Innovating the Built Environment
How the Law Responds to Disruptive Change

Peter Smirniotopoulos
Adjunct Professor
Seattle University School of Law

SITIE2020 Information Session
04 March 2020
4:30 p.m.
Room C5, Sullivan Hall
The “Big Idea” Behind this Course

Examples of How the Law Thwarts Innovation

Four Special Topics Covered Over Four Weeks
Innovating the Built Environment: How the Law Responds to Disruptive Change

The “Big Idea”

Through increased innovation, technology is rapidly accelerating. Simultaneously, the “democracy of ideas” and its consequent, rapid spread of entrepreneurship is bringing technological change to life in myriad ways and at a seemingly exponential rate of growth.

By stark contrast, “the law” moves at a glacial pace. More often than not, the law is used as a cudgel when wielded skillfully by those opposing change to delay, dilute and/or preclude innovation and technological change from being commercialized. At best, the law is forced to catch up to change, with entrepreneurs, their lawyers, and organized public demand leading the charge.
“The Development Process”

By teaching and applying “The Development Process” to the analysis of these Four Special Topics, students in the course will gain a solid understanding of and grounding in real estate development and real estate law, while also delving into the specific legal issues pertaining to Innovating the Built Environment.

The Development Process is a practical yet pedagogical framework, created by Professor Smirniotopoulos and revised and improved over the past ten years, for the purpose of teaching real estate law and project finance. It serves as the foundation for Professor Smirniotopoulos’s 2016 real estate law textbook, which will be used throughout this course.
Examples of the Law Thwarting Innovation

Food Trucks

Ride-Sharing

Space-Sharing
SITIE2020’s Four Special Topics

**TOPIC #1** – Capital Formation Supporting Commercial Real Estate Innovations: How an 87-Year Old Federal Law (The Securities Act of 1933) Exposed the Flaws in WeWork’s “Innovative Business Model”

**TOPIC #2** – Expanding Seattle’s Affordable Housing Opportunities: *Is there Still a Place in Seattle for the Single-Family Detached Housing Typology, Given the Acute Need for Affordable Housing?*

**TOPIC #3** – The Seattle Greenway: What Will it Take to Connect All of Greater Seattle’s Neighborhoods with a Comprehensive Walking and Biking Trails?

**TOPIC #4** – Increasing Homeownership Among Millennials and GenZ: *Is “tokenization” the next great leap forward needed to make homeownership more appealing to Millennials and Gen Z’s?*
TOPIC #1: Capital Formation Supporting Commercial Real Estate Innovations

- Co-working pioneer WeWork, which also has a co-living subsidiary, WeLive, grew meteorically through an extremely aggressive building and master-lease acquisition strategy over the past several years.

- WeWork's acquisition efforts were so robust in some markets, such as Manhattan, the company quickly became the largest operating landlord.

- Hype about the company's promotion of its unique business model gave it the appearance of market dominance, fueling speculation that it was a true "unicorn."

- Was WeWork's business model truly unique, bringing with it the promise of a very profitable real estate operating company in the future?

- Or was it the company's early stage, venture capital-fueled meteoric growth—without a solid business plan for how that growth and market dominance might translate to a financially sustainable and profitable operating entity—that made it the shiny red firetruck in the toy store window attracting investors' attention?
TOPIC #2:
Expanding Seattle’s Affordable Housing Opportunities

• In the Summer of 2019, several front-page newspaper articles appeared across the United States suggesting that the sole cause of housing unaffordability in major metro areas was single-family detached zoning in inner-ring suburbs, and proposing its elimination.

• Seattle owes much of its unique character to the close-in, primarily single-family detached (“SFDs”) neighborhoods surrounding or in close proximity to its CBD: Capitol Hill, Ravenna, Madrona, and Ballard, Alaska Junction and Alki Beach in West Seattle; and many, many others.

• Is the proposed elimination of the SFD Zoning designation the silver bullet affordable housing production desperately needs or merely a panacea portending further disappointment among those desperately in need of affordable and accessible housing options?

• Are there less-draconian and far more-effective land use control innovations that might better serve the City’s and the region’s affordable housing needs?
TOPIC #3: The Seattle Greenway

- Metropolitan areas throughout the country have pioneered their revitalization, including the addition of new opportunities for affordable housing and live/work/play environments, through “greenway” projects.

- The City of Atlanta’s Beltline offers a compendium of Best Practices in land acquisition and redevelopment strategies for the creation of greenways forging new relationships between the built and unbuilt environments.

- The City of Seattle and the greater Seattle area are known for their numerous and very diverse recreational opportunities, making the area one of the healthiest in the country.

- In a marketplace that has some of the most-expensive, undeveloped and underdeveloped land, including some industrial and brownfield sites, how can municipal government acquire the real properties necessary to fulfill the promise of a fully connected Seattle Greenway?
TOPIC #4:
Is Tokenization the Answer to Increasing Homeownership Opportunities Among Millennials and GenZ

• If single-family homeownership and time-sharing had a love child, what would it look like?

• Is it possible to adapt successful models for office sharing to homeownership so renters who lament not owning an appreciating asset could have a stake in “something” while not being tied down to one specific residential structure or a single geographic location, to make homeownership more attractive to younger generations?

• The “tokenization” of real estate ownership and investing promises Blockchain technology to revolutionize existing models for real property recordation, greatly simplifying the process.

• But will/can tokenization replicate all of the indicia of property ownership on which real estate-related transactions have come to rely?