

Ed Walter:

Our industry has, for so long, been an industry that if you'll ask somebody how they got into it, a lot of times it's because their dad was in it already, or their uncle was in it. And if we want to change the dynamics so that our industry looks more like our communities and not like it has, then we've got to figure out ways to bring a different group of people in a more diverse group of people into the industry. And from our perspective, teaching people about the industry when they're in high school and college is a great way to try to make that happen.

Matt Slepín:

Hi. This is Matt Slepín, and welcome to Leading Voices in Real Estate. Today's episode is a conversation with Doug Bibby and Ed Walter, already both former guests on Leading Voices, and now, both soon to be retired from running the National Multifamily Housing Council and the Urban Land Institute, respectively. With all that, we have the opportunity to cover on Leading Voices why the red ducks with Doug and Ed? Well, I figured that this was a unique opportunity to speak with two important leaders in the industry who each in their own way, I believe, have pointed their organizations and by extension the industry that they represent towards responsible citizenry for the next generation of the business. You've heard me discuss this scene before in Leading Voices. As the industry has become more scaled and institutional behaviors demanded are more about fiduciary long-term thinking and stability than, say, maximizing profits at any one moment.

This is not me as a Pollyanna, it's smart business practice that protects both individual companies, as well as the reputation of the overall industry in this complex world where the laws of supply and demand are driving all time high rent growth in the apartment industry, which drives popular opinion and therefore regulation risk against our business. Our interconnected complex world reputation management at both the company and industry level is critical, especially at a time when the rent increases or a topic of articles almost daily in the press. So these are some of the essential roles of our industry trade groups, be it a big tent organization like ULI or a trade association like NMHC. Not just a forum to share best practices, but also a forum to set the bar high for industry behaviors and also about serving as a positive and proactive voice for the industry.

This is critical now more than ever. We need these guys. Back to my concept of responsible citizenry, I'll give an example of this and one that I wish I discussed with Doug and Ed on the show. Think about the Single Family Rental business that's a new asset class and institutional real estate, and one of the fastest growing parts of our business. We've had three guests on Leading Voices talk about Single Family Rental. I personally got on a list serve from angry tenants after one of those episodes and have now seen many negative articles in the press about SFR investors crowding out middle income home buyers in this tight housing market.

SFR is a business, it's been both a great investment vehicle and it fills an important niche in our country's housing infrastructure, but it's a business that needs not only best practices, but also a bar set and I know that the leaders in that sector are working together to get ahead of potential problems, backlash, and regulations. But when you think about it, the potential reputational issues can bleed outside of the niche and say, traditional multifamily Doug's members is just a hair's breath away and not in differentiated in popular culture or on the hill. So, indeed, in our industry, we're all neighbors, where reputation management and communications about our industry are key themes for us all.

Sorry for the lecture, but that's the purpose of my conversation with Doug and Ed and we get into it in the conversation. It's funny. I worked myself early in my career at several trade groups, including

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ULI. So I grew up believing in the importance of this work. And when I became a recruiter, I brought some deep skills in networking and attacking problems and opportunities from an industry-wide perspective.

That's what we so often do as recruiters. So, thanks to my company's ZRG Partners and Terra Search for their support and partnership for Leading Voices. ZRG has a breadth and depth of talent advisory services globally, and we're growing our work across the real estate industry. Please feel free to contact me or my partners anytime. I hope that you're enjoying the show. As always, please follow or subscribe so that you do not miss an episode. We release on the first and third Mondays of every month. Please share this in other episodes with your friends and colleagues. And if you have comments, feedback, or guest ideas, please contact me at [mslepin@crgpartners.com](mailto:mslepin@crgpartners.com). I hope that you enjoy the conversation with Doug and Ed.

Doug and Ed, welcome back to Leading Voices. You've both been guests on the show in the past, and now you're both retiring or leaving your organizations, so this is kind of a victory lap tour discussion from two real veterans of two really wonderful and important organizations in the real estate industry. And I want to talk a little bit about that. You're both retiring. You both have done really important work during your careers at these associations, and Ed, I hope I can call ULI an association, I know it's not technically, but kind of is. And there's a lot more important work still to be done. And so, I want to talk about that. I want to talk about the work you've done, the legacy that you're leaving and what you're hoping for the future, and that'll be a great conversation. So, the first thing I like to do is have each person introduce themselves so that our listeners, particularly, because we have two guests hear your voices, and talk a little bit about yourself and your role and all that, just so we have some context for it. And Ed, why don't you start?

Ed Walter:

Sure. That sounds great, Matt. So I've been the CEO of ULI for the last four years, starting in this role back in 2018. Before I came to ULI, I spent 20 years at Host Hotels and Resorts, which is the largest public owner of lodging real estate in the country. My last nine years there were as the CEO. Before I joined Host, in the mid 90s, I was with five different real estate firms, including Trammell Crow Residential, where I did development both in Florida, as well as in the Philadelphia area.

Matt Slepín:

Cool. Okay. Thank you. And Doug?

Doug Bibby:

Yeah. Good day to you, Matt and Ed. I'm Doug Bibby. I am president and CEO of the National Multifamily Housing Council. Been there for 21 plus years, now I'm in my 22nd year. We are a national organization focused on legislation and regulation for our members. We do a lot of advocacy work and it's about 1,700 member companies who are in our membership. Prior to that, I was a senior officer on the management committee of Fannie Mae. Was there for 15 years. Began my career with the worldwide advertising PR firm of Jay Walter Thompson.

Matt Slepín:

Advertising to Fannie Mae to NMHC. That's pretty interesting.

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Doug Bibby:

Yeah. So, over my 50-year career, only three companies.

Matt Slepín:

And if we see the advertising person in you, any headlines from that and what that's meant to the work that you've done, particularly at NMHC?

Doug Bibby:

I have a communications bent. I consider myself pretty good marketer and pretty good communications' person. But I found my way to Fannie Mae because they were looking for a senior VP for corporate affairs, and that background was really perfect for me. I did have four different positions at Fannie. I ended up being, essentially, the chief administrative officer there, but communications was the launching pad, for sure.

Matt Slepín:

Right. And it totally matters, it matters in what you've done. Most of our listeners know ULI and know NMHC really well, but they don't think about the business of each of those organizations and how they contrast with each other. Doug, I've always known NMHC to be a crystal clear organization, I know why you're there, what you're there for. And I almost view you hierarchically as the spokesperson and CEO of the apartment industry. If it was an industry, you're like the CEO of that. And Ed, very different for ULI because I view you not as crystal clear, but like as the church or something. So I don't even know what church is. But let's just talk about that for a few minutes because the purchase really differ, although they're both really critical to the industry, and Ed, maybe you have the biggest contrast to that. Any comments?

Ed Walter:

You're right about ULI being, whether it's a big church or a big tent, it certainly is a sprawling organization in a lot of ways. We have over 46,000 members that they range from students up to guys that have retired like Doug and I are seeking to do right now, and certainly with a whole number in between. I think, at this point, the bulk of our membership does sit in the Americas. We're in another 20 countries throughout Europe and Asia so we're a global organization. And I think when you look at how we're organized structurally, while we have a headquarters in Washington, a regional headquarters in London and in Hong Kong, we also have what we call district or national councils that are in 20 different international countries and generally in the major city in each of those countries. So, think Paris, think Berlin, think Rome, think Madrid or across the US and across the Americas, 54 different major cities organize its district councils.

So, when you think about how ULI interacts with its members, our members really touch us in a variety of different ways and more of our members are probably active in a local market because that's really their opportunity to most easily connect with us. But a sizeable number of our members are also part of product councils and would be participating in the major meetings that we have in the spring and the fall in the Americas, and then the major conferences that happen in Asia and Europe once a year. Beyond the membership oriented activities, we have a foundation, we have centers that focused on issues like housing, sustainability, health, and capital markets. We have a group that's focused on education that at multiple levels within the industry. And then lastly, we have a team that does provides

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what we call advisory services, which is an opportunity for our members to engage with communities and provide insights into particular challenges that community might have. That's about as condensed an explanation as I can give you.

Matt Slepín:

We'll turn to Doug, but it's interesting to think of the influence that you then have on the industry and how you have that influence. But let's come back to that after Doug talks about his situation, which is I think drastically different.

Doug Bibby:

Yeah. You heard Ed talk about having individual 46,000 or whatever it is, individual memberships. We have corporate memberships, so an individual cannot join NMHC. So we have over 1,700 member companies who are the fabric of our membership. And we are a 501(c)(6) different tax status from ULI so we can lobby through the tax code. And so, I have a team of lobbyists. Almost everything we do is advocacy, whether it's our communications work, it's our research work, it's our lobbyist working on the hill, and then obviously the support staff who support the entire organization. So, it is very different. As a corporate, it is a 501(c)(6). ULI can still influence through its bully pulpit, basically, as a thought leader for UrbanAmerica so that while they can't go in lobby, they are important to us in terms of what they do.

Ed Walter:

Doug, I think that's a great point. The way we look at it is I think of us as being able to advocate for best practices, but you are exactly right that we can't cross that line and start to advocate for against specific legislation.

Doug Bibby:

As a matter of fact, for both of you, your advisory services was a partial model for something we just created called the Summit Advisory Group. And basically it takes a faculty of 25 mostly retired former executives of multifamily. And we consult with not startups but early stage companies led by women and minorities. We just finished our first consulting assignment of three. We don't charge them, by the way. So, we used you guys as a model. Well, your guy who runs the advisory services was very helpful to me in terms of thinking through the process. And Matt, I created this with Peter Donovan.

Matt Slepín:

Of course. And my daughter worked at ULI in the Advisory Services Panel. She was paid, but not well enough. But that's okay. So thank you guys. So, let's think about this in industry leadership, because that's really what this conversation is about. And I think each of you have moved your organizations respectively towards this concept, I'm just making up this word of industry citizenry, and I'm thinking about what the meaning of that is, and I'm thinking about the meaning of the absence of that in the industry. And I'd like to talk with each of you about that because I think that's part of your legacy. Ed, you've taken this sprawling organization and put three themes around it. To the best of my knowledge, which has been the first time it's really had that level of focus. Can you talk about that?

Ed Walter:

Yeah, I would love too. I think you're right, that this is the first time. Certainly, in a long time that ULI is trying to focus on particular topics and make a difference on those topics. I think one of the challenges that I saw when I came here, frankly, when I looked at our website and tried to understand the organization because I had not been a member of ULI before I assumed this role was I had this sense that the organization was doing a lot, but it was doing a lot in all those different places that I was describing before, and it was hard to really get a sense of the impact that we were having. Now that's always going to be a factor of an organization that is as horizontal as we are. But I was looking for a way to bring more focus, both from a standpoint of trying to make a difference in our communities, and frankly, at the same time to provide some way to create more alignment within the organization so that everybody would be buying in to try and to make change in a few particular topics.

Because I felt like it would be good organizationally, it would be good for our members and it would be good for our community. So, I would pick three things, and the driver around picking them was, could we make a difference? Was this something that mattered to our communities? And lastly, because everything we do ultimately needs some financial support, did we think we could find folks whether foundations or other donors that could help us advance the effort in those particular areas? So, the things that we picked in no particular order was, one, that's focused around diversity, which is really educating the next generation of diverse real estate leaders. The second is around climate change. It's decarbonizing the real estate sector and accelerating the progress to net zero. And last one, but it's certainly one that's very important to Doug was increasing housing obtainability across the globe, because we know that so many of the challenges our community face started with that particular challenge.

Matt Slepín:

And when you find those within your organization, let's say, I'm an office developer. Do I care about housing obtainability or do I care if it's a problem? I probably do care if it's a problem because it's my self-interest that that problem doesn't taint my industry.

Ed Walter:

Absolutely. Yeah. Everybody's going to look at this a little bit differently. So obviously, the folks in the housing industry are probably most directly tied to the housing affordability issues, but at the same time, we all have a vested interest in trying to figure out how to address the challenge of climate change. And whether that's because we're in the choir and we think we should be fighting it or we're a realist, and we recognize that irrespective of what we are a company might think, regulation is coming and we need to be thoughtful about how to approach it. We're all going to be impacted by that in some one way or the other.

I think the last point that really deals with the education side, our industry has, for so long, been an industry that if you'll ask somebody how they got into it, a lot of times it's because their dad was in it already, or their uncle was in it. And if we want to change the dynamics so that our industry looks more like our communities and not like it has, then we've got to figure out ways to bring a different group of people in a more diverse group of people into the industry. And from our perspective, teaching people about the industry when they're in high school and college is a great way to try to make that happen.

Matt Slepín:

I totally agree. From Leading Voices, which ULI started. So we have to say that on the podcast, really important. We wouldn't be here today with Leading Voices in real estate without ULI. But this podcast is about bringing people into the industry and having the industry be understandable and the many facets

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of the industry be understandable to people from different backgrounds and say, "Well, that part of it, it's interesting. That part of it, it's interesting. What does that mean?" But then there's things that unify us around these kind of topics.

Ed Walter:

Well, yeah. The thing I'd add to this too, Matt, is that by making the decision to have the board bless certain mission priorities, it has made a huge difference in terms of the support we've generated too. So we saw Owen Thomas and Lynn Thurber, and a number of others contribute some meaningful dollars to allow us to push forward and do a lot more work around the net zero challenge. And I'm sure you saw that Randall Lewis from a home builder and larger developer in Southern California ended up agreeing to contribute \$10 million to name a center. So the only other name center we had was when Ron Terwilliger did that about 15 years ago. But now Randall Lewis has stepped up in recognizing that sustainability and resilience are huge issues. He's decided to endow that center. So, I was pleased to see the response that we saw from our members because it really helped me feel comfortable that we were headed in the right direction.

Matt Slepín:

And Doug, let's talk about those particular missions because they align very much with what you and I have talked about over the years for NMHC, whether in short-term self-interest, or long-term self-interest for the members of your organization in the industry or not. Talk about that.

Doug Bibby:

Well, I think, remember that the apartment owners and managers are operating in communities where they're hiring people from those communities, they're buying services from people in those communities, and yet, not everybody has a warm fuzzy feeling about apartments. There still is a legacy of prejudice and misunderstanding that really hold back some progress for apartments because people just think there are place for poor people or people who don't have responsibility in their communities, and they're just on their way to home ownership and they're just in the apartments for the short haul. So, I think being good citizens in our communities is really, really important. Ed, you mentioned Ron Terwilliger and what he's done not only through ULI, but also for habitat.

I'll give you some examples of what some of our members have done. They're really quite dramatic and they're great examples of good citizenship. Chris Bentley at Middleburg Capital created an organization called Shelters to Shutters and basically he goes into a city and they work with the shelters there to identify those people who are situationally homeless and can work and want to work. They're trained, and then they're placed into jobs, a lot of maintenance jobs because the industry needs them badly. They're moving 10 people a month in Atlanta, just one city, that's 120 people a year out of homeless shelters into apartments and into jobs. So they have a home, they have a stable income, they start to pay rent. There's one example, Camden during the pandemic, put a \$5 million fund together right off the bat so that their residents could tap into it. It was gone in 15 minutes, they put another \$5 million up and that was gone just as fast.

So MAA has a program called Open Arms and that's for people who are dealing with terminally ill, typically children in these hospitals, where they have communities and they provide free housing for those families to come and be with their loved ones. Ken Valach, my current chair is chairman of New Hope Housing in Houston, working with the situation homeless. So, there's so many great examples that they're out there and I'm not leading them to do that, they're doing it. There are times when I need to

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lead when there are times when we just want to encourage. For example, during the pandemic we had to lead, we had to show the way for our members, and that was important for them. We're trying to show the way right now with diversity. I can't make the members do anything anymore than Ed can make his members do anything.

But I think we show them best practices, we show them good examples, and hopefully, that gets them to where we need to go. We've been working for the past 20 plus years on the nomenclature.

Matt Slepín:

Okay. Talk about that.

Doug Bibby:

Yeah, sure. For example, apartment complex, what is that complex? I know what a sports complex is. If you have this sports thing where you've always different venues and different things going on, and what is an apartment complex? Some of the terms go back to Charles Dickens, and I'm not kidding, landlord, tenant. So what we've been saying is we're not an apartment complex for an apartment community. We don't have tenants, we have residents. There aren't landlords, they are our owners, and they are owner operators. There I can think of great examples though, Matt, where day-to-day... For example, what Darrell Carter's doing and I can come back to him later, but what Darrell Carter does with his communities, the services that he provides to his residents, whether they're medical services or they're access to things. He put a police office in one of his communities, because there was a perception of this community being a tough one with a lot of crime, there was nothing after that.

He had a couple of seniors communities with no COVID cases, because they were all over those residents with services, medical services, testing referrals, and so, that kind of thing, to me, is great citizenship in that community.

Ed Walter:

Matt, I would say, if you look across the spectrum, whether it's multifamily companies or others, I think especially around the diversity issue, there's a huge interest in trying to advance that goal. We've got a partnership with Fannie Mae and with NAREIT where we're providing the education curriculum. Fannie Mae is identifying like around 100 students largely of color, and NAREIT is working with their roster companies to find internship opportunities for those individuals. That's one example, but I would say across the spectrum of who we engage with, we're seeing more and more of that because there is an interest in trying to change the nature of our workforce. The challenge is, first, getting them interested in the industry, then secondly, connecting them with the companies. But if I just look over the last five years and think about the conversations I had with CEOs before I left Host and the conversations I'm having now, this has moved way up in terms of people's priorities.

Matt Slepín:

Yeah. We're going to keep bouncing on these different subjects, but let's stick with diversity for a minute because it's a really good one. I know when I go to a meeting with young people, if I go to a ULI young leaders meeting in San Francisco, the room is equal women and men and it's not white people. And I see that nationally, whenever I see young people getting in this industry, but the people coming into the industry feel very, very diverse.

Doug Bibby:

All you have to do is visit a college campus today or graduate program at a university. Take a look at that class. It is multiracial, it is probably more women than men today coming out of those schools. But one thing, Matt, that we're doing that I think can make a difference, I hope it does, we're providing two years free membership to firms led by women and minorities. We've had a huge pick up on that. I think it's well over 150 have joined NMHC at no cost to them. They're able to get all our materials, attend our meetings. And it's actually changed the look, Matt, when you talk about looking at executives and multifamily, they're not all white males anymore. Women are moving up the ranks very, very fast, which is really great to see. But the really exciting part of this is to see the number of firms run by people of color who are starting to make some terrific inroads. And we're trying to give them a little bit of a launching pad through free membership in NMHC.

Ed Walter:

I would add two things to that. Number one, we've certainly been seeing, especially with the advent of the Women's Leadership Initiative or WLI, which is going to be celebrating its 10th anniversary this year, we've certainly seen the number of women in ULI and in leadership in ULI grow considerably from where we were a decade ago.

Matt Slepín:

And you know that WLI is led by one of my former colleagues at Terra Search Partners, Ellen Klasson.

Ed Walter:

We're trying to replicate that same success with people of color, but when you come back to the industry, part of it, I totally agree with both of your points that the entry level is looking a heck of a lot better than it did 30 years ago. But I would also say that our organizations and our member organizations have to remember that it won't just happen naturally, unless they figure out a way to make sure that those people joining those companies feel comfortable there, feel supported and see a path forward. I've had a number of different conversations, especially with a lot of the leading women within ULI who have basically said that if companies don't really make a determined effort to keep their top women talent. And essentially provide some of the accommodations that just childbearing really practically creates that those companies are going to lose.

And so, I think in the long run, we're going to find that. This same, Matt, we were talking about a more flexible work environment. I think we're all seeing that one, it works. And two, even guys like Doug and I are recognizing that we can probably make it work and we can probably make it work better. It's just a function of being a little bit more creative in how you approach work at work life balance.

Matt Slepín:

Totally true. Totally true. Doug, I want to get back to what you and I were talking about and let me push on it a little bit because the multifamily industry, for example, so the entire real estate industry has the Nimbys fighting what we do in development. So that's one thing that's across the board in real estate. But then in the multifamily business specifically, we have rent control threatening what we do. And it does feel as though the institutional owners, those are your members have guidelines around behaviors that are more citizen-like and long-term behavior like. So talk about that. I think COVID also accelerated a bunch of those trends, too.

Doug Bibby:

Yeah, it did. I think there always will be outliers, Matt, but I do think that a lot of our members were measured in their approach to increases. And I think COVID accelerated that to a certain degree, brought out a lot of kindness and brought out a lot of consideration for the plight of the residents there. And even while they were grouching about the ghosts, the people who were fully capable of paying their rent and weren't. The fact of the matter is that they were spending most of their time working with their residents to make sure they had referrals to services and to money. It was inspiring to me during this period.

Matt Slepín:

So, let's change the subject again. And we started this conversation, Doug, with asking you about your advertising background, and let's come back to your comments about nomenclature and let's come back to my word, which I guess might be a Dickinsonian word, which is landlord and developer. And how can both of your organizations, and Wd, I'm going to start with you, really change the national dynamic and the discussion out on the street? And you may not turn the word developer into a universally trusted word, but you may move it 10%. And the 10% movement in the public perception of these things may be actually dramatic.

Ed Walter:

Yeah. Matt, I think you're right about that. I think one of the themes that we've had that has existed at ULI for I'm sure a generation or more. The concept is good development, and good develop meaning development that is responsive to the community's needs that is not just about maximizing the profit, not suggesting that it doesn't have to be profitable because ultimately if it's not, it probably shouldn't have happened in the first place. But the reality is by listening to the community, by sincerely looking for equitable outcomes as part of what you're doing, to partner with the community, when you're employing people to help build the property, to design public spaces into your development.

And even to some degree, especially today being conscious of past inequities and using new projects as a way to offset some of the negative impacts that happened years ago in a different time, all of those steps, I think, allow the developer to become more of a positive contributor to the community, not just from the standpoint of creating a profitable real estate investment, but also contributing to the overall fabric of the community, which is ultimately what every city wants to enhance.

Matt Slepín:

And it's interesting, it's not just good development, its good density because density to me feels inevitable, and if we realize it's inevitable and we're in charge of density. So we could do density right, we could do density wrong.

Ed Walter:

Well, when you think about trying to be more thoughtful about the use of resources, you're exactly right. The infrastructure required to support a 300 unit somewhat infill apartment community is going to ultimately be a lot less than taking building 300 homes, 15 miles outside the DC Beltway and everything that's required for that. Now, everybody's going to want to be where they want to live, and I'm not going to knock any one solution for where someone wants to live. But the reality is that I think every area needs a strong, poor, which means a strong city. And whether that's a big city like New York or San

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Francisco or a smaller market, although, I'm going to say Nashville and Austin, but I'm not sure how small they are.

Matt Slepín:

Not anymore.

Ed Walter:

The reality is that you need to be thoughtful about how you're developing that gathering place because that's ultimately the draw. And even as we've watched what's happened with COVID and with more remote work, part of what you've seen is that movement out of those major cities, but people are still going to cities. They're just going to ones that are probably a little bit easier to manage, and at least, initially were a little bit less expensive.

Matt Slepín:

It's really interesting. When we think of development, 90% of it is decisions made on the vertical building. But we're doing some work with Lendlease and Google right now in San Jose where they're building a 7.3 million square foot office park with 3,400 units of residential. Now, that's part of the 19,000 unit residential portfolio that they're building together, but that's on a horizontal scale and makes development a whole different ballgame. When you're building a district or you're building a city, then you get to plan a different thing than when you're building a building. And one of the traps of our industry is that our folks go out there and build a building within the context of the environment of the city or what the city's allowing them to do. So they don't have the full canvas to play with as they do in a master planned urban redevelopment like that, then they have to think about that stuff.

Doug Bibby:

Yeah. And I think developers also are finding that it's much more successful to do your work with the community as early as you can, and try to win over the city council and the mayor in that, as opposed to coming in, "We know what to do. We want to develop this piece of land or we want to put a building up." The ULI has a great case study with a newer shell. I think it was Ed, and that was a great example of just doing the groundwork, three yards in a cloud of dust every down to try to work through and win the community's support because the Nimbys are getting more numerous and more vocal and more creative as time goes on, because they don't want to be threatened. They want the sanctity of their neighborhood and they're not going to have anything touch that. And to me, it's getting worse, not better.

Matt Slepín:

So, how do we fight that? And one thing we see in politics and in our world is the fear of change is very, very, very high right now. Across the spectrum of society, we'll stay out of politics, but into this part of it. But how do you start to change that conversation? Because in my mind, there is an inevitability to this change. You just hope that inevitability happens after you sell your house one day.

Ed Walter:

That's a great question. And when I first got here, I had a chance to spend some time with a couple of the local governmental leaders. There's an organization here called the Council of Governments that

actually pulls together the district Maryland and Virginia, because obviously we have three jurisdictions here, and they provide some insight into a variety of different economic and development activities. And I was talking with him about the possibility of ULI, perhaps doing some work to help figure out ways to make housing more affordable in this area. And his answer to me is, "We know what to do. Our problem is being able to provide, get the community to actually support it." And so, part of our response to that was a study that we issue once a year called Housing Attainability Report. And what we're trying to do with that is illustrate what's the capability for the people that make that city work; the teachers, the police, the government workers. What's the ability for them to actually live in the community that they serve?

And about half the cities across the country, folks that are earning those compensation can afford an average home or can afford rent at a level that would be viewed as appropriate. But a sizeable percentage of the country and a lot of them are out your way, but not exclusively on California or the West Coast, that's not true. And so, part of our goal was really in a sense to provide support for the local political leaders to be able to make the case that if we want to continue to grow, we've got to be able to provide housing options that are affordable to the people that are going to allow our city to grow.

Matt Slepian:

Affordable and commutable to the place they're going to go.

Ed Walter:

Right.

Doug Bibby:

But at the end of the day, if you don't have the political will or you don't have the kind of leaders in that community who will facilitate that, you're going into a stall wall. I'll give you an example of the counterpoint to that, which is, I don't know if you've heard of Mayor Gloria in San Diego, but he's an extremely enlightened mayor. They're doing fabulous work in terms of redeveloping assets, building new housing. He doesn't fight the neighborhood groups as much as encourage them and work with them. If you have a leader like that paving the way for you, it makes it a lot easier. If you have a mayor or a city council leader, as we do here in Montgomery County, I'm opposed to growth, I don't like business. We have too many cars in the roads, we have too much development. We don't want anymore.

It's awfully hard to move the needle when you have that situation. So, back to best practices we talked about early is the way you do it is to show other mayors what can be done and the resources it takes to get that work done. Ed said, "We know what to do with attainable housing." We absolutely know. I've spent almost 40 years of my career in housing and focusing on affordable. And we've known what to do for a long, long time. It is getting the political will to do it. We know what needs to be done on the supply side. We know what needs to be done on the demand side. But it's finding the political will to get that work done. And some of it is ridiculously low cost.

If you look at, for example, the Low-Income Housing Tax Credit program, that costs about \$9 billion a year. That's what the Pentagon probably spends on office supplies, and the Section 8 Housing Voucher Program, about \$25 billion, you could double that. And again, it's a flea on the backside of our federal budget. But it's getting to that point where you can get politicians on both sides to agree on that. And that's what makes it so difficult because we know what to do, we know that there should be incentives for the redeployment of assets. We know there should be incentives for the preservation of

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affordable housing. We know what needs to be done to incentivize, and everybody agrees. We pulled together 17 industry trade groups, and everybody agreed on what to do. But then you've got to go to point B and point B is Capitol Hill and that makes extremely difficult.

Matt Slepín:

Let me push on a technical point about that. One of my last recent guests was a woman named Majora Carter, who I met through Housing the Bay ULI local activity in San Francisco. And Majora talked about the non-profit housing industrial complex and the concentration of tax credits being put in neighborhoods that are not neighborhoods of opportunity. So, we agree on this, we have money, we could spend twice as much money, but if we continue with the concentration of those projects in low opportunity neighborhoods versus in more mixed income neighborhoods or mixed income properties, we may not accomplish the social goals we have. Any comments to that?

Doug Bibby:

No, no, no, no. You're absolutely right. It is a first tax credit program we've ever had and it's flawed. We know the flaws. I think it was you. No, it was Harvard brought a group together under Nick Retsinas about 17 years ago. And we went through what should we do to reform the Low-Income Housing Tax Credit program. At the end of the day, it would be opening Pandora's box to every advocacy group. And so, you really can't get at the fundamental reforms you want to have without opening that Pandora's box. And what happened at the end of the day was everybody just throwing their hands up in the air saying, "We really can't improve this thing in any material way."

Ed Walter:

There's no reason for you to know this, but actually, when I was with Crow and then the company after that called ZOM, I got two Low-Income Housing Tax Credit deals approved through the state of Florida in Orlando. So, I know exactly what you're talking about there.

Matt Slepín:

Wow. Hey, so let's pivot this and then we'll keep the conversation moving, but we'll come to Ed on this one. I had the last interview I did on Leading Voices was with Mark Parrell, from Equity Residential. And one of the comments he talked about, and remember, EQR has a largely luxury oriented apartment portfolio. We talked a lot about housing affordability, which they don't offer in meaningful way. That's not their core business. And we talked about climate and they're one of the better performers in terms of carbon. And he said, "We have one challenge here, which is we have dual missions here around affordability and around carbon," and they come at the expense of the other. Ed, any comments about the cost versus the carbon mandate and how we balance those?

Ed Walter:

Yeah. So, they can be in conflict. I think that's right. Not necessarily in conflict in my view when it comes to the operating side of a property. So, the simple metrics that I tend to hear is about half the greenhouse gases that come from a real estate development, come from construction, the other half come from operation. I would say free all the noise around climate change. The industry long has had an interest in trying to reduce energy consumption. I founded Host that every four or five years, we were revisiting the portfolio to see what new technology we could take advantage of to be able to reduce energy consumption. There's always been an economic reason to do it. Now, I think that it's taken

another step, which is companies are trying to move away from fossil fuels towards electric, as much as possible to provide whatever air conditioning or heating might be required in a building.

Now, it's wonderful to electrify your building, and I think it's getting cheaper, but maybe not quite comparable to gas in most places for that to be a more efficient solution. But if your power is coming from coal, then to be honest, you probably went backwards. So the second big challenge in this area then is find ways for our industry, since we're 40% of the use of the emissions, to work with the power companies to create as much energy that's coming from a renewable sources as from traditional sources. That by the way, without getting too sidetracked, has its own, not in my backyard problem. I think on the other side of the equation, I think, where that's taking us, and it'll be interesting to see with what might be happening in many downtowns because of the lack of desirability of class B and class C office space is where redevelopment is going to go.

My own personal view is that the way cities like Washington, frankly, were a big chunk of our workforce, I just don't think it's going to be back here the way they were because of the Federal Government's Policies around remote working. We're going to need to turn more of those buildings into residential. Redevelopment is more climate change friendly than new development. But then the last piece of it is, we've just got to all have to work harder at looking at low carbon building materials. As I talk to our architects, and of course, we have Diane Hoskins is on our board architect from Gensler. And this is a big issue for her and for the firm so I've gotten a lot of insights from her.

She is increasingly convinced that if we can start to get to a greater scale of those types of materials, we're going to find that the cost disadvantage begins to be mitigated. So, circling back to your original point, I think in the long run, we are going to be able to be in a position where the twin goals of affordability along with sustainability can be met, but it's going to take a concentrated effort.

Matt Slepín:

Concentrated effort, and deep thought are hard in our world, given who we have to deal with.

Ed Walter:

I know that was going to cringe when I say this because intuitively I do, too. I actually think to some degree, we're going to need a little bit of help from regulation. Not because regulation can level the playing field around what needs to happen. And I tend to think that so that land gets priced correctly, everybody needs to know what the objective needs to be around energy consumption. And once that playing field has level, then everybody can work towards that.

Doug Bibby:

Ed, you talked about working with the utility companies, and I think that there's really a valid point in that. If you look at apartment buildings, they're empty during the day, because people are off at their jobs. The office situation is the opposite. During the day, they're fully occupied. And so, one should be tackling the grid basically to support the office work as well, the grid can be minimized, if you will, during the day for department communities. And there are just some really thoughtful ways you can do this and that would make a difference. We're not at the point, say Israel, where they mandate solar panels and they mandate reclaiming water. Yet, as part of any community that's done anything that's put up and Israel has to go through that. But the state can say, "You will do this," and people do it because it becomes just a matter of doing business. We're not there, obviously, we've got the utility companies are

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all over the map just in terms of what they do and how to negotiate with them and so on. But there are things that can be done.

Matt Slepín:

I'm a client fatalist and I spend too much time being nervous about it. But I think there is an inevitability to regulation and an inevitability to behavior and business may lead government, not government leads business, we'll find this out. But I figure in 10 years there will be a whole lot more. We'll ratchet up in terms of the behaviors that we have to do. We're going to know we have to do them. And I'm thinking that's the future here. Any comments on how, from our industry standpoint, we either get proactive around what that future's going to be or instead of rejecting it because it's going to happen.

Ed Walter:

I think we've got to work with them as soon as possible because the reality is that it's... I mean, even what we saw in Washington is the City Council tried to look at what the Paris accord came back with and tried to replicate that in terms of regulations, without really understanding what the ramifications are for the building or for the industry. So, I think we need to recognize that it's coming in a variety of different ways, but the sooner we engage on these topics to try to find common sense solutions, instead of just waiting for it to be imposed and then fight it. I think we'll find or we get a better result. My guess is there's a lot of brain damage in that approach, but I'm not sure there's not going to be a fair amount the other way, too.

Doug Bibby:

Yeah. I think one of the things that we're doing is we just form a task force, ESG Task Force to try to come up with what we think are the most sensible standards for the three areas under ESG, obviously. And one of them is the big E and we came up along with the home builders, the green building standard, which is code-based approach to development, as opposed to the lead system where you can put a bike rack in and not have to put double glazed windows. And I know they've gotten to a different place there, but I think there are things that we can do and lead the way with these standards that more and more investors are demanding with GRESB and the other organizations that are out there opining on certification and compliance.

We need to have standards for our sector that make the most sense because it doesn't carry across all sectors of real estate. They're not all the same. And so, one of the things that we're doing in our industry sector is to try to come up with those standards we think are most meaningful for the GRESB of the world to look at. And therefore to consult with their own institutional investors and high net worth and whoever else is out there looking for this to begin to understand what we're trying to do, and that will make a difference.

Matt Slepín:

Yeah. And you may not be able to do it every building by every building meeting the same standards because you may have some antiquated buildings that are wonderful buildings that we want to keep that take too much carbon to tear them down, but they're going to be inefficient. But the overall fleet, this is like the fleet standards for fuel efficiency. It would be the fleet standard for the apartment sector in different cities would be able to be workable.

Doug Bibby:

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Yeah. Darrell gives the example if under the current ESG, if you buy 100 year old building and keep it affordable, you get damned because it is a horrible user of energy. On the other hand, on the SG parts of ESG, those are served well by a community where they can buy an older building, redeploy it and let people live there for below market cost.

Matt Slepín:

Exactly. And tearing it down, maybe even worse, too.

Doug Bibby:

Tearing it down, maybe. Yeah, exactly. Exactly.

Matt Slepín:

So we're talking about a whole lot of issues here and we're going to have to start wrapping up. You guys have set the table for your parts of the industry around issues that I believe are inevitable issues in the next 10 to 15 years. I think the environment is an inevitable issue. I think densification is an inevitable trend and with densification comes affordability issues, I think diversity in the industry is an inevitable trend that you guys have set up this discussion for your successors and the successors of all of the people in the industry. So, talk about, Doug, maybe as you look to what the apartment industry does and leadership in the apartment industry means not necessarily your successor specifically, but how do we, as citizens in the world, in our sectors deal with the oncoming next 10 to 15 years? What would your legacy want to be there?

Doug Bibby:

Well, what we've talked about today is just underlines that whole thing, which is the interconnectedness to all of these things. When you look at diversity and you look at affordability and you look at energy efficiency, the decisions made there can have negative or positive and sometimes both ramifications. And I think it's understanding the interconnectedness. I think we just got to work harder and harder to communicate with communities and cities about looking at the big picture and not being swayed by the loudest voices, the homeowners and the Nimbys raging about the sanctity of their community.

But taking a look at the bigger picture, when you decide to block things, that has repercussions on who you can attract in the community, to your point earlier, who can live within commuting distance there. So, my advice to my successor would be, let's look at those interconnections. Let's work hard on best practices. Let's work hard on putting together. ULI does a great job with this. By the way, we're partnering with ULI on a study that's just coming out on repurposing real estate assets into residential, so that will be momentarily out in the public. So, we can partner together to really put together as we've done in the past, by the way, with ULI. Transforming communities and really just pushing the idea of looking at holistically at that community and not just the homeowners.

Matt Slepín:

Yeah. And when you see this word interconnectedness, holistically, interdisciplinary, you're singing Ed's song, you're singing the song of ULI. Ed, how do we get it out of our own conversations into really influencing how the world's communities in the citizenry views us as experts and trusted advisors to these subjects?

Ed Walter:

That's a critical question that doesn't really have a simple answer to. I think it starts with something we talked about earlier, which is how do we continue to move away from that image of the money grabbing developer, which has been wrong for decades and move more towards thinking of our leading companies and our leading individuals as being builders of communities. Because the more that everyone recognizes that we're trying to satisfy or address so many different challenges, whether it's sustainability, is it resilience, is it social equity within communities? The more folks recognize that as we do what we do and try to be successful within the different areas of a city where we might build or redevelop, cities are ultimately real estate. I mean, at the end of the day, if you don't have the buildings, you don't have a city.

So, when you're trying to build a city, what our industry does is the most critical piece of creating that city. And I think when we take that on and take that on in a comprehensive way, we then connect a lot of these dots, and those cities and business leaders that do that best, those are going to be the cities that are going to be successful in the future.

Matt Slepín:

It's interesting. I'm posing the question to your successors in your organization, but I'm really posing your answers, or I want the resonance of your answers to be to the leaders of all the companies in our industry doing business, builders of communities is what they do, what we do. So, two other questions, one, next five years, Doug, what will be the rhythm of your lifestyle, and what does retirement mean for you?

Doug Bibby:

Well, I've told everybody and there's an article coming out of me on MFE really shortly, and I just kept saying to them, "There's no R word for me. I'm not going to retire." But I just feel its time to step aside for somebody younger to lead the organization, and it's been 21 years plus, and I'm going to stay in the industry. And my passions are, we've already discussed today, my passions are affordable housing, the Nimby issue and the pipeline issue, how do we get more talented people into this fabulous industry? So, I'm trying to figure out, Matt, well, how I do that? Where I do it? What I do? But I love this industry. I just love it. And I don't want to leave it all together. I just am moving from one position to another.

Matt Slepín:

Ed, what's your next five years look like?

Ed Walter:

Matt, I tried to retire five years ago and we can see how successful that was. So, actually, I'm on three public company boards right now and I have continued to stay in touch with the faculty and the leadership at the Steer Center at Georgetown's McDonough Business School. So I think there's something there. But echoing what Doug was just saying, I'm really excited about a lot of the things that we're doing at ULI, and I think that there's probably an opportunity for me to continue to play a role with that. But at the same time, I'm not trying to pin any of that down because the most important thing that happens when I leave is that my successor is incredibly successful. And I think we all are sensitive to the old CEO being around when the new CEO was there. So, if there are ways that I, certainly, am going to help in the transition, if there are ways that I can be helpful, especially around the work we're doing on

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the foundation side or education or sustainability, that would be wonderful, but the organization comes first, not what I'm interested in.

Matt Slepín:

Cool. Thank you. We've been talking a lot about your successors and your organizations, but our real successors are the next generation coming into the industry and it's always the final question on Leading Voices. And Ed, I'll let you go first this time, which is what's your advice to young person getting into the real estate business, particularly, given the context of all that we've talked about today?

Ed Walter:

My advice consistently to folks starting any career, whether it's our industry or another one is to, in a real estate context, build a broad foundation by getting a broad level of experience. I realized later, I wish I were smart enough to say I planned it this way, but I didn't. But the fact that earlier in my career I did brokerage, then financing, then acquisitions, then development, then land development over the first dozen years, put me in a position that when I was in working for Host or working in another or Bailey, before that, every time I walked into the room, I didn't know the answers, but I usually knew the questions to ask. And I think it was because I had that broad foundation of experience that put me in a great position to do that.

So I tend to encourage the future leaders of our industry today to do the same thing, get a lot of experience in the different elements of our business because you never know where your opportunity is going to emerge. Matt, I probably said that when we talked three years ago. I think what I would add to it today is look beyond the economics and the planning and the construction elements of our industry and pay attention to all these other issues that we've been talking about because these issues of affordability, sustainability, diversity, they're just going to be growing in importance all the way through. And so, the more fast you are in understanding those and working with those, the more successful you're going to be.

Matt Slepín:

Wonderful. Thank you. Doug?

Doug Bibby:

Yeah. What I tell people is that, first of all, we don't have an infrastructure at the college and university level that supports real estate. There's just no program that takes it from soup to nuts, you can get pieces here and pieces there. If you want to know about property operations, you can go to Virginia Tech, you can go to Wisconsin for certain things, you can go to different schools in North Texas. But people have to learn about this business piecemeal. And I think what I'm trying to do is encourage people to take a look at real estate at large, and to say, there are so many fascinating careers. If you're introverted and you like numbers, you can be an analyst. If you're an extrovert, you can be a broker. Or you're really into quantitative work, you can be on the equity or debt side, you can be a developer, you can be a manager of assets, you can be a community asset manager, you can be an asset manager, corporate asset manager.

There are just so many rich job opportunities for young people, and they're not prepared to take a look at this in school. And so, I think there are a lot of things happening right now out there and I'm part of one of them, but it's trying to get people to understand the richness because when I joined

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Fannie Mae, I fell into real estate. So many people, it happens for them that way. So, it is just a great, great place to park and grow. And to Ed's point and Sue Ansel, I think you've talked to too, she had almost every job in Gables and it made her into a really enlightened CEO because she knows everything that's going on has already lived it, the same way Ed did. And I think that's really important.

Matt Slepín:

The best leaders need to understand the business holistically. That's what leadership becomes if you're running a company. And it comes from expertise in several of the disciplines of the business. Everyone comes from maybe one thing or maybe several things, but if they don't broaden to understand the business holistically, they will certainly be a CEO if that's what it is.

Ed Walter:

Matt, the other thing I'd add to this, and you can hear this in both of our voices. I got into this business in 1980 when Prime was on its way to 19. So, I was around for this inflationary period that everybody writes about how it was four decades ago, and unfortunately, I was around for that. But I've never regretted the choice of coming into this business. It is so integral to our society. It's so fascinating. It evolves continually. It's a fascinating business. And so, I'm glad I did it, never regretted it, and I think that the young people and today would find the same fascination in this business that both Doug and I have had.

Matt Slepín:

Yeah. I'll echo a couple things on that. Interdisciplinary, which you both said really is what makes this business interesting and successful. It's not a deep dive into one thing every single day, it is really a orchestra leader, particularly, if you're going to become a leader in the business. The other thing is the impact of the things that we're talking about here. And a lot of young people want to make a difference, they want to feel something tangible in the work that they do, and they want to make a difference in a world that has some challenges. And our industry is really a leader in the places that exists right now.

So, fingers crossed, come join us. And that's why we have Leading Voices, by the way. So these conversations are all about helping young leaders see opportunities to follow different career paths in this industry in different avenues of work.

Doug Bibby:

We applaud you for that, Matt. Thank you.

Matt Slepín:

I was looking for that. Thank you, Doug. I wouldn't be here without either of you guys, because you've both been really important to me in my world and career, so thank you both.

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 their podcast wavy, take their smartphone in your hand and subscribe for them and teach them to listen. You'll change their life. Seriously, thanks for listening and keep in touch. You know you can reach me at [matt@terraresearchpartners.com](mailto:matt@terraresearchpartners.com). See you next time.