotta start thinking about it,
 00:50:12 --> 00:50:14: designing it, planning and figuring how to finance it.
 00:50:14 --> 00:50:17: If we're going to Bible cities.
 00:50:17 --> 00:50:20: But it will say I'd like to stick with you,
 00:50:20 --> 00:50:24: Jonathan. We've had a couple of questions about affordable housing,
 00:50:24 --> 00:50:26: more general about the looming crisis.
 00:50:26 --> 00:50:29: But you know, you talked about affordable housing as a
 00:50:30 --> 00:50:31: business strategy,
 00:50:31 --> 00:50:34: and that it's countercyclical. Or is it the the demand
 00:50:34 --> 00:50:36: is resilient if you will,
 00:50:36 --> 00:50:38: but the reality is, you touched on this,
 00:50:38 --> 00:50:42: but love to hear about the strategies that you're implementing
 00:50:42 --> 00:50:43: to handle it.
 00:50:43 --> 00:50:46: Which is, you know, these are many your tenants or
 00:50:46 --> 00:50:47: people who have.
 00:50:47 --> 00:50:50: Very little savings and an need to work,
 00:50:50 --> 00:50:53: and that work has been disrupted.
 00:50:53 --> 00:50:57: So what do you? How are you handling the basics
 00:50:57 --> 00:51:01: of rent collection and how are you navigating this in
 00:51:01 --> 00:51:05: light of the economic hit of your candidate,
 00:51:05 --> 00:51:08: right? So I want to go even deeper.
 00:51:08 --> 00:51:10: Which is that?
 00:51:10 --> 00:51:12: In the Affordable housing world,
 00:51:12 --> 00:51:15: what we're seeing is that many people relied on food
 00:51:15 --> 00:51:19: bank San on seniors on feeding programs and their kids
 00:51:19 --> 00:51:22: being fed in schools and that whole food system is
 00:51:22 --> 00:51:25: falling apart and it reveals their vast poverty in America
 00:51:25 --> 00:51:28: and the fact that we have so many people who
 00:51:28 --> 00:51:31: are hungry now and dependent upon all these resources,
 00:51:31 --> 00:51:34: I think is something else I hope will be addressed.
 00:51:34 --> 00:51:36: Affordable housing comes in three flavors,
 00:51:36 --> 00:51:40: so wonder buildings built under the project based Section 8
 00:51:40 --> 00:51:43: program which was in the late 70s until the mid
 00:51:43 --> 00:51:43: 80s.
 00:51:43 --> 00:51:46: And in those projects, the resident pays 30%
 00:51:46 --> 00:51:49: of their income for rent and the government pays the
 00:51:49 --> 00:51:52: difference between that and was called the market rent,
 00:51:52 --> 00:51:54: which is assessed in a bunch of ways.
 00:51:54 --> 00:51:57: And so in those of our residents income goes down
 00:51:57 --> 00:52:00: the federal they can recertify in the portion that the
 00:52:00 --> 00:52:02: federal government pays goes up,

00:52:02 --> 00:52:05: and so those tend to be extremely secure for the
00:52:05 --> 00:52:07: resident and also for the owner.
00:52:07 --> 00:52:09: The problem is, we're not making any new ones,
00:52:09 --> 00:52:13: and so we actually, really need a project based Section
00:52:13 --> 00:52:13: 8 program.
00:52:13 --> 00:52:16: The second one is the low income housing tax credit,
00:52:16 --> 00:52:19: and those projects do not have a rental subsidy,
00:52:19 --> 00:52:23: although some of the residents come with what are called
00:52:23 --> 00:52:25: portable Section 8 certificates.
00:52:25 --> 00:52:27: So those tend to be.
00:52:27 --> 00:52:30: More vulnerable and the the last are the where we
00:52:30 --> 00:52:34: called naturally occurring affordable housing or just cheap
stuff.
00:52:34 --> 00:52:37: By the way, a vast amount of that for low
00:52:37 --> 00:52:41: income residents are not renting for multifamily owners but
like
00:52:41 --> 00:52:41: us,
00:52:41 --> 00:52:45: but are renting from single family are renting single family
00:52:45 --> 00:52:47: houses throughout the United States each.
00:52:47 --> 00:52:51: So anyway, the bottom the reason why I mentioned is
00:52:51 --> 00:52:55: each of these have different characteristics of occupancy and
capacity
00:52:55 --> 00:52:56: to pay rent.
00:52:56 --> 00:52:59: As I observed in. April we actually had 95%
00:52:59 --> 00:53:02: of our rents paid, which is very very good.
00:53:02 --> 00:53:07: But we are deeply concerned about what May and June
00:53:07 --> 00:53:09: will bring and we just don't know.
00:53:09 --> 00:53:12: There are some senator.
00:53:12 --> 00:53:17: Oh, Brown of Ohio's office is writing an congresswoman.
00:53:17 --> 00:53:21: Maxine Waters are writing a rent payers supplement bill,
00:53:21 --> 00:53:25: and I hope that it gets written quickly and gets
00:53:25 --> 00:53:30: out soon and provides the rental support that hard working
00:53:30 --> 00:53:33: and now unemployed Americans need.
00:53:33 --> 00:53:37: Great, OK, I think that's actually a nice segue to
00:53:37 --> 00:53:40: what's going to be the final question.
00:53:40 --> 00:53:43: So in the spirit of not letting a crisis go
00:53:43 --> 00:53:44: to waste,
00:53:44 --> 00:53:46: what opportunities and you see?
00:53:46 --> 00:53:50: So whether it's and this ties in with several questions
00:53:50 --> 00:53:54: that we've gotten from the audience about the role of
00:53:54 --> 00:53:56: government at this time,
00:53:56 --> 00:54:00: you know, potential initiatives such as the Green New Deal.
00:54:00 --> 00:54:04: If you could wave your magic wand and really not.

00:54:04 --> 00:54:07: Not what those crisis good ways.

00:54:07 --> 00:54:10: What. What opportunities do you see as it relates to

00:54:10 --> 00:54:11: policy and government?

00:54:16 --> 00:54:18: Do you want to start with that?

00:54:18 --> 00:54:20: Jonathan will go to Jonathan Mark,

00:54:20 --> 00:54:23: and then we'll end with Brad Turkc.

00:54:23 --> 00:54:25: So the I definitely need we need a green new

00:54:25 --> 00:54:26: deal.

00:54:26 --> 00:54:28: The Green New Deal I'm not sure is the is

00:54:28 --> 00:54:29: the right one,

00:54:29 --> 00:54:32: but here's number one. We with the 10 year T

00:54:32 --> 00:54:35: bill being about 60 basis points or you know,

00:54:35 --> 00:54:37: it's definitely below one. Yeah,

00:54:37 --> 00:54:39: we should be borrowing. So first of all,

00:54:39 --> 00:54:43: the federal government decided to divide itself into a capital

00:54:43 --> 00:54:45: budget and operating budget.

00:54:45 --> 00:54:48: And we should be issuing all kinds of debt against

00:54:48 --> 00:54:50: infrastructure projects,

00:54:50 --> 00:54:55: and I consider affordable housing infrastructure and obviously mass transit

00:54:55 --> 00:54:58: systems and creating green energy systems.

00:54:58 --> 00:55:01: And I guarantee if we were to finance alternative energy

00:55:01 --> 00:55:04: systems and energy conservation systems with 1%,

00:55:04 --> 00:55:06: you know 1 1/2 percent,

00:55:06 --> 00:55:09: 30 year money. We can make it all pencil and

00:55:09 --> 00:55:11: create a huge amount of jobs.

00:55:11 --> 00:55:14: So now is the time for massive appropriate borrowing with

00:55:14 --> 00:55:15: response,

00:55:15 --> 00:55:17: by the way. Borrowing that has real credit behind it

00:55:17 --> 00:55:19: and can really pay itself back.

00:55:19 --> 00:55:23: But for projects that are going to completely transform our

00:55:23 --> 00:55:23: society.

00:55:23 --> 00:55:26: Great thank you, Jonathan Mark.

00:55:26 --> 00:55:29: I'll just mention something that's very,

00:55:29 --> 00:55:32: very narrow, but potentially very,

00:55:32 --> 00:55:35: very valuable. You know, certainly you know,

00:55:35 --> 00:55:39: coming out of 911, we had the need for terrorism

00:55:39 --> 00:55:40: insurance.

00:55:40 --> 00:55:44: We certainly have had the need for flood insurance in

00:55:44 --> 00:55:46: places where it's not available.

00:55:46 --> 00:55:50: So the idea of you know a government backstop for

00:55:50 --> 00:55:55: a private insurance program that would include pandemic risk

as

00:55:55 --> 00:55:58: part of a business interruption.

00:55:58 --> 00:56:00: Policy I think would be would be useful.

00:56:00 --> 00:56:04: I mean, there's a whole lot of argument going on

00:56:04 --> 00:56:07: right now in terms of you know who who pays

00:56:08 --> 00:56:11: the burden of the economic costs of these?

00:56:11 --> 00:56:13: Of this of this situation,

00:56:13 --> 00:56:16: and you know there, there's it think the government is

00:56:16 --> 00:56:18: doing his best it can,

00:56:18 --> 00:56:20: but certainly uneven. And there are,

00:56:20 --> 00:56:23: you know folks left behind and there are other folks

00:56:23 --> 00:56:28: that are probably getting benefits that they don't really

deserve,

00:56:28 --> 00:56:30: so I would hope that we can.

00:56:30 --> 00:56:34: We can, you know, have a backstop program that addresses

00:56:34 --> 00:56:37: this specific risk in the future.

00:56:37 --> 00:56:39: Got out and Brad. Yeah,

00:56:39 --> 00:56:42: I'll I'll maybe I'll slightly restate the question since I'm

00:56:42 --> 00:56:42: from DC.

00:56:42 --> 00:56:43: We basically if you don't,

00:56:43 --> 00:56:45: if you don't like the question,

00:56:45 --> 00:56:48: just restate it the way you want to answer it.

00:56:48 --> 00:56:50: I'll say this. I mean,

00:56:50 --> 00:56:53: I think there's a lot that's been made about the

00:56:53 --> 00:56:54: federal response,

00:56:54 --> 00:56:56: both to the to the current pandemic,

00:56:56 --> 00:57:00: but also just generally to their disdain for climate science.

00:57:00 --> 00:57:03: And while we spend a lot of time thinking about

00:57:03 --> 00:57:05: that there's a lot of good news here,

00:57:05 --> 00:57:07: and essentially that is that,

00:57:07 --> 00:57:11: the. Private sector in the States and the cities.

00:57:11 --> 00:57:15: The local government the Europe have in fact doubled down

00:57:15 --> 00:57:15: on this.

00:57:15 --> 00:57:18: You haven't seen a retreat from the mayor.

00:57:18 --> 00:57:21: New York. The mirror in Washington have the two most

00:57:21 --> 00:57:25: strenuous energy performance benchmarking performance

standards.

00:57:25 --> 00:57:29: They basically said these standards are staying in place.

00:57:29 --> 00:57:33: The dates aren't changing, the reductions aren't changing.

00:57:33 --> 00:57:35: Cities are all moving fast toward that.

00:57:35 --> 00:57:39: And so again, this idea that whatever comes next.

00:57:39 --> 00:57:42: Who is much more likely to be in the shape

00:57:42 --> 00:57:44: of what we want it to look like and not

00:57:44 --> 00:57:47: what the past look like and that makes me very
 00:57:47 --> 00:57:51: optimistic. I will say at the individual building level,
 00:57:51 --> 00:57:55: I think people are more and more understanding the value
 00:57:55 --> 00:57:59: of technology either to allow them to correlate their economic
 00:57:59 --> 00:58:00: activity,
 00:58:00 --> 00:58:05: their occupancy with their actual energy performance so
 buildings actually
 00:58:05 --> 00:58:07: don't use energy on weekends.
 00:58:07 --> 00:58:09: Sundays, you know. Now you know.
 00:58:09 --> 00:58:11: You've got so much you know reduced activity.
 00:58:11 --> 00:58:15: They're starting to see that.
 00:58:15 --> 00:58:16: But at the same time,
 00:58:16 --> 00:58:20: the ability to get remote access to buildings when all
 00:58:20 --> 00:58:23: of a sudden you without really plan measures no one
 00:58:23 --> 00:58:24: is there.
 00:58:24 --> 00:58:27: How do you access remotely information data control?
 00:58:27 --> 00:58:29: The building schedule of building?
 00:58:29 --> 00:58:32: We talk a lot about Class A buildings in big
 00:58:32 --> 00:58:34: cities that have a lot of this.
 00:58:34 --> 00:58:38: The vast majority of buildings across the United States in
 00:58:38 --> 00:58:41: the world do not have this type of technology or
 00:58:41 --> 00:58:42: access or sensors,
 00:58:42 --> 00:58:46: and they put them in a real economic disadvantage.
 00:58:46 --> 00:58:49: Which hopefully will be alleviated as we go forward out
 00:58:49 --> 00:58:50: of this.
 00:58:50 --> 00:58:53: Yeah, so I think the themes that we've heard today
 00:58:53 --> 00:58:56: are that resiliency is as important as ever,
 00:58:56 --> 00:58:59: and that in fact there's a more expansive definition of
 00:58:59 --> 00:59:00: resiliency from IT.
 00:59:00 --> 00:59:04: As Brad pointed out to human another in health and
 00:59:04 --> 00:59:04: Wellness.
 00:59:04 --> 00:59:07: So with that, I want to thank the panel and
 00:59:07 --> 00:59:10: thank you everyone to it who attended and we hope
 00:59:10 --> 00:59:13: you found it useful and just wanted to remind you
 00:59:13 --> 00:59:16: that this webinar is a part of a campaign.
 00:59:16 --> 00:59:19: Raise money for the ULI annual fund.
 00:59:19 --> 00:59:23: So please go to uli.org/donate to make a contribution.
 00:59:23 --> 00:59:25: Thank you and be well.

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