

Sierra Club Could Gain Allies as It Steps Up on Behalf of Some Builders

By JIM CARLTON

The Sierra Club is well-known for trying to stop big real-estate-development projects. But in a move that could help it gain new allies, the nation's best-known environmental group is starting to go to bat for some builders.

The San Francisco-based nonprofit organization says it expects to release this week its first "Guide to America's Best

New Development Projects," an endorsement of mixed-use residential, commercial and retail developments in a dozen cities around the country. Among the endorsements: a project to build as many as 5,000 homes on the site of a former steel mill in Atlanta; the conversion of a high school into apartments and condominiums in Albuquerque, N.M.; and redeveloping a factory and warehouse district in Portland, Ore., into more than

2,000 townhomes and apartments.

"We are trying to be supportive of developers who are doing the right thing," said Eric Olson, Washington-based director of the Sierra Club's Healthy Communities Campaign. "We're also recognizing that you can't just be against things all the time. You have to be for things."

Mixed-use developments in big cities are becoming a hot trend in real estate. Sierra Club leaders say they support these kinds of developments because building more homes and businesses on existing urban land will help combat the problem of sprawl. By recognizing developments like these, Sierra Club leaders say they hope to encourage other builders to follow suit. The move follows other efforts by Sierra Club activists to lobby local officials for approval of certain projects and even testify on behalf of them in court.

The Sierra Club's new stance is being hailed by some of its former foes in the building industry, who say the group apparently has recognized that some development is inevitably going to take place. "I think someone at the Sierra Club has taken a reality pill, and I'm glad," said Keith Woods, chief executive officer of the North Coast Builders Exchange, an industry group in several counties north of San Francisco where the Sierra Club has fought to block

many proposed developments.

The Sierra Club also could gain politically by this move because builders are well-connected in Washington, as well as at the local level in many communities.

But neighborhood activists who normally join with the Sierra Club to fight real-estate developments are now finding themselves on opposite sides from the environmental group. For example, the Sierra Club filed a brief on behalf of a developer whose proposal to build 40

GM Closings Unlikely to Affect REITs Much

Dow Jones Newswires

NEW YORK—A decision by General Motors Corp. to close 12 North American plants and lay off 30,000 employees as part of a restructuring plan could affect demand for apartments in certain cities affected by the closures.

However, publicly traded apartment real-estate investment trusts shouldn't be materially affected, according to Wachovia Securities analyst Stephen Swett.

He said most REITs have little exposure to many of these markets, other than Atlanta. He said about eight apartment REITs collectively own 10,000 apartment units within 10 miles of GM's Atlanta plant.

Equity Residential appears to have the biggest exposure with 1,600 units, but this represents less than 1% of the REIT's total portfolio, Mr. Swett said.

Post Properties Inc. has about 1,500 units, or 6.5% of its total portfolio, and Apartment Investment & Management Co. owns 1,000 units, within 10 miles of the Atlanta plant.

"In all likelihood, there will be little effect from GM's layoffs on the apartment space," he said.

However, the consolidation and restructuring trend among U.S. auto manufacturers will likely continue as the sector struggles with international competition and rising health-care and retirement costs.

A Sierra Club official says the group is trying to support developers who do 'the right thing.'

units of affordable senior housing in Berkeley, Calif., was challenged in the courts by neighbors who opposed the project, says Tim Frank, a senior policy adviser for the environmental group. The California Court of Appeal cleared the way for that development last year.

Sierra Club officials said they supported that project because it was planned on the site of a former clothing store, and so wouldn't promote sprawl. They add most of the developments they are singling out in their new guide are being built on the site of other old or abandoned properties. For example, the guide praises developer Orrin Thiessen's \$175 million plan to convert a dilapidated section of downtown Windsor, Calif., into a neighborhood of about 275 homes and about 100 new businesses.

Other projects listed in the guide are located in Tacoma, Wash.; Oakland, Calif.; San Mateo, Calif.; Salt Lake City; Hopkins, Minn.; Milwaukee; Manchester-by-the-Sea, Mass.; and Greensboro, N.C.