Webinar

Leveraging Housing Development for Equity

Date: July 17, 2020

00:00:07 --> 00:00:11: Welcome everyone, appreciate your being part of today's webinar.
00:00:11 --> 00:00:13: We're going to wait just a few moments to let people filter in,
00:00:14 --> 00:00:16: and then we'll get started.
00:01:00 --> 00:01:03: We're going to wait a couple more minutes so that folks can filter into the room and then we'll get started with our panel.
00:01:05 --> 00:01:06: Thanks so much for joining us today.
00:01:49 --> 00:01:52: Alright, well just wait about 30 more seconds and we'll get started.
00:01:53 --> 00:01:55: Thanks again for joining us.
00:02:38 --> 00:02:42: Well, thanks again everyone for joining us today.
00:02:42 --> 00:02:43: My name is Christopher Tony.
00:02:46 --> 00:02:46: I'm the executive director of you allies.
00:02:46 --> 00:02:50: Terwilliger Center for Housing and a very pleased that you have joined us for today's inaugural to Williger Center Housing Webinar series,
00:02:50 --> 00:02:54: we have a really fantastic lineup for our panel today.
00:02:55 --> 00:03:02: I know that by the rapid and high number of registrations we got for the session,
00:03:04 --> 00:03:07: that there's a great deal of interest,
00:03:07 --> 00:03:10: and so we'll get to the panel very quickly here.
00:03:14 --> 00:03:17: But we're fortunate today that ran to Williger who founded their twilegar center is able to join us,
00:03:17 --> 00:03:20: and I thought I would let Ron take a couple of minutes just to talk about why he founded the center at at you lie and why we are launching this webinar series today. So I will turn it over
Thank you, Christopher and welcome everyone.

This is an important subject. I have been a Houser for 50 years and actually joined you all. I'm going to date myself now in 1974. So I've been around long time. I was the ULI chairman. About 13 years ago and when I stepped down as chair I had very much bought into the mission and thought one thing that was missing was enough focus on housing. I had been involved with habitat by that time for eight years and had a really good sense of the housing challenges that exist in this country. The issues we're facing today. Clearly exacerbated by Covid, but not new to many of us. I felt like you Ally should play a bigger role in housing and so initially founded the center to elevate the focus on workforce housing. Which Pam patnode my first director and I characterized as people making between 60 and 150% area median income, who needed some kind of subsidy to afford a decent home? Yesterday, coincidentally, Natasha, our speaker today and I, along with Chris Vincent, had the opportunity to talk with Richard Rothstein who wrote the book. The color of law. Which I highly recommend to you if you haven't read it yet. It was a mind blower for me to talk about the segregation that took place with the African American community by the federal government for decades and decades, which probably makes it clearer to understand the situation we find ourselves in today. The habitat for its first time has initiated a US advocacy campaign, which I Co chair with Jonathan record and record, and Richard was nice enough to join our Advisory Board.
So today's subject is very apropos to what's going on today. You know, we work at you, Ally with the development community with government at all levels to try to provide residents. And I call him residents, not tenants. I think it's a more respectful term.

Residents to have a place to live that is affordable them and what we have failed to do as a country for many of our lower income residents is give them opportunities to live in a community of opportunity or a neighborhood that provides an opportunity.

Decent schools. Transportation access to health care, and that's what we're about here. I was delighted to have Christopher join us. He and I had worked together, summit at the Urban League at Habitat, and it's important that we continue this work. Because of the pandemic, an inability of people to travel when you, well, I kind of regrouped and tried to decide how to disseminate the information and have people participate with us.

We thought the web and R series would be something that would be a valuable contribution.

So San Francisco has been canceled. For those of you who are, you Ally Members were going to do that virtual, and our programs for the indefinite future will continue to focus on.

Virtual learning, like today is the first is Christopher set of eight webinars we have initiated at the outset of the Twilegar Center. Several prizes which are apropos to what we're talking about today.

One is the Jack Kemp award. I knew Jack camp. He was on my initial board. Some of you may remember him as a HUD secretary. He was a great champion of the minorities as the former football player,
football quarterback and weak. Focus on mixed income housing in that award.

I personally believe, and I suspect many of you do too,

that what we need to deliver in this country in the way of housing affordability,

both rental and homeownership is housing that's in a mixed income environment.

Ideally mixed use environment, so the camp awards.

They reward those kind of projects.

Last year, Christopher, I think we had 50 some odd submissions,

so it's it's heartening. The other award that I came up with.

In working with Renee Glover at the Atlanta Housing Authority,

Renee and I championed a workforce housing group in Atlanta for Mayor Franklin Ann.

We created initiative where we had housing opportunity bond,

so it occurred to me that there were things that the local and state areas could do about this housing problem,

certainly not relying on the federal government and,

of course, zoning is local,

which is another one of our challenges with Nimbyism.

So we came up with the election.

Larson Award Bob Larson was also in my initial board,

a great habitat, a great you'll,

I member and so we have the Larson Award to reward what communities are doing in the way of innovative legislation to facilitate affordable workforce housing.

So while racial and social equity concerns are present in every housing situation,

we feel like you'll I will double down now and starting today,

really. Maybe not too late for sure.

I hope we're going to focus more on these issues,

and I think you've got a great lineup.
Krista first put together a great group of panelists, so I'm looking forward to just listening in from here on Christopher back to you.

Thanks Ron, really appreciate it. It's a real privilege to work with you at the center, ULI. And thanks for those opening comments.

And I will do a quick kind of lightning round of introductions for our panelists, but I don't want to.

To lose anymore time to have hear from them, I carry Hirstein as a partner in charge advisers. He has focused extensively on working with cities on climate and sustainability issues. Really appreciate your being here and sharing your perspectives from that work that you have done around equity as well as sustainability and climate.

Natasha Reed Rice. Former colleague of mine at Habitat for Humanity, really appreciate your being here, that is an impressive I think.

One thing that I would like to mention. You may have heard of a place called the Ebenezer Baptist Church in Atlanta and Natasha is a pastor there.

She is the associate general counsel with Habitat for real estate and finance. She has a background in commercial real estate as well and has a lot to add for this panel.

AJ Jackson's the EVP for shield social impact at JBG Smith, thanks for being with us AJ.

You may have heard of some of his work on the Washington Housing Initiative, especially if you are in the Washington,
DC area, but really cutting edge thinking and work behind that and appreciate your taking the time to be with AJ.

And finally, in the schaflein, Amy is the executive director at United Housing in Memphis, where they focused very strongly on homeownership and on financial stability for households and families, and really appreciate your taking the time to share some of your equity focused work on the ground there in Memphis.

Thanks so much Amy, but I think first what I'd like to do is turn it over to you, Natasha, and would appreciate your giving us some big picture perspective on. I know that you've been doing some work with Richard Rothstein and so really looking big picture at the history where we have a responsibility and opportunities to start to remedy those problems right?

Sure? First, let me say Christopher thank you for the invitation to join this conversation. Thank you Ron, for the opportunity to also be a part of this conversation and that lot of the great work that you're doing both here with you a lie. As well as habitat in the housing industry writ large and great to meet the panels, who panelist who will also join in this conversation just broadly Krista to kind of give us a context 'cause I would love to say we're entering out, entering, going out of this. This kind of racial inequity construct that we are all really participating in. Whether we want to or not.

Often say in this conversation when we deal with the issue of racial inequities in our country, we've been given a bag of goods. We were. Many of our born into this context, many of us right and so now how do we make the best out of it?
It's like reaching in your pantry, pulling out what was left over the sardines, the great Jelly and the Maple syrup and creating a recipe out of that that tastes good. That's the challenge we've been given, right? But what I do think is that many of us have had to work extremely hard to do the great work that we're doing, so we're up for this challenge. Many of you are familiar or have heard of the Kerner Commission. It came out just before. The Fair Housing Act was passed in 1968. One of the conclusions of the Kerner Commission was that we have a country that is divided into 2 societies, one black and one white, separate and unequal. And one of their propositions out of that study was that the only way we were going to create a United States of America is to have an open housing law that did not gain as much traction as we hoped that it would. Even after the passage of the Fair Housing Act, the Fair Housing Act, many will now point out to you was not set up to succeed to create a truly integrated society, which is what it was purporting to do. It did not have the enforcement mechanisms to make it happen. Right, so often times when you look at the Fair Housing Act, you see that it puts the burden of enforcement on the victims of it. They have to bring a right of action to a court in order to enforce any action against segregation or denial of an integrated society. So how did we get there? How do we get to the 1968 Declaration by the Kerner Commission that we have in two live in two societies? And sorry to say, we're still working in that construct?
Just to go back a little bit, we can look decades ago. In the 1930s the fair had the Federal Housing Administration. FHA began issuing private loans that would ultimately help millions, but would specifically deny homeownership opportunities to black Americans in this country.
The FHA began to provide a white families with affordable, low down payment mortgages to help them join the middle class, but they specifically denied access to these. Types of products to communities where black households would reside, right? So they use color coded Maps to develop that were developed by the federal Home Owners Loan Corporation that would redline and we'll hear more about redlining and its impact and its continual legacy later on.
In the panel conversation. But FHA, designating never designated neighborhoods as unsafe as undesirable when those neighborhoods had black families living in them, so it began a trend. FHA government entity. Began this trend that private lenders began to follow. So what we began to see in the 1940s with the evolution of suburbs with the evolution of suburbs like Levittown, one of the largest suburbs of over 17,000 homes that private lenders and government lenders through FHA began to insist on racially restrictive covenants, right? This goes to the argument that Richard Rothstein makes in the color of law and that we see throughout many other historical accounts of housing that housing segregation in this country was not de facto. It's not just merely by the choice of individuals. It's actually jury. It has been stipulated by federal,
state and local law in the 1940s.
These continual racially restrictive covenants continued, and the FHA began subsidizing new subdivisions began subsidizing white families.
We typically don't like to look at that as a subsidy, but it really was in the GI Bill.
The GI Bill provided federally guaranteed low interest home loans with No Down Payment assistance.
Subsidized loans for white families.
Black veterans did not have access to the GI Bill mortgage products and so we began to see these race based exclusions in the 30s and the 40s and in the 50s and then finally after the passage of the Fair Housing Act in 1968.
The racially restrictive covenants that were officially prohibited by the Fair Housing Act were then replaced by exclusionary zoning that was based on income and think about it if the income and the wealth development. Of families often times was tide to homeownership and black families were denied opportunities for homeownership. Those exclusionary zoning restrictions at restricted by income also then began restricting by race, and so those inclusionary zoning laws that were put in place and and policies that were put in place began to do the same type of creating the same type of segregated communities that were created beforehand. And so we just continue to see that legacy and what that legacy has evolved into. Are the disparities in homeownership today in our society today in our country today Blacks rate of homeownership is 41.8% compared to whites 71.9%. That's just on the homeownership component and we know how that feeds into the development of wealth. So now we have a wealth gap in this country.
where whites wealth is 10 times higher than that of black 12 on average.

Then overlay that with the pandemic of kovid, right? So often saying when we look at Cove and we talk about pre existing conditions they are not limited to health.

They're not limited to high blood pressure and diabetes. They're also in. They also include lack of decent affordable housing options.

Lack of access to health care, lack of access to adequate educational opportunities, schools that could even go online and be remote and still be effective in this moment.

So we're seeing the legacy we're seeing the cascading impacts of what had been created in our country decades ago.

Now when you have to enter into the actual development of real estate in this context, it requires us in this industry as developers.

As thought leaders, as policy makers to be very intentional about how we begin to dismantle this very well constructed system that has created these two societies.

So Chris, with that we can get into more specifics, but I think as we think about the context in which we're operating in as we hear more about the impact of redlining and its legacy,

I think it's important as we strive to to create the new reality that we call America that we think about what our intentionality needs to look like.

And I'm happy to have conversations about some of the potential policy remedies that could help.

Perhaps assist us as we do so.

Great, thanks Natasha, that's that's a really helpful starting point and I'd like to move to Amy now who can kind of talk on the a little bit on the solution side. Amy, as I mentioned, is with United Housing in Memphis.

I was actually born at Baptist Hospital in Memphis many moons ago, but haven't had a chance to spend much time there
But maybe I know the work that you have been doing there, particularly around homeownership, financial security, enabling families to lay that foundation that they may not have had the opportunity in the past is really groundbreaking, so thanks for being with us.

And look forward to hearing more about your work of course.

Thanks Christopher for having me and also thanks Ron for having me on this great start to the series.

Just a brief background on what United Housing does and I hope y'all can hear me. There's some work being done outside, but um. So United housing began 25 years ago with a mission to provide an equal quality housing opportunities for memphians. We are a primarily single family developer and during the Neighborhood Stabilization program we acquired and renovated over 50 homes and one neighborhood alone, we renovated over 35 homes and that was a brownded about a million of acquisition and rehab value. With the resale value of over 2 million. So we were able to increase values there. By about one point, $1,000,000 just in the one neighborhood where we were able to help with the Neighborhood stabilization program through single family development. And then of course we have our housing counseling program, so we're the largest in the top five of the housing counseling agencies in the state. Last year we helped over 1000 people with financial coaching, literacy, homebuyer education and then we're also a community development financial institution, so we are able to offer some mortgage financing both first mortgage and. Down payment assistance, closing cost assistance and home
repair loans

and so.

Last year we helped to finance over 336 homes through that program.

We work with bank partners who provide CRA investments into our loan pools and from there were able to provide those first and second mortgages and we helped over 500 memphians get access to homeownership which did leverage is $65,000,000 first mortgage.

Leverage their interest in the city of Memphis. We are. We work Shelby County wide. We've always tried to work on foreclosure prevention as well. And then, you know, during the foreclosure crisis, like I said with MSP, we were able to acquire and renovate, put a lot of the vacant houses back into use. I guess a brief background,

Chris, if you want to bring up the map Now, if you're from Memphis and you're talkin, you're listening in. You've seen this map before as most of y'all know. The redlining was happening all over the country and we knew it was also happening in Memphis, but we didn't really ever have the proof until this map surfaced. The Digital scholarship lab to the left, the red and yellow, literally was lined out too as risky not to be invested in and that's our downtown, South and North Memphis areas. So began 90 years of disinvestment of through restrictive covenants.

And urban renewal other intentional housing policies that basically declined investments in these neighborhoods, and it went into the subprime today. These same neighborhoods were then targeted by the subprime loan market, and so when the bottom fell out,
you know a lot of these neighborhoods were targeted by investor owners who came in and started buying up most of these properties and turning the homeownership housing into rental housing. Which then you had a lot of deferred maintenance. And so now we're seeing low inventory, low home values and a continued gap in racial wealth as you as we were talking about earlier and then again. Now as you can see the map on the right is the lending even after the foreclosure crisis, the same neighborhood. So the light color and the yellow and the red are overlaid. So this was just a continued over a year. Rear rear of disinvestment and we're still not seeing the mortgage lending in these neighborhoods like you're seeing another. Areas. So that's why we are doing our loan program in these areas. We do our home repair program to help with some of the maintenance an rehabs in some of these areas, but the bottom line is that there's still obviously not enough and we still have 35,000 units short for very low income residents, and when we talk about equity in housing, we really literally mean equity in housing for too long. Homeownership has not helped. Black Americans they have not seen the same equity and wealth building through homeownership as white families as we just heard. So we really want to work towards building equity for black borrowers as well as increasing property values in our neighborhoods and in the end. And we need more inventory in those neighborhoods as well. So United housing I'll just mentioned a few things that we've been working on, one I've already kind of talked about, which was the housing counseling, you know, we look at the person's whole financial situation. We're not just looking at a credit number credit score.
Now we're looking at alternative credit options, utility bills, rental payments, and we're helping walk through the real estate industry from start to closing and then post closing with home maintenance and all of that so we really walks people through the home ownership. Sing the whole thing and then we also helped to bring down debt.

We have a predatory refai program. We know credit predatory loan storefronts are the most in the state is in our County and the target minority neighborhoods as well, which then can make your ability to borrow that much harder.

So we do have a predatory re 5 program. It's up to $1500 and so we're working on that to help people get down their debts. High cost debts. Another program that we've it's brand new. Just started piloting it. It's the rental preservation loan. There's a lot of home repair for owner occupied residence, but there's not a whole lot for the rental properties and 40% of our home sales at the end of the quarter last year went to investors, so we know that single family homes. There's a lot of them that are rental in Memphis, and So what can we do to help those property owners maintain their properties? This is low cost financing to landlords who can make those necessary repairs and renovations to improve their single family rental or a very small multifamily property. It's up to 80,000 per unit. It's a five year term and it's an alternative to the hard money that a lot of landlords, just that's the only option that they would have and so hopefully we can be that in between about the hard money in the bank to help get these homes into good repair.

We also provide, like I mentioned earlier, the home purchase assistance you saw the map earlier.
There's not a lot of mortgage lending happening in many of our neighborhoods. That's because of their small balance. The housing values are between 40 and $70,000, so we have a small balance loan program that's up to 70,000 purchase price that we help people get into those homes as well as our closing costs and down payment assistance programs that are huge barriers and Memphis to access to homeownership.

And then Lastly is our. The value gap program or the appraisal gap program. Our state is put on they right now, piloted it for nonprofit developers only. But it does provide $20,000 to make up for that value in construction or the construction costs. Then the value out of it isn't there, so it'll make up for some of that. But it's only for nonprofit developers.

There is an act that were watching the Neighborhood Homes Investment Act that is a tax credit to kind of. Does the same thing incentivize development? And low value areas to to provide that value gap. So those are things that we've been working on.

If there's any questions later, I'd be happy to go into them, but that's what we've been doing and thank you. Thanks Amy, it's it's great to hear how you're kind of turning back the tide on those old redlined neighborhoods, bringing some of them back to life. Giving some folks of opportunity who may not have had an opportunity to be owners in Memphis before, but all great work that you're doing. So thanks again for joining us.

I do want to say if you have questions, please do type them in the Q and a box rather than in the chat box and we will get to the questions. After our other panelists or through presenting. But you can go ahead and enter them now, so. Thanks very much now will turn to AJ Jackson.
AJ again is with JBG Smith and working in another city that has a strong racial identity in history that has a great impact on what we see on the ground today in Washington DC. And so AJ really happy to have you here and I'd love to hear both. Kind of the work you're doing on the ground Washington Housing Initiative in that very creative means of investing that JBG Smith is. Ben has created but also like to think about at the dealmaking level and at that on the other end of the deal. What can folks in development industry do to ensure that we are being inclusive again, not just in the way that we're putting housing on the ground, but in the deals that come together together to make that happen at the end of the day? Thank you, thank you Chris and thank you Ron again. I made you Jackson with JBG Smith. For those who don’t know, JBG Smith is a large public publicly traded for profit real estate company in the Washington area. We do development, investment, property management, asset management, across office, retail and residential. An really focus on bringing those things together at large scale and in locations. So we come out at this issue from a little bit of a different perspective. But I think it's important where we're Natasha started to talk a little bit about history, and I'll talk specifically about history in DC, you know, do you see it’s a place that has been known as Chocolate City, not just for its majority black population, but really for a thriving black culture in the in the city. And like many cities in the country, was severely impacted in particularly in those historically African American
corridors by the riots of 1968.
And following those riots was a long period of decline.
Both the population but also loss of business in the
city which ultimately culminated in the bankruptcy essentially
of the
city, in the in the 1990s.
We can't technically go bankrupt because of the federal status
of DC,
but it went bankrupt. The city has rebounded tremendously,
and as the city has come back,
a lot of of development pressure has pushed into
neighborhoods in those corridors that were damaged into
those historically.
Black communities and push sort of East across the city
and Ron.
If you could put up the first,
the first picture that I that I sent over,
I just want to give people context of DC because
in DC.
As that redevelopment is happened,
it has meant gentrification, which is just investment in these
neighborhoods.
But in DC in particular,
in the Washington region, writ large gentrification has been
synonymous
with displacement and displacement of African Americans
and displacement of
other low income,
low income people. And these are just two headlines from
the Washington Post.
Recent articles. In the past past years.
So so as we saw this happening in the city
and thought about it really out from a from a
private business perspective.
How can we have a city that is more inclusive
that is welcoming to everyone?
We launched something called the Washington Housing
Initiative that was
designed to help preserve affordability in these corridors,
so we have a mission of preserving affordability,
preventing displacement, and helping the residents to share in the benefits of economic growth and to a point that Ron made in his opening.

We really try to focus on neighborhoods that provide opportunity as opposed to neighborhoods that are simply affordable so that we can have better outcomes for residents who live there. Particularly children, so the Washington Housing Initiative is something that I run for.

JBG Smith. We have raised a fund of a little more than 100 million dollars, primarily from third party investors. We are significant investors in the Fund is primarily third party investors, and we deploy that capital to nonprofit borrowers, including the Washington Housing Conservancy, which is a nonprofit focused exclusively on affordable workforce housing.

But other non-profit bars, as well as mission aligned for profit board, but they can go into corridors like this. Acquire naturally affordable housing and keep it affordable and then layer in the resources that are necessary to help residents thrive in place. So there's a role state component, and there's also a social impact component with regard to the resident success and and and wealth creation over over time.

And I'm happy to talk more about the washing housing initiative and how that works, but but I will say our core idea there was to really try to bring private capital at scale into the preservation and creation of workforce housing in a way that hadn't been done before. And we think it's important that's important because the issues of displacement are so great now and the issues of housing affordability or so great now that they think they're
beyond the scope of just public sector solutions and just philanthropic solutions, we need to find ways to channel private capital into these spaces while at the same time providing real commitments to affordability and providing benefits for residents. Everything I want to talk about goes to sort of what you said wrong, which is our. I'm sorry, Chris, which is really this issue Christopher of. We can leave that second image up of what I call cultural displacement, but this is that second image is a shot of 14th St and in Washington DC. One of these historically black corridors, and on the left sort of the early 2000s, Unabandoned Laundromat and on the right is that shot today that was taken about 2010 minutes essentially today pre covid obviously of an Aurora new French Bistro that opened up in that location. And one of the things that happens in corridors with gentrification is not just displacement of residents because prices rise, but also really a feeling of what I'll call cultural displacement, which is not feeling at home in your own neighborhood. Being a resident on 14th St who was here through the Sixties, 70s, and 80s and coming out to the 14th St on the right side of the image there with a French restaurant serving $25 hamburgers use, you start to. Feel that the neighborhood has left you, even if you haven't left that left the neighborhood and so one of the we realized this as we were doing development in this corridor as well as another corridors and decided that we needed to try to be more proactive in our development processes about including an equity lens and so working with some folks here in DC,
we did a series of sessions essentially.

Training if you will,

for our development team to think about equitable development and

and what it really boils down to,

is thinking about not only shoes in the room when

we're making development decisions,

but who's impacted by this decisions that isn't in the room.

Who's going to benefit from what we're creating?

Who's going to be burdened from?

What we're creating? An? I think you know,

for those of us who have done some some larger scale developments,

you're in the Dnieper processor,

reviewing a project and saying,

what are my impacts and how my mitigating those impacts,

and I think the same lens really needs to be applied to development.

What are the impacts of what we're doing?

How are we mitigating those impacts?

Who's not in the room?

Who is being impacted that were not that we're not hearing from?

And I think the training for our development team,

especially our young or younger developers who are out leading

a lot of the project interaction was so important to me because.

This is a lens that needs to be as much a part of development analysis as pro forma analysis as its financial analysis is.

So we train people and how to do underwriting.

We train people and how to do environmental assessment.

We don't really train people on how to do assessments around equity and that I think is an important part of what's what's missing from the development landscape and what

can help to mitigate some of the impacts and
change the direction of development going forward.
To make it more more inclusive and more equitable,
so I'll stop there and we can.
We can talk more during the Q&A.
Super thank you very much AJ.
Um important work that the initiative doing is great to
hear about the training program you have and having that
process in place.
I'm sure that that something will be interested that's
interesting
to a lot of our participants here.
Finally returned to do you carry and you have a
lot of amazing experience working with some major cities
range of different issues related,
not just equity but the climate to say the same
thing.
A looking at how cities can work to bring people
together around those kinds of priorities would really
appreciate hearing
your perspective on on how cities can go about to
put the right policies, incentives or whatever the case may
be in place to ensure that that would development happens.
It's done in the right way and that that equity
lens that AJ talked about is kind of fully implemented.
Agent, I mean sorry Kerry.
Well yeah, thank you Christopher.
Thank you for a run for the opportunity to participate
in this in this very important discussion,
I'm going to focus on local government policy and really
reflecting on how it shapes our economic and social
landscape
in in our cities today.
I'm I'm a partner HRT advisors for those of you
not familiar with our firmware and economic development,
real estate in public policy consultancy that works with the
range of public,
private and nonprofit profit partners,
I've spent a fair amount of my career,
focus on economic development, alot of which is really a
focus on how we create more inclusive outcomes of that
I'm sure as many of you have felt over the past months. It's been a real point of somewhat overdue reflection. On the work we do, and it's brought me to question some of the basic precepts of the work of Economic Community development and even some of the most progressive policy. So I'm going to talk a little bit about that. Economic development policy has really helped to underpin the transformation of the American city over the past decades. It's helped return investment to our downtowns itself, created viral places where talents want to be where businesses want to grow, and up until covid. Many of our cities were capitalizing on an historic periods of economic growth. An increased demand for living and working in cities, but I think if we all take a hard look, many of these policies that have driven that transformation also deep in the racial divide.

There's a strong imperative in the economic development business to build on strength, and that's tended to see resources to buy neighborhoods to central business districts. So so much of what we need to do is take a hard look at at past and present practice in local government to understand how policies have impacted communities for better for worse. And whom they benefited. So take two tools that are typical core parts of cities, toolkits and driving and spurring development tax abatements of tax increment finance in work we did in Columbus to help them re enact new policy. We found that parcels in one for affluent, predominantly white neighborhood were three times more likely to receive
property tax abatements that,
in comparison, instead of less affluent,
predominantly black communities.
You know the city was under fire for the fact
that there were affluent condo owners who are paying less
property taxes than struggling families in other neighborhoods.
Yeah, another tool that's that's a core part of the
of the economic development will get tax increment finance.
I do a lot of work in Houston,
you know 10% of the cities property tax base there
is collected within 26 different tax increment reinvestment zones.
If you think about the you know wells accumulation here,
four of the wealthiest districts combined retain more tax increment
that remaining 22,
which they get to reinvest locally.
So Tiffin tax abatements have no doubt been powerful tools
in revitalizing our neighbors.
You know they're important in times of economic recovery,
but I think we as Economic Community developers need to
ask ourselves test questions about who benefited from these policies,
and if you think of those those cases,
the primary direct beneficiaries have been land owners in real
estate developers,
predominantly white and male constituents.
So you know, my point is that yes,
we need to continue to grow our housing supply in
our economies,
but our policy is really warranty rethinking to address their
racial disparities that have been either intentionally or unintentionally exacerbated.
And I think we are seeing movement in city government.
I've certainly seen it over past years to think critically
about these dynamics.
I think we're going to see a lot more of
that much more deeply and at the time of fiscal
constraint allow greater scrutiny.
But where? Where I'd really like to see us go
with cities is a real pain in the perceived mission and role of economic development to two top racial equity and shared prosperity is our core mission. So yes, where are we seeing opportunities for communities that really make progress? In Dragon history development, I'm going to talk about a couple different areas where I've seen I've seen real. Well, I think there's real opportunity where we've seen some cities doing interesting things. First, you know it's so important for cities to clearly articulate their values and to use them to structure all that we do in our investments. We're seeing changes in cities and thinking how they're thinking about equity in the work they do, but this is really about leading with our values prosper. Portland is A is a phenomenal example. This is Portland's economic and Urban Development Agency. City that has a deep legacy of racism. They five years ago made a very important transition. They made racial equity the foundation of all their community economic development work. You know, I, I can't overstate how important is to explicitly name brace in that mission and that transition that they made and it drives everything they do. It drives their work around, grown widely shared prosperity, growing a more equitable outcome, growing more vibrant neighborhoods and communities. Those values for us need to translate to the tools for deploying that drive development drive economic development. So to go back to Columbus, we worked with them to really re envision their tax abatements and mechanism to foster private sector investment and mixed income neighborhoods rather than think of A1 size fits all tool, it is now applied differently in different neighborhoods that have different characteristics along the development economics but also community
distress characteristics and now require many communities.
Delivery affordable housing as part of a mixed income project
to receive an abatement.
You know the other way that these values,
nature functions for resource allocation.
We have a deep resource allocation question here and we
need to shift far greater resources to investments that are
promoting racial equity.
We're seeing a lot of scrutiny over city budgets today.
That's a great thing. It's certainly topic around policing,
but we're seeing and extending to other areas.
I think economic and Community development deserves
burning.
You know, there's a lot of stake here to go
to New York Times to study that tried to estimate
state and local government.
Business and real estate incentives 80 billion dollars annually
so
a lot of money.
We need to be really thinking about and we need
to think about these expenditures in these assets as a
portfolio of primary objective of which I would argue should
be creating more example. Local economies so doing that
requires
you know as AJ said.
You know training people and in how to think about
equity and how to deploy equity.
It's going to require us to look back at the
beneficiaries of these investments.
It's going to require us to shift how who we're
targeting and how we're working with them,
and we're going to far greater transparency.
In terms of housing policy,
you know there's a need to really balance growth with
that goal.
Outcomes, which is attention. I think we all see in
all of our communities that begins with issues that Amy
brought up around land use.
The correlation between single family housing zoning today
and red
and really some of the laudable work that's being done in places like Minneapolis to abolish single family housing, zoning and break apart the segregation of their neighborhoods.

I know near and dear to the church through intermission is, you know, a commitment to increasing the supply of housing as a means to preserve long-term affordability. That's something that can be so powerful when done well, but in many cities, we're still struggling to get by rise owned by resigning from multifamily Aquarius and in many places are let our zoning is not even keeping up with our population projection. So you know, in many ways I think as an industry is, we have to sort of take a step back and take. A different look at the problem.

I saw a question and in the Q&A asking about you know is it a housing affordability powers in an income problem. You know, I think it's very easy in this industry to focus on development pro forma demand has been high supplies being constrained. It's been a profitable. Dynamic first bill state, but individually rational choices don't always translate to the right holistic outcome. An we've seen that. The pressure of the lack of affordability. We've seen the pressure of racial disparity. As you know the part is gone, so hard boiled over you know, we've seen that certainly around housing affordability in New York and the changes around rent regulation, which have which are forcing the bid, the real estate Institute essentially reinvent their business model. So it's important that we all see the linkages between prosperity and a long term healthy real estate market.
We have a wage problem. No question nationally. We haven't seen the average American is not seem income growth in the past 50 years in real terms. We need that income growth to drive equitable prosperity. We needed to ultimately drive the growth of the real estate market, and if we as an industry ignore that issue, it's going to be a problem. So I think that means as, whereas we're grappling with legacy of redlining, not just looking at housing development, which is a critical part, but also thinking about how we connect our work to wealth generation. You know, black black people are almost 13% of our population there. 4% of our nation's business owners. And while we've had, you know M WBE policy is traditionally bananas are driving these outcomes. You know we really need to sort of double down on those opportunities. And efforts to bring more wealth. The black communities I was pleased to see in the news just the other day DC released a new development opportunity that for the first time in the district, provider preference for teams led by black disadvantage businesses. So it's not just an FWB, you know, target or requirement is actually selecting teams that have doubt that leadership, but you know eight states still in the country ban affirmative action. So there's a lot of policy work that needs to be done together. This and I think there are opportunities for us even on a small scale to think about the projects we built. To drive a black book wealth creation.
What if we thought it mixed income development projects is a real opportunity to do so. It would mean adopting models like Oakland, CA, Black Art Business Improvement District, some really exciting work there. They are established a new local Development Corporation. They leverage new development to underwritten impact fund. That fund supports black artists, black businesses and fries. Technical assistance for them to have a place to grow in their community even as new development is coming in so. You know all this in my mind points. Do I need to change the industry to make sure that we are bringing more leaders of color into the development industry? We are bringing up black round and female leader through our own organizations whereas AJ said committing to mentorship and committing to rethinking how we do the work we do. And you know, I think this platform having a discussion here is you always so important because you like to play such a critical role in really. In really driving that, thank you. Thanks, Kerry really really great. Great perspectives on some of the opportunities there are out there and we have had some good response in the Q&A box. So we will move to some of the audience Q&A now and AJ there's been a lot of interest in your program that JBG Smith in terms of implementing that equity lens and folks have asked both, can you give a little more detail about about? What the process is or what the metrics are that you look at. Or could you give an example of maybe a decision that changed as a result of applying the lens? Look, I think you're still on mute there, AJ.
us and not,
but that's right or wrong that's that's where we
are.
But it's really been what,
what, what we have been learning about it being being
trained about is really again who we engage in discussions
with what perspective we're considering because
development.
It's a series of conversations and incremental decisions that
ultimately
lead to you know it ultimately lead to the final
project,
and so it's. Using the room is not in the
room and then who are you checked through?
Are you checking in with and changing that that perspective
so that you know most developers don't want to get
blindsided at the Planning Commission?
Or have you know that kind of a set back
and so they want to say,
OK? I've checked in with her,
I've got covered my basis right,
and so it's really kind of what this is about
is redefining the basis,
righted redefining the basis for us,
redefining the basis with the with the public sector,
so it's much more of that than sort of we've
done.
You know, we have this.
This this metric I will say,
though, that we've looked at the in the as part
of the washing housing issue we were looking at a
development project in DC with it with a partner and
ultimately ended up having to adjust the first,
adjust the sort of the development program of the of
the of the project,
and ultimately really adjust the development economics or
the program
because it became apparent that.
There was such from it from a social equity perspective.
There was such an important need to include a significant
amount of.
Low and moderate income family housing.

In this project. Much more so than the sort of the pro forma you would have said.

Well this is not really a rational economic decision, but our partner had been a part of this community when it was,

you know pre sort of pre gentrification were very rough place had been there through the rise and wanted to continue to be there in felt very strongly about despite the economics of of other options of really.

Creating both an anchor or housing there, but also creating an anchor for them in that communion so that you know.

Being open to that perspective and understanding that that point of the oil changed the direction of that project went for us and changed our involvement in it and and really changed. Actually the long run economics as well for us to the benefit of the partner,

but that's that's that's a smaller example.

I think you know it will take time for us to see what the what the what, the long term results are.

But again, it's really more about the process of you know who you're engaging,

who you consider to be the stakeholders.

Right having their outright people in the room.

That sounds like the big takeaway and one of the questions that was raised in the in the QA boxes are there examples of kind of unexpected sources of capital that any of you have seen because you were specifically focused on an equity or the history of redlining.

I you know AJ had a partner who had an interest that helped them along but I wonder if anyone 's actually seen funding sources who came in because of that.

It would be a good thing for sure.

Well, one thing I would say to that is talking to Heather Worthington from Minneapolis and the process that they went through there of getting rid of single family zoning.
It was really when they started talking about the racial aspect of the issue that they had a real chance to get it done at the end of the day. And I think that it's not necessarily finding that capital source necessarily, but I think it is a way to get at some of the barrier. Some of the Nimbyism some of the unfounded concerns that people had and get him out into the open and address them an I think at the end of the day because they put race front and center in what they were trying to do in Minneapolis, they were ultimately able to to achieve that. Now again, it's a little different than bringing capital to the table, but I do think that there's a. There's an important lesson there. I will say more so from the nonprofit philanthropic spaces that you are, we are starting to hear specific requests by potential donors an investors. Both 'cause I work with our CDF. I as well on you know, do you have explicit programs targeting black homeowners, for instance? And looking to really rectify that gap of black, the black homeownership gap in this country? So I do think that there are many others who have pots of money who were specifically focusing in on this issue. Of development with equity as a focus. And one thing I appreciate hearing your comment on, Natasha was a little bit of talk about about income because income levels are clearly a big problem across the board right now with covid. But the reality is, a lot of black income levels have been stifled by the housing that take that they lived in their inability to build wealth to access educational opportunities. I just would invite you to provide any perspective on the wealth gap portion of the income gap portion.
of the conversation as opposed to that absolutely just and
I know we're at drawing.
Close on our time, there's obviously a difference between the
income gap in the wealth gap to a certain degree,
right income is focusing on kind of being equities,
and the pay scales that folks are receiving and the
types of work that they have access to.
Wealth gap is that that those incomes accumulating
overtime,
and So what we're seeing in a lot of our
communities also is not just a recovery from some of
the state,
federal, and local legislation and practices,
both the private and the public sector of the 1930s,
Forties and 50s there. These families are still trying to
recover.
From the 8 Great Recession right and so as you
know,
many of you have heard this kind of flippantly said.
When America gets a cold Black America gets the flu.
And unfortunately in this instance gets covid.
So when you're in this space and how that begins
to impact.
These communities that were already vulnerable.
It really does put paint a larger why to the
commentary and the the intent that we content that we've
heard from Kerry from Damian from AJ and if I
could Chris Christopher just at the end of this statement
say.
One of the things that I think is so great
about those of you on this call in the work
that you allow is doing is you have such a
great opportunity to become the architects of the new
America.
If we're bold and courageous enough at all aspects of
development,
we become the ones who can construct and build
all over this country that look different from the way
that they look now and what's so powerful in that
community building component is that those are the places
where

00:57:02 --> 00:57:06: you have unintentional relationships and ronins with people who look
00:57:06 --> 00:57:07: different than you.
00:57:07 --> 00:57:10: If we construct these communities so in the grocery store
00:57:10 --> 00:57:12: in the libraries in the line to vote,
00:57:12 --> 00:57:15: you begin to meet people who look who don't look
00:57:15 --> 00:57:16: like you,
00:57:16 --> 00:57:18: and because they are part of your neighborhood,
00:57:18 --> 00:57:20: they have a human as a humanizing aspect.
00:57:20 --> 00:57:24: Part of this political divisiveness that we're experiencing now
00:57:24 --> 00:57:26: because we are so segregated in separate.
00:57:26 --> 00:57:29: We have no way, even on social media,
00:57:29 --> 00:57:32: now in our neighborhoods of coming together with people who
00:57:32 --> 00:57:35: look different than less who think differently than we do.
00:57:35 --> 00:57:38: So when we talk about these policies on the homeownership
00:57:38 --> 00:57:39: front,
00:57:39 --> 00:57:42: when we talk about. Improving access to down payment
00:57:42 --> 00:57:45: assistance
00:57:45 --> 00:57:49: and access to affordable credit in the rental market when
00:57:49 --> 00:57:54: we talk about having greater access to housing choice
00:57:54 --> 00:57:54: vouchers,
00:57:54 --> 00:57:54: investing in segregated communities using the the
00:57:54 --> 00:57:54: Neighborhood Homes Improvement
00:57:54 --> 00:57:54: Act,
00:57:54 --> 00:57:58: another opportunity zone. Opportunities to invest in
00:57:58 --> 00:58:02: opportunity zones.
00:58:02 --> 00:58:03: I mean, those really are opportunities to change the
00:58:03 --> 00:58:06: landscape
00:58:06 --> 00:58:06: of this country,
00:58:06 --> 00:58:06: the political landscape, the social landscape and when we do
00:58:06 --> 00:58:06: it.
00:58:06 --> 00:58:08: Kerry with an equity lens,
00:58:08 --> 00:58:10: we begin to shape a new America so.
00:58:10 --> 00:58:12: I'm so excited to be a part of this conversation.
00:58:12 --> 00:58:15: I hope that it pushes us to really do what
00:58:15 --> 00:58:17: we can do in this moment.
00:58:17 --> 00:58:21: Well, thank you Natasha. I think that's a wonderful place
00:58:21 --> 00:58:24: for us to leave it and a real opportunity lies
00:58:24 --> 00:58:25: before us as an industry.
As a country we have a shameful history that we have an opportunity to actually do something about. So thanks so much for joining us. Thank you, AJ. Amy Carey. Really wonderful discussion that we've had today and I really appreciate you taking the time to be apart of it. For those who had questions in the Q and a box that were not answered. I will distribute those questions to our panelists and try to get some answers back to you and appreciate your interest. Your taking the time to participate in all of the questions that you presented today. Look for our Twilegar Center second webinar next month in August and again thanks everyone for being here. Thank you Ron for joining us today and I hope everyone has a great afternoon. Take care thanks everybody. Care about you safe.