



Event Session

2022 ULI Housing Opportunity Conference???Opening Keynote: State of the U.S. Housing Market

Date: March 08, 2022

00:00:04 --> 00:00:08: Thank you for joining us for the 2022 Virtual Housing
00:00:08 --> 00:00:09: Opportunity Conference.
00:00:09 --> 00:00:14: Please be aware that today's session is being recorded.
00:00:14 --> 00:00:16: We welcome your questions during the session.
00:00:16 --> 00:00:19: Please use the Q&A function which you will find to
00:00:19 --> 00:00:21: the right of the chat function,
00:00:21 --> 00:00:23: which is to the right of your screen.
00:00:23 --> 00:00:27: To register your questions again throughout Adams
presentation,
00:00:27 --> 00:00:30: we invite you to enter your questions in the Q&A
00:00:30 --> 00:00:30: function,
00:00:30 --> 00:00:33: which is to the right of the chat function to
00:00:33 --> 00:00:35: the right of your screen.
00:00:35 --> 00:00:38: Thanks again for joining us today and now it's my
00:00:38 --> 00:00:41: pleasure to welcome the CEO of RCCL Co and a
00:00:41 --> 00:00:44: member of ULI Twilligear Center for Housing.
00:00:44 --> 00:00:47: Board Adam Ducker, Adam.
00:00:50 --> 00:00:53: Thanks Chris. It is a delight to be here.
00:00:53 --> 00:00:57: Thanks to everybody for joining and I hope this is
00:00:57 --> 00:01:02: really a great kickoff to what should be a terrific
00:01:02 --> 00:01:05: couple of days of discussion around housing.
00:01:05 --> 00:01:09: I really struggled with how to use this time and
00:01:09 --> 00:01:13: how to frame this conversation at one time.
00:01:13 --> 00:01:16: This presentation had a title of what the heck is
00:01:16 --> 00:01:17: going on with housing,
00:01:17 --> 00:01:21: and there was a less PG version of that too.
00:01:21 --> 00:01:25: And. One of the themes that will grapple a little
00:01:25 --> 00:01:26: bit today,
00:01:26 --> 00:01:31: and I suspect over the next couple of days,
00:01:31 --> 00:01:34: is. What what, what does it mean to be a
00:01:34 --> 00:01:38: participant in housing in this condition of just dramatic growth

00:01:38 --> 00:01:39: and prices,

00:01:39 --> 00:01:43: dramatic growth, and rents dramatic growth and cost such a

00:01:43 --> 00:01:48: challenging time to be in the position of producing housing

00:01:48 --> 00:01:50: or preserving housing and,

00:01:50 --> 00:01:54: and in particular, I thought about framing this as.

00:01:54 --> 00:01:58: Is this still a business where people can can do

00:01:58 --> 00:02:00: good and do well,

00:02:00 --> 00:02:02: which I think is one of the the themes that

00:02:02 --> 00:02:06: the Housing Opportunity Conference has grappled with

00:02:06 --> 00:02:09: anyway,

00:02:09 --> 00:02:12: I decided to to leave the the the the title

00:02:12 --> 00:02:14: of state of the housing market,

00:02:14 --> 00:02:17: but I I hope it's OK.

00:02:17 --> 00:02:20: I do plan to spend a little bit less time

00:02:20 --> 00:02:23: just on what's what do the market statistics tell us

00:02:23 --> 00:02:27: a little bit more time on on what might be

00:02:27 --> 00:02:28: kind of driving. Changes in the housing market and then

00:02:28 --> 00:02:32: maybe most importantly,

00:02:32 --> 00:02:38: I'm going to spend a little time going into.

00:02:38 --> 00:02:42: Investment dynamics around housing and a particular

00:02:42 --> 00:02:46: investment dynamics driving

00:02:46 --> 00:02:49: the affordable and workforce housing sectors of the business

00:02:49 --> 00:02:53: and

00:02:53 --> 00:02:57: how?

00:02:57 --> 00:03:00: There's a very very dynamic and exciting but but also

00:03:00 --> 00:03:03: scary market environment might might change.

00:03:03 --> 00:03:06: That might prevent risks, but also might prevent presents

00:03:06 --> 00:03:07: some

00:03:07 --> 00:03:10: opportunity.

00:03:10 --> 00:03:12: So that's the agenda for today.

00:03:12 --> 00:03:18: I think we will spend the next you know,

00:03:18 --> 00:03:20: or else spend the next 3540 minutes kind of sharing

00:03:20 --> 00:03:22: some thoughts and some observations and some

00:03:22 --> 00:03:25: information.

00:03:25 --> 00:03:30: A will as Chris said,

00:03:30 --> 00:03:32: try to keep an eye on the question so we

00:03:32 --> 00:03:34: can perhaps take some of those as we go,

00:03:34 --> 00:03:36: but certainly. Leave a little bit of time at the

00:03:36 --> 00:03:38: end for questions,

00:03:38 --> 00:03:40: maybe even a lot of time.

00:03:40 --> 00:03:42: Before we do, I do want to thank the team

00:03:42 --> 00:03:44: at the Willigar Pappas for Joe's generously sponsoring the

00:03:44 --> 00:03:46: session.

00:03:30 --> 00:03:35: The whole team are are really kind of great advocates
00:03:35 --> 00:03:35: for.
00:03:35 --> 00:03:40: The the Center for the work of ULI and.
00:03:40 --> 00:03:41: You know, for housing across the country,
00:03:41 --> 00:03:44: so thank you to to twilligear center.
00:03:44 --> 00:03:48: The the sponsor of the session today.
00:03:48 --> 00:03:54: So a framework right? We find ourselves in a very
00:03:54 --> 00:03:55: unusual.
00:03:55 --> 00:04:00: Situation right? We have just passed through this economic
recession
00:04:00 --> 00:04:04: which was not caused by housing like thank God right?
00:04:04 --> 00:04:07: We don't have that on our conscience,
00:04:07 --> 00:04:13: but also not resulting in the kind of prolonged interruption
00:04:13 --> 00:04:14: of demand.
00:04:14 --> 00:04:17: Resetting of prices that you know we have come to
00:04:18 --> 00:04:20: associate with economic cycles of the past,
00:04:20 --> 00:04:23: right? They have almost become hand in hand.
00:04:23 --> 00:04:24: And I think of our own work.
00:04:24 --> 00:04:27: And you know. We spent so much time talking about
00:04:27 --> 00:04:31: the real estate cycle almost this is like teleological,
00:04:31 --> 00:04:34: unavoidable. You know process of the market gets better and
00:04:34 --> 00:04:36: the market gets worth.
00:04:36 --> 00:04:39: And and we really have not.
00:04:39 --> 00:04:41: Sort of seen that over the last two years,
00:04:41 --> 00:04:44: which is not to say that there weren't some scary
00:04:44 --> 00:04:45: moments during COVID,
00:04:45 --> 00:04:51: and people whose business has struggled but.
00:04:51 --> 00:04:55: The the This is nothing like the way we have
00:04:55 --> 00:05:00: historically described the housing recovery after a period of
economic
00:05:00 --> 00:05:01: contraction.
00:05:01 --> 00:05:06: And you know one framework for thinking about.
00:05:06 --> 00:05:09: What we maybe should process a bit on today is
00:05:09 --> 00:05:12: you know some things that are really good,
00:05:12 --> 00:05:14: right? Like I think there's an argument.
00:05:14 --> 00:05:17: That there is an argument.
00:05:17 --> 00:05:20: It's a fact that there's a lot of investment in
00:05:20 --> 00:05:23: housing and I'm going to make the argument that we
00:05:23 --> 00:05:25: may just be seeing the tip of the iceberg,
00:05:25 --> 00:05:28: right. There is innovation in housing.
00:05:28 --> 00:05:32: In fact, I think there's more innovation in housing happening
00:05:32 --> 00:05:33: right now.
00:05:33 --> 00:05:38: Never before maybe because necessity is the the the mother

00:05:38 --> 00:05:39: of invention,
00:05:39 --> 00:05:41: or maybe for a variety of other reasons,
00:05:41 --> 00:05:43: which we'll talk some about today.
00:05:43 --> 00:05:47: And I process in. We have the luxury of being
00:05:47 --> 00:05:51: able to sit at a lot of different kinds of
00:05:51 --> 00:05:52: tables.
00:05:52 --> 00:05:56: And. I have the benefit of.
00:05:56 --> 00:06:01: Really. Like seeing a lot of interest and thought around.
00:06:04 --> 00:06:09: People thinking about equity people thinking about the ability
to
00:06:09 --> 00:06:10: kind of,
00:06:10 --> 00:06:12: you know, create some social goods as the delivery of
00:06:12 --> 00:06:12: housing.
00:06:12 --> 00:06:14: So we'll talk a little about that today.
00:06:14 --> 00:06:16: So let me get going.
00:06:20 --> 00:06:24: I'm going to start with the complicated right.
00:06:24 --> 00:06:26: And you know the headline of the year,
00:06:26 --> 00:06:31: of course, is that you know we're in this condition
00:06:31 --> 00:06:32: of.
00:06:32 --> 00:06:35: Runaway price growth runaway might be too strong,
00:06:35 --> 00:06:40: but unprecedented levels of sustained price growth.
00:06:40 --> 00:06:45: This these charts show rent growth both rents in you
00:06:45 --> 00:06:45: know,
00:06:45 --> 00:06:49: Class A multifamily properties and Class B.
00:06:49 --> 00:06:50: You can see they're very,
00:06:50 --> 00:06:54: very similar. You know Class C properties tend to be
00:06:54 --> 00:06:55: a little bit.
00:06:55 --> 00:06:58: More squiggly, I'm being told that the slides are not
00:06:58 --> 00:06:58: up.
00:06:58 --> 00:07:00: Let me let me do that.
00:07:00 --> 00:07:02: I'm going to put up these slides.
00:07:02 --> 00:07:05: Sorry about that, Rosie, if that's not.
00:07:05 --> 00:07:06: Showing properly, let me know.
00:07:09 --> 00:07:11: What a couple slides on the screen here.
00:07:11 --> 00:07:15: Looking at Class A market trends on the left and
00:07:15 --> 00:07:18: and be on the right and you can see that
00:07:18 --> 00:07:22: blue line just dramatic rent growth in all property types
00:07:22 --> 00:07:24: and really in all markets.
00:07:24 --> 00:07:31: In 2021, we expect that that will taper off,
00:07:31 --> 00:07:34: but but taper off slowly.
00:07:34 --> 00:07:38: And you know, continued tight market conditions.
00:07:38 --> 00:07:43: The bars look at, you know deliveries compared to

absorption,
00:07:43 --> 00:07:47: right absorption in the dark bar and deliveries in the
00:07:47 --> 00:07:47: light bar.
00:07:47 --> 00:07:51: And you know, for almost 10 years the the multifamily
00:07:51 --> 00:07:55: housing markets were in pretty close balance,
00:07:55 --> 00:07:59: right? What got built got absorbed and in 2021 right
00:07:59 --> 00:08:03: again still a recovery year from this recession.
00:08:03 --> 00:08:05: In both wars you'll see this.
00:08:05 --> 00:08:08: Huge spike in the dark net absorption bar,
00:08:08 --> 00:08:12: right? So lots of moving into housing moving into housing
00:08:13 --> 00:08:14: of all kinds.
00:08:14 --> 00:08:17: We we we, we have spent a lot of time
00:08:17 --> 00:08:19: really trying to kind of unpack.
00:08:19 --> 00:08:21: What might be, you know,
00:08:21 --> 00:08:26: behind this, truly, you know truly unprecedented surge in
housing
00:08:26 --> 00:08:27: at the moment.
00:08:27 --> 00:08:30: And we're going to get into those in in just
00:08:30 --> 00:08:30: a minute.
00:08:30 --> 00:08:35: By the way, I should say the other thing that's.
00:08:35 --> 00:08:38: You know, notable as you know,
00:08:38 --> 00:08:40: there were a lot of.
00:08:40 --> 00:08:41: There was a lot of theorizing,
00:08:41 --> 00:08:46: a lot of discussion around how housing would change and
00:08:46 --> 00:08:49: how like impactful COVID might be.
00:08:49 --> 00:08:54: And driving you know behavior modification in the housing
space.
00:08:54 --> 00:08:57: And you know here early in 2022.
00:08:57 --> 00:08:59: You know the answer is the jury.
00:08:59 --> 00:09:01: The jury is still out in a lot of ways
00:09:01 --> 00:09:02: right?
00:09:02 --> 00:09:06: One of those trends that that people talked about was
00:09:06 --> 00:09:11: the flight from suburban or urban markets to to suburban
00:09:11 --> 00:09:12: markets,
00:09:12 --> 00:09:14: and that we did see some of that right.
00:09:14 --> 00:09:18: If you sort of look carefully the the rent growth
00:09:18 --> 00:09:20: picked up earlier in suburban markets.
00:09:20 --> 00:09:21: That chart on the right.
00:09:21 --> 00:09:23: If you look at the blue line,
00:09:23 --> 00:09:24: then it did in urban markets.
00:09:24 --> 00:09:29: But really this this. Sort of very,
00:09:29 --> 00:09:33: very strong market condition and housing is.
00:09:33 --> 00:09:36: Across geographies across property types,

00:09:36 --> 00:09:39: you know, in both urban and suburban markets,
 00:09:39 --> 00:09:43: in both high growth markets and in more modest growth
 00:09:43 --> 00:09:44: markets,
 00:09:44 --> 00:09:47: and it is very, very broadly felt.
 00:09:49 --> 00:09:52: In including in the 4 sale market,
 00:09:52 --> 00:09:55: will probably spend a little bit more time talking today
 00:09:55 --> 00:09:57: about rental housing than for sale housing,
 00:09:57 --> 00:10:01: but the the the the,
 00:10:01 --> 00:10:06: the growth in demand, the reduction in available supply has
 00:10:06 --> 00:10:11: been as pervasive in for sale housing as as ever.
 00:10:11 --> 00:10:15: This chart actually looks at the share of prices with
 00:10:15 --> 00:10:19: share of new single family home sales by price range.
 00:10:19 --> 00:10:21: Kind of going back a couple of centuries.
 00:10:21 --> 00:10:24: I'm sorry a couple of decades and of course,
 00:10:24 --> 00:10:27: there's there's two years of appreciation in here,
 00:10:27 --> 00:10:29: so we shouldn't miss that.
 00:10:29 --> 00:10:33: But if we look back to as recently as 2012,
 00:10:33 --> 00:10:37: you know 2/3 of. The new homes sold in the
 00:10:37 --> 00:10:41: United States were priced less than \$300,000 and.
 00:10:41 --> 00:10:46: Fast forward to to to 2020 and that is,
 00:10:46 --> 00:10:50: you know today less than 1/3 almost no sales under
 00:10:50 --> 00:10:51: 200,000,
 00:10:51 --> 00:10:55: maybe that's. No longer reasonable to expect but but but
 00:10:55 --> 00:10:59: really no growth in the 200,000 and almost all of
 00:10:59 --> 00:11:02: the growth in the luxury price points,
 00:11:02 --> 00:11:05: and so that again this is not because of COVID.
 00:11:05 --> 00:11:07: I think COVID has accelerated.
 00:11:07 --> 00:11:10: To some degree, the movement to for sale housing and
 00:11:10 --> 00:11:13: probably is encourage people to sort of buy off,
 00:11:13 --> 00:11:15: maybe out of their schedule.
 00:11:15 --> 00:11:19: So this is a trend that really is a structural
 00:11:19 --> 00:11:21: and long lasting trend,
 00:11:21 --> 00:11:25: but. But the market dynamics has changed and such that
 00:11:26 --> 00:11:28: for sale housing particularly.
 00:11:28 --> 00:11:34: Low low low density for sale housing really is serving,
 00:11:34 --> 00:11:39: you know, a largely like upper or market or luxury
 00:11:39 --> 00:11:40: customer.
 00:11:40 --> 00:11:41: So what's going on right?
 00:11:41 --> 00:11:44: What how do we explain?
 00:11:44 --> 00:11:49: This this, this, this, this kind of quirky market condition
 00:11:49 --> 00:11:52: and you know the question we always get is is
 00:11:52 --> 00:11:53: it as simple as?

00:11:53 --> 00:11:58: The markets are just undersupplied are we really not delivering

00:11:58 --> 00:12:01: enough housing and you know the answer to that is

00:12:02 --> 00:12:02: largely yes.

00:12:02 --> 00:12:08: It's not that simple. But it really is true that

00:12:08 --> 00:12:13: the housing production mechanism never recovered.

00:12:13 --> 00:12:16: In the United States, following the gross financial crisis,

00:12:16 --> 00:12:20: great financial crisis. This is some analysis that the Urban

00:12:21 --> 00:12:22: Institute does if people.

00:12:22 --> 00:12:26: Like don't know about their housing data book.

00:12:26 --> 00:12:28: I'm forgetting the exact name of it.

00:12:28 --> 00:12:32: It's really a document for spending some time with,

00:12:32 --> 00:12:36: but they they they do a very interesting analysis,

00:12:36 --> 00:12:39: which is to to adjust.

00:12:39 --> 00:12:43: Housing production for the size of the population right?

00:12:43 --> 00:12:47: When we look back 50 years or more here,

00:12:47 --> 00:12:50: right? We were talking about a country that was much

00:12:50 --> 00:12:51: smaller.

00:12:51 --> 00:12:55: A housing stock that was much more limited.

00:12:55 --> 00:12:59: And So what? The The Urban Institute does is they

00:12:59 --> 00:13:04: look at housing production per 1000 households in the United

00:13:04 --> 00:13:07: States and when you do that you can see we're

00:13:07 --> 00:13:09: at a production rate of.

00:13:09 --> 00:13:15: Less than five households per thousand and less than half.

00:13:15 --> 00:13:18: And you know, in some periods of time,

00:13:18 --> 00:13:22: almost only 30 or 40%.

00:13:22 --> 00:13:26: Of the rate of production that you know,

00:13:26 --> 00:13:29: we we we had in the United States in the

00:13:29 --> 00:13:31: 60s seventies.

00:13:31 --> 00:13:33: And 80s and 90s. And interestingly,

00:13:33 --> 00:13:35: the colors denote the product type,

00:13:35 --> 00:13:38: but one of the product types that I.

00:13:38 --> 00:13:42: I just think it's so interesting is look at the

00:13:42 --> 00:13:47: black line that's manufactured homes or shipments of

00:13:47 --> 00:13:51: manufactured homes.

00:13:47 --> 00:13:51: And. We that used to be a meaningful share of

00:13:52 --> 00:13:57: new housing delivered and it's almost nonexistent today.

00:13:57 --> 00:14:01: Similarly, you know, we, we think of the 2000 Tens.

00:14:01 --> 00:14:05: As you know, the great boom years for rental apartments,

00:14:05 --> 00:14:10: but in fact. The production of rental apartments was of

00:14:10 --> 00:14:15: much smaller share of the existing housing stock or the

00:14:15 --> 00:14:20: existing population compared to the 1970s and the 1980s,

00:14:20 --> 00:14:22: so actually entered. That's an interesting point of comparison,

00:14:22 --> 00:14:26: right? Because to some degree in the 2010 we were

00:14:26 --> 00:14:28: building apartments to.

00:14:28 --> 00:14:33: To to house the the millennial population boom.

00:14:33 --> 00:14:39: A population boom that was bigger than the.

00:14:39 --> 00:14:43: Then the the the the the baby boom capital B.

00:14:43 --> 00:14:45: Which really came of age in the 70s and 80s,

00:14:45 --> 00:14:48: and in fact you know we delivered on a per

00:14:48 --> 00:14:49: capita basis,

00:14:49 --> 00:14:55: really less than half. Of the new apartment inventory,

00:14:55 --> 00:14:56: you know over the last decade or so,

00:14:56 --> 00:14:59: so I think it really is true that we are

00:14:59 --> 00:15:04: under building housing we we are under building it to

00:15:04 --> 00:15:06: a significant degree and.

00:15:06 --> 00:15:11: I think you know the primary explanation for you know

00:15:11 --> 00:15:13: 2021 right?

00:15:13 --> 00:15:16: A year in which people were moving into the housing

00:15:16 --> 00:15:20: market back into the housing market and significant numbers really

00:15:20 --> 00:15:23: does sort of point to just a lack of product.

00:15:23 --> 00:15:26: To accommodate the the population in America,

00:15:26 --> 00:15:31: and you know the the result is that housing is

00:15:31 --> 00:15:33: getting expensive,

00:15:33 --> 00:15:34: expensive in every way, right?

00:15:34 --> 00:15:38: Expensive to buy the chart on the left looks at.

00:15:41 --> 00:15:45: The cost per multifamily unit in the United States cost

00:15:46 --> 00:15:48: to build right housing costs.

00:15:48 --> 00:15:51: Particular materials are moving at a much,

00:15:51 --> 00:15:55: much higher rate than just the the.

00:15:55 --> 00:15:59: The increase in pricing in in goods and services across

00:15:59 --> 00:16:00: the United States,

00:16:00 --> 00:16:04: which is itself. Significant on a on a call this

00:16:04 --> 00:16:04: morning,

00:16:04 --> 00:16:08: one of the center board members was describing.

00:16:10 --> 00:16:13: The challenge of how do you deliver affordable housing when

00:16:14 --> 00:16:15: in in the state of California?

00:16:15 --> 00:16:18: When building it costs \$800,000 unit,

00:16:18 --> 00:16:22: you know staggering numbers. But really,

00:16:22 --> 00:16:27: a dramatic challenge, right? So further pressure on the ability

00:16:27 --> 00:16:30: to produce housing and effect it.

00:16:30 --> 00:16:34: It does seem likely that housing production will continue to

00:16:34 --> 00:16:35: to trickle down,

00:16:35 --> 00:16:38: not just be constrained, but trickle trickle down.

00:16:38 --> 00:16:41: I'm not going to spend a lot of time today

00:16:41 --> 00:16:42: sort of looking at.

00:16:44 --> 00:16:48: You know the degree to which you know the customer

00:16:48 --> 00:16:50: is really bearing the burden,

00:16:50 --> 00:16:55: particularly the moderate and and and low income customer is

00:16:55 --> 00:16:58: bearing the burden of housing,

00:16:58 --> 00:17:00: but it really is true like this.

00:17:00 --> 00:17:02: This data that probably a lot of people are familiar

00:17:02 --> 00:17:03: with.

00:17:03 --> 00:17:06: On the left, that's what it looks at the percentage

00:17:06 --> 00:17:10: of renters cost burdened or severely cost burdened the the

00:17:10 --> 00:17:13: the label has fallen off of this,

00:17:13 --> 00:17:15: but the green or the bottom bar is.

00:17:15 --> 00:17:19: Severely cost burdened and and cost burdened.

00:17:19 --> 00:17:24: That that that that those percentages didn't increase dramatically between

00:17:24 --> 00:17:25: 2010 and 2019,

00:17:26 --> 00:17:29: right? But when the next round of this data is

00:17:29 --> 00:17:30: available,

00:17:30 --> 00:17:36: it will show even greater price and pressure on renters.

00:17:36 --> 00:17:40: In particular, you know, as prices have moved up so

00:17:40 --> 00:17:43: dramatically in in 2021 and years to come.

00:17:43 --> 00:17:46: It it is worth sort of taking a minute,

00:17:46 --> 00:17:48: I'm always fascinated by this,

00:17:48 --> 00:17:53: but we should acknowledge that housing is is still relatively

00:17:53 --> 00:17:58: affordable in America compared to other parts of the world.

00:17:58 --> 00:18:01: But these are a couple of different metrics in which

00:18:01 --> 00:18:04: people look at affordability in different countries.

00:18:04 --> 00:18:06: the United States is actually one of the more affordable

00:18:06 --> 00:18:07: countries,

00:18:07 --> 00:18:11: so our our crisis is is very real.

00:18:11 --> 00:18:16: Relative to. Are our history,

00:18:16 --> 00:18:18: but there are many, many parts of the world.

00:18:18 --> 00:18:22: In fact, most parts of the world where housing is

00:18:22 --> 00:18:26: is even more expensive or even more burdensome to its

00:18:26 --> 00:18:27: population.

00:18:27 --> 00:18:30: In the United States and I and I bring this

00:18:30 --> 00:18:31: up to say,

00:18:31 --> 00:18:34: you know. I think we we bring this framework of

00:18:34 --> 00:18:35: saying,

00:18:35 --> 00:18:39: oh, you know eventually. Housing has to stop getting more
 00:18:39 --> 00:18:41: expensive eventually.
 00:18:41 --> 00:18:43: You know there's a cap on what people can pay,
 00:18:43 --> 00:18:47: and you know that. That may be true.
 00:18:47 --> 00:18:51: But unfortunately, the experience around the world suggests
 that you
 00:18:51 --> 00:18:52: know,
 00:18:52 --> 00:18:57: economies change to. Reflect the realities of what it costs
 00:18:57 --> 00:19:01: to build a home and what people and how people
 00:19:01 --> 00:19:04: can pay for right in many parts of the world,
 00:19:04 --> 00:19:07: housing is a multi generational investment right.
 00:19:07 --> 00:19:12: Families help family members afford housing and I don't want
 00:19:12 --> 00:19:14: that to be our future right.
 00:19:14 --> 00:19:17: I hope that is not our future but but we
 00:19:17 --> 00:19:18: do need to.
 00:19:18 --> 00:19:20: To kind of not get into the like.
 00:19:20 --> 00:19:25: Well, housing's gotten expensive, so eventually something
 will change.
 00:19:25 --> 00:19:27: Right, I think we we,
 00:19:27 --> 00:19:29: as a community of Hausers,
 00:19:29 --> 00:19:33: need to grapple with as as challenging as things seem
 00:19:33 --> 00:19:34: today.
 00:19:34 --> 00:19:37: It is not simply going to be the case that
 00:19:37 --> 00:19:39: the market cycle will shift.
 00:19:39 --> 00:19:43: Things will get easier for people trying to attain housing
 00:19:43 --> 00:19:47: or easier for people trying to understand how we can
 00:19:47 --> 00:19:49: in a cost effective way,
 00:19:49 --> 00:19:54: deliver housing. I think the other thing that's both complicated
 00:19:54 --> 00:19:59: and curious right is that you know people seem to.
 00:19:59 --> 00:20:01: At the moment, I think because of COVID,
 00:20:01 --> 00:20:03: but I think it's a longer.
 00:20:03 --> 00:20:07: Trajectory to that really be valuing housing.
 00:20:07 --> 00:20:12: I made these infographics small because I'm not sure that
 00:20:12 --> 00:20:16: any of them really tell the story accurately or I'm
 00:20:16 --> 00:20:19: not sure that we know the story yet,
 00:20:19 --> 00:20:23: but there does seem to be a strong willingness in
 00:20:23 --> 00:20:25: in the United States.
 00:20:25 --> 00:20:28: I suspect around the world to spend money on housing,
 00:20:28 --> 00:20:32: right? People have had this experience of home really is
 00:20:32 --> 00:20:34: the most important.
 00:20:34 --> 00:20:37: Driver of quality of life and so even in a
 00:20:37 --> 00:20:42: context in which we describe people as cost burdened
 significantly

00:20:42 --> 00:20:43: cost burdened.

00:20:43 --> 00:20:46: People seem to have at this moment in time,

00:20:46 --> 00:20:51: like a strong appetite to devote their income towards improving

00:20:51 --> 00:20:52: their housing,

00:20:52 --> 00:20:54: and that's why we think back to some of those

00:20:54 --> 00:20:55: earlier slides,

00:20:55 --> 00:20:58: right? This protein of prices moving up,

00:20:58 --> 00:21:03: absorption outpacing historical norms is true in every segment of

00:21:03 --> 00:21:04: the housing market.

00:21:04 --> 00:21:08: The for sale segments, the luxury and more workforce oriented

00:21:08 --> 00:21:12: housing segments and and even the affordable housing segments,

00:21:12 --> 00:21:15: which we'll talk about. In a minute.

00:21:15 --> 00:21:17: And you know they're they're.

00:21:17 --> 00:21:21: We also are in a position in which.

00:21:21 --> 00:21:26: Americans have. Finally, right after several decades,

00:21:26 --> 00:21:28: or at least through 2000s,

00:21:28 --> 00:21:31: have not really having a lot of income growth or

00:21:32 --> 00:21:35: having or experiencing real income growth,

00:21:35 --> 00:21:38: and not just among the most affluent by the chart

00:21:38 --> 00:21:39: at the left.

00:21:39 --> 00:21:44: Looks at. Real after tax income by quintile of the

00:21:44 --> 00:21:46: population.

00:21:46 --> 00:21:49: And you can see throughout the income segments,

00:21:49 --> 00:21:53: there is finally in the second half of the 2000s

00:21:53 --> 00:21:58: real income growth and it's even trickled up a little

00:21:58 --> 00:21:58: bit.

00:21:58 --> 00:22:01: And and in 1819 and 20,

00:22:01 --> 00:22:02: right there was, of course,

00:22:02 --> 00:22:09: income interruption for many Americans in 2020 and 2021.

00:22:10 --> 00:22:15: But there's. Real income growth and there's also been real.

00:22:15 --> 00:22:19: Savings growth during COVID. That's actually not unusual.

00:22:19 --> 00:22:23: You sort of see that through other periods of economic

00:22:23 --> 00:22:25: contraction that people save a little money,

00:22:25 --> 00:22:29: but but one of the answer to the questions is

00:22:29 --> 00:22:33: how can people afford to keep paying the rent when

00:22:33 --> 00:22:37: the renewal notices arrive with such big increases is,

00:22:37 --> 00:22:41: you know, a lot of renters are feeling somewhat more

00:22:41 --> 00:22:43: economically secure at the moment.

00:22:43 --> 00:22:45: It it does seem counterintuitive.

00:22:45 --> 00:22:47: That coming out of a recession,
 00:22:47 --> 00:22:52: but but that does seem to be happening in housing
 00:22:52 --> 00:22:52: and,
 00:22:52 --> 00:22:54: and even if it's not true,
 00:22:54 --> 00:22:59: long term income security, it's a sense of that money
 00:22:59 --> 00:23:02: spent on housing is perhaps money well spent,
 00:23:02 --> 00:23:07: right? And so everybody is making incremental moves,
 00:23:07 --> 00:23:10: you know to to better housing to more spacious housing
 00:23:10 --> 00:23:12: to a different kinds of housing.
 00:23:12 --> 00:23:16: And it's. It's it's it's,
 00:23:16 --> 00:23:19: you know, created a condition in which you know people
 00:23:19 --> 00:23:21: are in a position of affording a label.
 00:23:21 --> 00:23:23: It the good it's it's it.
 00:23:23 --> 00:23:27: It has ramifications that are complicated but.
 00:23:27 --> 00:23:30: It is the good I think the other good.
 00:23:30 --> 00:23:35: Is you know the investment markets are very,
 00:23:35 --> 00:23:37: very active right? They don't need to.
 00:23:37 --> 00:23:38: To tell this story again,
 00:23:38 --> 00:23:43: there's a lot of equity that has been.
 00:23:43 --> 00:23:46: Amassed for investment in real estate,
 00:23:46 --> 00:23:48: US real estate in particular,
 00:23:48 --> 00:23:52: but a lot, but maybe for for this discussion.
 00:23:52 --> 00:23:56: What's even more important is how much of that.
 00:23:56 --> 00:24:01: That equity and other types of investment has really sort
 00:24:01 --> 00:24:04: of gravitated towards the housing sector.
 00:24:04 --> 00:24:08: The chart on the right looks at just transactions as
 00:24:08 --> 00:24:11: a proxy for how investment capital is being spent.
 00:24:11 --> 00:24:13: This looks at just apartments,
 00:24:13 --> 00:24:18: but but really there is much more capital amassed around
 00:24:18 --> 00:24:20: investing in for sale,
 00:24:20 --> 00:24:25: housing, seniors, housing. Housing of almost all types than
 00:24:25 --> 00:24:27: we've
 00:24:27 --> 00:24:30: seen in some time,
 00:24:30 --> 00:24:34: right? So so a lot of capital.
 00:24:34 --> 00:24:34: And the question is like can it be used for
 00:24:34 --> 00:24:34: good?
 00:24:34 --> 00:24:36: I'm going to make the argument that.
 00:24:36 --> 00:24:41: A lot of that capital does seem to be.
 00:24:41 --> 00:24:44: Focused on this question of,
 00:24:44 --> 00:24:45: you know, as I said earlier,
 00:24:45 --> 00:24:48: is housing a business in which we can do well
 00:24:48 --> 00:24:49: and do good.

00:24:49 --> 00:24:54: And you know, we've seen the the evolution of you
 00:24:54 --> 00:24:57: know the impact or or EG or or just socially
 00:24:57 --> 00:25:03: conscious investing in housing change so rapidly really kind
 of
 00:25:03 --> 00:25:07: driven by these economic interruptions that we've had over
 the
 00:25:07 --> 00:25:08: last 20 years,
 00:25:08 --> 00:25:11: right following the great financial crisis.
 00:25:11 --> 00:25:16: Would I sometimes crawl as this first phase of impact
 00:25:16 --> 00:25:20: housing where capital began to flow into the market?
 00:25:22 --> 00:25:27: More more rapidly, the actual you know fund environment
 made
 00:25:27 --> 00:25:32: institutional investing in the space a little bit.
 00:25:32 --> 00:25:37: More common, the the the the range of investments
 increased
 00:25:38 --> 00:25:40: to include housing preservation,
 00:25:40 --> 00:25:46: opportunity zone legislation kind of contributed towards
 changing.
 00:25:46 --> 00:25:49: The dynamics and then today we have.
 00:25:49 --> 00:25:51: We are really in the.
 00:25:51 --> 00:25:55: What I'm kind of calling the now mature phase of
 00:25:55 --> 00:25:58: at the moment people are using the term EG maybe
 00:25:58 --> 00:26:01: a little bit more more often than impact,
 00:26:01 --> 00:26:04: but we're now in a in a in a really
 00:26:05 --> 00:26:09: exciting and anomic phase in which there really is a
 00:26:09 --> 00:26:14: lot of capital that is looking at housing investment that.
 00:26:14 --> 00:26:18: Meets a social need. Does a social good.
 00:26:18 --> 00:26:23: People are actually measuring the impact that housing.
 00:26:23 --> 00:26:28: Investment is making and and impact our SG.
 00:26:28 --> 00:26:33: Motivated housing investment is also grappling with
 questions of resiliency
 00:26:33 --> 00:26:36: and how it ties to climate change.
 00:26:36 --> 00:26:38: So we're in this, you know,
 00:26:39 --> 00:26:43: very exciting phase as as recently as two or three
 00:26:43 --> 00:26:44: years ago,
 00:26:44 --> 00:26:49: you know a capital markets player looking for impact oriented
 00:26:49 --> 00:26:49: housing.
 00:26:49 --> 00:26:55: Investments would have relatively limited choice and you
 know today
 00:26:55 --> 00:27:00: the market is increasing in choice at a very very
 00:27:00 --> 00:27:01: high rate.
 00:27:01 --> 00:27:05: You know, I think this will continue to to mature
 00:27:05 --> 00:27:09: and it will be kind of fascinating to think about
 00:27:09 --> 00:27:13: what drives the changes and and then you know how

00:27:13 --> 00:27:18: the opportunities to invest in housing with a goal of

00:27:18 --> 00:27:19: really,

00:27:19 --> 00:27:24: you know, helping catalyze social change will happen as well.

00:27:24 --> 00:27:27: And then I guess the last piece of the good

00:27:27 --> 00:27:30: that is maybe worth spending a little bit of time

00:27:30 --> 00:27:31: on is.

00:27:31 --> 00:27:35: You know there's there's even what we what we are

00:27:35 --> 00:27:40: talking about when we describe housing is so much more

00:27:40 --> 00:27:42: varied than it was.

00:27:42 --> 00:27:44: You know 1010 or 20 or 30 years ago,

00:27:44 --> 00:27:49: right? The number of asset types that the specificity of

00:27:49 --> 00:27:54: housing that is available to the housing investor is dramatic.

00:27:54 --> 00:27:57: One of one of our friends and former partners,

00:27:57 --> 00:28:01: Chris Leinberger, wrote this great article which I'd go back

00:28:01 --> 00:28:02: to every so often.

00:28:02 --> 00:28:04: By the way, I thought it was written in the

00:28:04 --> 00:28:05: 1990s.

00:28:05 --> 00:28:07: I actually just looked at it again yesterday.

00:28:07 --> 00:28:11: Chris wrote in the in the in the two thousand

00:28:11 --> 00:28:12: 2005.

00:28:12 --> 00:28:16: Really, this great article where he described the 17 product

00:28:16 --> 00:28:21: types that were investable in America and not more than

00:28:21 --> 00:28:21: that right?

00:28:21 --> 00:28:25: You know, there were three flavors of housing that you

00:28:25 --> 00:28:27: know could attract you know,

00:28:27 --> 00:28:32: institutional investment capital. And today there's 17 types of

00:28:32 --> 00:28:33: income

00:28:32 --> 00:28:33: producing housing,

00:28:33 --> 00:28:37: each of which in an institutional investors.

00:28:37 --> 00:28:42: Kind of, you know, framework or Nexus of housing

00:28:42 --> 00:28:43: investments

00:28:42 --> 00:28:43: might have its own.

00:28:43 --> 00:28:47: Allocation and strategy. And so I described this bit of

00:28:47 --> 00:28:52: time as rich in housing innovation rich in housing diversity

00:28:52 --> 00:28:54: as a really good thing,

00:28:54 --> 00:28:58: right? This gives people an ability to understand the return

00:28:58 --> 00:28:59: dynamics,

00:28:59 --> 00:29:02: understand the risk dynamics, pick a space,

00:29:02 --> 00:29:04: think about impact, allocate capital,

00:29:04 --> 00:29:06: and I hope what I hope it does.

00:29:06 --> 00:29:08: And this is what we're going to turn to in

00:29:08 --> 00:29:09: a minute.

00:29:09 --> 00:29:11: Is create a condition in which.

00:29:13 --> 00:29:16: An increasing share of that dry powder that we just

00:29:17 --> 00:29:20: talked about a minute ago goes towards housing.

00:29:20 --> 00:29:23: So before we go, it's you know we should pause,

00:29:23 --> 00:29:26: right headwinds? You know are.

00:29:26 --> 00:29:29: Are there demographic headwinds there is?

00:29:29 --> 00:29:31: You know a school of thought that.

00:29:33 --> 00:29:37: You know we will see challenge to housing demand in

00:29:37 --> 00:29:38: the future.

00:29:38 --> 00:29:41: People live very smart people have sort of looked at

00:29:42 --> 00:29:44: the level of household formation,

00:29:44 --> 00:29:48: right? It is true at least through COVID that the

00:29:48 --> 00:29:52: number of new households kind of formed in America has

00:29:52 --> 00:29:55: slowed over the the long term that might.

00:29:56 --> 00:29:58: Serve as a headwind to housing,

00:29:58 --> 00:30:03: but it's it's too soon to say that's true a.

00:30:03 --> 00:30:06: You know we don't really know what household formation

00:30:06 --> 00:30:07: would

00:30:06 --> 00:30:07: be.

00:30:07 --> 00:30:11: Maybe most importantly like. You know what will happen with

00:30:11 --> 00:30:15: immigration to the United States will play a role in

00:30:15 --> 00:30:17: future demand for housing.

00:30:17 --> 00:30:20: You know, in in the era of a shrinking workforce,

00:30:20 --> 00:30:24: it seems. Unlikely that immigration is constrained to the

00:30:24 --> 00:30:27: greed

00:30:24 --> 00:30:27: it's been over the last several years,

00:30:27 --> 00:30:31: but that's something that hausers should keep an eye on.

00:30:31 --> 00:30:34: Right? Immigration has always drove demand for housing in

00:30:34 --> 00:30:36: the

00:30:34 --> 00:30:36: United States and.

00:30:36 --> 00:30:39: Which one? There's a lot of writing and talk about

00:30:39 --> 00:30:44: transients and do people you know stop transacting with

00:30:44 --> 00:30:48: housing

00:30:44 --> 00:30:48: in the same way because the workforce becomes so

00:30:48 --> 00:30:53: transient

00:30:48 --> 00:30:53: and maybe as the the workforce becomes increasingly

00:30:53 --> 00:30:56: detached from

00:30:53 --> 00:30:56: where their work happens physically.

00:30:56 --> 00:30:58: There will be a change in housing,

00:30:58 --> 00:31:03: but it it it doesn't seem like that's a plan

00:31:03 --> 00:31:04: out today.

00:31:04 --> 00:31:07: You know, people do kind of continue to ask the

00:31:07 --> 00:31:12: question about post behavior post pandemic behavior

change if that's
a real thing,
how it's changed housing we should think about that.
And you know similarly the topic for another day is.
Is the relationship between interest rates and housing,
but it it it? It does not seem likely,
nor do previous real estate cycles in the United States.
Suggest that if interest rates trickle up over the next
year or two,
which they're likely to do,
there'll be a dramatic change in the economics of housing
or the production of housing.
You know this this week people are asking what impact
you know,
the activities or the crisis in Ukraine.
Or other parts of the world might have on housing
it.
You know it. In American history there is not.
Been a strong relationship between.
Housing. Between housing production and you know,
international kind of politics or conflicts until it's become,
you know, the scale of a truly kind of global
crisis.
And so we'll watch that now.
Of course, like you know,
housing climate changes is something that will.
I think not so much.
Change the need the appetite for housing,
but will will. In fact,
Dr Warehousing is delivered and where housing is invested
in.
And. We should keep an eye on that,
so I'll pause for a second.
We're going to. We're going to transition into a discussion
around.
What I highlighted earlier, the affordable housing space and
the
workforce housing space and.
What I'm hoping to do is kind of make the
case that.
That degree to which we better understand those sectors as
investment opportunity.
The more information we kind of you know are able

00:33:09 --> 00:33:13: to amass and and share in the investment community,
00:33:13 --> 00:33:17: the more of the allocation of capital that those sectors
00:33:17 --> 00:33:17: might get.
00:33:17 --> 00:33:20: So I'm going to start with affordable housing.
00:33:23 --> 00:33:26: And this is an update that we've done to some
00:33:26 --> 00:33:30: work we did with the Terwilliger Center a couple of
00:33:30 --> 00:33:31: years ago,
00:33:31 --> 00:33:35: and actually a special thanks to the Jonathan Rose Company
00:33:35 --> 00:33:37: who funded some of this research at that time,
00:33:37 --> 00:33:41: we're going to share this later this spring,
00:33:41 --> 00:33:45: but. I'm going to talk a little bit about.
00:33:45 --> 00:33:49: You know the share of rental housing?
00:33:49 --> 00:33:51: That is, you know affordable,
00:33:51 --> 00:33:55: either affordable by law or affordable by.
00:33:55 --> 00:33:59: By by by its market positioning.
00:33:59 --> 00:34:04: And you know, we we describe the affordable housing sector
00:34:04 --> 00:34:06: as roughly 25%
00:34:06 --> 00:34:09: of rental housing in the United States,
00:34:09 --> 00:34:11: right? So when we? We look at,
00:34:11 --> 00:34:14: by the way, and half of the rental housing line
00:34:14 --> 00:34:16: states is single family homes,
00:34:16 --> 00:34:18: which is also a topic for another day.
00:34:18 --> 00:34:20: But when we look at,
00:34:20 --> 00:34:27: you know, multifamily housing. It it breaks down into roughly,
00:34:27 --> 00:34:30: you know, 40% market rate again,
00:34:30 --> 00:34:35: roughly. Roughly 40% or 35 to 40%
00:34:35 --> 00:34:41: naturally occurring. Affordable housing, meaning it's it's
00:34:41 --> 00:34:46: be affordable to people but but without subsidies or just
00:34:46 --> 00:34:48: they're affordable to the.
00:34:48 --> 00:34:51: To the below 60% of median income and then you
00:34:52 --> 00:34:54: know roughly 1/4 is subsidized.
00:34:54 --> 00:34:58: You know housing it has subsidies associated with it and
00:34:58 --> 00:35:00: you can see those programs.
00:35:00 --> 00:35:07: Highlighted in the column at the right public housing LHC
00:35:07 --> 00:35:08: Section 8.
00:35:08 --> 00:35:13: And I'm. It's it's interesting,
00:35:13 --> 00:35:18: right? We are the non luxury housing is shrinking as
00:35:18 --> 00:35:19: a share of.
00:35:19 --> 00:35:21: Of housing as the United States.
00:35:21 --> 00:35:24: It's always difficult to sort of like try to apply.
00:35:24 --> 00:35:28: You know some of the existing labels but but but

00:35:28 --> 00:35:32: using Class C housing for for the time being as
 00:35:32 --> 00:35:34: a as a proxy for housing,
 00:35:34 --> 00:35:39: that's that's affordable. You can see in the charts that
 00:35:39 --> 00:35:43: you know it is declining as a share of market
 00:35:43 --> 00:35:43: rate,
 00:35:43 --> 00:35:48: but relatively stable in terms of affordable housing,
 00:35:48 --> 00:35:51: right? It sort of has gone from,
 00:35:51 --> 00:35:53: you know, less than 1%
 00:35:53 --> 00:35:57: to 6. Percent I'm looking at the red bar at
 00:35:57 --> 00:35:59: the bottom of the bar chart.
 00:35:59 --> 00:36:03: This is the share of Class A housing that is
 00:36:03 --> 00:36:05: affordable.
 00:36:05 --> 00:36:09: And when we look at affordable and rent subsidized again,
 00:36:09 --> 00:36:11: it's still a tiny share,
 00:36:11 --> 00:36:12: right? It's less than 2%,
 00:36:12 --> 00:36:16: but even when we look at the Class A housing.
 00:36:16 --> 00:36:21: You know, across the United States that that little red
 00:36:21 --> 00:36:22: bar is.
 00:36:22 --> 00:36:23: Almost 2% right? It is up.
 00:36:23 --> 00:36:26: We are not producing affordable housing.
 00:36:26 --> 00:36:29: Perhaps at the level that we need it,
 00:36:29 --> 00:36:33: but it is important to note that we are producing
 00:36:34 --> 00:36:34: it.
 00:36:34 --> 00:36:37: And you know the share of new housing,
 00:36:37 --> 00:36:40: the chair of high quality housing that is in a
 00:36:40 --> 00:36:45: position of being rent stabilized or preserved as a valuable
 00:36:45 --> 00:36:46: housing for the long term,
 00:36:46 --> 00:36:49: is increasing right going from .2%
 00:36:50 --> 00:36:52: to 1.8% might be the tip of the iceberg.
 00:36:52 --> 00:36:56: But but but it is a trajectory that,
 00:36:56 --> 00:36:59: you know, it's something to work on.
 00:36:59 --> 00:37:04: And it's it's a few charts to sort of describe
 00:37:04 --> 00:37:06: a little bit about,
 00:37:06 --> 00:37:10: you know what, what, what types of housing are being
 00:37:10 --> 00:37:12: built as affordable,
 00:37:12 --> 00:37:14: and where it's being built.
 00:37:14 --> 00:37:18: And those charts on the left kind of point out
 00:37:18 --> 00:37:23: that really mostly what's being built in the United States.
 00:37:23 --> 00:37:25: As affordable, in other words,
 00:37:25 --> 00:37:28: the the the the greatest number of units is really
 00:37:28 --> 00:37:30: in garden style housing.
 00:37:30 --> 00:37:34: You know in workforce suburban locations,

00:37:34 --> 00:37:38: right? We think about affordable housing as an urban product type.

00:37:38 --> 00:37:38: I think sometimes Axiometrics, Axia,

00:37:38 --> 00:37:41: and metrically we, we, we,

00:37:41 --> 00:37:43: we, we, we we sort of focus on,

00:37:43 --> 00:37:46: you know inclusionary housing or high cost urban markets where

00:37:46 --> 00:37:52: where affordable housing is mandated but in reality the growth

00:37:52 --> 00:37:57: in housing is.

00:37:57 --> 00:37:58: Is in suburban markets and mostly using,

00:37:58 --> 00:38:03: you know, tax credits and other tools to make it

00:38:03 --> 00:38:06: economically feasible,

00:38:06 --> 00:38:07: right? It takes advantage of the lower construction costs and

00:38:07 --> 00:38:11: lower land prices.

00:38:12 --> 00:38:13: The maps at the right are a little bit hard

00:38:13 --> 00:38:17: to process,

00:38:17 --> 00:38:18: but but one of the things that the dots do,

00:38:18 --> 00:38:21: which shows the average age of affordable rental homes.

00:38:21 --> 00:38:27: Across the United States, as you can sort of see

00:38:27 --> 00:38:30: some of the lighter dots.

00:38:30 --> 00:38:32: In the affordable housing map on the left in kind

00:38:32 --> 00:38:36: of sunbelt,

00:38:36 --> 00:38:37: higher growth markets and some of the darker dots in

00:38:37 --> 00:38:40: sort of,

00:38:40 --> 00:38:41: you know, legacy cities around the United States and I

00:38:41 --> 00:38:44: think that also shows an interesting similarity between where

00:38:44 --> 00:38:49: and

00:38:49 --> 00:38:52: how affordable housing is getting built in the United States.

00:38:52 --> 00:38:56: It it mirrors the production of market rate housing in

00:38:56 --> 00:39:00: so many ways right with the newest the lightest dots

00:39:00 --> 00:39:03: being in the southeast and the Intermountain.

00:39:03 --> 00:39:06: Past where the affordable housing industry is newer,

00:39:06 --> 00:39:10: where the production of affordable housing is kind of ramping

00:39:10 --> 00:39:11: up with the need again,

00:39:11 --> 00:39:15: there is a green shoot of something to be encouraged

00:39:15 --> 00:39:15: by.

00:39:16 --> 00:39:19: Of course you know older housing that needs to be

00:39:19 --> 00:39:23: invested in but but but there is some sense of

00:39:23 --> 00:39:29: democratization or moving around of affordable housing

00:39:29 --> 00:39:34: production which is

00:39:29 --> 00:39:34: encouraging right? Which I think it does speak to.

00:39:34 --> 00:39:39: This opportunity and the investment community that you

00:39:39 --> 00:39:42: know we
 00:39:43 --> 00:39:45: want to kind of communicate here who who owns who
 00:39:45 --> 00:39:48: develops affordable housing right?
 00:39:48 --> 00:39:51: And the answer is, you know,
 00:39:51 --> 00:39:52: lots of different types of firms right from for profit
 00:39:52 --> 00:39:55: firms,
 00:39:55 --> 00:40:01: not for profit firms, institutional firms,
 00:40:01 --> 00:40:03: the the landscape of ownership and investment in affordable
 00:40:03 --> 00:40:07: housing
 00:40:07 --> 00:40:09: continues to to grow.
 00:40:09 --> 00:40:11: More complex and more nuanced.
 00:40:11 --> 00:40:16: You know, every time it may be sort of focusing
 00:40:16 --> 00:40:18: for a minute on this floor on the left,
 00:40:18 --> 00:40:19: right? You know almost a 5050 split between for profit
 00:40:19 --> 00:40:25: and not for profit.
 00:40:25 --> 00:40:30: Owners of affordable housing in the United States,
 00:40:30 --> 00:40:31: right? So again, another sign of the maturity of this
 00:40:31 --> 00:40:34: business as a as an asset class on its own
 00:40:34 --> 00:40:38: respect.
 00:40:38 --> 00:40:41: So I I made the case earlier,
 00:40:41 --> 00:40:45: or at least I made the suggestion that.
 00:40:45 --> 00:40:49: You know, institutional investment in.
 00:40:49 --> 00:40:52: In affordable or subsidized housing was as,
 00:40:52 --> 00:40:54: as was almost nonexistent as long as ten years ago,
 00:40:54 --> 00:40:57: and. And saw this recent spike,
 00:40:57 --> 00:41:00: including sort of coming out of.
 00:41:00 --> 00:41:01: You know the the COVID slash,
 00:41:01 --> 00:41:05: you know racial justice. Concerns we had over the last
 00:41:05 --> 00:41:09: couple of years.
 00:41:09 --> 00:41:10: This chart shows the the value of.
 00:41:10 --> 00:41:14: Assets bought in the green compared to the value of
 00:41:14 --> 00:41:15: assets sold right?
 00:41:15 --> 00:41:18: So I think in terms of creating an investable asset
 00:41:18 --> 00:41:22: class,
 00:41:22 --> 00:41:25: just having the transaction volume is good.
 00:41:25 --> 00:41:31: It facilitates the activity. And in this case you can
 00:41:31 --> 00:41:33: see just how much more buying there has been than
 00:41:33 --> 00:41:36: selling,
 00:41:36 --> 00:41:40: right? So there is really strong net positive impact in
 investing in this.
 Umm? By the way, there's a question here that I
 probably should to the I'm using the term affordable and

00:41:40 --> 00:41:44: subsidized a little bit interchangeably in these drugs.

00:41:44 --> 00:41:48: When we say affordable, we really are using that term

00:41:48 --> 00:41:49: to describe,

00:41:49 --> 00:41:52: you know housing assets that have a permanent protection of

00:41:52 --> 00:41:55: affordability guaranteed by subsidies.

00:41:55 --> 00:41:59: And there's another category of maybe naturally occurring or non

00:41:59 --> 00:42:04: subsidized housing that that's a different a different classification so.

00:42:04 --> 00:42:06: In this chart and other charts by affordable,

00:42:06 --> 00:42:13: we really mean subsidized. The other thing that has changed

00:42:13 --> 00:42:20: dramatically is the brokerage community has organized around and with

00:42:20 --> 00:42:25: think really are this playing a significant role in.

00:42:25 --> 00:42:30: Facilitating a transaction market for subsidized housing properties in the

00:42:30 --> 00:42:31: United States,

00:42:31 --> 00:42:34: right? The chart on the right looks at the amount

00:42:34 --> 00:42:35: of transaction volume.

00:42:38 --> 00:42:41: That you know brokerage firms participated in and you can

00:42:41 --> 00:42:43: see there's this dramatic increase.

00:42:43 --> 00:42:47: Again, we think that goes towards market efficiency that that

00:42:48 --> 00:42:51: will help the flow of housing into maybe not just

00:42:51 --> 00:42:55: the buying and selling of of subsidized housing assets,

00:42:55 --> 00:43:02: but but other ways of funding the development of.

00:43:02 --> 00:43:06: Subsidized housing and you know I I talked about this

00:43:06 --> 00:43:09: earlier in some of those maps,

00:43:09 --> 00:43:13: right? A lot of the inventory is still.

00:43:13 --> 00:43:17: Clustered in some of the high cost markets like New

00:43:17 --> 00:43:18: York,

00:43:18 --> 00:43:20: the size of the bubble.

00:43:20 --> 00:43:24: In this chart, represents the number of units and the

00:43:24 --> 00:43:24: price,

00:43:24 --> 00:43:28: but but, but you know almost every state in the

00:43:28 --> 00:43:33: United States now has like a growing and investable.

00:43:33 --> 00:43:37: Inventory of. Of a. Of of subsets housing and you

00:43:37 --> 00:43:41: can see sort of some smaller markets.

00:43:41 --> 00:43:45: Relatively smaller markets, Utah, Nevada you know Colorado with a

00:43:45 --> 00:43:48: significant investment opportunity.

00:43:48 --> 00:43:51: So again this sort of,

00:43:51 --> 00:43:54: you know, broadening out this this this this larger national

00:43:54 --> 00:43:59: picture of where affordable housing exists where people can invest

00:43:59 --> 00:44:01: should help increase the flow of capital.

00:44:01 --> 00:44:05: It's is not just kind of a high cost market

00:44:05 --> 00:44:05: asset,

00:44:05 --> 00:44:08: it is no longer just a legacy.

00:44:08 --> 00:44:11: Asset you know of of product delivered a long time

00:44:11 --> 00:44:12: ago.

00:44:12 --> 00:44:14: In the high cost markets.

00:44:14 --> 00:44:18: You know, interestingly, we we we tend to think of,

00:44:18 --> 00:44:23: you know, demand for affordable housing being unlimited and.

00:44:23 --> 00:44:28: That you know every project gets leased from a lottery,

00:44:28 --> 00:44:29: and that's not true, right?

00:44:29 --> 00:44:32: There is a a pattern of,

00:44:32 --> 00:44:34: you know, deliveries and absorption.

00:44:34 --> 00:44:38: That's that's regular and I I brought this chart just

00:44:38 --> 00:44:42: to sort of tie it back to our earlier discussion

00:44:42 --> 00:44:44: around that peak in in absorption,

00:44:44 --> 00:44:47: and in 2021, and we see it in the affordable

00:44:47 --> 00:44:48: housing space too,

00:44:48 --> 00:44:51: right? You know there was so little vacancy,

00:44:51 --> 00:44:55: but there is vacancy. Right in 2021,

00:44:55 --> 00:44:57: saw sort of a spike in Movens,

00:44:57 --> 00:45:01: which again moved up and down the price spectrum in

00:45:01 --> 00:45:04: all property types in the United States.

00:45:04 --> 00:45:07: But one of the reasons that.

00:45:07 --> 00:45:12: Investors like this space is because of its stability.

00:45:12 --> 00:45:17: This chart looks at. Occupancy on the left the solid

00:45:17 --> 00:45:18: bars are,

00:45:18 --> 00:45:20: you know, subsidized housing compared to market rate.

00:45:20 --> 00:45:24: Housing in the dishes and you can see the stability

00:45:24 --> 00:45:24: in.

00:45:24 --> 00:45:29: Occupancy pattern right? They just don't have the impact.

00:45:29 --> 00:45:32: There was a little bit of a COVID dip you

00:45:32 --> 00:45:35: can sort of see it in those solid lines but

00:45:35 --> 00:45:39: but but overall an asset type that is much more

00:45:39 --> 00:45:43: solid. And the chart on the right looks at turnover

00:45:43 --> 00:45:43: rates.

00:45:43 --> 00:45:47: Meaningfully less turnover, right? This is a.

00:45:47 --> 00:45:50: This is a customer that you know by,

00:45:50 --> 00:45:54: by, by need, or by desire moves less or stays

00:45:54 --> 00:45:55: more frequently,

00:45:55 --> 00:46:00: and it it it changes the the operational dynamics in
00:46:00 --> 00:46:03: a in a helpful way for owners.
00:46:03 --> 00:46:09: And similarly the the. The property type doesn't have the
00:46:09 --> 00:46:14: cyclicity of income that that market rate housing does it.
00:46:14 --> 00:46:19: It has some cyclicity, but you know you can see
00:46:19 --> 00:46:22: this much more steady line of.
00:46:22 --> 00:46:24: You know, Renfro interestingly in.
00:46:24 --> 00:46:30: In 2022-2023, which will be the most inflationary environment
we've
00:46:30 --> 00:46:33: had in the United States in a long time we
00:46:33 --> 00:46:38: will see more rent growth in subsidized property simply
because
00:46:38 --> 00:46:41: landlords will be able to increase the rents more.
00:46:41 --> 00:46:44: But you know, not not the same.
00:46:44 --> 00:46:46: Sort of, you know spike that we see in market
00:46:46 --> 00:46:48: rate housing or that we've seen in that product type
00:46:48 --> 00:46:49: overtime.
00:46:51 --> 00:46:56: And just one or two last thoughts about affordable housing.
00:46:56 --> 00:47:00: It is important to note that you know the cost
00:47:00 --> 00:47:05: pressure that owners of housing are experiencing are.
00:47:05 --> 00:47:10: Are are are doubly burdensome to owners of affordable
properties,
00:47:10 --> 00:47:13: right? So the chart that's on the right look at
00:47:13 --> 00:47:17: the change in operating expenses by category and you can
00:47:17 --> 00:47:20: see that you know the the prices have moved up
00:47:20 --> 00:47:22: even more that cost of operations,
00:47:22 --> 00:47:26: I should say have moved up even more dramatically in
00:47:26 --> 00:47:30: the subsidized space then then in the market rate space.
00:47:30 --> 00:47:34: And that's just simply because.
00:47:34 --> 00:47:35: You know the cost of Labor,
00:47:35 --> 00:47:40: the cost of materials, the cost of taking care of
00:47:40 --> 00:47:41: real estate is.
00:47:41 --> 00:47:44: Is is is independent of?
00:47:44 --> 00:47:48: Kind of the the nature of the the customer that's
00:47:48 --> 00:47:49: occupying it.
00:47:49 --> 00:47:51: I'm gonna maybe leave it there,
00:47:51 --> 00:47:55: skip a few of these slides and transition for sort
00:47:55 --> 00:47:58: of a last module and just spend maybe 5 minutes
00:47:58 --> 00:48:00: in workforce housing.
00:48:00 --> 00:48:03: By the way, there's no great definition of workforce housing
00:48:03 --> 00:48:06: the United States by workforce housing.
00:48:06 --> 00:48:09: We tend to use it to describe or RCL go,
00:48:09 --> 00:48:12: and I think the industry tends to use it to

00:48:12 --> 00:48:17: describe housing that serves really the middle income Americans,

00:48:17 --> 00:48:21: but, but does it? Either without subsidy or or with

00:48:21 --> 00:48:23: very limited subsidy,

00:48:23 --> 00:48:27: right? So this is kind of like literally the middle

00:48:27 --> 00:48:30: third or the middle class of the United States.

00:48:30 --> 00:48:34: You know and and a group that's mixed owners and

00:48:34 --> 00:48:35: renters.

00:48:35 --> 00:48:39: Although ownership is trickling down and this is only 2019,

00:48:39 --> 00:48:43: data will continue to trickle down as this cohort is

00:48:43 --> 00:48:47: priced out of the the force of housing market.

00:48:47 --> 00:48:49: By the way. It's also I'm going a little quickly

00:48:49 --> 00:48:50: just looking at the clock.

00:48:50 --> 00:48:55: It's also a group that disproportionately includes families,

00:48:55 --> 00:49:00: right? That sort of looks at kind of growth in.

00:49:00 --> 00:49:01: Households in the United States.

00:49:01 --> 00:49:04: By by life stage and you can see that a

00:49:04 --> 00:49:08: lot of the growth in the next 10 years,

00:49:08 --> 00:49:11: 2020 2030 is really going to be in family age

00:49:11 --> 00:49:12: households.

00:49:12 --> 00:49:16: So when we talk about workforce housing and workforce

00:49:16 --> 00:49:17: renters

00:49:17 --> 00:49:21: in particular,

00:49:21 --> 00:49:24: we really are talking to some degree about families.

00:49:24 --> 00:49:29: And we we do. We do build housing.

00:49:29 --> 00:49:35: We are able to build non subsidized housing for you

00:49:35 --> 00:49:39: know workforce households who make you know roughly to

00:49:39 --> 00:49:44: 80%

00:49:44 --> 00:49:45: to 100% of the AMI like that tends to be

00:49:45 --> 00:49:50: housing that's that's one cycle old or it's housing that

00:49:50 --> 00:49:51: is,

00:49:51 --> 00:49:53: you know delivered as non luxury housing and and

00:49:53 --> 00:49:59: oftentimes

00:49:59 --> 00:50:01: lower density.

00:50:01 --> 00:50:03: You just spend a minute sort of looking at.

00:50:03 --> 00:50:09: Where where workforce? Housing households live in the

00:50:09 --> 00:50:14: United States

00:50:14 --> 00:50:17: and they made the case earlier.

00:50:17 --> 00:50:21: A lot of this cohort,

00:50:21 --> 00:50:27: particularly the family cohort, lives in single family detached

00:50:27 --> 00:50:31: housing

00:50:31 --> 00:50:35: and one of the the interesting phenomenon that either

00:50:35 --> 00:50:39: COVID

00:50:14 --> 00:50:16: catalyzed or accelerated,
 00:50:16 --> 00:50:18: or maybe it was just.
 00:50:18 --> 00:50:21: Kind of created a breathing room for.
 00:50:21 --> 00:50:24: For the housing community to think of is lower density
 00:50:24 --> 00:50:24: rentals,
 00:50:24 --> 00:50:26: single family rentals in particular,
 00:50:26 --> 00:50:30: but but lower density rentals in some respect,
 00:50:30 --> 00:50:33: and that's that's to some degree driven by an awareness
 00:50:33 --> 00:50:36: of family renters do in fact need that kind of
 00:50:36 --> 00:50:37: space.
 00:50:40 --> 00:50:45: Today in. The United States again,
 00:50:45 --> 00:50:48: very much like we saw in the affordable sector,
 00:50:48 --> 00:50:51: largely concentrated in where we look at where the inventory
 00:50:51 --> 00:50:52: exists.
 00:50:52 --> 00:50:56: It is largely garden style or or even lower density
 00:50:56 --> 00:50:57: housing,
 00:50:57 --> 00:51:02: particularly non subsidized product, serving these income
 ranges.
 00:51:02 --> 00:51:06: And I'll maybe end with this last slide,
 00:51:06 --> 00:51:11: which I think is is is is maybe a
 00:51:11 --> 00:51:14: good place to to leave it.
 00:51:14 --> 00:51:17: This kind of looks at the inventory of,
 00:51:17 --> 00:51:23: you know, rental housing. In metropolitan areas,
 00:51:23 --> 00:51:27: so leaving rural areas aside by kind of place type
 00:51:27 --> 00:51:31: and I think it describes what we intuitively know happened
 00:51:31 --> 00:51:32: in the last.
 00:51:32 --> 00:51:37: Decade it was that that much more housing production
 happened
 00:51:37 --> 00:51:38: in,
 00:51:38 --> 00:51:41: you know, high cost locations and you know the economic
 00:51:41 --> 00:51:42: centers and the like.
 00:51:42 --> 00:51:46: And it's only was at the end of the decade
 00:51:46 --> 00:51:50: that that we began to sort of refocus on.
 00:51:50 --> 00:51:54: You know stable neighborhoods or even economically
 challenged neighborhoods,
 00:51:54 --> 00:51:56: but but this is a change,
 00:51:56 --> 00:51:59: right? There is a large share of you know housing
 00:51:59 --> 00:52:03: inventory in the United States that that has that has
 00:52:03 --> 00:52:07: been built that has been successful in stable and even
 00:52:07 --> 00:52:10: economically challenged neighborhoods. We have.
 00:52:10 --> 00:52:13: We have. We've done so little building in those places
 00:52:13 --> 00:52:14: over the last.
 00:52:14 --> 00:52:16: Decade that they've shrunk as a share,

00:52:16 --> 00:52:21: but as as capital kind of continues to to be
00:52:21 --> 00:52:25: deployed in mission driven investments.
00:52:25 --> 00:52:28: I I do hope that in the next decade we
00:52:28 --> 00:52:31: begin to see a little bit more sort of a
00:52:31 --> 00:52:32: balanced.
00:52:32 --> 00:52:36: Pattern of behavior. I will leave it there for the
00:52:36 --> 00:52:37: moment.
00:52:37 --> 00:52:40: And. First member will open it up to kind of
00:52:40 --> 00:52:42: questions or discussion.
00:52:49 --> 00:52:55: Thanks very much, Adam. Really great insights there and.
00:52:55 --> 00:52:59: Fantastic data and and slides that you shared,
00:52:59 --> 00:53:00: so thank you for that.
00:53:00 --> 00:53:03: A couple of. A couple of questions that have been
00:53:03 --> 00:53:03: asked.
00:53:03 --> 00:53:10: One is dealing with. With PESG fund housing investment
specifically,
00:53:10 --> 00:53:15: and. I guess how do biobase,
00:53:15 --> 00:53:19: timber, etcetera housing become key to the E of the
00:53:19 --> 00:53:19: ESG?
00:53:19 --> 00:53:23: And I guess how does housing have a greater role
00:53:23 --> 00:53:25: in in in ESG overall?
00:53:27 --> 00:53:28: Well, that's a good question.
00:53:28 --> 00:53:33: I think it's only recently that we've begun to tie
00:53:33 --> 00:53:36: those things together,
00:53:36 --> 00:53:41: right? Either the specific like question around you know
timber,
00:53:41 --> 00:53:44: but maybe just a broader question around.
00:53:44 --> 00:53:49: Construction technology and you know the durability of
housing you
00:53:49 --> 00:53:51: know which is everything from,
00:53:51 --> 00:53:54: you know, climate change risks to just the the,
00:53:54 --> 00:53:59: the the you know. Moving towards a more durable
construction
00:53:59 --> 00:54:00: type so.
00:54:00 --> 00:54:05: That's relatively new in the in the materials that that.
00:54:05 --> 00:54:09: That we read from from people raising money to invest
00:54:09 --> 00:54:11: in mission driven housing.
00:54:11 --> 00:54:15: I I still think that's like page page 17.
00:54:15 --> 00:54:17: Meaning it's it's there we know we need to grapple
00:54:17 --> 00:54:19: with it as an industry.
00:54:19 --> 00:54:22: We're still trying to figure out what it means.
00:54:22 --> 00:54:28: You know? Building an America is also still so inflexible,
00:54:28 --> 00:54:30: right? I think it's hard for people to at this

00:54:30 --> 00:54:31: moment in time,
 00:54:31 --> 00:54:37: really like design, A strategy that relies on innovation in
 00:54:37 --> 00:54:38: construction,
 00:54:38 --> 00:54:40: or the durability, or the cost of housing.
 00:54:40 --> 00:54:44: But I think I I maybe earlier described as that.
 00:54:44 --> 00:54:47: That will be one of the elements of the next
 00:54:47 --> 00:54:47: phase,
 00:54:47 --> 00:54:49: right? People will begin to do this.
 00:54:49 --> 00:54:52: By the way, I think there's an interesting phenomenon too,
 00:54:52 --> 00:54:57: where. You know it used to be that as hausers.
 00:54:57 --> 00:55:01: We bragged about the customization and the uniqueness of every
 00:55:01 --> 00:55:03: project that we work on,
 00:55:03 --> 00:55:06: and I think there's some awareness that that's that.
 00:55:06 --> 00:55:10: Makes for great places, but has also been a constraint.
 00:55:10 --> 00:55:13: The need to for every project to be to be
 00:55:13 --> 00:55:16: spoke and to respond to local guidelines,
 00:55:16 --> 00:55:19: and so I actually think that there is that there's
 00:55:19 --> 00:55:22: energy amassing around the idea of replicability.
 00:55:22 --> 00:55:26: You know, managing the cost through codifying some
 elements of
 00:55:26 --> 00:55:27: the product?
 00:55:27 --> 00:55:28: I think that's a good thing.
 00:55:28 --> 00:55:31: I think that will the the capital markets can help
 00:55:31 --> 00:55:34: drive that as a way of of managing cost and
 00:55:34 --> 00:55:35: increasing production.
 00:55:35 --> 00:55:37: So there's an interesting subtle change there.
 00:55:40 --> 00:55:43: Thanks for that. There are a couple of questions Adam
 00:55:43 --> 00:55:47: that are around investment and sometimes characterize the
 speculation,
 00:55:47 --> 00:55:51: particularly in in single family in the single family markets
 00:55:52 --> 00:55:54: and the impact that has on on price.
 00:55:54 --> 00:55:57: Can you comment a little bit about about that and
 00:55:57 --> 00:56:00: what the what is the role of investment in that?
 00:56:00 --> 00:56:02: What's the role of overall supply?
 00:56:02 --> 00:56:03: What do you see as a real
 00:56:03 --> 00:56:08: driver? You know, I think it's it's a.
 00:56:08 --> 00:56:11: It's a good and a complicated question,
 00:56:11 --> 00:56:14: right? My my view or our view is that I
 00:56:14 --> 00:56:20: think I think private and institutional investment in housing,
 00:56:20 --> 00:56:22: particularly in in in you know,
 00:56:22 --> 00:56:25: moderate income neighborhood. Housing has become a little
 bit of

00:56:25 --> 00:56:26: a whipping boy,
00:56:26 --> 00:56:29: meaning like. That's an easy.
00:56:29 --> 00:56:33: That's an easy victim. You know the big huge corporations
00:56:33 --> 00:56:34: are gobbling up housing.
00:56:34 --> 00:56:38: It and the reality is that you know.
00:56:38 --> 00:56:41: You know low density housing rental housing that people
have
00:56:41 --> 00:56:43: lived in has been owned by so-called investors for a
00:56:43 --> 00:56:44: long time.
00:56:44 --> 00:56:46: They just were mom and pop.
00:56:46 --> 00:56:47: Investors are not institutions, right?
00:56:47 --> 00:56:51: The fact that you know a larger company owns them
00:56:51 --> 00:56:53: doesn't really change.
00:56:53 --> 00:56:54: The supply and demand dynamics.
00:56:54 --> 00:56:58: It doesn't really change some of argued.
00:56:58 --> 00:57:02: The quality of housing and responsiveness and the humanity
of
00:57:02 --> 00:57:04: the ownership it.
00:57:04 --> 00:57:06: It may, but it may not.
00:57:06 --> 00:57:11: I think. Maybe at the moment we're in awkward phase
00:57:11 --> 00:57:13: where production hasn't.
00:57:13 --> 00:57:16: Caught up to the greed of which you know housing
00:57:16 --> 00:57:19: can continue to be like diverse and diversity owned right
00:57:19 --> 00:57:22: and it seems at the moment like it's being like
00:57:22 --> 00:57:24: amassed in this in this nefarious way.
00:57:24 --> 00:57:26: But over the long term,
00:57:26 --> 00:57:28: I think that will I hope.
00:57:28 --> 00:57:30: And I think as an industry we should work towards
00:57:30 --> 00:57:31: this goal.
00:57:31 --> 00:57:34: Well, we'll really just serve as another way of.
00:57:34 --> 00:57:37: Funding the construction and expansion of the housing
supply.
00:57:39 --> 00:57:44: Great thanks and we'll make this the the last question
00:57:44 --> 00:57:44: Adam.
00:57:44 --> 00:57:48: One of our participants has said that regulatory barriers and
00:57:48 --> 00:57:52: costs are often a part of the barrier or part
00:57:52 --> 00:57:55: of the problem and a lag that we've seen in
00:57:55 --> 00:58:00: housing production. Have you seen any kind of impact on
00:58:00 --> 00:58:03: how local government is approaching?
00:58:03 --> 00:58:06: The costs that are created locally by regulations and title
00:58:06 --> 00:58:09: Title 1 processes either as a result of the pandemic
00:58:09 --> 00:58:10: or more broadly,
00:58:10 --> 00:58:12: as a result of kind of the economic and housing

00:58:12 --> 00:58:14: situation we find ourselves in.

00:58:15 --> 00:58:16: You know I don't have.

00:58:16 --> 00:58:17: I don't have great news.

00:58:17 --> 00:58:20: It's not like. In my travels,

00:58:20 --> 00:58:24: I think there's this. There's this sea change in.

00:58:24 --> 00:58:28: You know the regulatory environment that's going to make production

00:58:28 --> 00:58:29: of housing.

00:58:29 --> 00:58:33: You know, like dramatically easier over the next few years

00:58:33 --> 00:58:35: with with maybe 2 exceptions.

00:58:35 --> 00:58:37: And by the way, people to give you all that

00:58:37 --> 00:58:41: black people should look at some of the recent Larson

00:58:41 --> 00:58:41: award winners,

00:58:41 --> 00:58:45: right? Putting land back into production.

00:58:45 --> 00:58:47: I think there's a change there.

00:58:47 --> 00:58:50: I think cities really are looking at underutilized land as

00:58:51 --> 00:58:54: a way to participate in the creation of housing.

00:58:54 --> 00:58:56: It's not that the regulatory environment doesn't make that hard

00:58:56 --> 00:58:56: too,

00:58:56 --> 00:59:01: but I think there is a change there that's encouraging.

00:59:01 --> 00:59:05: And I think. Maybe it should have been part of

00:59:05 --> 00:59:07: this earlier discussion.

00:59:07 --> 00:59:13: Just the emergence of a sensitivity around the idea of.

00:59:13 --> 00:59:15: You know mixed income, whole communities,

00:59:15 --> 00:59:20: and there is a change in at least the regulatory

00:59:20 --> 00:59:21: attitude.

00:59:21 --> 00:59:25: Around mixed income housing in the United States that I

00:59:25 --> 00:59:27: think will play a role in.

00:59:27 --> 00:59:31: You know allowing for more production so you know tactically.

00:59:31 --> 00:59:33: I suspect most people aren't feeling that in their daily

00:59:33 --> 00:59:33: lives,

00:59:33 --> 00:59:35: but there are maybe a few green shoots to be

00:59:36 --> 00:59:36: optimistic about.

00:59:38 --> 00:59:40: Fantastic, I said that was the last,

00:59:40 --> 00:59:41: but let me just throw one more out there.

00:59:41 --> 00:59:44: You did touch a little bit on the on on

00:59:44 --> 00:59:45: on the policy side.

00:59:45 --> 00:59:48: Are you seeing other innovations in housing that could really

00:59:48 --> 00:59:51: take hold and make a difference in this production shortfall

00:59:51 --> 00:59:52: that we've seen?

00:59:52 --> 00:59:55: Well, I don't know if this is asking your question

00:59:55 --> 00:59:56: but exactly but.

00:59:58 --> 01:00:01: I think if there is an area.

01:00:01 --> 01:00:05: Where? You know we, we can as an industry move

01:00:05 --> 01:00:08: the needle and we really need to move the needle.

01:00:08 --> 01:00:11: It's it's. It's really around,

01:00:11 --> 01:00:14: you know, just what housing is is legal to build.

01:00:14 --> 01:00:17: You know we have we have this countervailing force that

01:00:17 --> 01:00:19: we talked about this a little bit earlier.

01:00:19 --> 01:00:21: But we want housing to be resilient.

01:00:21 --> 01:00:23: We want housing to be.

01:00:23 --> 01:00:27: You know, strong one to be uniformly high quality.

01:00:27 --> 01:00:32: And yet you know. The regulatory community investment community.

01:00:32 --> 01:00:35: Everybody does have to play a role in,

01:00:35 --> 01:00:39: you know, accelerating the the the the the available to

01:00:40 --> 01:00:46: which new construction technology really contributes to making housing delivery

01:00:46 --> 01:00:47: better,

01:00:47 --> 01:00:50: cheaper, faster, quicker right today,

01:00:50 --> 01:00:54: you know it. There's just too many you know.

01:00:54 --> 01:00:58: Barriers to experimentation right to taking risk around that.

01:00:58 --> 01:01:02: And. You know that that's something that I,

01:01:02 --> 01:01:03: I think, as a community we can.

01:01:03 --> 01:01:05: We can try to have some impact on.

01:01:07 --> 01:01:12: To the well, Adam. Thank you again for your presentation

01:01:13 --> 01:01:13: today.

01:01:13 --> 01:01:18: Very much appreciated. Thanks very much to our our audience

01:01:18 --> 01:01:22: members who have joined us today as well.

01:01:22 --> 01:01:24: We hope that you will stay tuned for the next

01:01:24 --> 01:01:28: two days and participate in all of our Housing opportunity

01:01:28 --> 01:01:31: Conference sessions here and we want to hear from you

01:01:31 --> 01:01:33: as well. So this is an annual conference.

01:01:33 --> 01:01:36: We want to know the subjects and topics you'd like

01:01:36 --> 01:01:38: to be here about next year who you'd like to

01:01:38 --> 01:01:38: see here.

01:01:38 --> 01:01:40: In addition to Adam next year,

01:01:40 --> 01:01:42: so do let us hear from you.

01:01:42 --> 01:01:46: We look forward to your participation and thanks again for

01:01:46 --> 01:01:48: being with us here today.

01:01:48 --> 01:01:49: Have a great day.

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