

SESSION IV – CREATING QUALITY PLACES: MAKING HOUSING PART  
OF THE SUSTAINABILITY SOLUTION

MR. CHEN: Good afternoon, everyone. All right. Well, that was pretty good. All right. Good afternoon, everybody. All right. Great. I know we're right after lunch here, and it was a terrific lunch.

But I want to welcome you to the afternoon session on a topic that all of us care about deeply; it's housing.

And my name is Don Chen from the Ford Foundation, and I can tell you that housing, home ownership, affordable housing are top priorities for our foundation, and I'm really looking forward to hearing the distinguished panel address these topics this afternoon.

I want to make a couple of announcements, though, before we begin. First thing first, if you have a cell phone or a pager, or a Sega Gameboy, any of those things, please turn them off or put them on mute. That would be appreciated.

Also, I'll note that there are extra copies of the publications out in the back, if you want to pick up any of the references that any of these folks have written or that they cite. They're all in the back of the room.

I just want to mention a couple of things about the topic that we're about to discuss. Of course, it's exciting these days to see housing back in the headlines. Of course, it's because of the terrible news about the mortgage meltdown that we're experiencing and seems to go on

forever.

But, if there is any silver lining to any of this, it is forcing people to think about reform in many different ways. And I think all of our panelists agreed that one of the areas in which not enough scrutiny has been turned to is the area of federal housing policy and how that affects states and metropolitan areas in particular.

As you'll hear from our panelists, housing policy has tended to treat housing -- rather federal policy has tended to treat housing as an isolated good, as a delivery system that's very siloed and funded and managed in a very separate sort of way.

In this day and age, it doesn't really work that way. We are finding that not only do we have challenges, tremendous challenges, with regard to affordable housing, but we're seeing that there are tremendously skyrocketing costs with regard to transportation, with regard to energy, and those factors are coming into play in terms of household affordability, as the combined costs of housing and transportation and energy are eating up a vast majority of people's household incomes. And that is one of the topics that is really driving a fresh look at housing policy in America today.

So our panelists are going to discuss the relative importance about housing within the context of the value of location and the savings that you can get from quality construction.

And, if we add to all of that, this layer of climate change, the

need to address our changing climate and to reduce our carbon footprint, it offers not only a tremendous sense of urgency, it also offers a convergence of interests that we've rarely seen in American policy circles, in which strategies for addressing our carbon footprint and providing better links to opportunity and better opportunities to help people move out of poverty potentially all coming together.

So we'll hear about these issues from our panelists. They're going to discuss these linkages and how that plays out in the metropolitan setting.

I am going to introduce all of our panelists here. We have our moderator, Anthony Flint, who I've known for a very long time, when he was an award-winning journalist at the Boston Globe.

Today, he's the director of public affairs at the Lincoln Institute of Land Policy, which is a think tank in Cambridge, Massachusetts. He is a prolific writer on urbanism and (inaudible) patterns and has a new book out coming, I guess, coming just in time for the holiday season; right? So I'm sure he'll talk about that with our audience here.

Our panelists include Dermot Finch, who's the Director of the Center for Cities in London, and he and his think-tank is dedicated to helping U.K. cities improve their economic performance. And before he came to that position, he was a senior policy adviser at the U.K. Treasury Department.

Next to him is Joel Rogers, a professor of law, political science, and sociology at the University of Wisconsin-Madison. He leads the organization that has the best acronym of all -- COWS -- Center on Wisconsin Strategy, which is a national think and do tank for (inaudible) development, and I guess -- is it part of COWS, Joel, the Center for State Innovation -- or is it yet another thing that you've started?

MR. ROGERS: Yeah, it's yet another thing.

MR. CHEN: Okay. Yet another thing.

MR. ROGERS: We're going to get a corporate name, if you can recommend one.

MR. CHEN: Oh, that's fantastic. Okay. Well, you'll fill us in on that as well.

Next to him is Doris Ku, President and CEO of Enterprise Community Partners, who I met many years ago when you were spending time in Seattle. I guess you spent 30 some odd years working on housing and community development for what was then called the Enterprise Foundation, now Enterprise Community Partners, in Seattle. I'm delighted to have you, too.

And then next to her is Chris Leinberger, who is a visiting fellow here at the Brookings Institution, Metropolitan Policy Program. He is also -- this guy wears a lot of hats -- he also directs the Graduate Real Estate Development Program at the University of Michigan, which makes him a big commuter, I imagine, between our regions, and he's also a

founding partner of the Arcadia Land Company, which I believe -- where you spend most of your time in New Mexico. And that is a new urbanism development firm.

So those are our panelists and our moderator, but, without any further adieu, I'm going to hand it over to Bruce Katz, who needs no introduction. He is the reason why we're all here. He's the Vice President of Brookings, and Founding Director of the Center on Metropolitan Policy. Bruce?

MR. KATZ: I was thinking that Joel named his think tank COWS. What's the urban equivalent? Or what's the metro equivalent of COWS? But, having grown up in Brooklyn New York, I won't even give you my acronym for that.

So this is hopefully going to be a more subdued presentation than this morning, and I'm going to do something which I said to my colleagues I would never do again, which is to use a PC as opposed to a Mac, but we ran out of Macs getting ready for this conference, so bear with us here.

What we are going to talk about here -- and this is very much a work in progress, as you'll see from our perspective, so we are really looking to get a lot of feedback from the panel and the audience -- is how to think about this interplay of housing, sustainability goals, transportation, energy, and climate policy -- you know, how to really wrap this together, in a way and in a system, that tends to separate and compartmentalize.

So we have three papers that we've been working on, but we've been working on somewhat segmented and compartmentalized ways. So, in a way, what I'm doing is sort of pulling them together in this presentation, but with a clear understanding among my colleagues and our partners that we need some help to really synthesize and integrate.

Marge Turner and I did a paper -- God knows when -- a year ago on rethinking workforce housing, particularly rental housing in the United States. It tended to be written mostly from an affordability perspective, though we were beginning to have early glimpses of how to think about using rental housing policy to advance broader sustainability goals. There is another paper that came out a couple weeks ago -- and (inaudible) Strazinski is here; she's one of the co-authors -- Shrinking the Carbon Footprint.

And that's where we began to really get a sense of the diverse development patterns in the United States and how the carbon footprint varies across the top hundred metropolitan areas and how dramatic an effect of different built environments have.

And then Joel Rogers and others are working on this very important paper about greening America's buildings and really thinking about new ways of catalyzing the private sector market to retrofit older homes. So that, you know, you're not taking in sort of traditional, big government program to deal with retrofit of energy inefficient homes, but really new ways of seeding collaboratives across utilities, consumers,

intermediaries, contractors, and others to get at this energy inefficiency question.

But these are three separate efforts. And, in a way, what we're trying to do with this panel is join them up and try to synthesize them and maybe give us some advice about to perhaps do some additional work in this area, because it's -- I mean, our sense and the panelists may not disagree, or may not agree, is that we do need to go to -- take a quantum leap in sort of an integrated view of housing sustainability and other issues.

So let me talk about challenge. Minor challenge: we're going to add about 73 million residents by 2030; about 30 million new housing units. You see the jump. And we are a growing country. We're not Europe. We're not Japan. We always have to keep that in mind as we think about this threat of climate.

About another 20 million housing units will be projected to be upgraded or replaced between 2006 and 2030, so that gives us a sense of both the existing inventory and then what's likely to be added and what's likely to be rehabilitated and renovated. Obviously, what we're trying to do, at a time when there is clearly going to be in multiple legislative activities underway; some on the housing and affordability side; many in the climate and transportation realm on the sustainability side.

We're trying to find a way of describe the integration between all these disparate issues so that, as every one of these separate

pieces of legislative activity and as a new administration organizes itself, we can bring some coherence to what, again, tends to be separate and distinct actions.

Affordability obviously, I think, "housers" -- and there are probably many housing people in the room today -- we know how to talk about affordability issues, and a lot of it really gets to this fundamental disconnect between wages and prices.

So wages stagnating for a large portion of the American workforce, obviously, prices, particularly rental prices, not saying, you know static. You see the difference up here, and obviously some of this, as we can talk about, is affected by subprime.

But you see the differences between the renter and owner income and wealth trajectory over a relatively short period of time in the United States.

The other issue, and this is where subprime I think has had some very large, very hidden effects, there's growing demand and inadequate supply.

That's one of the reasons why we have the wage-price disconnect, and it's especially hard for renters. Part of it deals with this home ownership boom that we had in the United States and so much of the focus of the building activity being oriented in that regard.

The Joint Center for Housing up at Harvard basically just came out with a new study several weeks ago basically saying that the

foreclosure crisis had added a million new residents in 2007.

Rental construction had fallen for the fifth straight year, and we all know the supply side problems that are associated with that, particularly, you know, related to additional costs of production that relate to regulation and so forth -- the high cost of land.

So there's a fairly robust literature, and I think if you, you know, the housing community and the housing research community really for a long period of time has, I think, understood well and tried to unravel the wage-price issue, the supply-demand issue understand what its impact on people are and understand what the spatial distribution of property is and how that also can retard and inhibit opportunity.

So that's a piece of it. Just to sort of -- to add up -- and this is again from the Joint Center -- about 37 million households in the country face a cost burden; about 17 million face a severe cost burden. Cost burdens are up since 2001. We used to really -- Marge will notice more than I -- I think we really used to assess this from the national level with a lot more precision, with a lot more, you know, regularity. We've sort of lost -- again, goes back to the earlier conversation are we a fact-filled or a fact-free zone in the United States. Even with this, we're becoming a little more fact-free.

Here's the question -- here's part of the challenge, and, I think, this is where, I think, the panel and you all can really help us get to a synthesis.

We have always talked about housing. Affordability, for the most part, is disconnected from other costs of households.

Yet, we all know, we make decisions about where we live. We make trade-offs between housing and transportation costs. And, as you see, that varies across places, but generally speaking about 60 percent of households costs will be the -- you know, the added up, the addition of transportation and housing. And, you know, with gas prices where they are today, where they're projected to go, this trade-off is going to get quite interesting, you know, in United States. And I think we're going to have to come up with some really new ways of thinking about this to ensure that people have ample choices that really can work with them.

And then also, obviously, there's rising home energy costs. This will obviously vary by region, as the carbon footprint varies by region because of weather, because of different sources of power and different sources of energy.

But there are substantial numbers of households in the United States that are not just burdened with housing costs, but they're burdened with transportation and energy costs. And so there is almost like a triple whammy here that is going on, and it really behooves us, it forces us, as it compels us, to think about this as a unified package and then to sort out the different, you know, ways in which these issues interact.

Obviously, this is particularly true for older housing. This will

get a lot to what Joel ultimately I think will sort of talk about. How do you retrofit the older housing inventory in the United States, which tends to be energy inefficient, and also tends to impose additional costs on households, particularly low-income households, because of the lack of insulation and lack of energy-efficient appliances?

Sustainability. What I just talked about were the costs to people; right? I mean, that's what a lot of that was about, and the aggregation, the summing up, of different costs to particular households.

But then there is a cost to place; right? And it's these individual decisions, obviously affected by multiple policies that create the built environment and that create either density or dense sprawl or low-density development. And you can see from this chart, a fairly substantial portion of greenhouse gas emissions in the United States either come out of the residential sector by itself; right? Or the residential sector and the broader built environment.

You know, we had a debate on cap and trade in the Senate starting. Obviously, nothing is going to happen this year. But that was a fairly narrow debate, I would say about what is the origins of greenhouse gas emissions, how do we begin to address and resolve climate. It left out a good portion of that chart, and, I think, that's part of the conversation we're going to have.

Obviously, the carbon footprint is expanding, but here, I think, is an issue for all of us: we did this assessment of the top hundred

metropolitan areas, because we all know we don't have even or uniform development patterns in the United States. And what we found is that the large metros are more energy and carbon efficient than small and non-metropolitan areas. We found that the lowest emitting places have assets that allow their residents to make some lower energy and carbon costs.

I mean, one of the biggest findings we had is L.A, by our standards, was a good actor, you know, had a relatively low carbon footprint compared to a good portion of other metropolitan areas.

And you know, so this is what the press and the media focus -- L.A. is like a poster child to sprawl. How could that possibly be?

Well, A, the weather's fairly mild and temperate, so they don't cool and heat as much as other parts of the country; B, well, they had dense sprawl in L.A. compared to low dense sprawl in many other parts, because, at some point, you hit a mountain or something for you hit a desert. This is where the Brooklyn, New York parts come in.

But, I mean, you have different kind of development patterns in the L.A. metropolis than in other parts of the United States.

And C, California has been taking action on energy efficiency for quite some time compared to other parts of the country. So very interesting as we have this conversation about climate, we have to, A, recognize that the built environment plays a role, the residential sector plays a role, but also it's not even across the country.

So when you look at the country, the places that have the

largest carbon footprint tend to be places in the Southeast, the Border States. They're getting their energy from coal. That's one of the issues there, but what they also are, sprawling, you know, decentralizing kind of metropolitan areas, where clearly the built environment has just distended out across a vast geographic landscape. There's nothing to stop it as in the Sun Belt or the western parts of the country, where you see actually the lowest carbon footprint. That's a pretty dramatic map. You know, and it shows a lot of differences between energy sources but also built issues.

So I think the question here for this panel and for all of you to help us sort through is how do we think about affordability and sustainability together? How do we think about this in an affirmative way so that as different pieces of legislation move forward, you know, housing through certain committees and transportation through others and climate through others and appropriations and tax issues, how do we begin to think about this in a unified way so that as each of these legislative vehicles move through, these kinds of efforts and goals and ultimately programs and policies are sort of played through. So energy conservation and transit-oriented development and green building and renewable energy -- I think that's the challenge is to come up with sort of a unified way of thinking about these things, and then, given the way our government is organized, which tends to be very compartmentalized, then sort of working through that system.

There's not going to be one omnibus bill or some super

agency created that really does this. So we have to do it conceptually and then figure out how to proceed through these different vehicles.

Well, that's, you know, sort of -- it gives you a headache, I suppose, but I mean and particularly at this time of the afternoon. But I think that's the challenge for all of us, and I think, you know, having a very diverse panel that thinks across very different aspects of this is going to, I mean, we're going to have to find ways to play well together across disciplines is really, I think, the challenge here, and then to sort of learn from abroad, with, you know, Dermot Finch here representing the U.K.

So just very quickly, and then I'm going to sit down and take a lot of notes. Again, you know, we're trying to have everyone now conform to this new conceptual framework of American federalism. You know, so we're going to be completely obnoxious about this. Though actually, yesterday, I met with Henry Cisneros, and he had a better way of doing this, so I've got to talk to Mark and my other colleagues about this.

But failure to lead obviously there are many aspects of national policy where the federal government does not have vision, direction, or purpose.

First and foremost, there is no wage policy in the United States and no really significant, you know, comprehensive way of thinking about closing this gap between wages and prices. We have compartmentalized policies obviously.

We have never really thought about the relationship between

all these different things in the federal context. I think we've thought a lot about it locally at a metro level, but not really in national policy.

We're not really catalyzing markets for energy and location efficiency homes. We got a couple early energy efficient mortgage things we were doing at HUD, Fannie Mae, other. This has never been standardized, right, in the way that really, dramatically affects private-sector markets, and I think that raises huge questions for FHA, for Fannie, for Freddie, for the next generation of thinking about financing vehicles, credit enhancement, and obviously -- well, we didn't really think we had the global warming problem until recently, so we don't have an approach to climate.

On failure to empower. A lot of these policies and programs tend to really focus parochially. They don't focus at metro scale, so they deal with cities and counties where they deal through states, when it's the metro level that really is the geography that we need to really think about.

Now, there are very few incentives to get at these regulatory issues that are obviously locally grounded off of state policy from the federal level. So, in many respects, the federal level is just assuming regulatory inefficiency and then compensating for it. It's not really dealing with it. Accountability issues and then these questions of no real focus on integrated problem-solving.

In fact, you almost have to defy federal policy to join up transportation, housing, land use, and energy, because there's no way of

really doing that in accord with all the different rules and restrictions across these programs.

And then, of course, we're a fact-free zone, and we don't really use metrics, the kind of metrics that Scott Bernstein's the Center for Neighborhood Technology -- the kind of metrics where we think about transportation and housing together or think about transportation, housing, and energy together, so we have new affordability ways of measuring.

And once you do that, and once you've sort of set a frame for how we're performing, then I think policy is derivative.

So we're, you know, and this is where I think everyone can just have at it, what's this new integrated approach here, where, if we took seriously the proposition that housing could be a vehicle for achieving broader sustainability goals in the United States, what would housing policy then look like? And how can we ensure that as we go down that path that we are not losing focus on other critical aspects of what housing policy is supposed to achieve; right? So, I mean, this is, I think, a real -- it's a conceptual challenge. It's an intellectual challenge.

But just some early thoughts. Obviously, lead where it must. I always leave with ultimately whatever we do, either on the housing side, on the energy side, we have got to be thinking about boosting the purchasing power of low-income and moderate-income workers in this country. I mean, we just really have to recognize here this enormous wage price dichotomy, and we have to deal with that.

We clearly, the federal government, could lead dramatically by describing the problem, by joining up transportation, housing, and energy together with a new kind of affordability calculus, so it's more transparent to policy makers and others how dramatic an issue this is. Through financing policy, credit enhancement, regulatory policy, market catalyzation, we could be thinking of pretty big ways to have markets focus on retrofit of older homes and have markets deal, through pricing and through financing, these location issues, so we're more likely to have housing built close to transit or other kind of alternative transportation choices.

I mean, we are not going to get this through government programs. I mean, government programs can catalyze markets and obviously whether carbon pricing cap and trade, carbon tax, we'll have to move on that front. Empower. We think we have got to move to a metropolitan focus on housing that matches our early nascent sort of moves towards a metropolitan focus on transportation.

You know, Marge and I have written for a while about moving all administration of vouchers to the metropolitan scale. It makes absolutely no sense to be operating in parochial jurisdictions when we have a program that is called portable, where we literally are saying to low-income residents you get a voucher and then you can literally use it anywhere in a metropolitan market.

Well, if your administration is parochial, half the time people

don't even know about their choices. So move more and more housing decisions and planning and thinking to the metropolitan scale. Obviously, encouraging reforms that reduce regulatory barriers, so we can produce more supply for low- and moderate-income workers in the right places, that's as much a question about getting the regulatory issues right.

Level the transportation playing field, you heard a lot about that this morning - this notion of going to metros and making a sustainability challenge. Come back to us and tell us how you're going to join up transportation and housing. If we wait for DOT, HUD, and Energy to get it all together, we'll be here for another 35 years.

Let the metros, which are more likely to be thinking through this -- already are thinking through this interplay -- give them incentive money, carrots. Let's figure it out. Let's have experiments. Let's really, sort of, open this up to American innovation.

And finally maximize performance. Let's have, you know, some data, some evidence. You know, I mean, I am surprised actually as how much we've denigrated our statistical agencies and dismissed and diminished performance evaluation, because, in the end, what the public wants is bang for their buck. I mean, they want to know that their public money is being used well. Well, you can't do that without information and data that's collected and then is used to measure progress and so forth.

So those are some early thoughts, but what I intend to do is sit down, shut up, take lots of notes here, because I'm feeling that we're

not quite there in our own thinking internally at Brookings and with some of our partners, and that there's like another leap forward we can make in this integrated policymaking between housing, transportation, energy, and climate. I feel like there's another way -- another place we can go. So.

MR. FLINT: Thank you very much, Bruce. And thank you for keeping things nice and light and not giving us (inaudible) too much to think about. I thank you for that.

MR. ROGERS: Let me tell you about the big trends that were -- or the big trend that is affecting us right now and will for the rest of our careers, and then three ideas, three things that will make housing more affordable.

First is to understand that, you know, the major trend affecting right now is that the pendulum is swinging back away from sprawl towards more walkable urban places. The market wants it. It's up to us to produce it. And we're just relearning how to do this stuff. It's much more complex. And as a developer who's done this stuff it's a bitch. It's a lot harder to do. My analogy is is that we in real estate learned how to drive race cars really well, two-dimensional, right-left, front-back. We now have to learn how to fly fighter jets, three dimensions, five times as fast, a lot much, you know, much more highs, but we can crash and burn very quickly, much more complex.

That the research shows that the future of American metropolitan areas is that for every million people, there's going to be four

to six regionally significant walkable urban places, like Greenwich Village, like Dupont Circle, like Reston Town Center, like Bethesda.

That means, like, here in D.C., there's right now 20 of these places. Twenty years ago there were two, and there is another 10 emerging. So for those of you that are from out of town, pick up one of these, get a day pass, because 90 percent of them are on the Metro. They're rail transit driven.

And, by the way, here in D.C., 70 percent of them are in the suburbs; 30 percent are in the District.

There are 20 and one of every kind that exists is right here, right now. You can see them. Kick the tires and see how tens of billions of dollars have been invested over the last decade.

So if you go up to Philadelphia, which is where I grew up, here's a city about the same size as D.C., about 5 million people in the metro area, they have four currently walkable urban places that are at critical mass -- Penn, Rittenhouse Square, Society Hill, Maniunk. Four. There should be 20 to 25. Where will the other ones be? Who's going to determine that? And I'll tell you it is a bear as a developer in the Philadelphia region to get any kind of transit oriented development done. It's almost impossible.

A friend of mine was trying to do it around Ardmore Station, a major developer, 40 years experience, big balance sheet. He was getting death threats about putting up a mixed-use project at the Ardmore

Station. This is from the blue hairs on the Main Line. It's mad.

So probably what Bruce was talking about, 40 to 50 million new housing units in this country over the next 30 years, a hundred percent of them can be handled in these regionally significant walkable urban places. The market wants it. There's pent up demand for it. The issue is can we deliver.

So as far as the affordability, because it gets back to the fact that we've got so few of them, it comes back and, Bruce, I hope you don't drum me out of Brookings at this, I never thought I'd say this, it's a supply-side problem. We don't have enough supply, which is driving up the costs.

Walkable urban places -- there are two reasons why there's a price premium right now in this country for walkable urban places. The research we've done -- 42 to 200 percent price premium on a price per square foot basis -- huge premium. Two reasons for it: one is walkable urban construction is better quality, steel frame, reinforced concrete, four-story wooden frame over podium parking costs more per square foot than flimsy stick built suburban stuff. It just costs more to build, but that does not explain in any way that 40 to 200 percent price premium. The real reason is land, the land value, and the land value is a reflection of the supply-demand imbalance. So the most important thing we need to do is to provide more supply into the system. It's a NIMBY issue. It is naming those, up in Philadelphia, those additional 20 places that should have high-density walkable urban places, and so how do we, where are they,

and getting the zoning in place to make the right thing easy.

The other thing is that we are going to be shifting our household income from transportation into housing. For the last hundred years, it's gone the other direction. A hundred years ago, three percent of household spending was in transportation. Today, it's 19 percent. And we need to shift back from cars, and sending money to Detroit and to Tokyo, and begin to reengage it and put it back into an appreciable asset. You drop one car out of a household, one car out of the household, you can increase your mortgage capacity by \$150,000. Take it from a depreciable asset into an appreciable asset.

And the third thing is value capture. Again, going back to naming those 20 places. I love to watch really deep movies. My favorite is Back to the Future. And both Back to the Future I and II, but II, you may remember that Michael J. Fox goes into the future and gets a book of split scores of the previous 20 years and then the bad guy, Biff, gets hold of it and makes a fortune 25 years earlier betting on what they knew to be the winning scores. We know, once we name where those 20 places are often Philadelphia, we know where they are, and the land, which today is worth between a buck and five dollars a square foot, is going up to \$50 to a hundred bucks a square foot.

If we don't know how to capture that value to provide affordable housing, shame on us. So we're in the middle of a major, major change; the pendulum swinging back. It's up to us to take advantage of

this market change and provide the market what it wants.

MR. FLINT: Thank you. Thank you very much, Steve.

MS. KU: Thank you. I can't help myself. I have to pick up on one visual that Chris left. And that's the Back to the Future. And then I'll answer your question, Mike.

So permit me. I emigrated from Hong Kong, and I left home almost 30-something years ago. And going back -- Hong Kong has now become one of those world-class cities in the world, along with Tokyo, Paris, London, Shanghai, Beijing.

And every time I went back, the place got denser and denser and denser. And, yet, the denser they went, the more buses and transportation they put on the street, because ridership is now guaranteed. And they can now, you know not just light rail, trams, ferry. Water taxis we call ferries. But double-decker buses just running every five, 10 minutes to every part where you want to go. And the denser they built, even in the moderate-income and low-income neighborhoods, the more government and public amenities they integrated. So, you know, the denser the projects are, the more there is now a swimming pool, government-funded, community swimming pool -- bike lanes, free for the residents; park ways and green spaces. No Central Park, no Stanley Park in Vancouver.

But, nonetheless, public spaces that allow people to get out of their cramped 600 square foot apartments into the open space and gather. I just thought that's a good Back to the Future imagery to pick up

and wrap up that. We have seen the future, and the future is smart land use and transportation and public amenities.

I want to go into one of the challenges that Bruce left us with in terms of how do you get the framework and then unleash the local energy and let these local experiments bubble up. And they can be messy. They can fail, but the local energy could provide us with glimpses to shape larger policies.

I want to describe Enterprise's effort to green, affordable housing, from the notion that green and affordable must be one and the same. We will no longer allow ourselves to be pitted, the greeners, the environmentalists say don't build. The housers say but we have three million people homeless living in substandard housing, so we have to build.

So how do you reconcile the two? So the green community's initiative is sort of one of these small, local efforts that is bubbling right now. And we'll see how far it bubbles up.

Four years ago, under the leadership of the Enterprise former chairman, Bart Harvey -- we have a trustee, former trustee, Henry Cisneros here, and Jonathan Rose, one of the most passionate, visionary progressive builders in the private sector. They all get together with Chris and other significant builders once a year to talk about how the real estate industry can contribute to the thinking of affordable.

And that was the first time, four years ago, that these great

minds said you need to green affordable housing. Affordable housing is one of the most subsidized housing industries. No housing can be affordable unless you have subsidy. You know, until we get back to the future, and use land better, you've got to subsidize, because the purchasing power is not there.

And so, if you have subsidy, that means you have regulation. That means you have competitiveness. That means you have ways to raise the bar. And so the whole notion of green communities was to create a set of national standards, uniform standards, full of flexibility, incorporating the best thinking of LEAD, U.S. Green Building Council, other standards, green standards, but not seat the space that green standards can only apply in the high end and the office building industry.

So I remember I was driving to a weekend huddle and a retreat at Sundance, of all the places in Utah, to talk about what standard, how, and how do we start this. So, you know, I live in Seattle now, and I'm just celebrating how much visibility Seattle is getting from this conference, and look at that little green dot that we have very little carbon footprint.

So I was in Seattle and we, at that point, had a voluntary standard that the city put forward called Sea Green, voluntary for guidance only, and it's adapted a little bit from Portland. Seattle and Portland always had a sibling rivalry. So Portland would say it originated from Portland.

But nonetheless, it put forth a set of very simple guidance to

think about building an affordable housing project, but to think about in totality. You know, you better site it right, face South, like maximize sun exposure, especially in Seattle where there's no sun; site it by transit where there's infrastructure; build the building envelope tight and then downsize your heating elements, so on and so on and so forth.

So after consulting with the best experts, we asked the City of Seattle if they would let us borrow Sea Green as a basis so that we can bring this national and share this with other affordable housing builders. And, of course, the City of Seattle said plagiarize, please, you know, we really want to share with everyone.

And from there, we developed a set of standards that we call Green Communities, which got the support from a whole collaboration of environmentalists, public health experts, architects, planners, industry experts that sort of gave us the nod; that this is not, you know, something that should cost a lot of money to certify or to commission. This is something that can be self-certified by affordable housing developers. And we just need to test it. And by having a national standard, we need to test the impact of this investment; how much it costs, how much more it costs, what kind of result it brings. Where would it work? In what climate, what location, what housing type, what communities.

And after three years, we have now invested \$570 million in it from grants that we raised to incentivize, charette grants, energy retrofit grants, tenant education grants to sort of slightly low cost the funds for

construction financing and investment for equity so that you can take the savings to buy (inaudible).

And after \$570 million producing 11,000 units in 250 developments in 28 states -- I have to memorize these things, because they change every month in terms of benefit -- we are now seeing very positive results, unqualified benefits, at only maybe a two to four percent cost increase.

And the energy pay back can be as quick as year one, depending on the type of building, and we are doing a study to be released in the fall to share our initial data. Bruce and they don't believe in anything unless you can show some data. And 11,000 units is not a big enough sample, an N, to say we've conclusively decided, but how can you measure the carbon emission reduction of planting one tree?

So we're not going to guilt trip ourselves and saying it is not totally scientific. We will know from 11,000 units in every community, every part of the country, every housing type that there will be savings that will pay off the two to four percent increase.

So from that, we decided to bubble this up. Every state that would listen to us we would say try this criteria for a while, incentivize it, put more points and courage, and we now have 20 states adopting this criteria, either, you know, and they rebrand it and we don't own it. Seattle gave us their criteria. We brand it ourselves, then other states can brand it themselves.

Twenty states have adopted them, added bonus points to the tax credit application system, and in the great State of Washington, we actually got the State Housing Trust Fund mandating that anything that's touched by the Trust Fund will comply to this set of standards, which the State branded evergreen standard. It's not green communities. That's fine. And because the State took that step.

Now the tax credit, the Housing Finance Commission has required that all tax credit projects comply with the same.

We have now bubbled up to regulating all of the low-income subsidized housing in the State of Washington that want to tap into that subsidy source -- a green standard that would have a minimum practical benchmark.

Now yesterday, I testified before Barney Frank's committee to encourage the House Finance Services Committee to adopt the Green Act, which will then take some minimum benchmark but a vigorous standard to say to HUD, FHA, and other government financial programs that subsidize housing to say we're not making it mandatory. We'd like to set some benchmarks. You can explore different programs, lead green communities, the (inaudible) home builders' standard. It doesn't matter. We want a certain reduction in energy use, in water conservation and so on and so forth.

And if you just imagine, you know, HUD puts out \$4 billion in utility subsidies alone, every year -- \$4 billion for Section 8 utility

allowance, public housing utility allowance.

If you have a 25 to 40 percent savings in that utility allowance, that could be money to retrofit and green all our public housing, 1.2 million units of public housing that are in various levels of disrepair. Seventy-five percent of all public housing units in this country need at least a \$30,000 modernization retrofit, let alone more substantial.

Imagine the balance and the allocation of resources in the proper investment.

So I want to conclude by saying if we just think about housing policy as one unique policy that is federal, you know, from CDBG to Home Funds, to Treasury giving out tax credits, to Section 202, Section 811 programs to Hope 6, and the mortgage interest deduction. You know, we're not necessarily going to get support about a phase-out on second homes or vacation homes. But we could encourage mortgage interest deduction to be favoring energy efficient mortgages or location efficient mortgages to have an extra uumph to it.

You know, I think we can incentivize. But if you look at that program and the federal housing system as the most regulated industry, we could say to ourselves taxpayers should never allow taxpayers' monies to go and continue to build and subsidize housing that's unhealthy, un-energy efficient, do not conserve water, and will not low-income residents a fair shake of the environment and the air and freedom from asthma and all of the diseases that come from bad indoor quality.

So I'm going to stop there. Thank you.

MR. FLINT: Thank you. Thank you very much.

MR. FLINT: (Off mike) by the possibility, so thank you. I hoped you might talk a little bit about measurements, because that's an area where it's hard to see how that can be done politically. You can go to such plans, but (inaudible) is this goal of retrofitting 950,000 I think buildings in the U.S., existing buildings (inaudible).

So I'm sure you have other things, but if you might touch on this retrofitting (inaudible) and this (inaudible).

MR. ROGERS: Sure. Just as background for people in the audience, this is reflected in some of the slides that Bruce has shown. But you got about 300 billion square feet of building space now in the U.S. We're going to swap out about 80 billion of it, add another 120 billion by 2030 I think the estimate from Nelson is a little bit 400 billion, and about half of that will be new stuff, done since 2000.

And your question goes to well, what about -- for the new stuff, we could say, well, let's have green codes of various sorts, you know, pick your code. We could get some harmonization of codes and let's build it all green and, you know, at the end of that will meet and (inaudible), and it will be emissions free and the water. Okay.

Well, what about the old buildings? And the problem there has always been that on the one hand, you make an argument, which is correct. with or without the data. I think we have enough data now to

know that there are whole series of things you can do buildings that are energy efficient that will more than pay for themselves in savings over their lifetime, even taking into account at, you know, standard market rates the opportunity costs of having put the money in there. And if that's the case, which it is -- believe me; you can realize savings of 20 to 30 percent with some interventions that have a pay-back life of about five years. You can realize deeper savings on the order of 40, even 50 percent with pay-back periods over 10 years. If that is the case, which it is, why doesn't the market solve that problem is a natural question to place. Why can't you figure out some way to use those expected future savings to collateralize the money needed to achieve them.

And the reason why that hasn't been done in general is because there's easier money to make by just going into larger structures and, in effect, skimming the savings, you know, flipping out the lights and changing the HVAC systems. And there is, in fact, a substantial private industry, the ESCO industry, the energy services company, which is in the business of doing that.

But to get the sort of deep savings, and there is a trade-off here between the depth of the energy saving, and the financial attractiveness of the savings. I assume here you want to get some sort of sweet spot between pretty deep savings, more than 20 percent, just for climate reasons, if nothing else and some sort of reasonable rate of return that is going to be attractive to private markets.

And I think that somewhere in in savings that are, you know, basically within that 10-year frame. So that implies an internal rate of return of roughly 10 percent, which we're -- you're talking about satisfying hedge funds, but it should satisfy most people who are interested -- yeah, some sort of risk-adjusted rate of return, and that's going to be reasonable.

What we are finding is that we can get private capital, even after the nationalization of Wall Street by Ben Bernacke, and, you know, the whole -- that was a joke -- and the other meltdown on Wall Street. We get people to talk seriously about below prime rates, so let's say five, six percent capital on this. And the numbers do, in fact, work. Now let's talk in slideshows here, but spreadsheets. And you can even get them to work in the residential sector if you provide turnkey solutions on the stuff and time your interventions properly.

So how do you do it? You basically -- you could all -- you could pay for all this through public money if you wanted to, and I'm a little bit impatient with a pay-go constraint. You can't spend anything on public goods because, you know, we're spending all of it on war or whatever.

But accepting that for a moment, you could pay for this stuff by basically having mechanisms, which are available and, particularly in cities, namely, city governments and mayors -- what Bloomberg did in New York, and you could do that in a variety of metro areas. Cities have a lot of building.

If you use the regulatory powers and the bully pulpit convening powers and others that are uniquely available and almost ripe for the picking in cities to aggregate those sorts of savings, which reassures the capital markets that they're not going to waste their time and churn through all their profit on the individual transaction costs of handling individual buildings.

You could also have the participants in the program, the residents and the owners in the program, pay you back in a way which is tied to essential services, which further reassures the capital markets because they're not going to have a great deal of default risk. That could be done through a property services bill or a utility bill. That's the model that I am trying to work out in Milwaukee, and now we're waiting for a ruling from the PSC, but we've got a cooperating utility. We got lots and lots of people interested. And it's not the point that Cambridge Energy Alliance has, you know, got to, because they didn't have the cooperation of the local utility.

The federal role here would be for the FERC or someone to crack the whip and say, come on. Do that sort of on-build shared pay system. Make that available to anybody who wants to play that game, and then leave it up to the enterprising cities to begin to become efficiency cities and do the retrofit stuff at scale, and you will realize economies of scale and scope, I think, which will also change the numbers nicely in your direction.

The other thing that's going on, and I think changes the calculus on energy retrofits from the old days is that you do -- the technology really has gotten much better. So between wireless and a number of other things and then the development, the fuller development, of other secondary markets -- the full recapacity market and selling megawatts for megawatts, you know, equalizing their costs. Certainly the demand response markets are more finely tuned now than they were, say, 20 years ago. And then if we get carbon trading markets, that's again yet another source of value.

And then you've got other sources of energy efficiency or clean energy generation. Think about micro CHP and how it's sweeping through Europe. Think about solar panels, if you want to. Think about anything. But I think it's going to be possible to make substantial gains here, both in the take-up rate of customers interested in getting their places retrofitted and the basic finances. I don't really see the problem.

MS. KU: Wow. All right.

MR. FLINT: I don't see the problem for the same reasons that you don't really see the problem or Chris doesn't really see the problem.

MR. ROGERS: Because the market wants it.

MR. FLINT: The market wants it, and, if -- you know, you were saying look, if we can't figure out a way to capture some of the value in the run-up between five dollars per square foot and \$50 a square foot,

and if we can't integrate the real estate value into the infrastructure needed to capture that value --

MR. ROGERS: Right.

MR. FLINT: Then we're really --

MR. ROGERS: We're really dumb.

MR. FLINT: (inaudible) we think we are.

MR. ROGERS: Right.

MR. FLINT: And if we really can't figure out a way to say, okay, there's about \$200 billion energy efficiency lying on the street in buildings, but it needs to be aggregated more effectively, and you need to assure people that they're not going to take on a lot of debt and that their investment is going to more than pay for itself not only the term of the period, but immediately during their often very short period of residency, then we're also stupid.

I think that's relatively easy, a relatively easy instrument to develop. And it sure beats securitization I think. Yes, a little joke there.

MR. ROGERS: Yeah, but we could still --

MR. FLINT: Tough crowd.

MR. ROGERS: -- yeah, but we could still securitize it screw it up.

MR. FLINT: Of course, we could screw it up, yeah. Yeah, and things that begin as a social movement they then become a business and then a racket; right?

MR. FLINT: (Off mike) you bring a perspective from overseas. (inaudible) at the Lincoln Institute.

MR. FINCH: She's right there.

MR. FLINT: Oh. Oh. And (inaudible) of London's planned policies. Take us through what (inaudible) from Europe's point of view.

MR. FINCH: Okay. Great. It's good to be here. And just to thank Bruce for the invitation to be here. I was last in Washington properly when I spent about three or four years as the economic attaché at the British Embassy here for the U.K. Treasury Department. So, in case you find it difficult taking lessons from another country, might only plea in return is that I did spend three or four years here going to places like Detroit and Cincinnati and Seattle, so just factor that in.

And I'm here today to as well present a paper that is at the back of the room and that the Center for Cities has done with the Brookings Metro Program. It's this red one, which identifies a handful of policy lessons that we think you could, right now, start considering. And the timing for this is obviously very good.

Just a few points before I set out that handful of policy learning areas. The United Kingdom has got less land than the United States, so we have to be more sustainable a while ago. So some of the things that I'll say are borne out of the planning regime which was totally different to yours, so, you know, that's a difference.

But what struck me this week -- we spent the week having

meetings with a lot of different think tanks as well as being here -- is that there really is a shared agenda and not just the metro areas spatial scale, which we fully endorse at the Center for Cities, but it's equally difficult to embed. You know, you have state and local. We have national, regional, local, getting them to focus on what we call city regions, which is the same as metro areas. It's all about crossing political boundaries, working across the aisle, and that's difficult, whether you're here or in the United Kingdom. So that's a shared agenda, but I think we can have learnings on that one.

But greening existing buildings, and we've just heard Joel talk about -- we'll be producing a report for a cross-party group of parliamentarians this summer on greening existing buildings. The built environment is responsible for 50 percent of carbon emissions in our country. You know, it's pretty much the same picture here.

But unlike you guys, we don't build as much new stuff because we've got less land. So the point that Joel was mentioning about the existing built environment is way more important for us. We only flip over about one to two percent of our built environment each year, so that 98 percent is the stuff we have to green. So, retrofitting -- massive issue. I'm sure we can learn and swap ideas.

The Joint Center book that Bruce mentioned that Nick Ricinas has left so much on recently and the credit crunch and the shift out of privately owned into private rented due to foreclosures. More advanced, more extreme here. Same problem. We've now got pressure

on our private rented sector in terms of providing affordable, accessible, flexible housing for low- and moderate-income families. Same issue. Different countries but we've got lots to exchange.

So let me go through a handful of policy lessons that I think, from the Center for Cities perspective, you could usefully consider.

The first one is that bully pulpit point that Joel mentioned. We've had -- and not just under the current Labor Administration, but the Conservative Administration in the '90s as well -- we've had national leaders, like Michael Hazletine, Tony Blair, Gordon Brown, John Prescott, really step up and raise the game of the urban policy agenda. They've done it in different ways. John Prescott on the sort of sustainability physical end. Gordon Brown on the making work pay, low-income families end.

But together, we've had a sustained narrative from national leaders, which, as we've heard here, has been largely absent.

Number two, combined with that national leadership has been an evidence base. Bruce has spoken about a fact-free zone in D.C., and, you know, we might have the opposite problem actually, but we've got, you know, a steady stream of independently carried out reviews. So the chief executive of British airways, Rod Eddington, did a huge report on transport a couple of years ago. That has now changed the way that the Department for Transport works. It's now spatially focused rather than modally focused. And we do transport appraisal. We do evaluations of

transport in a way that you don't.

How is that impacted? Third lesson, we've got less land, but we do combat urban sprawl in terms of new house building. Fifty percent of that was done on brown field 10 years ago. Seventy-five percent of new house building is done on brown field now.

Density of house building has increased by about 25, 30 percent over the last five years, not over the last 10, but over the last five.

Traffic management, fourth point. Nicki is here. The London congestion charge wasn't easy to put in. Sorry Michael Bloomberg didn't manage to do it, but I'm sure if you (inaudible) Nicki either now or afterwards, she'll tell you how difficult it was to get it through. Greater Manchester now has got a steam of its own.

So cities like Chicago, as we heard at lunchtime, that are trying to do this could learn some of the difficulties in the ways to do this.

Final point: when we talk about housing sustainability, the people who live in those houses. What if we don't -- you've got the earned income tax credit. There is a debate now about expanding it. We copied it 10 years ago, but we expanded it. We made it more generous. We pay it regularly to families. And combined with our national minimum wage, which we also copied from you -- it's 11 -- worth \$11 an hour. There are now 600,000 kids -- fewer kids now in absolute -- so in relative poverty compared to 10 years ago and almost 2 million kids fewer in absolute poverty.

So an effort on the low-income and with the families managing traffic, making houses more dense, with national leadership and the evidence base -- that's what this paper talks about. Talk to me about it after (inaudible). Thanks.

MR. FLINT: Unless one of the panelists has a burning thing to add (inaudible) and then we'll take (inaudible) use this remaining 10 to 15 minutes for more of a conversation.

SPEAKER: I don't know if it's burning, but it is obvious, so I'd like to state it, which is a joke. If you add the numbers together that Bruce was talking about, there's a huge equity agenda here in addition to the urgency. I'm all for living wages and getting the minimum wage up to somewhere where it should be, which, by us, it should be about 20 bucks an hour actually, and the EITC expansion, et cetera.

But if you just look at the household spending and you look at the amount of waste that currently goes into the sprawl and the excess energy costs and the excess numbers of necessary cars per household, you could get people an awful lot of money. So 30 to 60 percent is the addition of transportation and housing. Another, you know, five -- 20 percent for very poor people is five percent less than middle-class, but those are going, too. So let's just say in the future 10 percent for energy; 10 percent on whatever we do on health care. You know (inaudible) add in the 15 percent that we spend on food. It doesn't leave a lot of space for maneuver.

If, on the other hand, you took some of these suggestions and applied them systematically (inaudible) major items in household consumption, you could dramatically increase disposable income. So I'm all for, Rick, living wages, but also lowering the cost of living. It's sometimes just not talked about aggressively enough, especially by those who are concerned with equity because it sounds too -- I don't know -- nice or something. You know, it's good for the environment, but where is the class struggle?

(Laughter)

SPEAKER: This is a nice. This is an important -- well, you know what I'm talking about.

So I would just encourage that and just underscore what's obvious -- the equity thing.

MR. FLINT: (inaudible).

MR. HEISMANN-WILLIAMS: Hi, I'm Barbara Heismann-Williams from Fund for an Open Society, which is not OSI, just so everyone knows.

Missing from this conversation has been the concept of racial integration, and we know that racially integrated white and communities of color appreciate at different speeds and attract investment and prosperity at different rates. And David Ross talks about the 18 percent segregation tax that people of color pay for living in segregated communities of color, which are mostly in these metro areas. Segregation

drives sprawl, extra energy consumption, et cetera.

So my question is how can we include pro-integrated public policy for opportunity communities as part of this blueprint?

MS. KU: I just want to borrow a phrase from Bruce and I heard last Friday when Bruce was keynote at the Enterprise School Center of Community Development Symposium. Bruce said housing policy is education policy. Education policy is housing policy. And we've had -- heard great stories about Atlanta, where local efforts to transform a public housing project by investing in a charter school that became one of those main draws and became a magnet school.

So a former project that was too dangerous, even for the cops to go in, became a community where white middle-class parents fought to buy a house, to live in that zip code, so they can go to that school.

So, again, it's a regional ecosystem concept, and housing alone would not foster integration, because you do have the income, you know, the income disparity.

You know Jim Rouse built Columbia, Maryland, the big visionary progressive development. Imagine that a janitor can live next door to a CEO. Columbia continues to enjoy a 50 percent plurality, minority mix, but it's all middle-class, so there is no black, white mix in terms of the lower class, because affordability is not there. So again, you know, I think we need to talk more about equity, income equity, as

opposed to just racial integration, even though both are very strong values that we have.

MS. HEISMANN-WILLIAMS: (Off mike)

MS. KU: Right.

MS. HEISMANN-WILLIAMS: (Off mike)

MS. KU: Right.

MR. FLINT: In the front, right here.

MS. BROWN: Marilyn Brown from Georgia Tech is a professor of energy policy and the principal author on "Shrinking the Carbon Footprint in Metropolitan America."

I spent a lifetime documenting the economic potential for energy efficiency improvements in our building stock, and it's tremendous. And we are identifying some very innovative, and, I think, high potential policies to be able to translate that potential into reality, with things, I mean, Joel, you had some great ideas, and we've borrowed from the U.K. as well in terms of requiring -- recommending required disclosure of energy consumption information, when you're selling a piece of property.

I think that there is one portion of the market that is a really, really difficult segment to drive efficiency into, and that's the rental market. And I was hoping that you might have, in fact, one of you, someone on the panel here, have an extremely interesting and novel idea for tackling that.

I think that for home ownership, with the involvement of utilities and the aggregation of demand in metropolitan areas, we've got

really great, highly promising approaches, but I'm very concerned that we're not doing much for that rental market.

MR. ROGERS: Because of the (inaudible) aren't problem, because one person is --

MS. BROWN: Landlord-tenant problems.

MR. ROGERS: Well, that's -- you all know that problem. One person is paying the utility bills; the other one owns the property or vice versa, I guess. I think you can, especially in cities, you can bargain pretty aggressively with the landlord, because you have a variety of regulatory powers there.

And that's, in part, what Bloomberg and the Plan YC was going to do. They say, well, you got a few years to bring up the code, but it's going to be required. It's just part of the building code.

You just -- you just obliterate the problem by focusing on the owners. You can share the savings in different ways, and you have some models of that through the New Hampshire, the Small Pays Experiment in New Hampshire, where they actually had the tenants as the landlords get agreement on the shared savings, where they're also sharing the bill.

But basically, you just -- you just -- you disaggregate by the mayor. And it's a hassle. I just don't think it's fatal at all.

MR. KATZ: On the other hand, the issue is that you're dealing with one landlord. I was on the board for years of a New York Stock Exchange rental apartment company, 150,000 units, and if Duke

Energy went to Avalon Bay and cut a deal just to go across the country, it could happen very quickly. So, yes, we do have the agency problem, but we really have an issue that once it raises its head, it can be solved very quickly from the top down.

MR. FLINT: (Off mike)

MR. RAYMUNDO: Yeah, this is more for Bruce and maybe the other panel can comment on this. As a supporter of your vision, or the vision of the Metro Center, we may get our wish yet. This year the federal government, blue and red, nonpartisan way, pass a \$150 billion stimulus package that has yet to stimulate the economy. The jury is out whether or not jobs have been created.

I'm wondering what would have had been and if you could track that \$150 billion could have been spent in housing subsidies to retrofit pilot to do all the other things and support the subsidies, so that there is a direct correlation of jobs creation, higher jobs for construction jobs and so forth. I'm Raoul Raymundo. I direct the Community Development Corporation in Chicago called the Resurrection Project. We've done 300 units of affordable housing in about 10 years. We have the capacity to do more with more resources and create more jobs in the inner city.

SPEAKER: I think that's a great question, and we may be back to this turn of the year, when the next administration may be faced with doing Stimulus II. You know, from my perspective, either, you know,

first, second, or third on the list is going to have to be some federal transfers to states and localities, because the states and localities continue to go on a cutting spree right now, because they have balanced budgets, they're under tight constraints.

We're going to be pushing money at the front door and losing money out the back door. So I think, you know, from a countercyclical perspective, and from someone who thinks about public finance at the lower levels of government, I think we may have to do a preventative early in the next year, which we did I think back in 2001 or 2002.

I think what you're really raising, however, is what is a -- sort of an orthodox view of stimulus, really across party lines to some extent. And it's very much focused on consumption and rapid consumption, and however people decide to use the funding.

And, you know, there was an effort back, as we remember, in '93 to have a small stimulus package that was focused on building; right? And it used the Community Development Block Grant program to basically push it. It went absolutely nowhere politically I think because conceptually it ran into the question of are projects really ready; how quickly will they go online, et cetera, et cetera, et cetera.

So I think there is a road to travel on this. If you're going to sell a stimulus package as having immediate effect on the broader economy, one, it's got to be big enough to have an effect of that sort -- and

what was the bill last year or this year? 165 or something?

MR. FLINT: Yeah.

MR. KATZ: A hundred and sixty five billion. So I think there will be some hurdles here. But I do think one of the things that we intend to look at at Brookings is to stem the negative impact of state and local spending cuts.

MR. FINEBERG: Yes, Allen Fineberg, East Frederick Rising Community Development Corporation, Frederick, Maryland. Thank you, Chris, for mentioning land value, and then you've got a little chuckle out of Henry George, but even though in the 1870s, he wrote "Progress and Poverty," it's still true. It's really an amazing thing that in this whole country, only Pennsylvania has really implemented it, and there's plenty of data on that. So there's no reason in the world that we can go ahead and follow through on this. For instance, in 1916, the State of Maryland jurisdictions to do split taxing and nobody has done it yet.

But, Tony, what do you see happening? What's Lincoln doing?

TONY: (Off mike) some assessments of the Pennsylvania experience. We hope to have some research plan that shows -- it's sort of a limited pilot (inaudible).

MR. FINEBERG: I would suggest looking at the Web site, Urban Tools. They've done quite a bit on that, and if you could just validate their information, it might be much more powerful.

MR. FLINT: I know we're just coming to a close here, so I want to be sure that we get to the last few questions and comments.

MR. PEARLMAN: Thank you. I'm Luke Pearlman. I'm with the Institute for Regulatory Science. I don't want to launch into a diatribe, Bruce, so I'll try to contain myself, but I am quite disappointed in the discussion I've heard here.

There is a dark side to greening and so-called sustainability, which, in many cases, is not sustainable. Actually, it's harmful to people and communities. And I think people here know it, but nobody has made any mention or recognition of it so far.

Studies recently done at the University of North Carolina, for instance, showed that, along the Gulf coast of the United States and Florida, in the wake of the hurricanes that assaulted that region in 2005 with such devastating consequences, and new development following the EPA's Smart Growth Guidelines have been cropping up all over the beachfront. This is called smart growth, green development.

What it is doing, of course, is putting more people and more property in harm's way to the next disaster. In Florida, a study that was done at Florida Atlantic University by Anna Pushkin Chevlin (ph) showed again after the series of hurricanes that pelted Florida in 2005, you might have thought that the governor and the legislature would have taken extra precautions to expand the flood hazard zone along the coast so people would have to have more insurance and more mitigating measures

against this inevitable disaster which will occur. They did exactly the opposite. They shrunk the flood hazard zone in order to encourage more development.

There will be more density. Some of the goals that you have advocated will be achieved as a result of that and more property and more people will be destroyed in the next disaster.

Seattle, where you are from, it's on top of one of the most dangerous earthquake faults in the world and right next to an active volcano. As you know, the necessary capital investment needed to help compare that community for the inevitable disasters that are coming has been inadequate, and yet they find money to invest in climate protection.

I'm not saying any of these things are bad. I'm saying that there are liabilities as well as assets. There are risks as well as rewards. And there are costs as well as benefits.

But, again, Bruce, I want to challenge you again -- this isn't the time obviously -- but I'd like to see Brookings creates another forum where these issues can be explored more in debt and in a more balanced way. Thanks.

MR. KATZ: Those are very helpful comments.

MR. FLINT: Thank you.

MS. FOSS-BROWN: And mine is just an offer of help and a comment. So hopefully, it won't be that long. One is to, Chris -- my name is Cheryl Foss-Brown. I'm with the National Fair Housing Alliance. And to

raise the issue of NIMBYs and not in my backyard.

And so I want to offer the assistance of our members of the National Fair Housing Alliance as developers and others in the real estate community faces that issue, because it is a violation of our laws and all the things that we as a nation stand for.

And secondly, I want to underscore what the first speaker said. The bulk of the persons in households who are bearing the fallout to the foreclosure situation, up to \$215 billion, are persons who are of color, minorities and persons who are poor.

So whatever we do, since this is a blueprint on prosperity and sustainability, it must include not just income, but inclusivity that includes all races, all incomes, persons of various disabilities. So I must underscore that and simply say as the fair housing industry, we've been raising this issue for seven years or longer. And so, we stand ready to work with you if you want to work with us.

MR. ROGERS: Great. Thank you.

MR. FLINT: (Off mike) challenge. I'd like -- let you thank our panelists.