

## *APRIL 2009 STATUS REPORT: LAI GOLDEN GATE CHAPTER*

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The Golden Gate Chapter, serving San Francisco and the greater Bay Area, continues to thrive as one of the premier urban development, planning, and land use policy organizations in Northern California. Our members are drawn from all segments of the land use arena, including developers, banks and financial institutions, land use attorneys, public sector officials, academics, and consultants in architecture, land planning and urban design, landscape architecture, civil engineering, environmental impact analysis, and real estate economics.

### **Executive Committee**

The Executive Committee of the Board of Directors was appointed in 2007 for a two-year term. Jim Musbach, of Economic & Planning Systems, is Chapter President. Vice President is Mary Corley, of the Fisher Center for Real Estate at UC Berkeley's Haas School of Business. Program Co-Chairs are Neil Sekhri, of Gibson Dunn, and Terezia Nemeth, of Alexandria Development. Treasurer is Terry Micheau, of San Francisco Planning and Urban Research (SPUR). Secretary and Chapter Scribe is Denise Conley, of Conley Consulting. The Chair of the Nominating Committee is past president, Leslie Brown, of Ellman, Burke, Hoffman and Johnson. Kent Colwell, of Pantheon Associates, serves as the Chapter Historian.

### **Membership**

Our membership continues to grow through annual nominations of new members, and is widely recognized as an honor earned through substantial experience and success in the field. In 2008, 23 new members were inducted at the annual dinner, a festive event held each year in early December. Also at that event, Jesse Smith of the San Francisco City Attorney's Office, who is the immediate past Chapter President, was honored as the Member of the Year for his numerous outstanding accomplishments and considerable efforts on behalf of the Golden Gate Chapter. Chapter membership currently stands at 345.

### **LAI Golden Gate Luncheons 11/08-04/09**

Monthly luncheons, held on the 52nd floor of the Bank of America Building in Downtown San Francisco, are well attended, and feature prominent speakers on topics of broad interest to the membership. Speakers typically speak for 30 to 40 minutes, and there is considerable discussion during the following Q&A, informed by the knowledge that many of the members in the audience bring to the topic being presented. There are no luncheons in December, leaving time to plan and attend the annual dinner, and in August, when many members are on vacation.

Additionally, each May in lieu of a luncheon we have a Spring Tour. The Spring Tour allows members to get an insider's view of exciting new projects in the area. Last year, we toured the new Academy of Science Building in Golden Gate Park, a state of the art Green building with a living roof, and a walk-through Amazon rain forest exhibit. The Chapter's tour was filmed by the Travel Channel for a future broadcast.

Luncheon speakers and topics over the last six months are summarized briefly below. Not unexpectedly, there has been a strong focus on understanding the rapidly changing economic conditions sweeping the United States and the world.

### **November luncheon – Laurence Pelosi, Morgan Stanley**

Laurence Pelosi of Morgan Stanley Real Estate presented the firm's view of the current state of the capital markets (at least as they stand November 14), including the outlook for the global economy, how real estate is expected to perform and where the opportunities might be in the current market.

Laurence is an Executive Director at Morgan Stanley Real Estate, where he focuses primarily on the firm's residential investments in the Western United States. Before working for Morgan Stanley, Laurence was Director of Acquisitions at Lennar and practiced real estate and land use law. Laurence is a member of Lambda Alpha and is on the board of Family House and the Institute for Governmental Studies at UC Berkeley.

### **January luncheon – Alan Billingsley and Hope Nadji, RREEF**

#### ***Economic and Real Estate Market Outlook: 2009—A Year to Forget***

The economic and real estate market downturn that RREEF Research forecast in our 2007 and 2008 presentations finally arrived. Unfortunately, the excesses built up over this period have placed us in the midst of (hopefully) the worst recession of our careers. While unlike the last major recession in the 1990s, commercial real estate is not the focus of these excesses, it is certainly being impacted in a major way. This, like all recessions, will end. Technically, we believe this recession will end during 2009, and the jobs recession should turn around in 2010. Nevertheless, it will be a long road back to economic health.

Property markets, relatively well-behaved from a supply perspective, were very much part of the asset bubble, with pricing attained in 2007 that was completely unsustainable. As a result, commercial real estate is being hit by substantial price declines along with rapidly deteriorating market fundamentals. Peak values are unlikely to be achieved in the foreseeable future.

The San Francisco Bay Area economy is forecast to outperform the United States, and its property markets are expected to follow. But it may be little comfort to note that our metro area will be merely awful, as opposed to horrendous in the bulk of the country.

Lambda Alpha member Alan Billingsley, along with Hope Nadji, provided RREEF Research's updated view on market conditions nationally and in the Bay Area for the coming five years.

### **February luncheon – David M. Wright, Federal Reserve Bank of San Francisco**

With the financial markets broken and the economy in crisis, the Federal Reserve has already taken bold steps to implement aggressive, creative, and substantial monetary policies, but there is much more to be done. To give an insider's perspective into the origins of the current economic crisis, lessons learned, and what we can expect in the future, we were pleased to

present David M. Wright, Group Vice President and Deputy, Division of Banking Supervision and Regulation, with the Federal Reserve Bank of San Francisco. David oversees the Risk Monitoring and Analysis Group, which provides a wide range of support for the Reserve Bank's supervision function including risk coordination, economic capital analysis, surveillance, applications and enforcement.

### **March luncheon – Peter Calthorpe, Calthorpe Associates**

Over the past year, California has approved some important land use policies aimed at curbing urban sprawl, reducing vehicle miles traveled and reducing GHG emissions. Key among these are Senate Bill No. 375 which implements "sustainable community strategies" in land use and transportation planning, along with various related incentives relating to housing development, and Proposition 1A authorizing \$9.95 billion for a high speed rail system linking California's major urban centers.

Lambda Alpha member Peter Calthorpe discussed SB 375, high-speed rail and the future of sustainable growth in California. Peter has been named one of 25 "innovators on the cutting edge" by Newsweek Magazine for his work redefining the models of urban and suburban growth in America. Through design, innovation, publications, and realized projects, Peter's 30-year practice has helped solidify a national trend towards the key principals of New Urbanism: that successful places—whether neighborhoods, villages, or urban centers—must be diverse in use, walkable user- and transit-oriented, and environmentally sustainable. In recognition of his work, he was awarded ULI's prestigious "J.C. Nichols Prize for Visionaries in Urban Development" in 2006.

### **April luncheon – Phil Tagami, California Commercial Investments**

The April luncheon speaker was newly appointed Lambda Alpha Member, Phil Tagami, who is responsible for putting together the financing and development deal for the rehabilitation of the Historic Fox Theater in the City of Oakland.

After closing its doors 43 years ago, the Fox Theater reopened on February 5, 2009, and has a run of performances from entertainment's top acts. The \$75 million multi-use renovation project will feature a state-of-the-art theater with flexible capacity from 1,500 to 2,800. The multiple seating configurations include general admission, cabaret style seating, and reserved seating.

The theater itself will serve as the flagship live music venue for Another Planet Entertainment, well-known for bringing outstanding live entertainment to the Greek Theatre, The Independent, Paramount Theatre, Oracle Arena and other popular Bay Area venues. The theater's wrap-around building will be the permanent home for the Oakland School for the Arts, a tuition-free charter school dedicated to artistic and academic excellence. By night, the theater will offer premier ground floor bars and restaurants that open out to a courtyard of trees, benches, and newly widened sidewalks.

Phil shared with us the details of his efforts in bringing together all the difficult components of this intricate project and some of his earlier projects in the City of Oakland.

## **Finance**

The Golden Gate chapter continues to operate on a roughly break even basis, with a modest cash reserve. The Chapter does not seek sponsorship for its events, but charges members fees for luncheons, the Spring Tour, and the Annual Dinner. Membership dues provide the bulk of the remaining revenue.

James R. Musbach  
Managing Principal, Economic & Planning Systems  
President, LAI, Golden Gate Chapter