

RPI Quarterly

Responsible Property Investing: Growing the Field

Spring 2008

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What is in the RPI Quarterly? The RPI Quarterly will provide up-to-date information on how the real estate industry is approaching Responsible Property Investing. It will provide details on what is happening in the field and summaries of new research.

The information in this report is drawn from the ongoing work by the RPIC and its members. For more information, please go to our web site: www.responsibleproperty.net.

INSIDE THIS ISSUE:

- An overview of our 3rd Annual Responsible Property Investing Forum
- An outline of research-backed RPI investment strategies
- Case studies on RPI in Practice
- Introduction to recent RPI related publications

Welcome to the Spring 2008 RPI Quarterly, a publication of the Responsible Property Investing (RPI) Center.

Our quarterly publications call attention to ideas and institutions that promote and refine the discipline of RPI.

As an institution, the RPIC is dedicated to supporting real estate investors in their efforts to create and measure the financial, social, and environmental benefits of their investments.

We see our role in RPI as:

- **Defining:** Through shared principles, language, and metrics
- **Researching:** Mapping the field, identifying best practices, sponsoring needed research, such as on the cost-effectiveness of RPI strategies
- **Facilitating:** Building networks of investors and investments through conferences and working groups, recognizing leadership in the field

Over the past months we have seen a rapid growth of interest in RPI investment strategies, ranging from green building and transit-oriented development, to targeted investment in underserved communities, to conservation funds dedicated to preserving open space and undeveloped land.

Developers are pioneering triple-bottom line projects, fund managers and plan sponsors are integrating RPI into their investment and management practices, and industry trade associations are exploring the role RPI can play across the industry as a whole.

Our 3rd Annual Responsible Property Investing Forum, held in Boston at the end of March this year, reinforced our belief that RPI can serve as an effective tool for catalyzing private market participation in the creation of social and environmental benefits.

For more on what we do, see our web site at www.responsibleproperty.net. We would love to hear your thoughts on RPI, where it should go, and what we can be doing to help grow the field. You can contact David Wood at David.Wood.4@bc.edu or Gary Pivo at gpivo@u.arizona.edu.

The formation of the RPIC is being overseen by a Steering Committee of real estate, academic and investment professionals. They are:

- ⇒ **Stephen Blank**, *Senior Resident Fellow, ULI*
- ⇒ **Geoffrey Dohrmann**, *CEO, Institutional Real Estate, Inc.*
- ⇒ **Ed Lipkin**, *President and CEO, EBL&S Development*
- ⇒ **Steven Lydenberg**, *CIO, Domini Social Investments*
- ⇒ **Gary Pivo**, *Professor, University of Arizona*
- ⇒ **Ron Roberts**, *Executive Vice President, Kennedy Associates Real Estate Counsel*
- ⇒ **Kirk Sykes**, *President, New Boston-Urban Strategy America Fund*
- ⇒ **David Wood**, *Director, Boston College Institute for Responsible Investment*

SUPPORT THE RPIC:

For more information about the RPIC, or to become a supporter, see our web site at www.responsibleproperty.net or contact David Wood at 617-552-1140 or David.Wood.4@bc.edu.

Who We Are

The RPI Center fills a void in the real estate landscape by bringing together leading real estate developers, lenders, fund managers, and investors to share best practices, conduct crucial research and promote professional networking within the field of Responsible Property Investing.

The RPIC originated as a project jointly sponsored by the Boston College Institute for Responsible Investment and Professor Gary Pivo of the University of Arizona. In March 2006, 35 institutional investors, real estate developers and trade associations gathered in Tucson, Ariz., for a two-day conference to discuss various aspects of responsible property investing. A second convening was held in New Orleans, in February 2007, at which time it was decided to formally create the RPIC.

OUR SUPPORTERS INCLUDE:

- BOMA International
- British Columbia Investment Management Corporation
- Brooks Family Foundation
- Calvert
- Domini Social Investments
- EBL&S Development
- First Affirmative Financial Network
- Institutional Real Estate, Inc.
- International Council of Shopping Centers
- Kennedy Associates Real Estate Counsel
- Melaver, Inc.
- New Boston—USA Fund
- Real Estate Roundtable
- Revival Funds
- Urban Land Institute

OVERVIEW:

3rd Annual Responsible Property Investing Forum: Growing the Field

We held our 3rd Annual Responsible Property Investing Forum here in Boston on March 25-26. As before, a host of investors, developers, consultants, academics, and related parties gathered to discuss RPI strategies, point to challenges, success stories and new developments, and to generally examine the potential for growing the field of RPI in the coming years.

After a day and a half of presentations and discussion, we concluded the conference with a fascinating visit to Forbes Lofts, a green, transit-oriented, historic preservation waterfront residential project in Chelsea.

Here we offer a brief overview of the lively discussions that took place during the sessions, over meals and in the hallways.

THE STRATEGIC IMPLEMENTATION OF RPI

One major topic of the conference was an overview of the ways in which institutional investors incorporate RPI strategies into their investment practice. Why do investors take on these strategies? After all, they do require extra work and may be unfamiliar within organizations.

For some, RPI is a new term for long-standing strategies that emphasize social (and to a lesser extent environmental) as well as financial performance. Public pension funds may target market-rate investments that produce economic growth in targeted areas, or that enhance the overall environmental efficiency of their portfolios. Labor pension funds, for instance, may emphasize property investments that support union labor. Banks, following the path laid out by the Community Reinvestment Act, may focus on investments concentrated in low- to moderate-income areas. In each of these cases, an early commitment to social and/or environmental analysis served as a gateway to the holistic inclusion of social and environmental factors into financial analysis. Panelists identified work force housing, transit-oriented development, infill, brownfield redevelopment, green building, and other tactics as the natural outgrowth of their original focus on economic development.

For others, RPI strategies grow out of the strategic analysis of changing investment circumstances. Overwhelmingly, panelists and participants pointed to the increased focus on environmental concerns, above all climate risk, as the central motivating factor for RPI strategies. In this case, RPI becomes a form of strategic analysis, a way to mitigate risk and take

The path to specific initiatives often flows from one specific social or environmental concern to a broader view of the role that RPI can play.

advantage of opportunities related to changing political, regulatory and reputational issues associated with the environmental profiles of property investments. For these issues, panelists highlighted a focus on more energy-efficient building management, the incorporation of LEED standards for new construction, Energy Star benchmarking and transit-oriented development as the results of strategic consideration of climate risk.

Finally, a number of investment managers mentioned client pressure of one sort or another as a driver of RPI. Large institutional investors have taken the lead on energy efficiency across portfolios, and on urban infill, work force housing, and other socially beneficial investments. One retirement fund highlighted the interest and support from its individual investors, who, when surveyed, expressed an interest in community investment and environmental sensitivity among other issues. And mission-oriented investors, from foundation endowments and church pension funds to individual investors, have a long history and demonstrated interest in expanding their responsible investment strategies into real estate.

In sum, there are a number of forces promoting the strategic integration of RPI into investment practices and the path to specific initiatives often flows from one specific social or environmental concern to a broader view of the role that RPI can play.

MAKING RPI INVESTMENTS

As in previous years, the participants discussed a wide array of RPI investment projects, for instance:

- Private equity funds focused on community development and green building
- Private equity funds and developers focused on conservation and environmental preservation
- Developers building triple-bottom line projects that create environmentally sensitive affordable housing, energy-efficient worker-friendly mixed-use projects
- Triple-bottom line portfolios that link energy efficiency, residential affordability, and targeted investment in underserved communities
- Social investors who evaluate and engage publicly traded companies on their sustainability practices
- Funds that focus on brownfield redevelopment
- Banking that supports energy efficiency and green building in underserved communities

As one might expect with such variety of RPI investments, there is no easy way to compare approaches or make simple comparisons. One key takeaway, a point made by an overwhelming majority of presenters, is that few single projects meet all the social and/or environmental characteristics that a given investor or developer takes seriously.

Instead, investors and developers tend to create a set of criteria or metrics – covering issues such as energy efficiency, economic development, land conservation, support for underserved communities, labor standards and other topics – and then work to create a portfolio that, together, offer benefits across the range of an investor’s social and environmental concerns.

In other words, not all work force housing is transit-oriented, not all green building is affordable, and not all targeted investment is necessarily high performance building. But RPI investors and developers have the capacity to address the multiple concerns across their portfolio. And, just as importantly, there are different investment vehicles (and partnerships) that offer the potential to create double- and triple-bottom line returns.

MEASURING IMPACT AND RETURN

No session or presentation, and perhaps no conversation over coffee, went without mentioning the

overwhelming importance of metrics in analyzing the potential of RPI.

Unsurprisingly, the long-standing problem of generating metrics that capture social and environmental impact hasn’t magically resolved itself. A number of initiatives, including our own at the Responsible Property Investing Center, are working on mechanisms that capture RPI impacts but remain simple, practicable and useful to investors.

Metrics are necessary for a number of obvious reasons, including:

- Assuring real impact and avoiding greenwashing;
- Comparing apples to apples across the triple-bottom line;
- Creating targets against which investors can manage performance.

Unfortunately, not all measurements will look the same. Environmental efficiency, land conservation, community development and risk each can be measured, but the numbers generated will not necessarily be comparable from one investment type to another. And not all social and environmental benefits lend themselves to measurement. There are rough standards for walkability, for instance, but the value of historic preservation, or for partnerships with community development corporations, are sometimes better expressed through narrative than numbers.

Just as important as the metrics for social and environmental impact, participants argued, is the need for more data on the returns associated with RPI strategies. We are stuck in a chicken-and-egg situation, where investors are interested in RPI but need data to support investments, while the lack of investments, of course, restricts data. This is as true for green building as it is for brownfield redevelopment or targeted investment. Research is necessary to support investment decision-making, and to help investors better sort through the RPI opportunities available or soon to come online in the market.

The RPIC and others have research under way to help catalyze growth through relevant research. But there was also agreement that investors need best practices, lessons learned and other data for practitioners while they wait for academic research to catch up to what is

happening in the field. The RPIC hopes to facilitate the collection of this information. If you have stories and data you are willing to share, please let us know.

GROWING THE FIELD

The conference concluded with a lively, and frank, discussion of what is necessary to grow the field. Major trade associations, as well as investors and developers, are turning their attention to RPI, and the rapid growth of institutional interest suggests a great deal of momentum. ICSC, ULI, and BOMA International have begun to incorporate RPI into their work with their stakeholders; the USGBC, with its new Neighborhood Development LEED standards, and its work with a variety of stakeholders, has found many ways to foster green building practices in areas with multiple RPI characteristics.

The key takeaway from this final discussion was a focus

on studying, and sharing, initiatives that effectively married the business case for RPI with standards for analyzing social and environmental impacts. Participants came from many different fields – major institutional investors looking at developing green practices and funds, mission-driven investors focused on economic development or land conservation, developers who combine multiple public and private sources of funding to create triple-bottom line projects – but they all agreed that, for the field of RPI to grow, initiatives like the RPIC must remain relentlessly attached to the ways in which RPI projects can achieve their financial returns and collateral benefits.

We have the agenda for the conference posted on our web site at www.responsibleproperty.net. For more information on the conference, attendees, or future work at the RPIC, please contact David Wood at 617-552-1140 or David.Wood.4@bc.edu.

What Do We Know? Research on The Economic Viability of RPI Strategies

Gary Pivo

Professor, University of Arizona

Co-Director, Responsible Property Investing Center

Over the past year, I reviewed a host of peer-reviewed economic literature, and surveyed best practices in the real estate industry, to learn more about which RPI strategies generate returns for investors. What follows is a brief summary of my findings on the public and private economic benefits associated with various RPI strategies. While these strategies may not work in all situations and individual projects should be subject to independent feasibility studies, these findings generally support the viability of a number of RPI approaches. Three key caveats apply:

- There is a lot more research to be done. The findings presented here offer guides to what we know, and also point to things we still need to learn, about RPI and financial returns.

- These are not necessarily the only viable RPI strategies. They are simply the ones that have been studied in the academic literature to date
- A strategy may be viable even if it's infeasible for individual private investors to pursue by themselves. Public-private partnerships or public incentives can improve the viability of RPI strategies as long as the public benefits justify the effort (and indeed, the possibility of investor returns for some RPI strategies is often linked to tax credits, expedited entitlements, or other enhancements).

For a fully referenced version of this article and examples of related projects from individual property investors, the reader should read "Responsible Property Investing: What the Leaders are Doing," which is forthcoming in the Journal of Property Investment and Finance and can be found on the RPI Center web site at www.responsibleproperty.net. We'd be delighted to hear your comments, and to hear your own experiences with RPI as an investment strategy.

A BRIEF SUMMARY OF RECENT RESEARCH INTO RPI AND FINANCIAL RETURNS

- 1. Energy Conservation:** Saving energy can lower operating expenses and guard against future price spikes while simultaneously reducing CO₂ emissions. Systematic studies from around the world show that energy-related capital expenditures that improve lighting, boilers, air conditioning and office equipment can be cost-effective for private investors. Studies also show that it's cost-effective to recommission existing building energy systems, in order to make sure they are performing at expected levels.
- 2. Community Development:** Efforts to improve neighborhood public health, safety, education, housing, and employment can lower property vacancies, increase rents and cut losses from vandalism and petty crime. Researchers have found that anti-social behavior harms business and property values, that better social conditions, such as higher language proficiency, homeownership, and education improve property values, and that tenants will actually pay extra to cover the cost of programs that improve their communities.
- 3. Green Power Purchasing:** Green power is electricity generated from renewable sources and is now offered by utilities worldwide. Green power produces lower environmental impacts, a smaller contribution to global warming, less air pollution, and reduces our dependence on finite fossil fuels. There is generally a modest price premium for green power purchased from utilities; however it can be avoided through bulk purchasing or offset with cost-effective energy efficiency measures. Research has found that customers are willing to pay a premium for green power to obtain its environmental benefits, therefore, tenants, especially those with corporate environmental programs, may be comfortable absorbing any remaining premiums.
- 4. Water Conservation:** Water in commercial properties is used for restrooms, cooling, heating and landscaping. Property owners can conserve water by reducing losses (e.g., fixing leaks), reducing uses (e.g., installing low-flush toilets) and reusing otherwise discarded water (e.g., catching runoff for irrigation). Water conservation benefits water quality, fish and wildlife, forests, groundwater

reserves and other environmental systems.

Studies indicate that cost-effective measures with acceptable simple payback periods can produce an average water savings of 28 percent in offices and 22 percent in hotels.

- 5. Solid Waste Management:** Better management of waste disposal and recycling can help conserve natural resources, lessen the need for expensive new landfills, eliminate nuisances and improve aesthetics. It can also lessen public complaints and lower running costs. In office buildings, for example, replacing waste desk bins with paper recycling desk bins and a central bin for garbage can lower the cost of cleaning and waste removal. And in shopping centers, recycling can lower waste disposal costs by as much as two-thirds.
- 6. Fair Labor Practice:** Construction, maintenance, janitorial, security and other workers underpin the returns produced by property investors. The rights of workers to fair wages and benefits, the freedom of association, vocational training and decent working conditions are enshrined in global principles. Research shows that better rental incomes are associated with expectations for better building services and that better building services can be produced by better wages and benefit. Evidence also suggests that the additional rental income produced in this process can exceed the additional outlay for labor that might be needed to achieve reasonable wages and benefits. This can make fair labor practices a win-win strategy for workers and owners alike.
- 7. Good Corporate Governance:** Corporate governance has been described by the U.K. fund manager Hermes as "corporate decision-making and control, particularly the structure of the board and its decision making procedures." The quality of governance can affect shareholder value, the ability to raise capital, and the capacity to respond to internal and external problems and opportunities. Investors, employees, and external stakeholders also depend on effective corporate governance to give fair consideration to their interests in the management of corporate affairs. There is a link between governance and financial performance. Studies show that for REITs, board characteristics affect performance. These include small size, not being chaired by the CEO, and having a majority of

outside directors. Independent boards and greater institutional ownership can play a monitoring role and act as a check on management's tendency to over invest in bad times. Excessive compensation for executives can also raise concerns. In theory, as compensation for work increases, the relative price of leisure increases, so managers work harder. This is called the substitution effect. However, in REITs research points to the opposite result, which is called the income effect. In that case, excessive income and wealth lead to more leisure, producing less effort and lower performance.

The RPIC has an ambitious research agenda posted on our web site, www.responsibleproperty.net. If you have thoughts on research you would like to see undertaken, contact David Wood at David.Wood.4@bc.edu.

8. **Environmental Quality Certification:** Several voluntary certification programs, such as LEED, BREEAM, CASBEE, and Green Star have established "green building" design standards. Green buildings are designed to conserve natural resources and improve human health. They promise to deliver a variety of public benefits related to resource conservation, indoor air quality, carbon emissions and air pollution. Systematic research is showing that green buildings can be built at the same cost as conventional properties. Other work has found that occupiers may be willing to pay marginally higher rents to obtain their benefits. Evidence is also mounting which suggests that green buildings can increase worker productivity and lower running costs. Green buildings could become more valuable relative to conventional properties over the coming years.
9. **Historic Preservation:** The preservation, restoration and reuse of historic buildings, sites, and landscapes enrich and educate people, promote cultural diversity and support tourism and community development. Historically designated properties can be more valuable than other properties and produce market rate total returns. Moreover, the value of contemporary buildings can be positively affected by their proximity to landmark structures. In some cases, governments will assist with financing historic preservation

because citizens can be willing to pay higher taxes to support preservation programs.

10. **Parks, Plazas, Atriums and Natural Areas:**

Urban, suburban and rural open spaces provide recreational amenities, wildlife habitat and other public benefits. Fortunately, they also increase property values, especially for residential properties. Researchers have found that parks, plazas, atriums and natural areas can increase property values by anywhere from 10 percent to 30 percent or more, depending on the circumstances, often returning more from increased value than foregone from less development.

11. **Safety & Risk Management:** Safety and risk management includes efforts to reduce risks to the health and safety of tenants, visitors and staff from accidents and criminal activity. Unsafe conditions can lead to injuries, sickness and even accidental deaths. For example, 18 percent of all fatalities in U.S. private industry are in building construction, related trades and real estate. Owner liability for such problems can be substantial .

12. **Transportation Demand Management (TDM) and Transi- Oriented Development (TOD):** TDM includes efforts, such as carpool services, aimed at reducing or redistributing peak period travel. TOD includes property ownership and developments within walking distance of transit stops and stations. Together, these strategies can reduce energy consumption, air pollution, urban sprawl, traffic deaths and fuel consumption. They can also increase the use of public transport, improve housing choices and increase access to jobs and housing for the young, old, poor and handicapped. Economically, TODs are more valuable and can outperform other similar investments. In Dallas, for example, office properties near transit appreciated more than 50 percent faster than elsewhere. Future demand in these locations is expected to be strong as both older and younger householders seek housing near public transportation.

13. **Tree Planting and Preservation:** Planting and preserving trees around properties can improve property values by enhancing aesthetics. They can also lower operating expenses by cutting heating and cooling costs. Trees benefit the public by giving shade, cleaning the air, saving energy, absorbing

carbon, screening noise, supporting wildlife and reducing erosion. Economic studies find that trees can add 10 percent to 15 percent to office property values and lower winter heating bills by 20 percent or more. In addition, shoppers will spend about 10 percent more for various goods and services in shopping areas with trees. They'll also drive further, pay more for parking, and stay longer to shop at well-landscaped locations.

- 14. Urban Regeneration:** Investments that revitalize and regenerate urban places can advance urban vitality, economic development, infrastructure efficiency and physical accessibility. They can also reduce urban sprawl, conserve natural resources and lessen auto use and related carbon emissions. Research also suggests that such investments can be financially competitive. For example, a

University of Ulster study found that property investment performance in urban regeneration areas in the U.K. has matched or exceeded national and local city benchmarks, had a lower level of risk per unit of return and added diversification to property portfolios.

- 15. Design Quality:** According to The U.K. Commission for Architecture and the Built Environment, "good design" means: fit for purpose, sustainable, efficient, coherent, flexible, responsive to context, and good looking. Public safety, sustainability, health and beauty can all be shaped by design quality. Poor design has been empirically linked to functional obsolescence and rapid depreciation. Meanwhile, economists find that the best-designed properties produce rents more than 20 percent higher than otherwise similar structures.

RPI in Practice: Case Studies of Integrating RPI into Investments

MMA SUSTAINABLE LAND INVESTMENTS: INTEGRATING CONSERVATION STRATEGIES INTO A PRIVATE EQUITY FUND

In September 2007 MuniMae, a publicly traded real estate investment company, acquired the environmental fund management business of The Sustainable Land Fund, now called MMA Sustainable Land Investments ("MMASLI"). The acquisition marked a strategic addition to MuniMae's existing finance platform, which promotes socially responsible investing in the real estate and clean energy sectors.

MMASLI is a national fund management business that structures and manages investments in land with environmental attributes such as wetlands, endangered species habitat and other conservation opportunities. MMASLI utilizes the principles of Responsible Property Investing to bring significant committed private capital to conservation and ecosystem restoration. The MMASLI investment strategy is built on the following philosophy:

We collect and disseminate examples of RPI in practice on our web site, www.responsibleproperty.net. If you have examples you would like to share – contact David Wood at David.Wood.4@bc.edu.

- Environmental protection and restoration activities are not only compatible with economic development and returns to investors, but are mutually beneficial;
- Unlocking return on investment from conservation and restoration action on private property is a necessity to promote large scale protection of ecosystems and working landscapes;
- The growing recognition of the importance of ecological assets and of their increasing scarcity is a fundamental driver that is affecting financial values today.

MMASLI is currently acquiring a portfolio of landscape scale properties that contain critical environmental attributes. Development of the land is then restricted so as to preserve the land's critical attributes. Using market-based solutions and incentive programs, MMA Sustainable Land's investments are designed to generate multiple revenue streams from, for instance:

- Restoration and preservation banking
- Sustainable timber and agriculture
- Limited development.

Not every project will preserve land the same way, nor are the metrics for measuring impact fully determined. This will likely always be true for categories such as "critical environmental attributes."

The fund's strategy does allow for a compelling case to be made that the collective impact of a project's multiple components of value allow MMASLI to pass through competitive returns to private and institutional investors while providing significant conservation results to communities.

MELAVER INC.: GENERATING METRICS FOR RPI

Melaver Inc. is a triple-bottom-line privately held property manager and developer based in Savannah, Ga. The company takes sustainability to comprise "environmental responsibility, social accountability, and financial opportunity." According to Colin Coyne, Melaver's chief operating officer, success across these three bottom lines is mutually reinforcing, and the company is dedicated to projects the values of the communities converge with the values of the company.

To integrate this aspirational program into the company's business strategy, Melaver has adopted substantial efforts both to define what projects meet the company's criteria for inclusion in its portfolio, and to measure the RPI performance of those projects across a range of indicators. For portfolio inclusion, the company has set three key criteria:

- The company prioritizes urban infill projects that promote economic (re)development in congruence with local community values;
- The company will consider non-urban projects that offer substantial conservation value, a compelling social benefit, or promote equal access to quality of

life, provided that these projects can be developed in a sustainable manner;

- The company will not include greenfield developments, understood as substantial development of previously unaffected land, disturbance of endangered plants and animals, or disruption of a community's historical character.

This framework helps define how the company identifies the work it will pursue, but how does the company then measure the impact of the work it undertakes? In the first place, Melaver favors third party standards – such as LEED – as a way to promote credibility for sustainability measurement and regularly reviews such standards to ensure they are not diluted or outdated.

The company has also developed an internal 3 Performance Operator (3-PO) set of metrics meant to identify areas which Melaver will measure in its projects. These include:

- **Financial Metrics, including:** total return, financing, incentives, market demand, intended holding period, and risk
- **Environmental Metrics, including:** infrastructure needs, land type: infill/brownfield/greenfield; new technology opportunities; third party standard (LEED) suitability; resource consumption
- **Social Metrics, including:** stakeholder engagement; catalytic development potential (for both community and direct employees) ; diversity; aesthetics and context

Within this framework, Melaver targets business partners and service providers that espouse socially and environmentally responsible policies. In all categories, Melaver argues that sound triple-bottom-line accounting creates opportunities for reduced operating costs, reduced employee turnover, enhanced relationships with communities and a more vibrant economic environment for tenanting.

This comprehensive approach to triple-bottom-line metrics does not resolve all the problems inherent in measurement. Various returns are not always comparable and not every project will perform well in every single metric. But the balance does allow Melaver (and allows others, including investors and communities) to hold itself accountable, and make systematic the effort to live up to high standards.

Recent Research and Publications on RPI

Research into RPI, like the field itself, is expanding rapidly. The RPI Quarterly will occasionally highlight a few publications relevant to the field. A link to the papers below, and an expanded list of resources, can be found at the research section of our web site, www.responsibleproperty.net. If you have research you'd like to highlight, please contact David Wood at 617-552-1140 or david.wood.4@bc.edu.

Christopher Leinberger has published a book-length account of his case for the market for dense, transit-oriented, walkable communities in **"The Option of Urbanism."** The book offers a concise account of the driving forces behind the spread to the suburbs after World War II, and makes a compelling case that market and regulatory forces today are likely to lead to denser, more walkable development in the U.S. near-to medium-term market. From the RPI perspective, Leinberger's analysis of the current market premium for walkability is especially relevant.

In **"The Case for the Community Partner in Economic Development,"** **Anna Steiger, Lisa Hagerman, and Tessa Hebb**, writing in the **Community Affairs Bulletin of the Federal Reserve Bank of Boston**, analyze the potential for community-based organizations to partner with investment vehicles to deliver market-rate investment opportunities. According to the authors, for best practice, the community-based organizations provide local knowledge and create local support, and ensure that the social and environmental benefits of development actually occur. Investors structure deals that can deliver appropriate risk-adjusted returns and gain enhanced access to development opportunities and enhanced entitlements in return. The paper includes a case study of the Boston-based New Boston-Urban Strategies America Fund.

In a paper for the **Commission on Environmental Cooperation** published this spring, **Leanne Tobias** surveys the state of U.S. green real estate finance in **"Toward Sustainable Financing and Strong Markets for Green Building."** The paper includes discussion of the regulatory environment for green building and property management, a review of current market appetite for green buildings, as well as an overview of non-profit efforts to promote green building investment. This paper, like **Andrew Nelson's "The Greening of U.S. Investment Real Estate: Market Fundamentals, Prospects, and Opportunities"** published last fall by **RREEF Research**, provides a very useful outline of both the current market and the shape of things to come.

One key element of the growing field of RPI is the development of private equity funds that incorporate into their mandates a multiple-bottom-line approach toward investment returns. These funds may feature urban infill, green, brownfield redevelopment, or conservation strategies. As a class they offer larger institutional investors and high net worth individuals the ability to target specific return profiles and social and/or environmental outcomes. **"The Double-Bottom Line Investment Handbook,"** published last year by **James Flynn, James Nixon, Joe Gross, Belden Daniels** and **Debbie La Franchi**, offers an in-depth analysis of how such private equity funds are constructed, how they achieve financial returns and collateral benefits, and an array of case studies that help readers identify best practices in the field.