

INDUSTRY ORGANIZATIONS

Impacting New York's skyline and its people *The real estate philanthropists who are paying it forward*

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The real estate and philanthropy communities lost a significant presence in June with the passing of Walter Shorenstein.



In addition to building his family's firm into the largest landlord in San Francisco with importance nationwide, Walter Shorenstein constructed numerous philanthropic institutions which will further his family's legacy.

Among his extensive philanthropic achievements were a number of university based endowments, including the Joan Shorenstein Center on the Press, Politics and Public Policy at Harvard, in memory of his daughter who had been a CBS News producer.

Shorenstein also shared his philanthropic zeal with his other daughter, Carole Shorenstein Hayes, by collaborating with her in the founding of several theaters in San Francisco, further building on Carole's love of theatre and work as a producer.

Douglas, his only son, leads the real estate company and has a proud list of his own charitable activities.

Some in charity circles talk about "passing the philanthropic gene" from older to younger generations. Engaging his family in philanthropy was an important value for Shorenstein, as it is for many real estate families here in New York City.

This willingness of real estate families to not only create their city's skyline, but

to institution-build beneath that skyline is legendary. Real estate families have a long history of creating and contributing to a significant number of social institutions — in medicine, religion, art and art history, education, the environment and in addressing poverty.

Why real estate families have historically demonstrated such an altruistic side, and how younger generations have become involved in philanthropic activities, is worthy of consideration for all families.

One enabler is that real estate lends itself quite well to multi-generational ownership. Tax laws have historically supported real estate ownership, allowing for tax-free refinancing proceeds which benefit both owners and those who run the organization, shelter through accelerated depreciation, tax efficient access to capital

markets, and asset enhancement through tax-free exchanges.

Sophisticated estate planning techniques have even allowed real estate owning families to transfer their holdings perpetually, with the consequence of assuring ongoing private ownership.

Many real estate families have also embraced a growing philosophy that promotes the notion that families contain four types of wealth, or capital: financial, intellectual, human, and social/philanthropic.

Families who focus disproportionately on their financial capital, and there are quite a few, are destined to cycle through their wealth in three generations.

On the other hand, families who consciously "invest" in all four categories of their wealth tend to grow, contribute, and fare better over the generations.

"By committing their time, in addition to their financial resources, real estate families make long-term commitments to charities."



What may most clearly define the manner in which real estate families have embraced this notion is by combining their financial capital with their human capital, i.e., through service. By committing their time, in addition to (and often in lieu of) their financial resources, real estate families make long-term commitments to charities, not unlike their real estate commitment. This bodes well in our current lean economic years (Giving USA reports that charitable giving was down 3.6% from 2007 to 2008) where long-term commitments enhance sustainability.

Consider these examples among New York's real estate families:

The next generations of the Rudin and Tisch families have served to promote NYC as a destination, in particular, post-9/11. Jonathan Tisch served from 2002-2008 as unpaid chairman of NYC

& Co. and Bill Rudin currently leads the Association for a Better New York, an organization created by his father, Lew Rudin.

The Rockefellers were early adopters of supporting the philanthropic ideas of younger generation family members. Funding was often available and younger family members were then invited to share their progress at regularly scheduled family gatherings.

Two notable examples include Peggy Dulaney's founding and long-term leadership of Synergos Institute, a remarkable global micro-lending program that supports entrepreneurship in developing countries, and Peter O'Neill, who teaches social work at Columbia University and broadly promotes programs for underprivileged NYC youths.

Sustainability and environmental causes require long-term commitments

— again, well suited for real estate families that capitalize on their philanthropic ideals by making the commitment required of investing in new technologies.

Two prominent NYC real estate families have been leading the industry in environmentally friendly development. The Durst family developed the Bank of America Tower at One Bryant Park which is viewed as cutting-edge environmental construction on which future design will be based.

Another family which has invested considerably in "green" is the Rose family, currently led by Jonathan, the grandson of one of the founding brothers.

So, with Walter Shorenstein's passing, we are reminded of the inescapable reality of our mortality.

For those with the foresight to have passed on their value of giving, their families will more likely continue to contribute to a lasting philanthropic legacy. ■

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