Hello and thank you for joining us for today's webinar. I'm Christopher Toney. I am the executive director of UIS to Williger Center for Housing and I'm pleased to welcome you to today's conversation UI. Twilligear Center focuses on best practices and relating public policies broadly and specifically works to advance housing production, attainability and equity. Today's conversation is focused specifically on the challenge of homelessness. And while the real estate community certainly cannot solve homelessness alone, we can play critical roles, particularly in building and operating transitional and low cost housing, but in a variety of other ways as well. UI's homeless to House report, for which there's a link on your screen is a set of actual, replicable projects addressing the critical and growing challenge of homelessness and cities around the US. The Lotus Campaign sharing crossing project, led by today's panelists, Phillip Payne, is one of the projects included in the report. UI is particularly grateful for the vision, foresight, and support of Preston Butcher for the homeless report without his concept and guidance, I would not have undertaken. This important effort and let me stress again as Preston would that the report captures actual on the ground operating projects that are ripe for EPR replication and other locations around the country. Now I'm pleased to take a moment to introduce our panel.
First, we have Lee Ferguson, who will be our moderator, Lee recently or recently retired as Director of Economic Development, Downtown Development, District of New Orleans, LA, and as a developer with over 35 years of experience in real estate. He's an expert on downtown revitalization, affordable housing, mixed use development and partnerships with public and nonprofit entities. I appreciate Lee moderating our panel today. Secondly, is Vicki Davis as president? Of Urban Atlantic and overseas, the acquisition planning, design, and implementation of all urban Atlantic projects and asset management of properties of company owns and it's mid city community. CDE investment portfolio with over 30 years of experience in real estate development. She formerly served as deputy director of the Maryland Housing Fund and Maryland DHCD Division of Credit Assurance. Her experience also includes portfolio management for MNC Financial S Charles Realty and multifamily. Development for Trammell Crow residential. Mickey is also a highly valued to Wilkerson International Advisory Board member. Thanks so much Vicki for participating today and finally, as Phillip Payne, Phillip is the chairman of the Lotus Campaign in Charlotte, NC nonprofit that's increasing housing access for those experiencing homelessness, he has over 30 years of experience in development, acquisition, rehabilitation and management of middle market and workforce multifamily housing. Prior to joining Lotus, Phil has served. Wrong number of high level roles as principal of Ginko Residential, which provides property management services for multifamily properties throughout the southern US and is actively involved in the acquisition and substantial rehabilitation of middle market multifamily
properties. Bill has been a strong contributor to utilize Advisory Services program where he's dodged flying objects among other things, and received inspiration for his work with the Lotus Campaign, which is featured. As I mentioned previously in the homeless House report. Please do read the full impressive BIOS of all of our panelists on our website, but without further ado, it's my pleasure now to give the floor to Lee Ferguson Lee.

Christopher, appreciate that and appreciate Vicki and Phillip. Appreciate you guys participating as well today and everyone that's listening in and we encourage questions. Put them in the chat. Get them to Christopher and give us an opportunity to be responding to those because one of the key things about this from the very initial discussions through the production of the report and going forward is that this is the beginning of a discussion about how ULI members and the real estate community at large can become a part of the solution. And hopefully can make a significant impact on on dealing with homelessness based on those things that you allowed that UL members know and do so well. And that's development execution, and you know, and new ideas. As Christopher mentioned, there are eight specific case studies in this report, and there are numerous additional ones in the index that were referred to to kind of set the stage a little bit for what we're the challenge that we're talking about. You know the scale of homeless as of about 2020. Which is the last detailed data. There are about 580,000 people in the United States experiencing homelessness at that point in time. Count about six in ten of those folks were staying in sheltered locations while nearly four in ten were on the street or otherwise unsheltered. 2020 was the first time since data collection began that more individuals experiencing homelessness were unsheltered than were sheltered. Nearly 172,000 people and families with children are
experiencing homelessness, which is something that really I found quite shocking to me as as many of you are already aware, African Americans remain considerably under overrepresented among the homeless population, and there's a lot more data that goes with that that you know, that that's that supports that across the country. 

But back to the question, why should we? The real estate, business, community care, homelessness profoundly and increasingly affects everyone’s government business industry. Real estate business, specifically social services and public safety all suffer when homelessness is not addressed. The public sector, for example, spends an average of about $36,000 per year. For every person who is homelessness, who is homeless? And quite frankly, where does that money come from? The money has to come from the general economy and basically that means from all of us, and particularly those of us in the real estate business. Furthermore, from our perspective, the lack of low cost housing is a large and growing driver of homelessness and housing under underproduction underlies the homeless challenge as well that we are facing today. Recent estimates have suggested that housing is under supplied by as much as 7,000,000 units or more in the US and the Toyota Center has a lot a lot more data to support this information by producing housing by producing more housing. Our cities, residents and workers need the real estate sector can both provide homes for those currently unhoused and prevent more households from becoming homeless in the 1st place. And I think this is something that that Vicki, and and Phillip will both address as we go forward. And again, back to what is UL Azlo. the US membership has vast expertise and experience in residential real estate
development, finance and operations. This knowledge combined with the mission with the UN I mission to build thriving, sustainable communities and its recent commitment to prioritize addressing housing needs globally, make you allow the right organization to play a leading role in addressing the homelessness crisis we face when we were working. Through this research, we did determine that there are a lot of other challenges to the homelessness issue that are outside the scope of what UI members do best. Social Service and supportive services are absolutely critical in serving the population that are being impacted by homelessness, and we recognize that those are things at which other people are better than real estate developers usually, and so for that reason, it's absolutely imperative that there be partnerships. In each of our communities across the board, providing both the supportive services as well as the housing and the housing services in order to sufficiently and successfully address this challenge again, we in the real estate industry can play leading roles by building and operating transitional housing. Affordable housing developing more housing models and promoting more cost effective solutions. And I would even suggest perhaps looking at different design perspectives of housing to make. Housing more efficient and affordable. Obviously there are things that talk about cross, you know, cross sector partnerships like public policy, zoning density, you name it. There are a number of other issues that are in this in this conversation as well. Our panelists today will discuss their efforts that are creating real impact in the cities where they live and work, and we hope they will inspire you to redouble efforts to address homelessness in your communities as well. With that, let me stop and let's go on and.

Get get Phil and Vicky involved here. Phil, the homeless challenges being faced around the country are already substantial and
growing, but housing development seems like a long term solution
at best. What can cities do to get people back into housing immediately?
You need to unmute.

Thank you, Lee as usual.

Just stolen a bunch of my Thunder before I got going with your great introduction. So look, I, I think this idea, that of immediate housing needs, actually starts with the concept that the. Those who are experiencing homeless are a very diverse group. And while HUD has a definition of. Who is homeless? That is really chronically homeless and the estimates are that for, you know we have this point in time count and estimates right now range. I mean, the only thing everybody can agree with that count is woefully inadequate. Everybody agrees it's at least three times that many people experiencing homeless, and many people estimate as many as seven times that number, and it's really a definitional thing. You know homelessness goes anywhere from the chronically homeless person who's been on the street for 10 years or more to somebody who's actually in imminent danger of becoming homeless. And so when we talk about how the house. The homeless immediately we we have to consider that entire range.

And so the the very first group that we can deal with with those who are in immediate danger. And that is by putting in. Some emergency crisis assistance kind of programs. A lot of these people are, you know, some event has taken place and homelessness. Today is an economically driven thing. There's injury, lack of work, being fired unexpectedly or laid off. There are a lot of things where families are making it barely, and then because of some temporary economic crisis there
they find themselves without a home. And so being able to step up and help them through that temporary. Would be a great way to reduce homelessness when we have to stop the inflow of where we're going to deal with this. Another way is really to look at the properties we already have in place. And that takes in a couple different formats. One is Large number of middle and lower income properties in the middle of at this time being. Taken off market primarily by being bought by people who want to bulldoze them and turn them into much nicer properties. Much more expensive properties. And so having cities, particularly cities come up with ways to incentivize people to. Now she says good. Closer now we're trying to get to where we sit. Have cities have a way to incentivize people to keep those properties in the in the middle and lower income property brackets is a good way. The third is to go look at properties that are already in place and come up with ways to to incentivize owners to include some of their units as being available for people who have experienced homelessness. And this generally involves making getting over a group of myths about. How the homeless are going to destroy their properties and affect other residents and stuff? But coming up with a system of guarantees and and incentives to to say, OK, let's open some units back up. So there are plenty of units out there. I know everybody's going to say to me. Would you put a person in a in a unit in a luxury apartment? Then that means there's one less unit for somebody else. But what we have to see is what's being built with those high end units. And there are plenty of those coming on market. There are plenty of people to fill them, but by taking just a small percentage of those and apply them to the to the homeless population would really make dent. And what's going on? And of course, you've got it. We have to create.
new. Unfortunately, and I think Vicki's going to talk to this later. It's virtually impossible to build new units that are affordable to the to the income levels that we're talking about.

But again, you know housing is a commodity, and when you have a shortage like we have now, the people with money soak up all the all the supply and the people with the lowest of economic standing are left high and dry and so having new units, even if those are higher end units.

We'll soak up some of that high end level demand and open up units that are farther down the economic tail so.

You know, for the average homeless person, that's what we're trying to deal with. We still do have that HUD group. That's called the chronically homeless, you know, in regular housing is not a valuable. I mean, it's not a available option for them. We need to really stress building more permanent supportive care, which takes for a group of people who are never really going to be able to live on their own or or get reestablished in the community. So that's what seems to me. We need to be doing immediately is focusing on what's there.

And then encouraging production of units, particularly of permanent supportive units of all kind.

It's his turn to be on mute.

The follow up to that you know, what are some of the things you know? What are some of the kinds of issues that come up that are likely to affect people? Even more so in the current economic situation?

I mean, people are talking about inflation. We're coming out of this long term pandemic situation ends of, you know, ends of the rental eviction moratoriums you know what kind of things do you think cities ought to be looking at as immediate issues that they could? Effectively deal with to soften some of those impacts on people that are going to be economically impacted. That's going to affect their housing.
Well, as somebody just putting that in the question box, I mean it is absolutely true that it is cheaper to subsidize having people in existing units than it is to try and have government built new units. It's easier to incentivize builders of new units in such ways that they can provide some percentage of their property as lower income units. Mandates have a way of not really working very well and actually backfire on the problem. You know, inclusionary zoning is a favorite topic that goes around, but unless you're a landlocked city, inclusionary zoning does not really help the production of more units at this leads to people building other places where they don't have that, so I I think it's again, it's crisis intervention, it's subsidy and then looking at ways to preserve the. Affordable housing units they already have, and again that comes in somewhat in the system of subsidies and somewhat in the system of just. Maybe some kind of? Preferential perks on things like. United. Building code for modifications review. Maybe some modifications to the rehab code. I mean our goal here, by the way, is we're going into this later is to produce clean, safe, warm and dry housing. I mean the the standards of a home having. Changed since our Cavemen ancestors were trying to pick out a cave. I mean had to be clean. Had to be safe. Had to be warm and had to be dry and and we need to be careful that we're not putting in place. Requirements that take these beyond need and into. Wouldn't it be nice range? Wouldn't it be nice? Is great, but you know, for those of us like me who grew up in Levittown of the South in a 800 square foot house with no air conditioning in the Deep South and one central floor furnace, you know? It was, it was great. It was good enough. So
I think we just need to be careful that we're not overbuilding that we're not putting too many regulations on what we're trying to build and realize that it's a need and what we really need is more of not nicer.

I mean, I'm talking about perfectly adequate housing. I'm not talking about, you know. Inadequate housing, I'm just talking about a definition of adequate that may not be in vogue right now.

Well, and Phillip, I think that's something that will probably come back to a little bit later because that's a topic you and I've talked about a great deal. And hopefully we'll have time to get back and maybe get into some of the nitty gritty of that in a little bit. Vicki talked to us a little bit.

One of the things housing costs is I'm looking at my notes are driving homelessness as never before and as somebody who builds and operates housing for a wide variety of clients.

At various different levels of income, and you know you're in. You're in one market. I've been operating more recently in the New Orleans market. You know, Phillip is all over the southeast. We've got a lot of experience from our research in California models, but as somebody that's operated a number of different places, what are you currently seeing in terms of housing need in the markets where Urban Atlantic operates? And what can cities and housing developers and operators do to prevent?

You know, growing homelessness particularly for lower income members of the workforce. It's a great pleasure to be with all of you today.

This morning we had a groundbreaking on a building that's at a a multimodal transit station. It has train. It has marked train. It has a commuter line at grade and it has the metro system. It has buses.

And it has very big parking garages. The best multimodal
location in Maryland, and was full of parking lots. And we're redeveloping it.

Today was a very special day for me because Amazon. Took what would have been a 100% luxury apartment building at a transit station. And gave us money to buy the rents down to workforce housing rents.

In perpetuity, 99 years. And that means for 99 years that building will only serve people below 80% of median, and it's a segment of the population. So why do I talk about that one? One because it happened today, but two because it's corporate America stepping to the table. And so you started out by talking about the real estate industry. And look, I've been developing real estate for a really long time, and I think this industry is populated by some of the smartest and best people I've ever met.

We are collectively aggressive problem solvers. We are caretakers of our communities and we are builders of Community and Community. Includes everybody so the housing that we build ranges from public housing to market rate at a very high end. It includes rental and it includes home ownership.

We house a fair number of people who were formerly homeless. In our public housing, we also have a redevelopment called Walter Reed, which was a farmer Army Medical center that has a homeless housing operator, not US, but they're in one of our buildings together with our seniors housing and some affordable assisted living.

So here's what I have learned. Homeless housing is for people who are quite stressed. They're economically stressed. They probably are somewhat socially stressed. They might have a stressed family or a sick member and and they need support, and I think it's very important to do the most difficult kind of real estate development, which is to combine support services that are effective together with housing right?
And I love Phillip's program at Lotus program, because what he does is he marries services with an essence, an insurance program for the developer. With them, the availability of housing. And that's very, very important.

In DC and I've been trying to wonder if it's a landmark city or not. I'm not sure that I totally know, but. But it has inclusionary zoning. And it also has a thing called rapid rehousing which says that the city will give a local subsidy. To our homeless population. And every developer every building owner is required to take them, and some people find themselves on the front page of the Washington Post for not doing that. I personally don't want to find myself on the front of the Washington Post and so and so we do rapid rehousing and it comes with its challenges and I would tell you that COVID has been particularly challenging because the services piece has been a lot missing and so we've got the housing and we've got the subsidy. But we don't have necessarily the services, and so that's an issue. I'd also say one other thing and that is. Mainly northeastern States and maybe some West Coast states. Who have?

Close their eviction courts during COVID. We're going to see a hell of a wave of homelessness, a hell of a wave, guys. It's going to be somewhere in the 10% of households range because that's the number of people who have figured out they didn't need to pay their rent. The Southeast has not closed their courts and has much stricter housing laws, but we're an eviction. Takes me six months to do. And in the markets I serve, it's it is going to be terrible in the next couple of years because we have a lot of people who didn't pay and there's going to be a whole new definition of homelessness. Because landlords are not likely to take people who don't pay their rent as a general concept and so and,
and, I think Phillip's program really really addresses that and it's one of the reasons why I'm such a big fan. But this is a very serious thing that's coming our way, and I think it's going to be. I think it's going to certainly be a challenge and on than the real estate community together with our local officials. Together with the federal government and together with the service providers, because that is going to be the challenge that's out there from my perspective. Vicky, you've you've mentioned this. You're serving multiple populations and in many of your projects, if not all in terms of people who have experienced homelessness and are and are coming out of homelessness, what can you give us? Kind of a sense. What's the success rate like? And I know I'm. I'm asking you a question that you may not be readily equipped to give us hard numbers on, but I mean, is this something that occasionally works when someone has been homeless? I mean, truly homeless or? Kind of homeless people when they're coming back into having reasonable housing. What's what's the likely success rate? I mean, is it? Is it one in 10 or successful or 99% successful? I mean, talk to us a little bit about that. I would have said that. When you look at public housing and when you look at people, this people who are making you know less than $20,000 a year, many times around $10,000 a year. It's a lot of seniors. It's also social. Security, I mean it's people who are on very, very limited budgets. There are two very well researched pieces. One is that. People who are. It's this Maslow's hierarchy of needs, right? You start with that warm, safe place to live. The success rate, particularly for families, but also for individuals who are housed, is significantly higher than for people who
If we are taking care of our brethren, then, then it's really. It's a very high priority to house people. The next thing that's been studied because we've done a lot of hope to develop the next thing that's been studied is does it make a difference to be in a mixed income community as opposed to in a segregated low income community and and some people would call that a ghetto? They're not all ghettos but but segregated low income, and I can tell you. That there is research that says this. Children. Who grow up in mixed income communities. Mixed income schools, mixed income buildings. Mixed income communities are less likely to have early pregnancy, less likely to go to jail, more likely to get an education, and more likely to have a job by a wide margin. Than people who live in low income communities, no matter how good, and so I I was listening to the quality of housing thing and and there's a very serious consideration. If you can build one in a very low income neighborhood and it only cost you 300,000 to build it. But you can build one in the best place in town and it costs you 600, how do you make that decision? Right, and just so we're all on the same page I I grew up in a townhouse in a very lovely area. It was 12 feet wide, was a very small house, but in a really nice area, right and so that that shaped me and and I guess what I would say is. Quality matters. It does matter to people and. And the mixed income matters to people and and so when we build affordable housing, we try to build it to the same standards or as close to it as possible. As our market rate housing we do that our jurisdictions, I think it varies depending on where you are in the country, but our jurisdictions require it and and we're fully on board for that. So and I would
also say it's a very big difference depending on where you are in the country.

As to what the level of support is for affordable housing homelessness workforce housing, we're mostly in the Mid-Atlantic.

And I would say we have states that have very, very generous programs and I think bar none. The leader of that is the District of Columbia, and every year they dedicate $500 million in taxpayer funds to build affordable housing.

I work for a state government. We didn't provide that much. I mean, it's it's pretty phenomenal, so I may have a slightly distorted view because of the markets that I'm active in.

Vicky and Phillip let me throw something out to both of you and this is perhaps a little bit off topic. But Vicki mentioned the, you know the Amazon commitment that's been made to some of the projects there in the DC area and I know that there were a lot of cities around the country trying to figure out how to get, you know, the new Amazon, you know, HQ two and and we all have friends who were, you know, hot on that trail looking to do it and it occurs to me and and having worked in the DC market many years ago and being a little bit familiar with it. It occurs to me that the folks in that community came together and it wasn't. And I'm trying to figure out how to say this, but but housing all up and down the spectrum, and particularly workforce housing, seemed to be the great big ace of spades Trump card that the Washington area played to win that bid. So it was really, you know, a corporate benefit to Amazon and a corporate benefit to the developers who attracted that headquarters. I mean, you know.

To be a little bit cynical about it, you know these weren't people. Just trying to do good, you know. I'm sure that there was some enlightened self interest in providing.

Heavy financial support to workforce housing.
It was good business and I think that's one of the things you know you kind of alluded to it. I think that's one of the things that hopefully this conversation as it grows and includes more people. Everybody can kind of get an idea. Not only can you do well by doing good, I mean all that all those buzzwords with can you and Phillip both speak to that for a minute. Can I say something about it?

Amazon certainly is building their corporate resume and their SG goals. But here's I'll just tell you the magic sauce. When you build luxury market rate housing. You'll get 65% debt, you get 35% equity. You're probably put in 10% of that, or 5% of that yourselves, and you pay the equity and the IRR somewhere in the mid teens to 20 and you pay them a preferred rate of about 9%. You pay the debt, whatever, if you pay them in the marketplace and and then you'll sell it like after you stabilize it, you sell it to some insurance company. That's going to own it forever. That's that's the model that most people do. However, what we did with Amazon and I'm just going to tell you the secret. We did the 65% debt. Same as ever. And we talked to Amazon's money and we did Mez debt all the way up to 10% of equity invested by the developer. So me. And their money is invested at a 3% rate. It's I'm going to pay it back. It's in my thing, but it allowed me to take my rents from here. And bring them to here, not to here, but to here, right? And for 99 years. And so, and they'll be paid back. And you know what? There isn't anybody in corporate America who can't do that deal.
Nobody.

Think about every Fortune 500 company, every last one of them can do that deal.

It's totally replicable. There's nothing special or secret or magic or anything about it, right? That's a workforce housing deal.

And then you say, OK, if we're creating the stone soup, how do I get that down for people who are who who need a lot of help? And I think that our our local governments and our federal government has ways to buy that down for them through subsidy programs. That's that's just one model. And and the really great thing is, by having this webinar. And by you Ali doing this, I bet you there are a ton of other people with other models who can contribute to this.

Phillip, tell me why? Why would Amazon or any other corporate entity make that deal that Dickey's just talked about?

I mean I think I have a sense of the answer, but how do you see it as a developer and as someone who's operated in this world for a long time?

Of their.

Employees, so we're older than I am, but why would somebody do that?

I'm older than everybody.

It's because because it's to their benefit to have places where their employees can live.

I mean look this is a problem that homelessness affects every single aspect.

Of every single person in the community.

Ranging from where do your employees live to?

Impact on the community from where business development a new company comes to town and looks around and homelessness is a major issue. And you know what they're going to go find some place where it's been more effectively addressed.

It's just an indicator of the health of your community, and so, but it is absolutely Vicky's, right? You you
can do good and do well at the same time.

It is absolutely true that it's one of those myths.

And you know, we live by a circle at Lotus,

but.

You know, before we get too far Vicky my quality

issue. OK, as a person who's done workforce housing for

30 years, every one of the units that I'm working

with.

For people who've been homeless is to the standards of

workforce housing.

What I mean by that as I don't have?

10 or 12 foot ceilings and I don't have big

curves and arches. These are pretty much boxes, but they're

clean, warm, plenty adequate for thousands upon thousands

of working

class people. And and I'm not trying to make them,

you know.

Outrageously nice, I just well very well maintained, very safe,

very standard units. But you know somebody asking and

Christopher's

asked me to address this is can we build our

way out of homelessness?

No, OK, first of all, we're probably 7 and a

half million or so units short. I don't see that

happening anytime soon, but the truth is housing is.

Housing is part of being homeless.

Housing in and of itself is not a solution to

homelessness. There's a whole.

Number of psychological and and educational issues that

surround it.

You know, I talk about.

We have a young soldier who comes back from a

war zone and he has PTSD and you bring him

home and you say we are home now so you

don't have to have that anymore. OK, just bringing him

home doesn't do it. There's a whole bevy of services

and that have to be provided, and without those services,

we're always going to have people who are homeless OK,

and so you know.

From my point of view, it's as important that we

beef up mental healthcare that we beef up support services,

crisis services, and financial literacy programs. Job training

all these
things that aren't really housing, but just putting a person in the house doesn't solve.

And as to Vicki's model. I mean what we've done at Lotus is we buy a property.

We use that same 65% debt. We do the same 5 to 10% general partner and I find an investor who says they'll take the money.

You know market rate.

We can argue whether it's 12 or 15 or 20, but you know we start off with a 6% current and a 12% IRR with 20% of the units being reserved for people who've been homeless and priced at 60% of AMI.

So my model for governments which I'm talking to about is basically Vicki's Amazon model.

Which says, but it goes to the developer and says. If you make X percent of your units and we can figure that number out affordable, we will give you. A mess piece or a loan or whatever you want.

It might be a 0 interest loan.

To cover that differential cost of producing those units. So it's a very small amount of money. You get the units with the developer carrying most of the cost.

It's not like they're not getting any rent, they're getting rent to cover their expenses at the least.

And you don't put restrictions on it. You basically say there is a minimum hole. It might be 10 years or something because debt commercial debt is 510 years.

7 to 10 years and at the end of that they can sell it and they either pay it back with zero interest or you might have a forgiveness program.

But you can actually get these mixed income communities that Vicky's talking about and also casually agree with that a certain number of units in new projects.

Are being dedicated to this group.

By reducing the cost of the money, the capital cost to produce those units.

Developers will do that stuff all day long. OK, because they're not going to. They're not going to suffer when they're sell because they don't have these long term 30
year affordability covenants, but they do have some, but then the city gets its money back, which it gets to reuse for the next project. So and so that's be quiet.

That sounds good and and Phillip and Vicki appreciate y'all, you know, kind of honing in on that and say you know why? Why should the people with the money be willing to play? And I think that you both done a good job of outlining why it's in their best interest. At this point. I want to turn it over to Christopher because it looks like we may have some questions from the audience, and so let's let's jump over to those and and I'm enjoying the way this conversation is moving forward. So Christopher, take it away.

Thanks Lee, and one of the questions that was raised in maybe maybe Phil. You can address this and and Vicki many perspectives on this too, but I don't feel you both looked at your landlord program as well as.

Yeah.

Some of the kind of projects that you're trying to do at Lotus actually actually getting on the ground. Well.

There's always the D word. Everything starts with the D word right density.

The word that.

Everybody gets all upset when you mentioned, but no.

We have to look at the land, the cost of land has gotten so huge in most places that it has such an impediment to producing lower income housing that we have to come up with. A way to increase the densities to allow that.

To take place, if Chris a lot of this comes down to political will or political courage, you want to call it.

I'm just saying we have to address this and we
know that it's going to be unpopular for a while,
but.
Yeah, I think what people find is they complain about
it at first before it's there, and when it's there
they realize it wasn't that big a deal in the
first place.
And so it. But it does take courage. Our politicians
part to know that you know he's going to face
him. He he too is going to have some things
thrown at him which I can give him advice on
how to duck quickly but.
There's that there are Genesis incentive program. They're
speeding up,
they're speeding up the permit process the the review
process
may be waiving those fees on these kind of units.
You know, if.
In cities ask, I'll tell them for low income housing
and moderate income housing, they need sort of rezoning
task
force kind of group where you save these kind of
units, you go into a preferred process of getting through
quicker, quicker.
I don't think cities understand the value of the cost
of time. It takes going through this process. Another one
is they need to be sort of pre approved. I
mean I know in North Carolina you go through this
whole process. You've been through the city, you've worked
out,
your drawings, you've gone through your engineers. And
then since
nothing can get vote without some kind of variance at
this point you go to council to get your vote
on the variance. And they say no or.
There's a great question, so the question is, how many
people are willing to put in the money and the
time on a project.
That
may have less returns than others.
And then take the risk of getting into Council and
told no, there has to be a better way to
do that.
So that you don't have that risk layered on top
of everything else. So that's my two cents. Vicky's probably got a lot more than me.

I actually love what Phillip said and to me it's a toolbox of tools you got. Section 8 you got local rent subsidy. You've got public housing. You got low income housing tax credits. You got housing production trust funds. You have the private sector. You have payment in lieu of taxes. It's a very interesting one that we haven't talked about yet.

You have. Just a lot of different incentives. You have inclusionary zoning.

And and so I think. Here's the balance to me. For a local jurisdiction. It's doing it right. And not being disruptive to a community but being additive, I'm building 93 low income units in a community where the average house is $2,000,000 and each family's average income is over $300,000, and at first they told me how ugly my building was and then we asked him what they'd like us to change and we changed every one of those things. Every one of them and then. But they were in favor and for me I had a little bit lower hanging fruit because it's a seniors community, but it's in Northwest DC and I, you know, people were like, oh, you're going to get killed and and so I think a lot of it starts with listening to communities and helping shape community perceptions has to do with operating well in your communities and understanding what you're doing. And then I think there's also a balance and.

And Phil hit that one again, like the 20% rule. That's a good rule, right? But that can't be all homeless because the stress levels are too high, right? They're just too high to absorb that much in one location. 20% affordable all day long. The homeless is a more is a more nuanced thing because it relies so much on services and it's and
People are free to take services or not to take them and I have seen. The downside I'm very close to my property so I get alerts of everything that goes on and and I've seen some doozies on. But that's just not limited to homeless people. Mind you, everybody has bigger issues across income spectrums. But the more stressed the household is, the more likely that is, and, and so it's always a small percentage. So operations matter, right? The structure. Matters, the services matter. The location matters, it it's. It is complex, but it absolutely can be done and it should be done for all of us. I wanted to go back and add one point to why Amazon does this. And it's for reputation with their employees. And their customers in this market because you know what we all vote with our pocketbook, and we don't shop at places we don't like their philosophy. Like for me. When somebody had a great big oil spill no more than didn't shop with them. For for. Decades. You know the people are that way and the next generation is very much that way. ESG matters, Inclusion matters, equity matters, and and if you're going to run a successful large scale business, it surely matters. I don't expect a house one single Amazon employee, not one because my location isn't anywhere close to Amazon. And I I don't mean to keep picking on them, but. But really, this is a community. I think everybody should be investing. Real estate developers can make this happen. Service providers can make this happen, but everybody can contribute. Local governments, federal government, business sector, all of us. We are one community and ultimately I think one of the really great things about this generation coming up is that they
understand us much better as community than generations that are in the past. I think. And and. And so I think it's a way forward. So Vicky's now made me have a. Overwhelming remorse at not answering the Amazon question better as a person who goes around and tells companies all the time, particularly development companies. This is so much an issue of reputation. That you need to do it if for no other reason. And when you go and you apply for permits to build a project, you're going to be asked about the issue of homelessness, and you can say I'm doing this this and this. When you're going for your variances, I'm doing this this. When you're going to your investors and your lenders, I'm doing this this year. It is a big deal and we're actually now at Lotus starting to see people come to us and talk to us about helping support us to grow across the country. Purely because it's part of their ESG initiative and they want to be able to check that they're doing it, and you know you can say, well, that's self serving. I don't care. I care about housing the homeless OK. And why exactly I get the money is not nearly as important as I get the money, but it is a reputational and a business motivation and I shouldn't have been so glib as to say just the house, their employees, but I apologize for that. What I I actually agree with you, if a business does something really good for their community, give them the Gold Star, put it on there and let everybody see it. That's what they used to do to us in kindergarten when you did well, it gave us Gold Star right on the 4th. But that's exactly and, and there's never too many of those for people to contribute, because the minute, and that's one of the great things about UI. That's the great thing about Christopher's group at UI Trullinger, because
they recognize those efforts and the more gold stars they award, the more this is going to be permeating through the country and serving people who really need it. Well. Thanks for that Vicki and Phil, one of the one of the questions that's been raised and I think you're in a good position to answer this considering you're working in Charlotte and in Pensacola is what about red States and what about red areas? What about working in places that may not be as conducive, at least in the and and maybe what most people would think as Washington DC might be to these efforts? How do you speak to those interests in the same way that you're speaking to the corporate? Years of Amazon and and and others are there ways that you speak effectively in those kinds of environments? Yeah, and and one of them is. You got to get away from the word should. OK. There's a moral argument for helping. People who've been homeless, and then there's a business argument and I will tell you, moral arguments as a rule, do not work. I mean, I'm a nice guy, but I don't like being told what I should or shouldn't do OK, and if everybody did what they should do and didn't do what they shouldn't do, the world would be a much different place. So you just have to stop talking about what should and you have to start talking about the true economics of what's going on, and those red state cities that have just like everybody because everybody has a homeless this issue. Today it is in their economic interest to address homelessness. OK, that cost burden, which by the way lease says $36,000. To $40,000. You know that that's an interesting number. It's because it's somebody's calculation of what the hard cost are, but it doesn't come close to addressing the the soft cost. But you know the cost that are hard to
quantify. What I call the intangibles, the infected, the effect on your impact on the value of your Community, your ability to create jobs and bring businesses. The quality of life in your community, the stress on your school system and healthcare system.

We know that they go to the average person who's on the street goes to the emergency room 5 * a year or seven times a year, whatever that number is. But there's also this intangible cost of the stress it places on people and on the community, and the time that when they're there that other people can't get services and it's hard to quantify. So you have to start making a business argument, and you know, because as a group we we as a country have this really hard time with thinking that.

Those people who are homeless aren't there for some reason of their own doing, and for that reason they're not really worthy of help. And the truth is, the vast majority of people are homeless. Are there because of some extraordinary what I would call a incidence of bad luck OK? They've been born with a disability. Whether it's a learning disability or physical disability, they were doing fine and they had an accident at work and now they're unemployed and the next thing I know, they're families living in a car and there's this whole continuum of reasons. But you know this idea that the homeless want to be homeless. I've now talked with innumerable homeless people. I've never met one who wanted to be homeless. I've never heard of a kid in the 1st grade when asked. What do you want to be when you grow up? Said I want to be homeless. It just happens to people and it can happen to anybody. I don't. I know you don't believe that. I know we all like to keep comfort. They would never happen to me. Oh yeah, it can. It can happen to anybody and we just need to get off of this moral judgment and start dealing with it for what it is. It's a crisis that impacts our economically and we need to deal with it. And there are and
vicki's right. If there is an organization in the company who can do more about this than any GUI.

We have a long history of being thought leaders. We have a long history of being innovators. We have a long history of not accepting no for an answer.

OK, you can't tell me that you all as a group can say that we can't solve homelessness. Because that if any group can make a material difference, it's you align its members, but it's going to take a wide open approach. Trying new things, not being afraid to fail. That's particularly true for cities, you know.

What if you're trying to approach and it doesn't work? OK, that's fine. I realized that city governments and stuff are set up were. Taking risk and failing is not rewarded generally, but we have to get over that. What we're doing. We do know one thing, it's not. Taking care of the issue.

We're spending billions of dollars and it just keeps getting worse.

We need to find new ways and for me that's bringing the private sector into play. The people with the most experience in housing the most money, the most access to capital and right now we're not taking full advantage of them and that needs to change.

What's wrong with that? We're about to come up on the hour.

What can ULI Members the people listening today and and the friends of those that you know, the friends of those folks who aren't listening? What's our next step? Because when we talked about this early on with Preston a couple of years ago, it seems like now this was intended to be at the beginning of a conversation to try to make a difference. So what's the next step in this conversation? How can we all move forward?

Yeah Vicky, we've heard some of Philip's ideas about that. Do you want to? You want to share? Kind of where where you see our audience? Our audiences roles.

Well. I think this starts with setting goals.
And.
I think you are a lie. That's just an idea. Since you put me on the spot.
But I think you a lot is great at analyzing need right and you know how much it is and we are organized in this country as a bunch of states, right? And each state keeps its statistics and and then I guess you have jurisdictions inside of that. But there isn't one jurisdiction that doesn't address homelessness. I think you could use the power of the pen that you have and the pen. Not literally, but you know webinars, etcetera. I think you should size the problem. And I think you should exactly enumerate what it is, and then I think that there is a way for the localities and the states to come together around a plan. I can tell you what that is in DC like because it's been beaten into me and so.
So I know that we're supposed to have no more homeless veterans. Not a thing. And by the way we have homeless veterans housing at Walter Reed, which is a very good place for it and it gets to a point where it's difficult to fill units because we don't have anymore because and I have it in other buildings that we own. So the goal was set. It's been achieved right? So it's it's a very interesting thing that that's one subgroup. It's very close to everybody's heart because they are veterans now cannot be done for affordable housing. We have a thing and I I don't think this will surprise anybody in the country. We have vestiges of segregation in our city, and we have lower income areas and higher income areas, and it's easier to produce affordable housing in lower income areas than it is in higher income areas. Our mayor came up with a plan and said no more of this. We are going to produce housing in every ward of the city. That's how I got mine next to the $300,000 income.
People.
I'm the only one in that ward.
But she made it happen because it was set as a goal. So setting the goal is the first part and I think I don't know if you realize a good goal setter. But Christopher I bet you could get consensus around goals and I bet you if you started measuring people against each other and awarding some gold stars. To encourage good behavior and problem solving that it's a way to go forward. And maybe you don't like my idea but but it's one way of doing it.

Fantastic feedback and and and much appreciated Vicki and Lee. I don't want to. I don't want to fail to give you the chance to give some feedback as well from your experience, but the New Orleans I didn't Chattanooga where where do you see the real opportunities for this audience today? I think it's interesting and one of the things that Vicki was talking about was the children. You know the children having a better chance if they grow up in a mixed community. In my experience here in Chattanooga a number of years ago, back in the 90s, there was housing that was done. There was affordable housing. These new schools, Brenda schools, brand new curriculum, brand new buildings and they were first available to the neighborhood population which happened to be very low income predominantly African American. Secondly they were available to people who worked in the neighborhood. Which were the people that worked in the high-rise office
buildings downtown? And thirdly, if there were any seats still available, they could be made available to anyone at large that wanted to drive their children to the schools. They never opened that school to the third tranche. It's because we were involved in it with the housing program I was working on here. I had the opportunity and oh and one of the requirements was a parent or other adult family member and there could be exceptions made to this. If there weren't you those available but a parent or another adult family member had to spend a certain number of hours in the school working with the teachers and the students every quarter. So I got to spend some time teaching some second grade boys how to use a a digital. Camera this is many years ago and the child in the class with my granddaughter who is now in medical school in Philadelphia and so there was this mingling of people of different backgrounds and experiences and I'm I'm here to tell you that community is now one of the most sought after neighborhoods in town and a lot of the kids that would have otherwise ended up doing drugs and selling drugs, you know. And and we joke about it. What's the difference between a drug dealer? On the corner, in a bad neighborhood and a commodities broker in the Chicago Board of Trade. Nothing other than the guy that's doing it in Chicago is not doing anything illegal. OK, so it's the same skill set, so I think to me you know that's where we need to go. With this. We meet. We need to make it something where everybody's working together for the benefit of their community at large. And all of the Members in their community. Thank you, I love that. Can I also say this? I have a charter school at Walter Reed that's a high school. 40% of the students are minority and live below the poverty line. 70% of the students are minority. It's an International Baccalaureate charter school. It's French immersion. Spanish immersion and Chinese immersion like that's a real new one for DC. And yeah, I get the French and the
But the other one are more popular than anything most popular school in the city. And it brings people together. And it brings people up and boy, oh boy is it a community asset. So it isn't all just about housing. So I think it's a very good point. It's about community which is, I think where Lee was going with that. Absolutely.

No, any any final comments?

Nope.

Wow.

My final comment is just to say thank you. Thank you to our audience for your engagement. Thank you to Vicki and to Lee and to Phil for your participation on the webinar. Please everyone who's here today. Please do go and take a look at our homeless to House report. If you have great examples of other projects that are on the ground that need to be featured, we're going to be having additional case studies added to this report over the overtime. So do let us hear from you, but thanks so much for joining us.

OK, and I hope everyone has a great afternoon.

Thank you very much.

Thank you, thank you.

Goodbye.