

@omstock's

FEB
2007

GEEK
SYNDROME

CLARKSBURG
WINES

DEATH
AND TAXES

business insight
for the
capital region

Curt Johansen
Executive vice president,
Triad Communities

PROPHET IN THE MAKING

\$3.95

0 2



comstocksbusiness.com



SETTING
THE
STAGE
by Rich Ehsen

PHOTO: JAYSON CARPENTER CURT JOHANSEN IN VALLEJO'S EMPRESS THEATRE



GURT JOHANSEN'S
TRADING STEEP
PROFITS FOR
SUSTAINABILITY.



WILL
THE BUILDING
INDUSTRY FOLLOW
SUIT?

Curt Johansen is a man on a mission. The executive vice president of Triad Communities LP in Vallejo has been to the top of the development world, and to put it bluntly, he doesn't much like the view. But Johansen also knows he can't change that world in one fell swoop, so instead he is working to change it in smaller chunks, bit by bit, one community at a time. The key, he says, can be summed up in a single word: sustainability.

Also known as smart growth, the literal definition of sustainability is actually fairly simple: development that meets the needs of the current generation without compromising the natural resources necessary to support future generations. For Johansen, who over the last decade has made Triad Communities the leading sustainable development practitioner in Northern California, sustainability is simply the antithesis of the mantra that says bigger is always better.

For one, he says, sustainability is not suburban sprawl — hordes of cookie-cutter houses crammed onto every available lot, subdivided away from the rest of the outside world with precious little open space for residents to enjoy. From the commercial perspective, it also is definitely not long strips of generic single-level boxes filled with big chain retail — usually dominated by an anchor tenant like Wal-Mart or Target — that systematically stomp the life out of every mom and pop store for miles around.

“There is definitely a place for large-scale chain retail, but we should be thinking about how that retail doesn’t have to be done the way we were doing it 40 years ago,” Johansen says. “I actually believe the more local we can be, the better.”

In short, Johansen believes development should never be about building gobs of sterile structures connected only by proximity, or places where quantity trumps quality of both structure and life. In Johansen’s view, responsible development should be about the people who will inhabit structures and those who will interact with them. To that end, Johansen’s mission is to

create holistic communities of truly interconnected homes and businesses guided by the principles of balance he calls “the three E’s: economy, environment and social equity.”

That means crafting developments in such a way as to promote the use of locally created goods and services and the preservation of open space, woodlands and agriculture. It also requires

**“I HAD TO ASK
MYSELF IF I WAS
CHANGING THE WORLD
BY BUILDING
SECOND, THIRD OR
FIFTH HOMES FOR
THE WEALTHY.”**

the dedicated use of renewable energy resources, and above all else, a commitment to diversity of housing styles and affordability. Johansen adds another component to his personal version

of sustainable development: the idea of “true public spaces,” such as traditional town squares, “where neighbors can go to meet, hang out with friends, exchange ideas, practice democracy — even sell Girl Scout cookies.

“In its purest sense, something is sustainable when it keeps something going,” he says. “Private spaces sometimes improve and sometimes deteriorate in quality over time because individuals’ energies, habits, needs, wants, incomes, etc., change over time. But public spaces that are sustainably designed and well-maintained always increase in quality and value over time because the collective of society looks after the common good that those places represent.”

Johansen points to the commitment most European cities have made to maintaining public spaces, noting that some have been doing so for centuries. It is a script he is adamant about following. In doing so, Johansen hopes to create what he calls “communities that will not only last, but thrive long after we are gone.”

It is an admittedly lofty goal, but Triad now has several developments scattered around the Napa, Vallejo and Vacaville areas that meet various levels of Johansen’s concept of sustainability, with more in process. Those in the queue include two long-term projects that are among Triad’s boldest to date: the complete renovation of Vallejo’s historic but downtrodden 12-block downtown center, and a proposed ecovillage in the small, rural community of Angwin in Napa County.

When completed, Vallejo’s gritty downtown will be transformed into an eclectic mixed-use community of shops, retail, entertainment and housing that will make the area a vibrant place to live, shop and work, all while maintaining what Johansen calls its “sense of place” by way of a complete restoration of the landmark Empress Theatre, an art deco gem that dates back to 1911, as well as Johansen’s beloved public spaces and easy entrée to the city’s waterfront.

Angwin is even more ambitious. The project is a joint venture with Pacific Union College, an arm of the Seventh-day Adventist Church, which wants to develop the property it owns there as a way to pump up the school’s endow-

CURT JOHANSEN

AGE: 55

TITLE: EXECUTIVE VICE PRESIDENT, TRIAD COMMUNITIES.

EDUCATION: TWO YEARS AT JACKSON COUNTY JUNIOR COLLEGE IN MISSISSIPPI.

FAMILY: CURT AND HIS WIFE, DEBORAH, HAVE THREE CHILDREN, AGES 20, 10 AND 8.

BUSINESS PHILOSOPHY: “WE ARE ABSOLUTELY MILITANT ABOUT SUSTAINABLE DEVELOPMENT. WE WANT TO SEE HOW A DEVELOPMENT IS GOING TO ‘LIVE’ AND FUNCTION SO WE DON’T CREATE SOMETHING THAT IS GOING TO BE OBSOLETE SOON AFTER WE’RE GONE.”

LIFE PHILOSOPHY: “I’M REALLY INTO BALANCING MIND, BODY AND SPIRIT, AND I AM VERY INTO SELF-IMPROVEMENT THROUGH EDUCATION.”



ment. But the church, concerned about the area's heavily forested landscape being turned into another sprawling yuppie hideaway, also wants to minimize the impact of any such development.

That desire has led to plans for the eco-village, which will be the most completely sustainable Triad development to date, featuring alternate forms of transportation, ecologically friendly businesses, systems to reduce and reuse agricultural and other wastes, the highest levels of green energy, and an emphasis on a locally grown food supply.

If this all makes Johansen sound like a hippy-dippy holdover from the 1960s who drives a chartreuse micro-bus and wants to turn the world into a giant commune, think again. Before coming to Triad, Johansen was a highly successful member of the conventional building industry, and for six years was a lead builder with Vintage Properties in Marin. It was there, in the early 1980s, that he became involved in the project that was to change his life: building the ultra-exclusive Vintage Club in Indian Wells in Southern California.

Given carte blanche to create a community that would cater to the nation's wealthiest people, Johansen went about building a world of stunningly luxurious mini-palaces in the California desert that became "the highest-end community of its kind in the country." It should have been a career-defining achievement, and in many ways it was. But for all of its splendor as a desert oasis for celebrity CEOs, U.S. senators and presidents, the finished Vintage Club community left him strangely unfulfilled.

"I felt empty at the end of that project," he recalls. "It really caused me to pause and reflect on what I had accomplished there. While I was very fulfilled by the quality of what we had done and what I had learned, I still had to ask myself if I was really changing the world by building second, third or fifth homes for the wealthiest one-tenth of 1 percent of the population. That was not satisfying for me.

"I felt that I had some gifts with which I could give something back to society, so why not use them in a way that would impact a bigger group of people, particularly the middle class?" Johansen adds.



Johansen is overseeing the transformation of Vallejo's downtown, which could take a decade.

If you talk with Johansen long enough, the conversation will almost always find its way to his passionate feelings about America's middle class, which he believes has been progressively marginalized over the last 50 years. It is a sentiment that pervades every nook and cranny of Johansen's thinking.

"These days, the middle class is finding it harder and harder to feel good about the American Dream," he says.

**"I FEEL THERE'S
NOTHING WRONG WITH
THE CONCEPT OF
DOING GOOD THINGS AND
MAKING ONE BOATLOAD
OF MONEY
INSTEAD OF TWO."**

"Right after World War II, I believe we started to forget a lot of the things that made this country really strong. It started with the pursuit of individual wealth and forgetting about how valuable it is to have societal wealth, material as well as non-material. It has created this class divide that I think is not very healthy for us as a nation."

Johansen's feelings are undoubtedly tethered to his decidedly middle-class upbringing. Born in Queens, N.Y., to a civil engineer father and a stay-at-home mom, Johansen spent much of his youth bouncing around with the family to stops in New England, Virginia and Mississippi. He began working as a teenager to contribute to the family kitty, eventually ending up in the development trade mostly because he loved the idea of building things and shaping the environment.

Although his higher education was limited to just a few years of community college, Johansen's ferocious work ethic, seemingly boundless energy and eagerness to learn quickly moved him up the ladder. Personable and charismatic, he also drew the attention of mentors who were happy to feed his enthusiasm by sharing their knowledge with him, providing a real-world education no school could have offered.

"I was fortunate in my first couple of jobs to have mentors that liked me and taught me stuff real fast," he says. "They weren't hung up so much on my background, as they liked the fact that I was interested, had energy and picked things up really fast."

A vacation to California when Johansen was 28 changed his course again. Enthralled with the weather and the California vibe, he relocated to Marin. He and his family have now made Petaluma their permanent home, but Johansen did not find career sat-

isfaction until what he describes as “a development fling” with Triad in 1997.

He had struck out on his own after the Vintage Club was complete, spending the next several years building custom homes and consulting with other developers or communities on the side. All the while, he was getting more and more interested in the idea of sustainable development, but was never in a position to act on his desire to bring that concept to his work.

That changed when Seattle-based Triad Development came calling for help on a project called Sky Valley in Vallejo that had been in a state of flux for almost a decade. Triad had built a stellar reputation doing high-concept urban infill projects in Seattle, including a lot of major redevelopment on the city’s waterfront, but nothing on the scale of what Sky Valley needed. They also wanted a local person to help manage the California project.

It was a marriage made in heaven. Sky Valley was bogged down in a quagmire of bad planning, funding shortfalls and community angst, all of which made civic leaders more than ready to try something different. Again given the opportunity to craft a community as he saw fit, Johansen ran with it.

The end product contained fewer homes than originally planned, but did include, among other things, more parks, open space and a school. The new community, re-dubbed Hiddenbrooke, wasn’t the full vision of sustainability Johansen has today, but it was a start. It was also a success, becoming one of the most popular high-end communities in the region, a distinction it still maintains.

That success inspired Triad’s Seattle partners, John Goodman and Fred Grimm, to bring Johansen in full-time to run the California operations. Suddenly propped up by both a lot of established equity and a shared desire to make more and better sustainable developments, Johansen was on his way. He says the trio has since developed a perfect balance of conventional (mostly in Washington) and sustainable (mostly in California) development models, which makes the company both profitable and cutting-edge.

Profitability causes Johansen the greatest consternation, primarily because



An eco-village in Napa County is Johansen’s most sustainable project to date.

he says it is the most misunderstood aspect of what he does. He acknowledges the need to be profitable, but also decries most developers’ naked lust for making money at the expense of both the environment and any sense of community in the developments they create.

“I learned the business the conventional way, which was really important

“I FRUSTRATE THE BUILDING INDUSTRY BECAUSE THEY THINK MOVING TOO FAST WILL FORCE THEM TO COMPLETELY RESTRUCTURE HOW THEY DO BUSINESS.”

because so many parts of development are financially driven and are market-driven, and I have no desire to be a nonprofit,” he adds. “On the other hand, I feel there’s nothing wrong with the concept of doing good things and making one boatload of money instead of two.”

Johansen also takes issue with the perpetually antagonistic relationship most developers have with environ-

mentalists and community advocates, something he says the industry too often eggs on by overtly trying to cut those groups out of the process from the start.

While developers often complain that the public doesn’t understand the financial pressure they are under, Johansen counters that trying to hide information will never help people understand those issues. His approach is to instead bring advocates in from the beginning in order to make them stakeholders.

“The parties are coming to the table anyway,” he says. “I’d rather just invite them in and try to build some trust. The minute you inject them into a vision that isn’t set and you say, ‘Help me to create this,’ they take ownership. My goal going forward is to have the community help to craft every project that way.”

Johansen’s success has also become his toughest challenge. Cities across the state have noticed his work with Vallejo et al, and many are eager for Triad to work similar projects in their community. But Johansen says he is often forced to resist taking on projects bigger than he can handle on his own because he does not want to be forced to call in equity partners that might leverage him away from sustainable ideals. “I fear a loss of control if we try to do too much,” he says, noting that it is a Catch-22 of sorts — how does he spread influence in the industry without becoming that which he despises?

continued on page 77

While he does not yet have a rock-solid answer to that question, he says the sustainability concept is becoming more economically feasible with every successful development Triad completes. It has taken most of a decade, but the company now often has enough of its own equity to prop up those projects and make them happen without needing much help from other equity partners.

Triad is, for example, investing about \$175 million of its own money into the Vallejo project, and Johansen expects similar investments in future projects. And while he knows the returns will probably not be anything like they would be without the extra cost of making them sustainable, he also knows they will produce enough profit to make the next project feasible — and the next, and the one after that.

He is aware, however, that they won't come easily or quickly. Vallejo's downtown and the Angwin eco-village will each take eight to 10 years to complete, barring any major problems. Still, Johansen dreams of building an entire "eco-city within a city" someday, one that would fit inside a current metropolis like Sacramento or San Jose. While that dream may be a bit too big for the here and now, Johansen does see some of his efforts taking hold in the rest of the industry right now.

"We see developers now offering to do things they never would have done before, incorporating sustainable principals into their designs. Developers say cities were going to ask for sustainability anyway, so why not offer it?" he says.

He admits that his "absolutely militant" views on sustainability have not made him the most popular guy with his colleagues, but the criticism doesn't faze him much. He also doesn't envision slowing his efforts down for any reason.

"I frustrate the building industry because they think I'm moving too fast with changing the industry, and they are afraid that if this happens too quickly it will force them to completely restructure how they do business," he says. "Incremental change for any industry is safer, but if we keep changing only incrementally, we're falling behind. We actually need to change faster."

The Sacramento Ballet Presents

The Taming of the Shrew

You've seen this story as the musical *Kiss Me Kate* and the movie *10 Things I Hate About You*. Now see Shakespeare's comic battle of the sexes as a ballet.

February 8 - 11, 2007
Community Center Theater

Don't miss the show-out hit of the New Year!

TICKETS:
Community Center Box Office at 916.264.5181 or Tickets.com at 800.225.2277
For discounts on groups of 10 or more call 916.552.5800 x101.
www.sacballet.org

Photo: Jay Mather

Sponsored by Guggenheim Partners

AA

SACRAMENTO THEATRE COMPANY

Private Lives
Jan. 24 - Feb. 18
By Noel Coward
Directed by Gina Kaufmann

Call (888) 4-STC-TIX

www.sactheatre.org

Why pay retail? Save up to 80% off on top quality workstations!

- ▶ Custom Refurbished Furniture
- ▶ Design & Installation
- ▶ Pick-ups & Delivery
- ▶ Rental Division
- ▶ Used Workstations

(800) 660-1756 ◀▶ (916) 362-1756
9615 Oates Drive ◀▶ Sacramento

www.randmoffice.com

REVOLUTION WINES

A new era of winemaking in Sacramento

Available locally at **Mason's**,
Beyond Napa Wine Merchants and online at:

revolution-wines.com
916.444.7711