THE CASE FOR SOCIAL EQUITY IN REAL ESTATE

ULI Building Healthy Places Initiative

ULI Los Angeles

CONTENTS

PROJECT OVERVIEW

ULI-LA's Building Healthy Places Committee developed this Case for Social Equity in Real Estate to underscore the imperative to invest in social equity in our local communities and address the general lack of awareness with regard to how real estate professionals can play a role.

The goals of this research are to:

- **Identify the "case" for focusing on social equity in real estate;**
- **Demystify the concept of social equity in the context of real estate development;**
- **Challenge the notion that equitable projects will have a negative impact on return on investment (ROI); and**
- **Encourage industry professionals to adopt practices that support social equity and positive legacies in the Los Angeles region—the communities where we work.**

To prepare this report, the research team invited 14 local leaders and experts working in the Los Angeles area ("interviewees"), whose names are listed in the "Acknowledgements" section of this document, to share their experience and insight on social equity practices and achieving beneficial social equity outcomes through the real estate development process. In a series of group sessions, interviewees discussed strategies and approaches for how to incorporate social equity practices, how to measure 'social return on investment,' how to overcome barriers, and how to effectively partner with local community residents and businesses.

This report summarizes the findings of the research, articulates to the ULI community and other partners the importance and benefits of supporting social equity, and shares interviewees' recommendations for subsequent actions. Interviewee quotes are shared without attribution throughout the report. In some cases, quotes have been modified for clarity and context. The findings of this research are based on the experiences of professionals in the Los Angeles area, however many findings are applicable and relevant to the industry at large.

This research was made possible by a generous grant from ULI Trustee Randall Lewis to the Urban Land Institute and represents the first product of a multi-year grant.

BACKGROUND AND CONTEXT

We have an opportunity right now with the pandemic, it's in everyone's face. If we can close some of these gaps—the race gaps, health inequities—we will have a stronger outcome. Inequality is not getting us anywhere. The pandemic proved this. Now there is evidence to show that inequality isn't working. If we build an economy with equity at the heart of it, we'll do better.

ULI's 2020 Health and Social Equity in Real Estate: State of the Market Report included results of a national, industry-wide survey on real estate professionals' level of awareness and action around health and social equity in the context of real estate development. A key finding was that industry professionals have relatively low awareness and are seeking clarity around what actions they can take to address social equity in the communities where they work, how investing in social equity can benefit both communities and business, and how such benefits can be measured.

Over the past several years, developers have come to embrace health and health equity, first with the concept of healthier buildings and more recently extending this concept to consider healthier communities, beyond the boundary of the building. Healthier buildings gained momentum in part through the evolution of tools such as the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED), and with the introduction of healthy buildings certifications such as Fitwel and WELL. There is a growing evidence base that design strategies addressing occupant health can improve return on investment (ROI) by reducing operating costs, boosting employee productivity, obtaining premium rents, and increasing value to potential tenants, while not necessarily adversely affecting construction costs.

Neighborhood-scale frameworks such as LEED for Neighborhood Development (LEED-ND), EcoDistricts, Living Community Challenge and WELL Communities have increased the impact and expanded the understanding of healthy places from the individual or building occupant to the broader community in which they are situated, under a growing awareness of the importance of health equity.

Social equity, while closely related to these themes, has been less formally addressed through certification frameworks. Addressing these issues is the next logical step: exploring expanded opportunities to include objectives such as assessing lending practices, business formation and operation, education and training, improved housing conditions, and wealth-building.

WORKING DEFINITION: SOCIAL EQUITY IN THE CONTEXT OF REAL ESTATE

Equity means just and fair inclusion into a society in which all can participate, prosper, and reach their full potential.[1]

Social equity in the context of real estate encompasses investments to foster or create beneficial impacts and improvements in communities that have long been neglected—often Black, Brown, indigenous, and other communities of color—as a result of systemic racism and discriminatory policies. Strategies to support social equity include:

- **Delivering more healthful outcomes to a community, for example by increasing access to decent and affordable housing, well-paying jobs, open space, healthy foods, and medical care.**
- **Expanding a community's ability to grow and prosper by providing access to mechanisms that increase household wealth, such as making it easier to own a home or start a business.**
- **Delivering economic benefits by mainstreaming local skills, often expressed through involvement in the informal or "underground" economy, by assisting local entrepreneurs in opening and operating their own businesses, circulating more dollars in the community, and adding to tax revenues.**
- **Implementing proactive anti-displacement strategies aimed at improving conditions for existing community members as opposed to solely attracting new people to a community.**

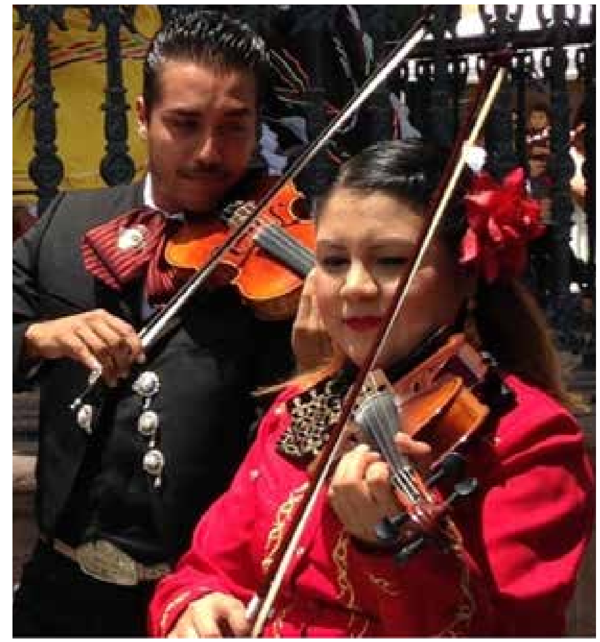
While certain issues may be ubiquitous, social equity cannot simply be prescribed universally or imposed on a community by an outsider. Each community is unique and has its own challenges and needs. One of the foundational elements of social equity is actual and sincere community involvement in co-authorship and decision-making such that a community is empowered to have a role in determining its own future with regard to real estate projects in their community.

[1] PolicyLink The Equity Manifesto.

RESEARCH FINDINGS: SUMMARY OVERVIEW

The research explored how development firms that invest in improving social equity outcomes in the communities where they work demonstrate and measure positive benefits to the community. Addressing social equity improves lives and opportunities for community residents, supporting individual wellbeing and local economic development. Addressing social equity can also benefit developers' business, at times increasing return on investment.

On the next page is a high-level summary of approaches, issues, and opportunities drawn from conversations with Los Angeles-based real estate thought leaders interviewed for this project. Each of these findings is defined in more detail in the body of the report.



SUMMARY OF KEY FINDINGS

CREATING MEASURABLE IMPACT

- There is a need to **restructure conventional parameters of real estate investment** deals that are often rooted in a history of racial discrimination, and which perpetuate systemic inequities.
- **Historically underinvested communities that lack basic goods and services can benefit significantly from commercial investment, and result in profitable development projects** that contribute to community well-being.
- Providing **sufficient services to affordable housing tenants** decreases turnover and increases tenants' propensity to pay the rent on time and take on a sense of ownership of their homes and neighborhoods.

EQUITABLE PROCESSES

- **Revising financial institutions' lending practices** could significantly impact developers' ability to invest in social equity in communities where they work, reducing this significant barrier.
- Developers that take a **long-term view and consider a broader definition of value** are more likely to build lasting, equitable legacies in local communities.
- Complex and large-scale projects are more likely to deliver positive social equity outcomes when approached from an **interactive community planning or economic development** perspective.

COMMUNITY PARTNERSHIPS AND OUTREACH

- **Comprehensive, targeted, and culturally sensitive community consultation** that generates good dialogue can shorten a project's timeline, resulting in cost savings and more successful outcomes.
- Real estate professionals can build capacity in underserved communities by **supporting and partnering with local nonprofits and minority and disadvantaged businesses.**
- Taking into account the **local cultural and historical context and involving community members in project design** can make people feel comfortable in their neighborhoods, which is an investment in social equity.

CORPORATE POLICIES AND PRACTICES

- **Companies need to be proactive when it comes to social equity**, for example, by considering diversity in who they hire and who serves on their board.
- The market may change as a new generation of professionals oriented toward social equity issues grow in their careers, but **concerted effort from today's leaders** will facilitate their success.
- **Procurement policies and decisions supporting minority and disadvantaged businesses** can be beneficial; the sustainability and impact of such policies depends on a level of corporate commitment.

GOVERNMENT INTERVENTIONS

- Government is in a unique position to **incentivize development in underinvested communities** through subsidies, land use determinations, and expedited processing.

**Each of the above key findings is defined in more detail in the body of the report.*

RESEARCH FINDINGS

This section includes findings, insights, and key takeaways from discussions with Los Angeles real estate leaders. The call-out boxes contain quotes and paraphrased comments from the discussions.

CREATING MEASURABLE IMPACT

There is a need to restructure conventional parameters of real estate investment deals that are often rooted in a history of racial discrimination, and which perpetuate systemic inequities.

- The legacy of historical practices—such as redlining, restrictive covenants, and exclusionary zoning—that disadvantaged communities of color persists in the present day, deterring investment dollars from already underserved communities.
- Tools that quantify social return on investment can help make the business case for social equity by, for example, demonstrating the existence of untapped markets, identifying spending that goes out of the community because of the lack of local retail, and showing that affordable housing options not only stabilize households but generate positive investment through opening suppressed social and human capital, leading to improved values of the projects placed in those communities.
- Many projects that successfully invest in advancing social equity in underserved communities—through affordable housing or provision of essential commercial, health, or educational amenities—are reliant on often inconsistent government subsidies, due to a lack of market-based mechanisms that favor socially equitable outcomes.

> ***We can't approach this challenge from the conventional way we measure framing parameters of doing a project. We need to change the structure to a place where the baseline includes the benefits.***

THE TAKEAWAY: The industry should dismantle and amend policies rooted in metrics that do not consider the value of communities of color and of lower incomes but instead exclude such communities from development options. Such processes and metrics continue to contribute to persistent inequities. Financial institutions and real estate development companies should revisit narrow and outdated approaches to market research, risk management, and financial modeling that further such inequities.

CREATING MEASURABLE IMPACT

Historically underinvested communities that lack basic goods and services can benefit significantly from commercial investment, and result in profitable development projects that contribute to community well-being.

- There is a misperception that below-median income correlates with low demand or willingness to spend. In reality there is high demand for retail, and often ample spending power in neglected communities that lack commercial amenities and services.
- The perceived lack of household income is often outweighed by density and lack of local competition, resulting in unserved demand, and reflecting significant aggregate spending power. There is a need for new sources of data that identify, reflect, and help measure these opportunities.
- Dollars spent in the community recirculate within the community, further strengthening the local economy.
- Developers and financiers may need to revisit conventional approaches to financial modeling and risk analysis to reveal these opportunities.
- Conventional sales models that rely on traditional demographic metrics such as area median income (AMI) and education level deter commercial developers from investing in retail in underserved communities. Analyzing population density and proximity to basic goods and services, for example, would reveal potential areas of opportunity.

THE TAKEAWAY: Reconsider approaches to demand models and projections. Conventional approaches can result in missed opportunities, while out-of-the box thinking can benefit historically neglected communities by empowering individuals and stimulating local economic development, while also resulting in opening new market opportunities and creating profitable projects.

There is a sub-economy that exists in Los Angeles, real dollars circulating really fast. It's very tangible… (but) it's not valued because it doesn't fit the metrics or the standards that real estate uses. Communities are being penalized for the conditions of how they're forced to live. We need a better understanding of what's happening in these areas. It takes an additional level of analysis.

CREATING MEASURABLE IMPACT

Providing sufficient services to affordable housing tenants decreases turnover and increases tenants' propensity to pay the rent on time and take on a sense of ownership of their homes and neighborhoods.

- There is a business case for vertically integrated owner-operators to provide quality facilities and services for tenants, because ultimately the tenants are their customers.
- The delinquency rate for well-maintained affordable housing is often far lower than the delinquency rate for public REITs. This contrast is overlooked in market research because the research typically excludes low-income communities from comparative analysis.
- In addition to reducing physical "wear and tear," when tenants feel a sense of greater responsiveness there is less turnover, saving on costs of refurbishing and tenant vetting as well as covering periods of vacancy.
- An underused mechanism for creating affordability is the tenant-based voucher system; landlords should be encouraged to accept such vouchers to expand access to housing for people of limited income.

We take best practices of A and B businesses and translate it to affordable housing. When you have stability in your residential properties, people stay longer and they are also safer.

THE TAKEAWAY: There is an often-overlooked business case for providing services to affordable housing, though there is evidence that such investment can result in business and social equity benefits including tenant retention and/or increasing income and opportunity for tenants generating cost savings to the owner/operator.

EQUITABLE PROCESSES

Revising financial institutions' lending practices could significantly impact developers' ability to invest in social equity in communities where they work, reducing this significant barrier.

- Domestic banks see risk in investing in marginalized communities and therefore persist in directing financing to conventional low risk, high return projects, often in spite of Community Reinvestment Act and other requirements to do so.
- Banks continue to evaluate investments based on a single focus and often overly narrow examination of limited data sets, many of which fail to adequately measure purchasing power, entrepreneurial skill sets, and other attributes of communities.
- Land and construction costs in the Los Angeles region pose a considerable financial constraint. Currently, the most common way of bringing affordability to underserved areas is with financing tools on the supply side—including low-interest bonds and loans, and land write-downs—and on the demand side—including subsidies, earned income tax credits, and vouchers.
- Social impact investing, while promising, does not necessarily transform a developer's ability to deliver impactful projects, as the structure of social impact investing remains reliant on high returns.
- Companies that position in the environmental, social, and governance (ESG) space have had success at attracting financing from European and Asian investors who are actively seeking ESG investments—a lesson for domestic banks, including those that minimally implement their Community Reinvestment Act responsibilities.

THE TAKEAWAY: There will be a financing bottleneck as long as the financial industry does not recognize the value of investing in projects in underserved communities. Banks should investigate and implement alternative approaches to underwriting. ULI can play a role in helping to develop these alternative approaches.

The banking world is currently not in the conversation. There is no conversation at all. Their approach is "our terms are our terms." If the cost of capital were reduced, we could get these projects done.

EQUITABLE PROCESSES

Developers that take a long-term view and consider a broader definition of value are more likely to build lasting, equitable legacies in local communities.

- Broadening success metrics to include those that signal community stabilization—such as increased graduation, employment, and income rates—will result in improved social equity.
- Because these trends must be tracked over the long term, developers that commit to working over the long term in a particular community will realize the benefit of investing in social equity and may establish mutually beneficial long term relationships within that community.
- A firm that builds more equitably over the long run establishes a legacy of benefit in long underserved communities —correcting historic injustice—and will gain recognition for their commitment to concern for communities, adding to a reputation of being quality developers in a broad range of contexts.
- A developer who stays for the long term will likely see additional benefits, such as more rapid property value return, as a result of the improvements to the community that result from social equity investing.

THE TAKEAWAY: Considering the ingredients for a successful community—including accessible housing, education, jobs, healthcare, and safety—can enable developers to take a broader view of community needs and assess which essential gaps can be addressed to support equity and prosperity.

I think about what I need to build for my development to be successful. If we're building housing, is it housing and health, or is it housing and daycare, or is it some other combination? I think about what is needed so that the people who live there can live, grow, survive, and thrive, and how my project can plug some of these holes.

EQUITABLE PROCESSES

Complex and large-scale projects are more likely to deliver positive social equity outcomes when approached from an interactive community planning or economic development perspective.

- The real estate industry comprises many areas of specialization which can result in siloed thinking in practice, and, in turn, missed opportunities to deliver value to a community.
- Communities can benefit significantly from project teams that commit to holistic collaboration and ongoing focus on achieving social equity goals.
- A broader view of the project can help individual firms and disciplines understand how decisions they are making impact other aspects of the development, which can result in synergies, community benefits, and cost savings.

THE TAKEAWAY: Investing in social equity in communities requires a holistic view and coordination between development teams, government, and community members.

If we aren't educating people about these processes then there will be cogs in the wheel that will hold up the process "until I get my thing" —when really the focus should be that the community gets its "thing."

COMMUNITY PARTNERSHIPS AND OUTREACH

Comprehensive, targeted, and culturally sensitive community engagement that generates good dialogue can shorten a project's timeline, resulting in cost savings and more successful outcomes.

- When developers and/or their representatives engage early and consistently with the right groups and individuals, they can identify and address issues and diverse needs early on. This allows the opportunity to create a project approach that addresses local concerns and provides necessary amenities.
- Community engagement is most effective when the project representatives are familiar with the culture (e.g. language, race, ethnicity, geography) of the communities where they are working. A legitimate sense of being understood can build trust among community members and encourage their constructive participation in the process.
- There is a misperception that "too much" community involvement will result in delays; however, experience shows that early and meaningful engagement can reduce the likelihood that the project will meet resistance and roadblocks at later stages.
- It should be noted that there are a broad variety of reasons that projects are subject to delays, and thus, while comprehensive community consultation may ensure a better-quality project, it may not always shorten timelines.

THE TAKEAWAY: Meaningful dialogue and community partnerships can improve outcomes for local residents, contribute to successful outcomes in the entitlement process, and improve ROI. Ensure the consultation is led by individuals who are familiar with and—where possible—reflective of the community's language, economy, culture, and geography.

You're not just building a building on a site - you're inserting yourself into a community. You need to understand who's in the community and how you can support it. The loudest voice is not necessarily the most representative voice of the community. You have to take the time to listen to figure out who are the real leaders and who will benefit from your investment – it takes time but is always worth it in the end.

COMMUNITY PARTNERSHIPS AND OUTREACH

Real estate professionals can build capacity in underserved communities by supporting and partnering with local nonprofits and minority and disadvantaged businesses.

- To build lasting community relationships and expand opportunities, developers can partner with small nonprofit and community-based organizations, make them meaningful partners, and ultimately help them set up their own project pipeline. Facilitating the ability of these organizations to participate in development builds community capacity and may expand the footprint of a developer in a community.
- There are community-based institutions that are land rich (e.g. churches) that can become part of a development team by making available their land for which they obtain an equity participation share in the development; this gains them a seat at the development table and an opportunity to learn how to become developers or partners in future projects.
- Developers can purchase land next to the development and make it available to a minority or community-based entity to develop, thereby expanding the area of influence, security, and setting—and ultimately the value—of a development. This is a way to leave a long-term legacy even in a short term engagement.

THE TAKEAWAY: Think long term and seek ways to partner with or mentor local and disadvantaged businesses and community members, to build their capacity to grow their own businesses and become active participants and investors in community development.

On a short-term basis, if a company is going to flip a retail center they may hire minority businesses or set aside retail space for them or invest in a Boys and Girls Club. A longer- term player might look at training residents so they might be able to work in the retail center or house people near a transit stop and provide a monthly pass or look at educational needs and how to fill them.

COMMUNITY PARTNERSHIPS AND OUTREACH

Taking into account the local cultural and historical context and involving community members in project design can make people feel comfortable in their neighborhoods, which is an investment in social equity.

- Projects can be halted or delayed by community members who oppose a development that is misaligned with the fabric of the existing neighborhood.
- In considering design, it is a useful investment of time to learn local preferences with regard to building forms and typologies that make residents feel at home versus make them feel unwelcome.
- People will be more accepting of projects that are grounded in the culture and "feel" of the neighborhood, when they can see themselves and their values and interests reflected in the physical environment.

THE TAKEAWAY: Take into account the specific community's response to a proposed design and invite community members to be involved in its creation: people's response to design is very much dictated by cultural and personal history, and as such, design solutions cannot be universally applied.

We need to take the time to respect culture, language, and interpretation of space, to inform how we get to decisions, so we can have advocates instead of detractors when we introduce a project. This allows us to bring forth new design and new scenarios that speak to areas of need.

CORPORATE POLICIES AND PRACTICES

Companies need to be proactive when it comes to social equity, for example, by considering diversity in who they hire and who serves on their board.

- Many companies do not work in underinvested communities because they do not understand them. Those who do so successfully are successful primarily because team members understand those communities.
- Having a variety of perspectives on your staff adds diversity to the company's thinking and can contribute greatly to your bottom line. According to research by McKinsey on the business case for ethnic diversity on leadership teams, "executive teams in the top quartile of ethnic diversity were 36 percent more likely to financially outperform the industry median ."
- When financial institutions and real estate developers incorporate social equity principles into their mission, they are positioned to deliver projects that are both socially and economically beneficial.

THE TAKEAWAY: A company that aspires to invest in social equity should ensure that diversity and equity are ingrained in their corporate culture in a real way.

Development companies have to first look at themselves: their executives and who they're doing business with. If the company itself is not trying to create opportunities for women and people of color, they're going to have a harder time going into areas where there is a large minority presence. It starts at home. You have to be proactive—it doesn't just happen.

[2] Sundiatu Dixon-Fyle, Kevin Dolan, Vivian Hunt, and Sara Prince "Diversity wins: How Inclusion Matters." McKinsey, May 2020 (accessed April 21, 2021).

CORPORATE POLICIES AND PRACTICES

The market may change as a new generation of professionals oriented toward social equity issues grow in their careers, but concerted effort from today's leaders will facilitate their success.

- Companies should give opportunities to diverse people who are passionate about doing good work, and leadership should be receptive to new approaches and investment ideas.
- Young people of color and students are traditionally not attracted to the real estate industry because they do not see themselves represented in leadership or front line roles.
- Current professionals need to proactively recruit and demonstrate that there is a pathway to leadership in the real estate profession for people of color.

THE TAKEAWAY: A culture shift and increased awareness may orient the industry more explicitly toward investing in social equity, however it is incumbent on today's leaders to nurture and create pathways for people of color and future leaders committed to positive change.

Market forces are going to come from the next generations of young people. But it's up to us to create the lanes for them to drive in.

CORPORATE POLICIES AND PRACTICES

Procurement policies and decisions supporting minority and disadvantaged businesses can be beneficial; the sustainability and impact of such policies depends on a level of corporate commitment.

- Building capacity in locally based businesses increases a community's wealth and that is often reflected in higher real estate values.
- Companies should commit to exceeding the local requirement for hiring local, minority, and disadvantaged businesses.
- For companies with multiple projects in multiple geographies it may be easier to work with one large contractor who can manage a broad portfolio; however, there are procurement policies that can require these contractors to hire local and disadvantaged businesses.
- Working with one large contractor may make things easier, however it may close off opportunities to smaller local contractors and suppliers whose participation can increase the circulation of dollars in the community and add to its spending power.

THE TAKEAWAY: Setting policies to contract with local, minority, and disadvantaged businesses is a starting point for internal corporate policies to invest in social equity.

We set an internal goal of 30 percent of our dollars going to small business [contractors]. There is a cost to this, but we have an interest in local economic development. We believe there will be a long-term benefit in the local community, and that they will be future business partners. We budget for the premium.

GOVERNMENT INTERVENTIONS

Government is in a unique position to incentivize development in underinvested communities through subsidies, land use determinations, and expedited processing.

- The real estate industry can help identify and guide the creation of appropriate incentives, while also engaging the community in defining such incentives.
- Individual projects are frequently held up by the environmental review and entitlement process, which can deter developers from initiating projects in certain communities.
- To mitigate uncertain timelines and risk related to the California Environmental Quality Act (CEQA), local governments should encourage programmatic environmental impact reports (EIRs). This will eliminate the need for project-specific EIRs, along with additional exemptions from "infill" projects that conform to zoning.
- Cities can raise thresholds on development sizes that trigger discretionary actions (such as site plan review in Los Angeles), so that more projects can be approved ministerially or administratively.
- City planning departments can lead in updating community plans to reflect contemporary forms of development and the needs of a community—with clear guidelines of what is allowed—to further reduce entitlement risk.

THE TAKEAWAY: Local government can re-direct investment opportunity to neglected neighborhoods through revising and streamlining approaches to environmental review and other discretionary actions when a developer is demonstrating a commitment to, for example, delivering affordable housing or investing in local wealth-building opportunities. Reducing the uncertainty and time-burden of these processes will increase developers' willingness and ability to deliver affordable, innovative, and equitable projects.

This isn't about relying on personal revelations. It needs to be a structural change. There's a need to demonstrate the critical mass around the advantages of other approaches. This may need to be proven out through a policy. Then enough projects will be done to demonstrate and prove out the win-wins.

RECOMMENDATIONS AND FUTURE ACTION ITEMS

The following is a selection of next steps that were suggested by interviewees when asked what action ULI and the industry can take to advance social equity in the real estate field.

EQUITABLE AND INCLUSIVE WORKFORCE

Demonstrate diversity in the real estate industry
There is an opportunity for ULI to demonstrate a commitment to diversity in its leadership and staff. As a matter of principle, ULI should aim for staffing and leadership to be reflective of the demographics of its local communities. This could take the form of a concerted effort to hire people of color at all levels, to reflect the demographics of its local regions.

Cultivate an inclusive career pathway for emerging professionals
In terms of emerging professionals, to increase the proportion of people of color who enter into the real estate profession, leaders say it is not as simple as recruiting from Historically Black Colleges and Universities. ULI should support the real estate industry in proactively creating a career path for students at secondary schools, community colleges, and universities.

CREATE AND SHARE TOOLS AND RESOURCES

Develop and share case studies of projects that support social equity
There is a need for more easily accessible case studies on non-luxury projects that provide evidence of positive community economic development impact. ULI can take a lead in assembling and distributing such case studies.

Define a standard of a healthy and equitable community
If real estate professionals committed to a set of clear social equity outcomes—and reverse engineered a process to achieve them—this would be an effective approach to change. Continuing with business as usual will ultimately result in the continuation of systemic problems. ULI can help define a set of social equity outcomes. With desired outcomes clearly defined, it will be possible to identify attributes and metrics of success that can be used to measure progress toward achieving that outcome.

Create a toolkit to educate the industry on approaches to equitable development
Develop a strategy kit that lays out assumptions and scenarios that a developer might find in a high-need area, and propose strategies and approaches that professionals can choose from. This kit could help raise awareness, enhance predictability, and offer solutions to investing in social equity in local communities.

Interactive tool to estimate benefits of social equity investments
Create a benefits database including quantifiable value-based data regarding investment in underserved communities. Build an interactive tool where a developer can enter the investment parameters of a proposed real estate investment project and the tool would calculate the value created for both the business and the community.

Connect developers to areas of greatest need
Create a national database of the developers that are interested in working in underinvested areas and make it easier for them to do the work. ULI could collect information about where these areas of need exist and create demographic indexes of what is happening in these places, including which building types and support systems are needed.

Create awareness of community resources and developers that can partner on potential development
Create an accessible database of emerging/minority/nonprofit community development organizations to expedite connections and partnerships between these parties and larger development entities.

Case studies on impact of affordable housing
Sharing case studies that track social equity metrics over time in communities could help dispel misperceptions, including that introducing affordable housing to a neighborhood will decrease property values or rental income.

RECOMMENDATIONS AND FUTURE ACTION ITEMS

We'll use that data: educational attainment, how much retail, food or health desert, and we look at how those numbers change after we've come in with our project.

FURTHER RESEARCH

Comparative analysis of economic development impact of investing in social equity
Undertake a comparative analysis of base data of sets of two developments—one "business as usual" and one where investments are made into social equity—and measure short- and long-term impacts of each. This would help make the case for social and economic returns on investment.

Data collection and transparency will elevate the issues and inspire action
Compiling and sharing detailed information about costs and benefits of equitable development would provide valuable precedents and replicable models for developers to make the case for social equity in their projects.

Quantify the risk and costs associated with a lack of housing
Develop a model that would calculate the cost to a city of an inefficient housing supply, including economic and health risks associated with overcrowding, for example. While cities currently view housing as "net negative", if the value of sufficient housing versus housing deficit were captured in monetary terms—including often unmeasured related costs of displacement, reliance on emergency rooms for routine medical services, lost worker productivity, lost student reimbursements from erratic attendance, and expansion of the homeless population—it would help build the case for adequate housing as a win-win and support policy and structural changes that could improve affordability over the long term.

Develop resources addressing workforce housing and the 'missing middle'
Develop resources focused on the "missing middle" rather than the binary of traditional market rate housing and traditional AMI-based affordable housing models. This would help build interest and momentum in meeting the growing demand for mid-range and workforce housing.

RECOMMENDATIONS AND FUTURE ACTION ITEMS

We are now operating in a changing world and a different kind of community and the young people are showing that there is a different set of expectations.

ADVOCACY AND CONVENINGS

Advocacy with financial institutions
Bring data together about the value of real estate in underserved areas and the spending power and economic potential of "small wallets." Introduce an alternative way of doing the analysis of the spending power that exists in a community, that takes into account densities and local competition in addition to employment and salary data. This would help financiers understand the value proposition and see through the perceived risk. ULI could do targeted outreach to financial institutions sharing these findings. In addition, consider the potential for institutional investors to apply pressure on the finance community to support socially equitable projects.

Convene a panel of young people
As a complement to this "phase one" research on The Case for Social Equity, which solicited insights from social equity leaders and seasoned professionals, ULI-LA could convene and/or interview a group of young and emerging professionals to solicit solutions from a demographic that may have a different perspective on the role and potential of the real estate industry to impact social equity.

Raise the profile and increase the rigor of voluntary standards and tools that promote social equity
Voluntary certifications and frameworks like LEED, EcoDistricts, Envision, Fitwel, and WELL are evolving to include strategies that promote social equity. An increased focus on social equity in these and other tools will help shift the baseline so that investing in social equity will become common practice.

ABOUT ULI BUILDING HEALTHY PLACES

The ULI Building Healthy Places (BHP) Initiative leverages the power of ULI's global networks to shape projects and places in ways that improve the health of people and communities. BHP Los Angeles creates and implements a comprehensive program that includes collaboration both within and outside ULI, convenes interdisciplinary experts to foster communication across related disciplines, emphasizes the connections between health and the built environment, and utilizes ULI-LA member expertise to undertake projects serving the local communities of Los Angeles, and surrounding counties, including Ventura, Kern, San Luis Obispo, and Santa Barbara. The focus on social equity is a logical extension of the issue of improving health in the built environment to a broader approach to successful community development.

ACKNOWLEDGEMENTS

RESEARCH TEAM

Research Lead
Rachel Moscovich, Sustainability, Health, and Equity Consultant

Research Advisory Committee
Silvia Saucedo, Esq., Saucedo Group, Principal and Founder, ULI-LA Building Healthy Places Co-Chair

Claudia Carol, AIA, LEED AP ND, Principal, Triumph Architecture + Urbanism

Donald R. Spivack, AICP, FRSA, Adjunct Faculty Sol Price School of Public Policy, University of Southern California, former Deputy Chief of Operations and Policy, Community Redevelopment Agency of the City of Los Angeles, CA

Research Assistants
Veronica Castro, AIA, Project Manager, Relativity Architects

Eugenia Huang, Associate, Development, Unibail-Rodamco-Westfield

Michael Phillips, Manager of Development and Planning, Hudson Pacific Properties

Peer Reviewers
Ada Peng, Senior Analyst and Judith Taylor, Partner, HR&A Advisors

Michael Banner, President and CEO, Los Angeles LDC, Inc.

Paul Hudson, Co-Founder, Consultant, SEED Collaborative LLC

Interviewees
Robin Billups, Principal, The Billups Group

Kecia Boulware, Regional Vice President, The Michaels Organization

Daryl Carter, Chairman and CEO, Avanath Capital Management, LLC

Vanessa Carter, Senior Data Analyst, USC Equity Research Institute

Stacy Cumberbatch, Managing Director, Blended Impact Labs

William Lee, Vice President, Development, Avalon Bay Communities

Steven Lewis, FAIA, NOMAC, LEED AP, Principal, ZGF

John Perfitt, Executive Director, Restore Neighborhoods LA

Steve Pontell, President and CEO, National Core

Ed P. Reyes, Former Los Angeles City Council Member, Executive Director, River LA

Dan Rosenfeld, Director, Land Use Solutions

Tony Salazar, Principal, McCormack Baron Salazar

Leandro Tyberg, Co-Founder and President, Primestor Development, Inc.

Jonathan Watts, Partner, KFA Architecture

Support for this research was generously provided by ULI Trustee Randall Lewis.