

Giving Back to Communities

An Interview with Stephen M. Ross, Founder, Chairman, and Chief Executive Officer, Related Companies, LP, New York

EDITORS' NOTE A 35-year veteran of the real estate industry, Stephen Ross is the founder, Chairman, and CEO of the Related Companies; founder and Chairman of Centerline (formally CharterMac, a NYSE-listed company); and Chairman of the Real Estate Board of New York (REBNY). In addition, he serves as a trustee on the boards of the Guggenheim Museum, Lincoln Center, New York Presbyterian Hospital, The Urban Land Institute, the Juvenile Diabetes Research Foundation, The Levin Institute, the National Building Museum, and the Jackie Robinson Foundation. Ross holds a B.B.A. from the University of Michigan, a J.D. from Wayne State School of Law, and a Masters of Laws in Taxation from New York University School of Law.



Stephen M. Ross

COMPANY BRIEF Founded in 1972 by Stephen Ross, the Related Companies (www.related.com) is an industry leader in mixed-use and multi-family property development. With offices in New York, Boston, Miami, Chicago, and California, the company operates through divisions in development, acquisitions, property management, marketing, and sales. As of 2006, Related has developed or acquired over \$15 billion in real estate assets, comprising 315 properties, with over 84,000 residential units and 10.3 million square feet of retail/office space. Affordable housing laid the foundation for Related, and over 70 percent of the 26,000 residential units under Related's management are part of one or more affordable housing programs.

Giving back to its communities has been a focus for the Related Companies from the very beginning. How important is it for the organization to be involved in its communities?

First of all, I grew up with that sense of responsibility, and knowing that I owe the community. The only way you succeed is if your community succeeds. And I think that's apropos in real estate more than it is for other corporations who don't deal with local neighborhoods as much as we do. We have physical assets in the community, so we are involved in the community on an ongoing, daily basis, for long periods of time. And because we have a long-term view for the assets we build and manage,

we can help the community, and vice versa. We have always believed that, by participating in the community and trying to make it a better place, we better the community and we do well for ourselves.

There are so many different issues you could get involved in. How do you decide which to lend your time and resources to?

Well, in our business, we really deal with life's problems. The most important one is shelter – and we provide shelter. So recognizing that

our company started in affordable housing, we understand the needs of people that require affordable housing. Therefore, we want to provide it in a manner that makes people feel good about themselves. And we believe in strong, integrated neighborhoods.

How do you measure your success in the Related Companies' corporate social responsibility efforts?

We can look at a building and tell you how well we're doing. We know if they're integrated communities from an economic standpoint. And the fact is, we can always tell how well we're doing by our market rates. Because if we're filled up at the market rate, we know that the building is performing well. Affordable housing may account for 20 percent of a building, and we know those tenants are getting a tremendous benefit living in our buildings.

Is investing in the community a business decision? Are corporate social responsibility and business success related?

A company can develop a reputation. Everybody talks the talk. But can they walk the walk? Our company's foundation is affordable housing. Another important initiative today is "green" buildings. We believe, given the problems with the environment, that it is incumbent upon us to develop green buildings and to develop the general public's understanding of their importance to the future. We hope the Related Companies will lead the way in developing green buildings, and we are looking to retrofit our older buildings to deal with emissions controls and other renovations that will benefit the environment.

Do you feel enough is being done to improve the American educational system?

It all starts with the teachers, and making sure that we have qualified teachers with a



passion for teaching. We have to create teachers who really want to teach. We need to reward them for their performance. So I think we have a long way to go, but I think things are getting better. With leadership like that provided by Joel Klein [Chancellor of the New York City Department of Education] and Mayor Bloomberg, improvements can be made. I attended the Robin Hood Foundation dinner and saw the amount of money that was raised for education and to combat poverty. I think business leaders understand that responsibility. I think we have to make that understanding more widespread. More people have to understand the importance of giving back. Our country is doing so well economically. I think it's time we give more back to the communities, so that we can ensure our educational system is meeting our children's needs.

Have the public and private sectors effectively partnered to address some of these issues?

In New York, we're very fortunate. The dialogue is great. Our government is run by a businessman who understands how to get things accomplished, and how government and businesses can work together. We're working to build a new Penn Station, and it takes somebody who understands business and public-private partnerships to move a project like that forward.

Personally, you are very involved in issues related to juvenile diabetes. How did that start?

I believe in health care. I'm a member of the board of New York Presbyterian Hospital. It's probably the finest medical institution in the city. But I got involved with juvenile diabetes for a personal reason: two of my children have juvenile diabetes. And I think people tend to get involved for reasons like that; either they have a disease or someone they love has it, and they want to do something to help.

And when did your interest in the arts develop?

Culture is part of what makes a city great. And making sure New York remains the world's greatest city involves so many facets. Certainly the arts are part of it. New Yorkers live and breathe the arts. So I think, across the board, you should get involved with anything that interests you, if you can make an impact and give back. ●

One of Related's many "Green" buildings, this one in Tribeca