



College of Urban and Public Affairs

Advancing the Practice of Social and Triple Bottom Line Development

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Abstract

Building on prior research to define the social bottom line of triple bottom line development, this research considers how best to advance thinking and practice on the subject. Input was received from leaders of four industry-related sectors: certification, community finance, development, and planning.

Industry leaders articulated an interest in and need for better practice regarding the social bottom line. Specific recommendations to advance thinking and practice include: incorporate social bottom line principles into existing green building certification systems, document the process and value proposition of social and triple bottom line development, provide appropriate incentives and assistance to facilitate adoption of social and triple bottom line practice.

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DRAFT

Overview

Sustainability is defined by a triple bottom line imperative of environmental, social, and economic health. However, the social dimension is oft neglected and poorly understood. The Social Equity and Opportunity Forum¹ in Portland State University's College of Urban and Public Affairs has been leading an effort to address this gap. We began by defining the social bottom line (SBL) based on listening sessions with seven development related sectors and a review of existing models and literature. That effort yielded a user-friendly briefing paper, "*Development that Adds Up: Accounting for the Social Bottom Line of Triple Bottom Line Investment*" and a companion SBL Framework.² Next, we met with leaders in development related sectors to hear their thoughts about priority next steps for advancing social and triple bottom line practice. This briefing paper provides an overview of the research process, key findings regarding priority next steps, and implications.

Research Process

Four focus groups were held; one each with individuals representing planning, certification, finance, and development (Appendix One). The total number of participants was seventeen, with four to five participants in each session. Fifteen additional key stakeholders provided input via a survey. Participants were identified as a leader in their respective field and someone who could provide informed and thoughtful input on the topic. Human subjects approval was secured and participants provided informed consent.

Each focus group session followed the same protocol: After providing a brief review of the social bottom line project to date, participants were asked how social and triple bottom line development could best be advanced in the region. The geographic focus was the Portland metro region, though much of the discussion touched on national implications. Survey participants were asked to rate the value of specific activities addressing social and triple bottom line development including training and technical assistance, example projects, certification, and incorporation into local jurisdiction efforts.

Findings

While each focus group session reflected the unique interests and experiences of that sector, there was remarkable continuity of themes and suggested priorities across sessions, as well as in the survey results. Findings regarding how best to advance social bottom line thinking and practice in the region are shared below, followed by a discussion of implications.

¹ The Social Equity and Opportunity Forum evolved into the Initiative on Triple Bottom Line Development.

² Our briefing paper, framework, and compendium of sample projects can be found at: <http://www.pdx.edu/cupa/publications>. The draft social bottom line framework can be found in Appendix Two.

The Value Proposition: Tell Me What This Is and Why It Matters

Participants noted that there is a general lack of understanding about social and triple bottom line development and propose that clear and concise messaging is needed to explain what it is and why it is an important and valuable thing to do. Further, industry leaders that do want to advance the social bottom line see that additional expertise and expense are required, without clear corresponding benefits. Participants suggest that it would be helpful to create profiles of completed projects including how the projects were implemented and how they are performing. Of particular interest are metrics regarding outcomes (e.g., jobs, units, satisfaction) and value or benefit (e.g., investment return, premiums on price or sale time).

Capacity: Help Me Figure Out How To Do This

Participants report that awareness and interest in social bottom line development often are not accompanied by the capacity to do so. One suggestion for building capacity is to apply the SBL framework to some real world projects. This would be useful both for “stress testing” the framework to see how it works, as well as for providing on-the-ground learning about how to do such development. A related suggestion is to “charrette” a project – bringing in expertise from various sectors to apply a social bottom line lens to a project. Training and technical assistance were suggested as useful for building capacity. This includes incorporating SBL and TBL concepts into degree and continuing education courses, providing consulting expertise to clients, and offering courses and workshops through professional groups such as APA, ULI, and USGBC.

Rules and Tools: Make It Easier To Do The Right Thing

Participants observed that achievement of social bottom line development would be greatly facilitated if there were incentives to “do the right thing” and disincentives to “do the wrong thing.” Specific suggestions were made for tools and incentives that lower the transaction costs of putting SBL and TBL principles into action. For example, provide a list of certified or pre-approved tenants or contractors, create a menu of options that support the social bottom line, provide “feebates³” or other incentives, or provide funding to defray upfront planning costs associated with social and triple bottom line development. Creative financing partnerships were also suggested, particularly in the current economic climate.⁴ Suggestions were also made with respect to changing the rules of the game. For example, requiring documentation of social bottom line performance for approvals or funding. At the same time, participants were clear that the viability of such requirements depends upon the context. In high leverage situations (e.g., a firm wants to bid on a contract) there is greater opportunity to specify performance metrics. In low leverage

³ Similar to rebates, feebates provide for reduced fees when specific criteria are met. For example, a building constructed to a base standard pays a fee per square foot while a building constructed to the preferred standard receives a rebate per square foot.

⁴ Specific examples included the use of Small Business Administration (SBA) loans for commercial condo, operating as social purpose enterprises such as LC3s, and stronger public-private partnerships.

situations (e.g., a firm is choosing among competing locations), the ability to specify additional performance measures is reduced. A number of participants expressed an interest in seeing accountability measures for incentives given—ensuring that the promises made are delivered.

Collaboration: Let's Work Better Together

Social bottom line development is defined by its responsiveness to community context and inclusion, though this has been difficult for diverse sectors to conceptualize and operationalize. Rather than rolling out project proposals for residents to respond to, community members should be included as shareholders and collaborators. Participants suggest it would be fruitful to work with community members early in the development process to identify what types of projects are desirable and a good fit. At the same time, there is an awareness that developers need to be nimble and concerns were expressed about the time and expectations created by “setting a larger table.” Related to the issues of capacity-building and incentivizing, this suggests some sort of dialogue to understand both the needs and desires of the community and the realities associated with project viability. Participants also suggested that social and triple bottom line outcomes would be advanced if there were better alignment and integration between “silos.” The planning group specifically mentioned opportunities for Metro and DLCDC to take leadership on this.

Certification: Supplement Existing Systems

Participants suggested that social bottom line certification could help shift industry practice and expressed significant reservations about implementing a new certification system. Concerns were expressed regarding cost (adding on additional fees), rigor (ensuring the integrity of the program), certification fatigue (there are so many systems already out there), and maintenance (ensuring performance over time). There is a sense that certification systems can be too restrictive and discourage innovation, as well as too loose and open to people “gaming the system” and “green-washing.” Participants do not recommend the creation of a separate system for social bottom line certification⁵, but do suggest incorporating or enhancing social bottom line elements into existing certification systems as a viable and worthy way to advance thinking and practice. At the same time, significant tensions and questions were raised: for example, whether and how to address social bottom line performance post-occupancy; how a project would be scored (e.g., narrative, points, or both); whether to have thresholds or mandates for some items; and how to validate the accuracy or veracity of reports. An award program to recognize notable projects was offered as an alternative to certification that could help raise the bar and provide examples without encumbering the costs and logistical challenges associated with a certification program.

⁵ This is true for both certification of projects and providers.

Implications

To be a leader in sustainability or triple bottom line development, the Portland metro region must successfully integrate social dimensions of sustainability with environmental and economic dimensions. This research identifies specific recommendations articulated by thought leaders from certification, development, finance, and planning sectors regarding how best to advance social and triple bottom line practice in the region. Their recommendations echo findings from a separate set of focus groups with city and county officials that explored how, if at all, a triple bottom line lens is being applied to development decisions at the local level and what might strengthen practice.⁶ The recommendations point to a multi-pronged approach for advancing thinking and practice that centers on building awareness, capacity, and demand. Suggested next steps include:

- Training and Technical Assistance – Incorporate social and triple bottom line concepts and examples into workshops, trainings, and education programs, with materials designed both for individuals who are new to the concept as well as individuals who have a deeper understanding of the concept. Coaching or consulting assistance on projects can be provided for clients trying to operationalize SBL and TBL concepts.
- Example Cases – Document cases of social and triple bottom line development including a review of the process and impact. Consider giving awards to exceptional projects in order to raise visibility and possibly influence industry standards.
- Incorporate SBL Elements into Existing Certification Programs – Promote efficiency and impact by addressing social bottom line gaps in existing project and provider certification systems rather than creating a separate social bottom line certification system.
- Incorporate SBL Elements into Approval Processes – Where there is appropriate leverage, add or strengthen the social bottom line criteria that must be met for approvals. This includes approvals by jurisdictions, foundations, lenders, and investors and could include reviews of development proposals, economic development incentives, municipal investments, and requests for proposals.
- Lower Transaction Costs – Support efforts to build developments with a strong social and triple bottom line, particularly in the early phases of uptake. Beyond training and technical assistance, attention should be given to reducing the additional costs that can be associated with this type of development. This includes by providing lists of

⁶ Four focus groups were held: one each with senior officials representing economic development, environmental services, planning, and transportation. The report, *Applying Triple Bottom Line Analysis to Development Decisions in the Portland Metro Region: Findings and Implications of Focus Groups with Municipal and County Officials*, can be found at <http://www.pdx.edu/cupa/publications>.

preferred providers or products, assisting with community engagement and collaboration, providing incentives, assisting with financing, and offsetting or sharing costs.⁷ Concerns were expressed about accountability when incentives are provided; for example, withholding incentives until compliance is verified.

- Build Collaborative Capacity – Support effective and efficient collaboration among the diverse stakeholders whose various expertise and capital must be well integrated to achieve social and triple bottom line results. Bringing individuals, departments, and organizations with diverse expertise together can strengthen the knowledge and networks required to achieve social and triple bottom line outcomes.

Together, these recommendations respond to the awareness, capacity, and demand issues identified by key stakeholders. The recommendations are relevant to both industry leaders looking for ways to operationalize the SBL concept, as well as conventional investors unlikely to adopt SBL practices in the absence of compelling market trends or political pressure. These recommendations do not address the mechanics of incorporating social bottom line elements into tools or certification systems. There was a clear sense that certification can be useful for changing industry standards, but is fraught with difficulties. There is support for weaving SBL elements into existing certification systems but not for a stand-alone system. Questions remain regarding how best to ensure that a scoring mechanism is easy-to-use, flexible to context, and meaningful. This topic is ripe for further attention, with answers likely dependent upon the purpose of the tool (e.g., design, assess, evaluate).

This purpose of this research was to hear feedback from industry thought leaders regarding whether and how to advance social and triple bottom line practice in the region. The research confirmed that the social bottom line of triple bottom line development has been poorly understood and attended to, and that this shortcoming should be addressed. Specific recommendations to advance social and triple bottom line development in the region were made, with roles identified for public, private, and community-based players.

⁷ This is consistent with our case study research that identified few social bottom line projects led by or executed by the private sector without subsidy.

Appendix One: Focus Group and Survey Participants

We thank the following individuals for generously sharing their insights and perspectives. The report in no way reflects their or their organization's agreement with or endorsement of the findings.

Certification Sector

Elliot Allen	Criterion Planners, Inc.
Darrel Brown	Portland State University, School of Business
Jay Coalson	Green Building Services
John Gardner	CAWS – Construction, Apprentice and Workforce Solutions
Ann Griffin	Earth Advantage Institute
Scott Lewis	Brightworks
Stephanie Slyman	Slyman Consulting
Brandon Smith	Cascadia Green Building Council

Development Sector

Sarah Bernhard	Consultant
Kevin Cavanaugh	Developer
Rey Espana	Director Community Development, NAYA
Eric Ridenour	SERA Architects
Doug Shapiro	Hoyt Street Properties
Jean-Pierre Veillet	Siteworks
Bob Walsh	Walsh Construction

Finance Sector

John Berdes	ShoreBank Enterprise Cascadia
Colin Rowan	United Fund Advisors
Whit Spencer	Enterprise Community Partners
Carl Talton	United Fund Advisors
Adam Zimmerman	ShoreBank Enterprise Cascadia

Planning, Community and Government Sector

Kate Allen	Portland Housing Bureau
Fred Atiemo	Portland Development Commission
Michael Anderson	Center for Community Change/Oregon ON
Steve Dotterer	Portland Bureau of Planning and Sustainability
Jill Fuglister	Coalition for a Livable Future
Felisa Hagins	SEIU 49
Jerry Walker	Housing Authority of Portland
Jeri Williams	Office of Neighborhood Involvement, Portland
Bob Wise	Cogan Owens Cogan
Greg Wolf	National Policy Consensus Center

Appendix Two: Draft Social Bottom Line Framework

Elements defined through focus groups, review of practice, and literature review.

The briefing paper and framework can be found at:

<http://www.pdx.edu/cupa/publications>.

Responds to Community Context

- Alignment with Community Context
- Inclusive Engagement

Fosters Healthy Living

- Community Completeness
- Accessible and Affordable Housing Options
- Mobility
- Integration with Other Environmental Sustainability Goals
- Employee Health and Safety

Strengthens Community Fabric

- Community Sense of Place and Identity
- Inviting Public Spaces
- Enhances Social Connection and Civic Engagement
- Empowerment
- Community Involvement by Project Developers and Project Businesses

Fairly Distributes Burdens and Benefits of Growth

- Full-Cost Accounting
- Social Inclusion
- Equity Ownership and Profit-Sharing Opportunities
- Governance and Management of Business

Contributes to a Vibrant Community Economy

- Community Economic Development
- Rewarding Employment Opportunities
- Positive Impact on Fiscal Health of Community
- Other Innovations