

Inside Philanthropy

Lots of Climate Funders Back One of Real Estate's Most Influential Professional Networks. What Gives?

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The son of real estate developers, Randall Lewis started going to Urban Land Institute (ULI) conferences more than three decades ago, when he was just getting started in the industry himself. From the beginning, he was struck by the organization's pursuit of a greater purpose.

"In other industry groups that we've seen, or that we've been really involved with, there's a lot that's totally motivated by self-interest," said the Southern California-based builder. "ULI is really different. It wasn't about making the next buck. It wasn't about finding a landowner to buy land from. It was truly about doing a better job."

That experience led the 70-year-old to pledge \$10 million to the think tank and professional network last month, the largest single donation in the Washington, D.C.-based organization's 86-year history. Lewis' donation will go toward ULI's broad palette of efforts to promote a more sustainable built environment, but within that cause, the money is largely unrestricted. In honor of the gift, the institute will rename its sustainability center after Lewis.

Lewis' pledge is the latest in a series of major gifts to ULI sparked by the organization's new emphasis on winning the financial support of its more than 45,000 members—who include some of the nation's most powerful and wealthy real estate investors and developers—for its vision of the future, including a greater emphasis on building sustainably.

The institute's mission has long attracted not just deep-pocketed members, but also foundations working to stop climate change. It may seem strange that scarce climate funding goes to an organization that has trained generations of leaders who have profited from a status quo in which their sector accounts for an estimated 39% of carbon dioxide emissions. Yet ULI is one of several membership organizations that grantmakers have backed with the hope of shaping young professionals and moving long-avoided topics—climate

change, racial justice, social equity—into the mainstream.

To better understand this area of funding and why foundations are drawn to supporting ULI and organizations like it, I took a closer look at ULI's individual and institutional supporters and spoke to one of them, and also reviewed a couple of similar groups.

What I found was that a lot of it comes down to seeking change within the system. Unlike the case with, say, fossil fuels, many climate funders believe the industry's leaders—particularly the up-and-coming ones—can play a role in transforming the industry. Like it or not, real estate's here to stay, and some funders see value in pushing professionals to react to long-overlooked realities. At ULI, a similar dynamic is also playing out in the other direction: The network is doing more to cultivate donations from its own wealthy members. A few big gifts are adding up to a sizable new funding stream for such climate-related activities.

Who are ULI's wealthy member donors?

An executive vice president and principal of the Lewis Management Corporation, a family business started by his parents, Randall Lewis is the latest in a long line of real estate notables to support the institute.

Philanthropists with links to the organization include a former CEO of Public Storage, a past leader of Goldman Sachs' real estate investment banking arm, a prior co-head of global real estate investing at Morgan Stanley, and the former CEO of a publicly traded shopping mall investment trust that once spanned 44 states, as well as partners in major family real estate operations in San Francisco, San Jose and beyond.

ULI has also received support from a prominent philanthropist in a related industry: Home Depot co-founder Arthur M. Blank. The Atlanta Falcons owner has funded the organization through the Arthur M. Blank Family Foundation, which last year committed to support environmental issues as one

of three focus areas. The institute has also received support from the Home Depot Foundation.

As a group that guides professionals at the outset of their careers, ULI has long benefited from the support of grateful members who have gone on to wealth and success. But when Ed Walter became the organization's CEO in 2018, the institute went through a strategic planning process that concluded, among other things, that the organization should do more to raise funds from members, particularly for "impact-oriented" activities. "It's been a really focused effort over the last two years to work with our major relationships," Walter told me.

That strategy was already bearing fruit before Lewis' historic gift. A former ULI global chair committed \$1 million through his family foundation in September of 2021, inspiring another past global chair of the institution to announce a \$500,000 gift six weeks later. Both donations focused on decarbonization and climate work. To cap the year, in December, three longtime members collectively pledged \$17 million in unrestricted funding for a new fund directed by the organization's chair.

This new well of member support has provided ULI with much-appreciated freedom. At least, that's the case for Lewis' donation, more than 90% of which is "essentially unrestricted," Walter said, though the institute will work with Lewis on how to use it. Foundation dollars have funded a lot of the institute's past work, but as countless other nonprofits have found, there can be differences of opinion with funders about where to focus. "We end up in a bit of a negotiation with them," Walter told me.

"The beauty of Randall's gift being so heavily undesignated is that it allows us, in partnership with him, to try to determine what we think matters most for attacking these problems," Walter said. "When I think about it being transformative, that's the element that makes a real difference."

Foundations back ULI, as well

Prosperous members are not the institute's only source of support. ULI has a substantial list of institutional donors, primarily major national foundations. They include the public-health-focused Robert Wood Johnson Foundation, as well as a few regionally focused funders, such as the New York Community Trust. ULI also counts among its supporters the philanthropic arms of two banks, the JPMorgan Chase Foundation and Wells Fargo Foundation. (Though I'd note that from a climate perspective, such support is hard to square with the fact that those banks rank first and third in the world in fossil fuel financing, according to a report by Rainforest Action Network and partners.)

The biggest group of ULI's institutional supporters are climate funders, including many of the largest in the country: places like the JPB, MacArthur, Rockefeller and Walton Family foundations. Energy Foundation, the major climate intermediary fund, is also on the list.

Another backer is the Kresge Foundation. Kresge has been funding the institute since 2012, when the Troy, Michigan-based grantmaker's environmental program was still relatively nascent. A decade later, both organizations have evolved, but ULI remains a grantee, including through a two-year, \$600,000 award in 2019, the term of which was recently extended.

"The main rationale remains the same," said Jessica Boehland, a senior program officer in the environment program at Kresge, which is known for its focus on equity. "Real estate professionals, land use leaders, hold enormous control and power to determine development decisions and land use practices, and normalizing considerations of climate change in their work can go a long way toward improving those decisions from a climate standpoint."

Foundation funding for the institute, whether from Kresge or others, has backed a range of work, with a focus on educational programs and research. Climate-related work includes the institute's housing and transportation policy research, as well as regional projects like developing an affordable housing strategy for Atlanta, studying transportation options in southwestern Pennsylvania and expanding its activities in northwest Arkansas.

Institutional philanthropy powering professional networks

Boehland told me Kresge also supports several member organizations similar to the institute. One of them is the Urban Sustainability Directors Network, a group for sustainability professionals serving in local government. Given that focus, the goal of the funding is somewhat different from ULI, she said, with less emphasis on raising awareness and more on supporting the network's work.

Nevertheless, the two groups share many of the same donors: the New York Community Trust, the Energy Foundation, the JPB Foundation, and, of course, Kresge. The Urban Sustainability Directors Network's other supporters are more varied, ranging from international grantmakers to smaller progressive funders, including the Barr, Garfield, McKnight, Summit and Surdna foundations, as well as Bloomberg Philanthropies and the Kendeda Fund.

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The Kresge grantee that Boehland considers most akin to ULI is actually the American Public Health Institute, a network of health professionals. Its other philanthropic backers, at least as of 2020, were almost exclusively health funders: the Aetna, CDC and Kaiser Family foundations, as well as the California Endowment. Kresge, too, split the grant amount to American Public Health Institute between its environmental and health portfolios. The idea, as with ULI, is to get climate on the radar.

"We believe that responding to climate change effectively will require specialized knowledge and will require professionals who have 'climate' or 'adaptation' in their titles," Boehland said, referring to USDN and similar networks like the American Society of Adaptation Professionals, another Kresge grantee. "But it will also require that individuals in a wide range of roles begin to see climate action as part and parcel of their jobs. And that's where ULI would come in."

Why fund a network of professionals in a high-emissions industry?

Support from climate funders for a professional network of fossil fuel industry leaders or air travel sector leaders might well provoke ridicule. I asked Boehland: Why give money to a membership group in a sector that drives such a high level of emissions, even as it makes fortunes for those involved?

"This feels significantly different to me in that land use and development will continue to exist as a field of practice and should continue to exist," she said, citing a long history of leaders within the industry working to change practices. "We need those professionals to be incorporating climate change into their work. I don't see climate action or equitable climate action as antithetical to their role. In fact, it needs to be incorporated into their work—and the sooner, the better."

Asked the same question, Walter at ULI emphasized the rooted nature of real estate. Unlike manufacturing, for instance, there's no moving operations elsewhere as the weather gets weirder. Everything from houses to shopping malls the world over are threatened by drought, fires, storms, rising seas, floods and the other catastrophes brought on and exacerbated by climate change.

"I'm not sure there's any other industry that's at more risk," he said. "Like in any sector, there are probably some elements of our community that aren't particularly focused on this issue. More and more, we're finding that the leading real estate organizations are trying to be really thoughtful about what they can do to minimize the impact of real estate on our climate and on our world."

"When you think about where a lot of the wealth in real estate sits, so much of it is in coastal markets because those are historically the markets that develop first and the fastest," he later added. "There's a bit of a self-interest element to that, but it's in everybody's interests to mitigate and minimize the impact of these climate change issues on our communities."

ULI is increasingly tapping members with such real estate wealth for support. Perhaps this rash of seven- and eight-figure gifts signals that the captains of that industry are ready to more fully fund their sector's awakening and reinvention themselves. With climate considerations at the tipping point between ignored and inescapable, the need for an additional push from foundations may be drawing to a close.