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Dan Doctoroff:

I don't believe a city can be stable because you're competing with other cities all the time, other regions. By the way, today, you're competing with other places around the world because of the fact that we can do so much virtually. And so it's not possible, just like a company doesn't just stay stable. It either gets better, grows or it declines.

Matt Slepín:

Hi, this is Matt Slepín and welcome to Leading Voices in Real Estate. Today's episode recorded on October 18th is a conversation with Dan Doctoroff, who's the Chairman and CEO of Sidewalk Labs, which is the subsidiary of Alphabet. Yes, Alphabet the parent of Google that's dedicated to urban innovation. Their website says that Sidewalk Labs is about innovations to radically improve life in cities for all, creating products and solutions, invest in new companies and help developers build more sustainable, innovative, and equitable places around the world. I've been trying to have Dan on the show actually since the inception of Leading Voices since his work and career is largely the theme of Leading Voices. I'm fascinated by his work at Sidewalk Labs, but also Dan's story of how he developed his urbanist vision about the civic benefits that development could bring out of his attempt to bring the Olympics to New York. That vision allowed him to view the map and fabric of New York City through a very different lens, and which included plans to redevelop what we now know as projects like the High Line, Hudson Yards and Governors Island.

In our conversation, we talked not only about that vision, but how during the Bloomberg administration and subsequently this work actually got done. Dan talks about how large scale redevelopment can actually happen if you have great leadership and how that leadership is boosted from a civic mandate like an Olympic bid or a crisis like 9/11 or the pandemic. We talk about all of this on the podcast. The conversation was as fun, challenging, and as wide ranging on all of these topics as I had hoped. As always thanks to my company, Terra Search Partners, for providing the platform and sponsorship for Leading Voices. It's funny, we're hired to find all kinds of people for real estate companies, but over the past several months, we've had multiple concurrent mandates to find candidates with both a passion for innovation and the ability to bring others along towards their vision, which are indeed some of the themes of today's podcast.

This is one of those episodes to share with a friend, indeed one of those episodes that your friends outside of the real estate business might enjoy to excessively understand that real estate development is not just about popping up structures, but is also about placemaking for purpose, even NIMBYs I think love the High Line. So this is a show to share for sure. As always, if you have feedback, guest ideas, or just want to chat about the podcast, you can email me at matt@terrasearchpartners.com. I hope that you enjoy the conversation with Dan Doctoroff.

Dan Doctoroff, thank you for being with me and welcome to Leading Voices in Real Estate. This is a conversation I've been wanting to have for a couple of years since I started Leading Voices, it was like Sidewalk Labs, what is that? Whoever's at Sidewalk Labs just has to be on the podcast. So I'm thrilled you're here today.

Dan Doctoroff:

Yeah. I think our first communication about this may have been, and I think it was through somebody, a mutual friend, like back in 2017. So I apologize for taking so long, but it's great to be here now.

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Matt Slepín:

Thank you. Here we are. And it was [Dan Safier 00:03:43] I think was the first person who might have tried to put us together. One comment for our guests and for you is just for association here, you are the third deputy mayor of New York to be on the podcast, because both Alicia Glen and Vicki Been had been on the show and Mitchell Silver, not quite in that role, but a similar role was on also last year. So this is the fourth of these conversations, although the first was someone formally in the role. First of all, for our guests, talk about what Sidewalk Labs, we're going to talk about your history through the podcast, but start with what is Sidewalk Labs? What do you do?

Dan Doctoroff:

So Sidewalk Labs and Alphabet bet. So we're a subsidiary of Alphabet. I like to say we're a sister company of Google. I'd say that with a chuckle. And we are Alphabet's urban innovation company. And so what we do, it's a really unique model, we engage in placemaking with developers, with cities on our own behalf, we set really ambitious goals to try and make cities or places much more affordable, sustainable, or inclusive. And by setting those goals and figuring out how to try and meet them, we think we develop insights about the future of urban development of cities, et cetera. And we create products out of those that hopefully achieve a dual mission. One is to make a lot of money and the other is to make cities better and improve quality of life. And so we've done this now several times in healthcare, in energy use, in mobility, in buildings. And that's basically what we are. We're sort of this innovation flywheel that starts with having big dreams for what can be done in urban environments.

Matt Slepín:

And how much of that is placemaking and how much of that is products and how, placemaking is a big thing, product becomes a thing that comes out of that, but are you placemakers, developers or you're helping developers placemake better or having the tools?

Dan Doctoroff:

Mostly we're helping developers now, but if you probably were aware, we had a long project up in Toronto that we ultimately withdrew from, which we were doing on our own behalf. And I suspect over time with partners, probably not on our own, we will do placemaking on our own account as well as we move forward. Mostly now it's with developers. So we got about a dozen developers, typically large sites around the United States and Canada that we're working with on various different things. And I said, out of that and out of the work historically that we've done in places like Toronto, we've developed a whole set of hypotheses about sort of where the world is going.

So let me give you an example. Even very early on when we were just setting up Sidewalk and we were doing a feasibility study about what would like the most innovative place in the world look like when we were working with Larry Page, who at the time was the CEO of Google and been the co-founder of Google. And we had agreed that wherever we did this, wherever we built this place, the demographics of it would be representative of the metropolitan area wherever we did it.

And so we knew if we were going to take in a whole range of people from high incomes to disadvantaged across the socioeconomic racial, et cetera, spectrum, and we started thinking a lot about healthcare and how we would actually provide a unique form of healthcare for the people who live there. And we developed a whole hypothesis about a different way to provide healthcare for the urban

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disadvantaged. And it really borrowed from the hypothesis that the social determinants of health like food security, housing security, access to transportation to get to medical appointments was just as important as medical care.

And so we came up with a concept for a company that would actually do that. Four years later after we did that, that company is called Cityblock. It's one of the hottest healthcare startups. It just was recently valued at \$6 billion. We don't own the whole thing anymore. But we're still the largest shareholder. We're still the largest shareholder of it. But more importantly, what it's doing is it's developed a new model for caring for the urban poor and it is demonstrating already, which is why it's got that kind of valuation that you can do two things, you can lower the cost of healthcare and you can improve outcomes for the hardest to care for. And so that's an example of the types of things that we do.

Matt Slepín:

It's interesting. First of all, healthcare seems a little far from the urban innovation itself. And I'm not sure about that.

Dan Doctoroff:

The whole idea of urban innovation is to improve quality of life in cities. And we've all seen and we've all known how unfair and unequal healthcare is in cities, particularly for the poorest and the sickest among us. We just saw that play out dramatically in COVID. And so from our perspective, it is an absolute core part of innovation in cities if you can do it that most of what we do involves the physical environment. So we have a product which we call Mesa, which we just launched, which is a sensor array powered by artificial intelligence. You use it in retrofit class B and C buildings that we think can lower energy costs and carbon emissions by about 20% with a modest outlay upfront. We have a whole effort focused on mass timber buildings and doing it in a factory automated way.

We've created a company called Delve, which is now being used all over the world, which uses machine learning and computational design to allow developers, planners, cities to optimize for dozens of variables. It could be financial, environmental, quality of life, things like access to light and to open space and walkability all at once that really seems to be taking off.

Matt Slepín:

Hang on one sec, go back to that one, because you just said some words and they're in outer space for me. You did, it's a product that has machine learning to allow developers to maximize variables. I think I might know what that means, but what does that mean?

Dan Doctoroff:

So that means when somebody is planning a development, a site, particularly a larger one, usually as of now multiple buildings, but we're getting it down to single buildings, they care about lots of different things at the same time, they care about obviously the financials of that, they care increasingly about the sustainability components of it, they care about how the residents will be impacted by things like access to parks and mass transit and to other amenities like sunlight. And literally dozens of things people actually care about.

But when you do a traditional plan with an architect or master planner, you're not able to look at all of those things at the same time, the human brain and sort of the work can't actually process that much information. So we've created tool to enable say developers, planners, cities to look at these

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developments holistically this to evaluate thousands of different options and to score them based on what's important to them. And we think that's going to be a real revolution in the way we actually plan sites. And it's not that we would do this without the need for architects or planners, it's alongside them. And so again, it's a new approach to planning that we are really excited about.

Another example is, and this came out of our work in Toronto, we were really focused on dramatically reducing the percentage of people who needed a car in downtown Toronto at this development, as well as for sustainability reasons, but also to lower their costs of living downtown. And so we came up with an idea about sort of a service, a package of mobility services that would enable people to get where they wanted to go without actually compromising on convenience. And we realized since this whole project was playing out in the public that were going to have to prove it to people that you could lower costs and at the same time not sacrifice convenience. And we looked around for data to actually model this whole thing out. There wasn't any. Anybody who has done an EIS or worked with mobility data for metropolitan areas knows exactly how clunky it is, how that data is updated like every five to 10 years. So we thought there had to be a better way.

So we built a new approach for ourselves that relied on at its core mobile phone data, all very privacy sensitive, combined it with lots of other data like census data, economic data, spending data. And now what we've created is a company called Replica, which gives you a dynamic picture of where people are going, from where to where, how they're getting there, what they're doing along the way that has already I think achieved really significant success. It was just valued at several \$100 million in the most recent round of financing.

So again, the point is is that by really working in the physical environment by setting super ambitious goals, you may develop a solution to those problems or you might discover that there's a problem with developing the solution that itself can be a product or service that we think could be both useful and meaningfully reduce, make a lot of money.

Matt Slepín:

Right. It's interesting, you're basically taking what we do as real estate developers and you're taking a discontinuous view of it from multiple perspectives. And from each of those perspectives, if you look at it critically and not just mass timber looking critically, which is one everyone thinks of, or this or the other one, but when you look at all together, it's a massive undertaking. And you said the number of variables in what you care about in a development, if you're able to look holistically at the variables that you're going to care about here, because it isn't just architecture, it's not just anything, it's all of these things.

Dan Doctoroff:

Absolutely. And that's literally across every aspect of the physical environment and it's buildings, its public space, mobility, physical infrastructure, digital infrastructure, and to be honest, social infrastructure. We look at pieces of them and various projects, we look at it holistically. The key is, though, if you don't have real ambition and you don't force yourself to really question the way things are done, it's hard to come up with unique insights.

Matt Slepín:

Well, it's also ambition and unlimited capital to put into this venture. So that fuels the ambition because otherwise, you got to make this one deal work and you can't spread it out.

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Dan Doctoroff:

We don't have unlimited capital. We're held to pretty rigorous standards for returns. So we pick our shots as carefully as we possibly can, it doesn't mean we get it right all the time. But so far, our track record has been pretty good.

Matt Slepín:

Cool. Let's come back to that as we talk through, talk about your career, but one more question about this, and it's a question of vision and I'm like into star power. We had about six or seven episodes ago with David Radcliffe, who's the Head of Real Estate at Google. And he talked about his first meeting with Larry Page and Sergey, whatever. But you just mentioned you were sitting together and one of the key cornerstones of this would be that the communities you developed or impact would represent the totality of the current demographics of the city. Now is that a social goal imposed upon this, a fairness doctrine of some sort? What brings that to the table apart from you? Is that his vision, your vision, everybody's vision?

Dan Doctoroff:

No, it was a collective vision and it was where we started. So when we first started Sidewalk, our objective was trying to build the most innovative place in the world. One of the criteria we established for doing that was that it would be reflective of the demographics of the surrounding metropolitan area. Now we're working with developers who don't share that the view necessarily, although everyone increasingly is being forced to confront the issue of inclusivity and sustainability. And so increasingly developers are looking to us to help them think through how do they actually do that? And we've had, I think, a lot of success in a relatively brief period of time helping people to do that.

Matt Slepín:

Yeah. It's interesting because traditionally development has targeted at least the upper middle class, if not above that. And then the spillover effect is then those people move into the new project, the old projects gets moved into from people of less means, but now you're saying, hey, we do, and in this inclusive world, we must address the issues for everybody.

Dan Doctoroff:

Yep. Increasingly, the political and social pressure is demanding that attention be paid to issues of affordability, sustainability and inclusion. And projects will get harder and harder to do if they ignore that.

Matt Slepín:

So let's start at the beginning. We'll go quickly through the beginning and then through different phases of your career what brought you to this place. You grew up in Michigan, not in New York.

Dan Doctoroff:

Suburb of Detroit called Birmingham, Michigan, went to public high school. I like to say by the way, my favorite people are Michiganders as we call ourselves who actually live in New York because you had sort of that Midwestern upbringing, those values, et cetera, but you still had like the aspiration to get up and

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try something else in New York. And I half joking about that, but I was lucky enough to get into school in the East at Harvard. And that put me on a different trajectory for at least in terms of my own ambition.

Matt Slepín:

That's right. And then that opens up New York. So Harvard and then law school. So talk about what your goals were with law school. You never, I think, formally practiced law. So kind of what's [crosstalk 00:19:15]?

Dan Doctoroff:

I went to law school because I didn't know any better. When I graduated from college in 1980, it was the peak of stagflation. There was a lot of uncertainty about what the future would hold and pretty much everybody I knew went to medical school, law school or maybe graduate school, not even that many people went to business school back then. And I went to law school part because my dad was a lawyer. He later became a Circuit Court of Appeals judge. But I had no real sense of what I wanted to do. And so I just assumed I'd probably be a lawyer, a partner in some law firm in some Eastern city that was not New York because I hated New York.

And in the middle of law school, I had sort of this very weird epiphany. I got assigned as a summer associate in summer job to work on what was at that point the largest takeover of all time, it happened to be Getty and Pennzoil. And our firm represented Getty Oil. And I got assigned to it and I was literally in a partner's office at like 2:00 in the morning and he handed me a binder from Goldman Sachs that was a valuation I think of Getty and I'd never even heard of Goldman Sachs before, believe it or not. That's the way things were back then. But I opened it up and my mind has always worked better with numbers maybe than words. And I thought it was fascinating. And so I vowed then and there that I was going to become an investment banker, never having taken any other relevant course other than accounting for lawyers.

But as it turns out, my wife and I ended up moving to New York, she took a job in New York and I doodly followed after that summer. And I started interviewing at investment banks. And believe it or not, I got a job at Lehman Brothers. I have no idea why they hired me. And it clicked. And so I went into investment banking instead of into law.

Matt Slepín:

I heard the story often, which is gush if I'm reading all these documents, something about the business becomes conceptual and more interesting than don't miss this particular detail or else you're screwed.

Dan Doctoroff:

Right. Exactly. That's what exactly what happened to me. So I started investment banking in 1984.

Matt Slepín:

Okay. So talk about Lehman and then you get into private equity. I'm going to look for the pivot to this next part of your career, but I got to find it here somewhere. So talk about Lehman and we'll get to that.

Dan Doctoroff:

I'll tell you what it was. So anyway, so I started investment banking after about two years doing a bunch of different things, M&A, corporate finance, structuring. I actually got put into the Merchant Banking

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Group, which was basically back then LBOs, became private equity. And I got put on a project to raise capital for the Bass brothers and Lehman was going to put money into it as well. And I set this thing up, and it became a firm called Oak Hill Capital Partners. And the then head of the firm asked me to join. And so I did. And so that led into private equity. And I had a great 14 year your career in private equity, working on some really interesting stuff. I worked very closely, in fact partnered with like David Bonderman and Jim Coulter.

Matt Slepín:

Became t-binge.

Dan Doctoroff:

And we had an incredible group of people, but along the way, I was starting to get a little board. And in 1994, this is the bridge to the rest of my career, somebody asked me to go to the World Cup semifinal game in the Meadowlands Giants Stadium. And I didn't like soccer at all. I couldn't have cared less about the two teams playing in that semifinal game, Italy versus Bulgaria. We trudged out on the bus to Giants Stadium. It was like a 100 degrees, got off the bus and thought, why did I waste my time doing this? And I walked into the stadium and it was by far the most exciting sporting event I had ever been to. And clearly, what happened was when you injected national passion into it, it completely changed its character. And so the fans were all had their faces painted and were waving flags. You couldn't sit down the entire game. And I stood there thinking, wow. The thing that's so amazing about New York, my adopted city-

Matt Slepín:

Which by then you had loved.

Dan Doctoroff:

By 10 years later, I had learned to love, was you could play that game in New York with virtually any two countries in the world and the feeling would be exactly the same. So then I stood there thinking, well, why is New York never hosted the Olympics? So I left the stadium that day with this vague notion that New York ought to host the Olympics. And over the next year and a half, I studied everything I possibly could about the Olympics, their impact on a host city, what you had to do to win the right. And I had one major insight, which was the Olympics are virtually the only thing that ever occurs in a city on a deadline. And some cities had used the Olympics as a catalyst to get things done that they'd been talking about for generations, but never found either the political will to do or were creative enough to come up with the money to get it done.

And so what I did was I hired a small team and developed a very preliminary plan for how New York could use the Olympics as a catalyst to change the city and prepare it for the 21st century. New York had been in kind of a development freeze since the mid '60s because of the clash between Robert Moses and Jane Jacobs. And so the city had literally miles and miles of water front that were deteriorating, former piers and warehouses that the most valuable land was just sitting there in part because there was this nostalgia that manufacturing would come back.

So the plan that I led was basically took certain areas of the city and put Olympic venues in there, shone the Olympic spotlight on them, developed many plans around them. And this was all as a private citizen. One of the people that I had showed that plan to was Mike Bloomberg who at the time

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was just like a billionaire business person. He gave some money, he went on the board. And when he ran for mayor in 2001, he adopted a number of the elements of that plan. When he won, surprisingly, he only won because of 9/11, he turned to me and asked me if I would come into City Hall and be his Deputy Mayor for Economic Development and Rebuilding. So that was the bridge.

Matt Slepín:

So what let's follow this in two pathways, one, what happened to the Olympic thing, and then two is how did that coalesce for you into a vision of urban planning that you then got to really implement with Bloomberg.

Dan Doctoroff:

Yeah. So by the time I entered the Bloomberg administration, we were in the competitive process first to become the United States candidate city to compete against other cities. And then when I was in government, we competed against other cities. And so we ended up becoming the US candidate city about 10 months after I entered City Hall. And then we ended up losing to London in 2005. In case you didn't notice, London hosted the 2012 Olympics, not New York City.

But what was key was one of the things that I had concluded was that you could use the bidding process for the Olympics and the deadlines to get stuff done before the decision in a way that kind of it said use deadlines. And so a lot of the huge plans that ended up getting done in New York were actually approved before the International Olympic Committee made its decision in July of 2005. So examples of that were Hudson Yards. Hudson Yards completely came out of the Olympic bid. The High Line in my very first presentation on the Olympics, the High Line was prominently featured. And so the High Line and the redevelopment of West Chelsea came out of that bid. The whole regeneration of the waterfront in Brooklyn and Queens came out of that. We had put a bunch of venues on that waterfront, including the Olympic Village.

After we lost the Olympics, I went ahead in government, bought that site and it is becoming the largest middle income housing development in New York since the '70. Downtown Brooklyn, in fact the whole focus on Brooklyn was in some ways a result of that Olympic bid. Other things that weren't included in the Olympic plan, but had been at one point included things like Brooklyn Bridge Park and Governors Island, big focus on Coney Island and flushing in Queens and Harlem and the South Bronx. In fact, new stadiums for the Mets and the Yankees came out of the Olympic bid. So, and a lot of that, we had already thought about before coming into government itself. But when I was in government, I had the opportunity to actually do these things as opposed to just talk about them, which I would have had I just been leading the Olympic bid.

Matt Slepín:

So let's think about the transition from not wanting to be a lawyer, private equity person, now into urban planning because of the Olympics, but you see all of this stuff. And it's funny I think of the Bloomberg administration as a massively competent, which government isn't always and be reacting to 9/11. I'm not thinking of it coming out of someone looking at the city and saying, if we're going to host the Olympics, what's the low hanging fruit of heavy stuff to do?

Dan Doctoroff:

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We came in, obviously 9/11 had occurred. Mike was elected just after 9/11 and we entered City Hall three and a half months after 9/11. But we had this very ambitious agenda because we believe that New York had to adapt, that you had to lose that nostalgia for New York as a manufacturing city, that we had to take advantage of all of that land that had essentially been going derelict. And that what we really had to do was we had to grow as a city.

We were big believers in something that I call the virtuous cycle of successful city, which is your goal as a city to grow the number of residents, grow the number of visitors, grow the number of jobs in the city because when you grow, because you've invested a lot in infrastructure, there is lots of extra capital to be reinvested in improving quality of life. And when you improve quality of life, you're going to grow more. And so that cycle gets perpetuated. So we believe that very strongly. And we saw this rethinking of land use in the city as critical to accommodating growth over time. And that was the philosophy that we operated under. I should point out part of my job too, was as being the city person who oversaw the reconstruction of the World Trade Center site. So we got that done too. That was painful, but we got that done too.

Matt Slepín:

Right. And all of this gets a kick in the pants, I think, from 9/11, it has to enable people to want to say yes to government, it might reduce NIMBYism. Are people in the city dying not to develop Hudson Yards, which is a wasteland?

Dan Doctoroff:

People have been talking about developing Hudson Yards for 80 years. Literally the first Yankee Stadium, which I think was built in 1920, they talked about Hudson Yards as the site for Yankee Stadium going back then. And no one could figure out how to do it. And I said, there just wasn't the will or there wasn't the money or whatever. And so it's not like people didn't have the idea, they just didn't get it done. 9/11, your point is a great one. 9/11 became a catalyst for getting stuff done. The Olympics bid was a catalyst, 9/11 was a more important catalyst. On the day of 9/11, Rudy Giuliani, and for whatever you think about him now, I think he was incredibly effective in the wake of 9/11. He stood up dust covered and said, "New York is going to rebuild. We're going to make the city greater than ever." People rallied around that. And I think we capitalized on that. And people wanted to make the city greater than ever. It, by the way, is the title of the book that I wrote about New York after 9/11-

Matt Slepín:

Greater Than Ever.

Dan Doctoroff:

Greater Than Ever: New York's Big Comeback.

Matt Slepín:

And what do you do? It was like three or four topics that we have to pick apart some of these, but I want to talk about the virtuous cycle versus the vicious cycle versus can a city be stable?

Dan Doctoroff:

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I don't believe a city can be stable. I think it's too hard to do that. I think you either go up or you go down. And we'd obviously in New York, like many other Northeastern cities, at least in the United States and around the world had been through the vicious cycle in the '70s. In the '70s, New York lost 800,000 people. We had a population in 1970 of 8 million people. By the end of the 70s, it was 7.2 million people. In one year, we lost 13 Fortune 500 companies, literally the city was. And what happened when you lost those people and those jobs is the tax based shrink, you disinvested in security, in the transit system, in education, in healthcare, the quality of life got worse and people left and that just exacerbated the problem. And it took us 25 years to get them all back.

And so I don't think it's possible just to stay stable because you're competing with other cities all the time, other regions. By the way, today, you're competing with other places around the world because of the fact that we can do so much virtually. And so it's not possible, just like a company doesn't just stay stable. It either gets better, grows or it declines.

Matt Slepín:

Let me press on that just a little bit more, which is a lot of the people stayed in the New York metropolitan area continued to work in New York. And now I'm thinking of the investment bankers and they all move out to Connecticut and RI and all kinds of places like that. So did the urban core gets disinvested, but there's still business and still stuff happening. So I'm thinking regionalism versus cityism.

Dan Doctoroff:

My view was that regionalism too hard. I mean, it's ideally, it's great. And by the way, in places like San Francisco, where you got a small core and all these other cities and towns around it all with their own governance, it would be infinitely better, but where you've got this strong core, New York, we've got almost 9 million people, you first think about the city itself. And I shouldn't admit this, but in my time in government, I measured our success to some extent based on looking at housing prices in the city versus housing prices in the suburbs. From 2007 to 2019, housing in the suburbs actually on inflation adjusted basis actually went down.

Matt Slepín:

I think that clobbered actually until COVID and then went up again.

Dan Doctoroff:

And by the way, I think that's a largely temporary phenomenon because you had a lot of people trying to fit through a small supply hole. But in the city, prices went up significantly. Now one could argue, and I think it's fair that we didn't build enough housing because demand exceeded supply and we didn't do enough. But the point is the population between 2000 and 2020 went up by 800,000. Between 1980 and 2020, it's gone up by about 1.6 million people. So we're clearly engineering that virtuous cycle.

Matt Slepín:

And it's interesting on the virtuous cycle because young people all wanted to go to Brooklyn. I went to Oberlin College and I think in my daughter's class of Oberlin College, 99% of them moved to Brooklyn, although now 99% have moved to Nashville and Austin. So this does-

Dan Doctoroff:

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No, that's not true. You see it already in the housing crisis, rents and as well as home prices that they've rebounded very quickly, people are coming back. And now the key is we still have to make quality of life better and better. And that's things like crime, it's like education, it is all the aspects of quality of life. If you don't, you're going to lose people.

Matt Slepín:

And quality of life, we're going to come back to equity in a minute because without equity while you're walking down the street, if you don't have your quality of life as the upper income person, you care almost for your own aesthetics, which is really gross to say, I'm going to have to take that out of the podcast.

Dan Doctoroff:

I think the old model of growth and we can come back and talk about this is no longer applicable. I think that the real mantra today is inclusive growth, which is really about the benefits of growth and sharing them more fairly. But you also have to realize that as a city, unlike maybe to some extent a country, that you're competing all the time with other places, you mentioned Nashville, okay, you're competing. And so you can't just tax your way into inclusivity. You have to innovate your way into inclusivity. And that's a big part coming back to Sidewalk about kind of why we think what we do is important.

Matt Slepín:

Okay. We'll come back to that in a few minutes. I have a couple of other questions about while you're in government, one of them is the High Line and having listened to a few podcasts with you on it, one was you weren't initially a fan of the High Line, I think. And then the second is you did some wonderful jiu-jitsu around getting the surrounding land owners to agree to the deal. Could you tell both of those stories?

Dan Doctoroff:

Sure. Yeah. So the first time I ever went up on the High Line, it was like a gray February day, it was cold, everything looked gray. And I confess, I at that moment did not have the imagination to completely see it. And other people, like our Commissioner of City Planning, Amanda Burden, had that vision. It quickly brought me along. And what really convinced me at the end of the day was we did the plan for Hudson Yards and the High Line at the same time. So literally we replanned everything in Manhattan on the West Side, west of 9th Avenue basically from 42nd Street down to if people know kind of the Meatpacking District all at one time. And what I found really interesting was the platform on which Hudson Yards is built, because people may not be aware of this, but Hudson Yards is built on a platform over active railroad tracks. The whole thing is built, and that's really sort of the, I think one of the amazing things that related actually did.

But the High Line is that exactly the same vertical plane as that platform would be. And when the light bulb went off for me was when I realized you could literally create a park that would go from 42nd Street down to the Meatpacking District, like almost a couple miles long in a neighborhood where there was literally no green space whatsoever. And having that North South kind of green axis, I thought was incredibly compelling. And so that was a big part of what convinced me.

Now you're talking about sort of the jiu-jitsu. When we came into office in 2002, the city had no money. So we had to figure out how to do things without money. So Hudson Yards, the infrastructure

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that made Hudson Yards possible, including the extension of the subway into the area was done in an off-balance sheet way. We created the largest tax increment financing district I think ever in American history. And we didn't rely on city resources. Our view was that if you build it, they will come. If you extended the subway into this forlorn area, eventually people would build buildings. And so the bond holders only got paid back from the incremental tax revenues out of that area. So a little bit of conjuring was done there.

So we took that idea a little bit further. And for the High Line, we had to get all 38 people land owners, who owned land under the High Line to actually agree. Every single one of them had to agree in order to save the High Line. Well, we didn't have any money to pay them. So what could you do? So what we did is we rezoned the area around the High Line and we gave those land owners air rights. So we basically created value out of nothing.

Matt Slepín:

How about the future?

Dan Doctoroff:

And then we created a market for those air rights by saying, if people along other avenues in the area wanted to build higher, they could only buy those air rights from the owners of land underneath the High Line who now had those air rights. So we created money out of air and then we created a market for that air. And that's what actually enabled the High Line to get saved and turn into one of the most beloved parks.

Matt Slepín:

It's a phenomenal story. What you're telling in each of these stories is that planning matters, planning and vision.

Dan Doctoroff:

The other thing that matters is finding ways to come up with money, because that's always the problem. When we did the tax increment financing district to create Hudson Yards, the city then control the subway system. We didn't control the Metropolitan Transit Authority. It was controlled by the state. And they said, "We're not going to give you any money to extend the subway, even though it might be the most important economic development priority you have, because we've got other priorities, A, the system needs more money, and B, they've been trying to get the Second Avenue Subway built since like 1919." And so we said, "We got to come up with our own way to do it." So the city paid for the subway, but I said in an off-balance sheet way. You got to be clever in terms of the way you come up with money, otherwise too much won't happen.

Matt Slepín:

Absolutely. So a couple more things about Bloomberg in order to wrap them up and find some lessons from this. I mean, the Bloomberg administration. One is you were able to create urgency and get stuff done. And it's so easy and so common in government that you get ideas and you want to do it and they quickly run out of gas. So it's both urgency and competency alongside vision that we're talking about.

Dan Doctoroff:

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I like to say that to be successful in government, you have to operate on two speeds at the same time, you have to be patient because anybody who's ever done a real estate development knows government is hard to deal with, there's so many constituents, it all plays out in public, people are consistently trying to cover themselves and still you have to touch millions of people. And then there's all the process that you have to go through and you got to be respectful of that process. But at the same time, if you don't act with a sense of urgency at all times, everything just dies of its own way.

And so finding that balance between patience and urgency is really critical. And I think in the Bloomberg administration, we over time mastered that art. As you said, competency matters. The way we structured government to avoid as many bureaucratic boundary disputes was really important. And then I got to say leadership really, really matters. Mike was amazing because he picked good people, he believed in them, he supported them. You pretty much got to do what you want to do as long as you were in sync with them and he'd be there to help you, even when things didn't go well. We're talking about all these things we did that were successes.

I almost took him down by proposing to have a stadium on the West Side of Manhattan when it failed just by the way before he was running for reelection, just as he was gearing up to run for reelection and failed and he'd taken a huge hit. The only thing he said to me was, "Okay, what's plan B?" And literally within a week, we came back with a plan to save the Olympic bid and recover, announcing deals for Yankee Stadium and Met Stadium literally the next week. And so leadership really matters.

Matt Slepín:

Again, it's a rabbit hole. We can't have time for on the conversation, but it's really interesting that you succeeded that theme and then people wanted to come even more so because it was even better and they were going to make a difference versus being frustrated.

Dan Doctoroff:

Yeah. And a big part of that too was Mike and his loyalty to people. And because that encouraged people to take chances and do big things, and that also attracts people into government. And when as long as you took reasonable risks, even if you didn't succeed, he was there to support you. That really matters. We had people staying for the full 12 years of the Bloomberg administration. I was just there for six. And then he asked me to go run his company, which itself was bizarre.

Matt Slepín:

We're about to talk about that. Okay. So last question on this one is Bloomberg administration criticized for equity issues. And so I want to mash that up with affordable housing and our lens for equity issues is very different today than it was 10 years ago, but still no excuse for 10 years ago. Any comments about that in retrospect?

Dan Doctoroff:

Yeah. I look, as I mentioned before, in retrospect, we didn't do enough to build affordable housing. We did more than any city in American history had ever done before. We created a plan at a time when we had no money that ultimately produced 165,000 units of affordable housing. So we literally housed 500,000. Some of those were preserved units that would have gone market rate, but it wasn't enough. And to be honest, I think what happened was that, what happened in the middle was the financial crisis. And in New York, housing prices have remained pretty steady through the first six or so years of Mike's

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tenure. And then after the financial crisis, people continued to flood into the city, but it was harder to build housing. And so the supply demand equation just got out of whack. And on some level, the criticism is fair because not enough was built, but I do think that was a big part of the reason why housing prices escalated so much.

Matt Slepín:

And there wasn't the crisis of being able to buy it on the cheap as there had been in prior financial crisis.

Dan Doctoroff:

No, it never happened. We had no land left from the '70s, for example. So the only way you could subsidize housing was either cheap financing or various credits and things like that, but there was no land to be able to do it we had now.

Matt Slepín:

You make as big a dent as you possibly can. Some problems are never solved. And then you do as much as you possibly can towards solution, but you can't beat yourself up on not having solved the problem during a period of-

Dan Doctoroff:

No, look, and by the way, when Mike ran for mayor in 2001, housing issues were not even an issue at all, people were worried about people leaving the city and that was dangerous. So we started this, I think incredibly ambitious housing plan a time when nobody was calling for it or a few advocates were calling for it, but really it was not an issue at all when he ran for mayor. So things did change. But still in retrospect, we could have done more.

Matt Slepín:

Could have done more, but it all turn across the board on an awful style.

Dan Doctoroff:

We rezoned 40% of the city, we identified much of the state or at least made land available for more housing. I still think we could have done more.

Matt Slepín:

Yeah. Fair of you. Okay. So this is going to be a quick one, although an important part of your life, you then went to run Bloomberg. So highlights headlines of that before we get to Sidewalk.

Dan Doctoroff:

First of all, so I worked for Mike for six years and I always tell them in government that I was going to leave after six years. And so he never wants express like, oh, what are you going to do? What are you thinking? So about six weeks before the six years were over, he turned around his chair. We basically sat back to back and said, "You got a minute?" I said, "Sure for you. I got a minute." So we went off into this just off into the corner. And he said, "What would you think about running Bloomberg, my company?" And I looked at him and I said, "What are you talking about?" I said, "We sat here for six years. We've talked about the company maybe for two hours over six years. I've never run a big company before. I

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don't know anything about yours. In my private equity days, I'm sort of a light user of the Bloomberg Terminal. I know one person at the company. Why would you want me to do this?" He said, "I don't know, I just think you'd be good." That's literally what he said.

So I thought about it overnight. I said, "Well, I'm not doing this for a dollar a year anymore." That's just what I'd been working for in government. And we agreed on compensation in like two minutes. And about two weeks later, we announced it. And after we announced it, I went to him and I said, "All right, what are your expectations? What do you want me to do?" He said, "I don't know. I haven't been there for six years. You go figure it out." So I walked in the door a few weeks later, it was early 2008, and lo and behold, what happens is the financial crisis unfolds. I was on a trip around the world in July, I guess it was. And literally every day, one of our biggest customers was going out of business. But we did what I think was very consistent for Mike in my view, which I learned a lot from him about, which is during downtime, periods of distress, that's when you invest most aggressively. That's what he had always done with the company. And that's what I decided to do.

And so I think in 2008, 2009, we were probably the employer in New York City that added the most employees, we expanded dramatically in lots of different ways, and we continued to grow and become more profitable. And the time that I was there, seven years, I think we grew from about 5.4 billion in revenues to about nine all organically. And it was great. I really loved the company. So on wonderful terms, I decided to leave and do something else. I'm still very close to him, still on the board of Bloomberg Philanthropies, his foundation. And we have, I think, a great relationship. And it was at that point that I started thinking about urban innovation. And I had come to this view-

Matt Slepín:

Hang on one sec, I want to hear about this, but I'm going to go back for just a minute. And then we're going to do Sidewalk Labs and we will be done at some point today, I promise you in the conversation. When you're at Bloomberg, first of all, you went from 5.4 billion to 9 billion during that period of time and included the global financial crisis where lots of your clients aren't doing their thing on the terminals, was the growth on the same theme? How did you pursue that so that it still remained the company that it was?

Dan Doctoroff:

We added more customers from a Bloomberg Terminal perspective, I can't remember where we started, but we probably ended up about 15, 20% more. And that was in large part due to the nature of the product. We just kept adding value to it so that larger and larger share of potential customers found it worthwhile to be Bloomberg Terminal subscribers. And by the way, over the same period of time, we gained market share quite significantly because unlike some of our competitors, our largest competitors like Thomson Reuters, we were aggressively investing in the product.

The other thing that we did, which I think was very helpful was we expanded from the terminal into enterprise products and services. So not just serving the traders and portfolio managers, researchers, salespeople, but we started moving into the middle and back office, the data that we had ran through the veins of the rest of the organization. And that business has continued to grow extraordinarily well. So we did expand what we did as well, which I think made a big difference.

Matt Slepín:

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Okay. So I interrupted you. So you're leaving Bloomberg, you're wanting to do this thing, how did this vision and Alphabet come together?

Dan Doctoroff:

So a couple of things. One, I'd started thinking as I was leaving about kind of what I wanted to do. And I'm a pretty deep student of urban history. And I had seen that there are really three urban technology revolutions in the past 200 years that had pretty much shaped for better and for worse the modern city.

Matt Slepín:

Which were?

Dan Doctoroff:

So the first one in the early 1800s was the steam engine, which brought goods and people to cities, industrialized them. The second one was in the late 1800s, which was the electric grid, which made cities 24 hours, made them more vertical, enabled mass transit, obviously modern communication. And the third was the automobile and the early part of the 20th century. But in reality, cities really hadn't changed a whole lot since before World War II. If you think about it, we built buildings the same way we did back then, we get our power and electricity pretty much the same way, get our water the same way, we move around pretty much the same way. So at the same time, you had this collection of digital technologies that had really affected our lives in such profound ways, but hadn't changed the nature of the physical environment.

And so my thinking was as hard as things are to get done in the urban environment, we were poised for the fourth urban technology revolution. And this whole smart city movement really was kind of a dud up until that point. And so I thought, well, maybe where I want to spend my time is in urban innovation. Now at the same time, Larry Page had long harbored this dream of building sort of the most innovative place in the world. And through Eric Schmidt, who at the time I think was, I can't remember, he was still the CEO of Google Alphabet [inaudible 00:58:14]. He reached out to me and we spent about six months talking to each other and courting each other. And I eventually decided to do it. And instead, we set it up to do two things, one was placemaking, the other was products/investing. And there were lots of ups and downs over the last six years, the biggest down being the failure of the Toronto project, which we withdrew from.

Matt Slepín:

I want to talk about that one. I have a friend who was also there. You probably know Will Fleissig.

Dan Doctoroff:

I know Will extremely well. He was our partner.

Matt Slepín:

I know he was. So what was the promise? Why did you walk or why didn't it work? What was the barriers to success?

Dan Doctoroff:

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The ultimate reason we walked away was we walked away during the first part of COVID when we just thought the project was too risky.

Matt Slepín:

What is the project? Just describe it very briefly so our listeners-

Dan Doctoroff:

It was a development on the Waterfront. It had been landfill like 100 years ago that had never actually been developed about a mile and a half from downtown Toronto. And the idea was to create the most innovative district in the world on this area, initially testing it out in a smaller area and then hopefully expanding it into other pieces. And it became incredibly controversial, largely over issues of data privacy. And we actually ended up working through those issues, we developed a whole new approach to managing data in today's world, where we actually would have government or a government entity actually control it. And the use of data in public space, we actually worked through most of the planning and actually had a deal.

And then what happened was when COVID occurred, we went back to government and said, "Look, we need to rethink the price we're paying for land." We didn't say we wanted to lower it. We said, "Well, let's change the terms. We need to manage risk better." They ultimately didn't do that. And so we said, "We're either going to have to sacrifice the innovation agenda or potentially not make money on this." And we weren't prepared to do either one of those two things. And so we withdrew. But out of it, as I described earlier, a lot of great ideas came about that said we're turning into products.

Matt Slepín:

Yeah. What happens from moonshots, that's the benefits of these things.

Dan Doctoroff:

Yeah. Absolutely.

Matt Slepín:

Let's drill down on a couple of those because it's interesting, I'm thinking about trust, I'm thinking about data, I'm thinking about Facebook today. And Facebook also has this governing body to answer these problems. And I keep listening to all these podcasts on, can you solve those problems? So how can someone trust your company around those issues because you're one of those big ones, your parent is?

Dan Doctoroff:

We recognize that right from the very beginning, we didn't have initial plan to manage the data. We said to the governments and we're dealing with three governments plus the entity that Will Fleissig ran, which was an instrument of all three. So literally four levels of government, let's work on it together, but it did become very controversial. But ultimately, the answer we felt was we shouldn't be controlling the data. This is data unlike Facebook or Google that is basically generated in public space. We said, we finally agreed that let government do it, we'll have to apply for every application. There'll be a process for making those decisions, all sort of the cost versus potentially benefits. And there'll be a whole process. And we eventually got there, but it was very controversial.

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Matt Slepín:

Is it that your company or the parents of your company shouldn't be in the role of master developer and in the world of NIMBYism that they're scared of anybody developing so they may be more scared of you or that's not an issue?

Dan Doctoroff:

Look, I do think that from the period we signed up the deal to the time we withdrew, there was the so-called techlash. And that certainly made things more difficult, although to be honest, I think Google still is the most admired company in Canada and as distinct from Facebook, for example, but it definitely made things more difficult. We were dealing with new things. New things are hard. Doing anything that's truly innovative is hard. And that's why you have to operate on two speeds at the same time. We thought we were. I also think we could have been more sensitive culturally. Canadian politics, Canadian site is different than American. We think because we speak the same language, we play in the same sports leagues, we share so many cultural references as well as the 3000 mile border that we think the same, but there are differences, neither good nor bad, but there are differences and we probably could have been more sensitive to.

Matt Slepín:

So you think having done this in an American city may have been easier? I think we're harder, but-

Dan Doctoroff:

I think it depends where you are.

Matt Slepín:

It will be interesting to see getting this on the podcast with David Radcliffe, but the three huge districts that Google is building in Silicon Valley, it has the same audacious goals.

Dan Doctoroff:

Yeah. And I think they've done, for example, a masterful job in San Jose. They've really brought people around.

Matt Slepín:

So let's change the subject because we're going to get to the end of this conversation, which is COVID. So what, and as the former Deputy Mayor of New York and as urban thinker, what have we learned through the reactions to COVID particularly in urban environment? What are the lessons and how does it prepare us for the next thing because there will be a next thing?

Dan Doctoroff:

Well, I'd say the first thing we've learned is how unequal. And it's not that we didn't know this before, but how unequal the costs are. So many of us who are fortunate have skated through COVID, in some ways, emerged stronger, better, richer. And we've seen less advantaged have suffered dramatically disproportionately in ways that are shocking. And we talked a little bit about healthcare before, but they're on almost every dimension and we've known all that is true. We've seen it from an

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environmental perspective, look where the highways were built in the past and how levels of asthma and other respiratory diseases are dramatically higher in those communities. We've seen it in terms of education and access to things like broadband.

So if we do not address some of those inequities, we're going to just keep pulling our society and our cities further and further apart, and it's going to make harder to get anything done. And that's why I say the issue is all about growing, but doing it in an inclusive way. And my view is just given the fact that cities have to compete with each other so there's no easy way out that you got to innovate your way to more inclusive growth. And that can be done across this at every dimension of urban life from my perspective. But it's going to take courage, it's going to take leadership and it's going to take the public and private sectors working together in ways they don't often do.

Matt Slepín:

When I think about COVID, it's interesting I just had this flash in my mind, and the flash in my mind is you have a soccer game back to an early conversation and the stadium is full and something is about to happen bad and you need to get everybody out. Someone needs to organize those people to get out so they don't trample on each other. So there is a coordinated effort and there's coordinated lessons to learn. And we failed at some of our core coordination.

Dan Doctoroff:

I mean, you can be the biggest libertarian in the world, but the reality is government matters. There are just some functions that only government can do. Our philosophy in the Bloomberg administration was we believed in government, but we believed in government only to the extent that government was needed to make markets work. In some cases, that's almost everything. If you're trying to create a market for housing in one of the poorest areas of the South Bronx, until that market functions, government is going to have to do everything. You're going to have to build the housing, you're going to have to support the housing, but eventually you can get there in many other ways, education, government basically is the market. And so government has a really important role to play. As you pointed out earlier, really matters that it's competent, that it can generate the resources and that ultimately it can bring people along, but governments is incredibly important, particularly at the local level.

Matt Slepín:

I have a long lined up for this question, but I'm someone who's very sensitive to noise. And when I go to a restaurant, about half the restaurant experiences I have I hate over the years because they're just dinny and loud and I can't talk to the person, which is what I want to do and hang out and be comfortable. And one of the blessings, if I'm allowed to use that word, with COVID has been outdoor restaurants or the outdoor dining thing. And I read some editorial that you wrote and I think you're against that or something.

Dan Doctoroff:

No. No. No.

Matt Slepín:

I know you're not. So talk about that.

Dan Doctoroff:

So what I believe is at anything temporary is permanent. And that's first rule of government. So you put something up that's supposed to be temporary, everybody agrees is temporary, eventually some constituency forms behind it, they care more about it than the people who are opposed to it. And the thing stays there forever. So in terms of outdoor dining, we constructed these basically sheds in the street. They were done very quickly. And you can see what's happening to them already, some are abandoned, some will get hit by garbage trucks and street plows. There's all sorts of trash underneath them, et cetera, et cetera, et cetera. They will deteriorate, they look terrible. I'm all in favor of outdoor dining and I'm in favor of creating great public spaces on the streets, but it should be done well and we can do it better. We've got the technology, we've got the imagination. So I love taking the space away from cars, just to be very clear. I love the experience, but it's got to be done in a way that is done well.

Matt Slepín:

Totally agree. Okay. We haven't hardly talked about climate in this conversation, sustainability. We've had two podcasts during August on Leading Voices and the punchline is 40% of global carbon emissions comes from the real estate business, three quarter is existing structures, one quarter from deconstruction, construction of buildings. Any thoughts about this? You're on the board of the New Climate Economy in the World Resources Institute. Can we do it? Can we get there?

Dan Doctoroff:

Of course we can, but it's going to take real will. One of the reasons we started focusing in Sidewalk Labs on mass timber buildings is if you include embedded carbon, it's 80% more carbon efficient than buildings made out of steel and concrete. One of the reasons that we have focused on this pretty easy retrofit for class B and C buildings is the overwhelming majority of space is class B and C and there's got to be an efficient way to actually make them more carbon efficient, use less energy. So there's a lot of solutions out there, we just need the will and probably the shove from government in order to make it happen.

Matt Slepín:

Okay. Last question on Leading Voices is always advice for a young person entering their career. I'll say in real estate, but not necessarily real estate given your breadth of experience.

Dan Doctoroff:

Well, I think my number one piece of advice is don't think you can plan out your career. Maybe I'm extreme, I've had like five different careers. I'm going to push myself to do new and different things all along the way. Get and build a good foundation as you start of, financial skills, capacity to communicate effectively, obviously valuing some real expertise in something, but really what you want to do is you want to give yourself options. And the way you develop really good options is being great at what you do and working hard and having other people notice what you're capable of doing. And that creates all sorts of opportunities.

Matt Slepín:

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Well, may everyone listening to this podcast have a career as varied and as accomplished as yours. So I really appreciate everything we've talked about today. Thank you.

Dan Doctoroff:

Been a real pleasure. I've really enjoyed it.

Matt Slepín:

Thank you for listening into Leading Voices. And I hope that you enjoyed today's episode. I have a request. If you enjoyed the episode and found it to be valuable, please share it with a friend or two. If they're podcast weary, take their smartphone in your hand and subscribe for them and teach them to listen, you have changed their life. Seriously. Thanks for listening and keep in touch. You can reach me at matt@terrasearchpartners.com. See you next time.