

InfrastructureUSA

Guest on THE INFRA BLOG

Patrick L. Phillips, Chief Executive Officer, Urban Land Institute

Conversation with Steve Anderson, Managing Director, InfrastructureUSA

Patrick L. Phillips:

Urban Land Institute's New Report, *Infrastructure 2012: Spotlight on Leadership*

I thought it was timely because it represents a bit of a shift in focus from our prior work and also the work of other organizations, most of which over the past few years have focused on documenting the investment deficit, if you will, the shortfall between our spending on infrastructure and what we think we need to serve the country's economic and development objectives. This one's a little bit different. It recognizes that that's maybe an intractable or less tractable problem and that we ought to spend more time focusing on solutions. And in ULI's culture, solutions derive from good leadership. So we turned our attention to what's working and how are those jurisdictions providing leadership and developing solutions. Thematically, I think it was an important step for ULI and hopefully for the infrastructure discussion moving from simply pointing out our shortfalls and shortcomings to zeroing in more on solutions, in particular on the importance of leadership.

Evidence that Infra Investment Works

We can claim it's an investment but we need to demonstrate a real economic and social return that's positive. So that's going to take a little bit of time, but it's not as if we're bereft of good stories to tell and one of the reasons—and ULI traditionally, of course, takes a case study approach where we document the experience and we tell stories, both positive and negative, to try to drive things forward. Unfortunately, the discussion about infrastructure got tangled up in the politics of the stimulus and therefore got attached to a much larger discussion—political discussion—problematic political discussion—about deficits and debt. I think returning it back to the real issue, which is how can we invest in our future constructively, we still haven't figured that out at the federal level and it's going to be important to do that. But at the metro level there are, in fact, some stories of progress and some innovation going on in terms of developing political consensus, figuring out the economics, and working with the private sector and so forth. So it's almost proceeding on two tracks right now: there's a local story—local, regional, or state story—that's a bit more positive; and there's a federal story that's not yet out of the thicket they've gotten themselves in. Ultimately we think that both are going to have to move forward for us to make real progress.

For now we're focusing our attention on where there are positive stories to tell, where there are positive returns that can be linked to these investments.

Infrastructure at the Local Level

We have 51 essentially metro-level ULIs out there. And they each have their own program of work that's responsive to the issues in their local community. But one of the ways we're trying to deal with things on a kind of global ULI level is with reports like the one we have, but also to drive that message down locally and also to collect information about what's going on in local areas and through our local council system. So our focus tends to be more on business and political leadership at the local level. Ultimately we need citizens to be enlightened about these issues and about these linkages. We at ULI spent a good deal of time a couple years ago trying to demonstrate at a real retail level, at a consumer's level, the value of thinking about housing and transportation costs together: the cost of a particular location in a metro area rather than the distinction between housing and transportation. We actually did get some traction on that. I think our work along with the work of others, moved the needle a little in terms of how people think about that. It got tangled up with the housing downturn generally but the federal government is now looking at ways to take a more integrated approach to transportation costs and we were at the forefront for that. There are certain things I think we can do to empower consumers of real estate, which is important to us, to make intelligent decisions and to connect what they want to support their lives with infrastructure.

Case Studies: Los Angeles and Oklahoma City

In the report we focus on the proportion of ballot initiatives at the local level that were successful, specifically intending to fund transportation issues. But one of the ones we spotlight was Measure R in L.A., which is a \$40 billion campaign over 30 years and was expanded during the process of getting it approved and accelerated. And that's obviously a large complex metro area that depends on a lot of surface transportation investment and has been hard-hit by the housing downturn. So that was one. Another one that we looked at was Oklahoma City, which bundled a whole series of projects and got voters to approve a sales tax increase to fund those things ranging from parks and recreational improvements to transportation improvements to the tune of about \$800 million. So those are a couple that we thought were important enough to spotlight in the report.

Money Is Not the Issue—We Need to Prioritize

I would dispute the notion that we don't have the money. We have the money; we have just simply chosen to focus on other priorities, so it's a matter of reordering our priorities. And we think that requires us to shine a spotlight on the importance of the issue, which we've been doing for years along with many others. And also to increasingly show a path out by demonstrating success rates. There are enlightened leaders out there and we spotlight many of them in

the report who are able to articulate that to the public and to garner the political support and to develop the technical solutions to move forward in a constructive way. When you put it all together in an aggregate way on a national scale, it's a matter of, some would say, national security: our economic performance, our competitiveness on a global scale. It's critically important. And now is the time to both address the shortcomings and also to invest strategically in the future. I recently spent some time in China and will be heading back in a few weeks, and there's no stronger evidence of how the US is being outpaced with respect to infrastructure investments than to spend a little time in Beijing or Shanghai or Singapore. It's just remarkable. It's not so much about the pace of investment, which of course is being driven by urbanization and by the fact that they have central control over those kinds of decisions. It's just the quality of the infrastructure investment, the nature of it, the relationship between where they're investing and how they're developing around it. It's remarkable. And it's hard not to come back to the US and feel a little dismayed about the condition and quality of our own infrastructure and the attendant constraints that we're putting on ourselves in terms of competitiveness and growth.

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