

## **Real Estate and the Political Process**

On September 30, MIT's Center for Real Estate hosted a special program called "Real Estate and the Political Process." It might just as aptly have been called "All Real Estate is Local," because that was one of the most consistent messages to emerge from the day's discussions with the distinguished participants.

The keynote speaker, Boston mayor Tom Menino, was introduced by John Riordan, CRE chairman and the program's moderator. "It's great to be at MIT," quipped the mayor, "even though it's on the wrong side of the river."

For the next 30 minutes, Mr. Menino proceeded to share his equally candid views on subjects ranging from Boston's place in the Massachusetts economy to ice skating at the Frog Pond. He began by citing some eye-opening statistics. Currently, 70 projects have either been approved by the Boston Redevelopment Authority (BRA) or are in the planning process; this represents about \$4 billion worth of development in the city. "The new Boston, as I look at it, will be the waterfront," Mr. Menino said. "One thousand acres of land will be developed in the near future." The mayor also noted that, later in the afternoon, he would be announcing a \$120 million award from the National Institutes of Health to Boston University Medical Center for the construction of a level 4 bio-containment center.

Next stop on the mayor's tour was I-93. "There are two green monsters in Boston: Fenway Park and the green elevated structure thing that's coming down now," he said. A greenway will replace the section of I-93 that's being demolished, but Mr. Menino expressed his concern about the feeder streets that lead to the proposed greenway, which pose a more difficult and less glamorous problem.

Which in turn led the mayor to sound a note that reverberated for the rest of the afternoon. "We have to make sure that we understand what's good for the neighborhoods. I always say that neighborhoods are the most important part of your city. It's important that you go out and reach out to people.... That's the way you get things done, to listen to the people who live in the city."

Mr. Menino's up-to-the-minute sweep continued, touching on affordable housing, ("I call it 'workforce housing'"), grandfamilies housing, the current glut of office space, the resurgence of the arts in Boston (a BRA study found that the arts bring more economic opportunity to Boston than all three sports teams), escaped gorillas, and of course the Red Sox.

The mayor then opened the floor for questions. During the next 30 minutes, a free-form discussion provoked spirited—and occasionally testy—exchanges. Some of the tougher issues included rent control and stabilization, the displacement of long-time residents in gentrified neighborhoods, eminent domain takings, ground water levels in Back Bay, homelessness, green building, and historical preservation. When asked if he planned to hold another Boston Conference, the mayor's response was emphatic: "No, no, and no. All these people who don't know a gosh-darn thing about your city come and tell you how to run your city. I'd rather do what I've done for these last 10 years: have people in the neighborhoods help plan those neighborhoods. It works out much better."

The mayor left for his bio-containment press conference, having set the stage for the second half of the program, a panel discussion continuing the free-form, interactive exchanges of the question-and-answer session. At the same time, the subject matter underwent a not-so-subtle shift, away from the mayor's focus on the way things are done now. Instead, the panel and the audience—comprising CRE students, alums and real estate professionals who are in fact the people who “build the future”—grappled with multifaceted concerns about the way things ought to be.

The panelists were:

- Brian Blaesser, an attorney who is considered an expert in commercial real estate development and leasing, land use and environmental law; Brian is the head of the Land Use and Development Group of Robinson & Cole LLP
- John Ingram, vice chairman of the Mills Corporation and an independent retail and real estate consultant, with major retail experience at T.J. Maxx and Marshalls, Inc.; John is also chairman-elect of the International Council of Shopping Centers (ICSC)
- William McCabe, Jr., formerly executive vice president of development for the New England Development Company and past chairman of ICSC
- Terry Szold, lecturer in land use and growth management for MIT's Department of Urban Studies and Planning, a land use planning consultant specializing in municipal planning and zoning and principal of Community Planning Solutions.

John Riordan, Chairman of the MIT Center for Real Estate and past president and CEO of the ICSC, moderated the panel discussion and invited the panel members and the audience to initiate a conversation. Ms. Szold began by applauding the trend she sees toward more openness and innovation in the development process. “The Euclidean zoning that we have anchored ourselves to for so many years can't guarantee good development outcomes and in some cases guarantees the reverse.” Community groups are increasingly more aware of, and involved in, the development process, she noted, making effective use of technology such as web sites and chat rooms.

Mr. Blaesser remarked that New England is considered to have “high barriers to entry.” This attracts organizations, he explained, because they know that if they can get their site, they'll have no competition. But it takes larger players with substantial resources to get through the development process.

Mr. McCabe focused on the negative side: developers who expect to force projects on towns. To defuse antagonism between developers and the community, he said, “is a matter of taking time to sit down with the right people. The right people may be from local groups—some of which do not form until the developer decides to come in—from various state agencies, and in some instances from the federal government when environmental issues are involved. But if you can plant the idea that a project is the community's and not yours, you can avoid a lot of antagonism. Antagonism is the very worst thing that can happen to a developer looking for success.”

Finally, Mr. Ingram agreeing with Ms. Szold, praised web sites as a communication vehicle. “Web sites are exceptional,” he said. “The idea is to find out what works best for you.”

The audience participated heavily in the discussion, revisiting with great thoughtfulness some of the questions that arose during Mayor Menino’s presentation, and adding to the hopper new issues, including sustainable development, spot zoning and fair compensation, and comparisons between U.S. and European housing and development practices. When Mr. Riordan gaveled the session to a close, there were still more questions than answers. But there was also a cadre of highly trained, broadly experienced professionals committed to solving them.

Reported by Ellen Williams