Event Session

Homeless to Housed: Marrying the Money with the Deal

Date: February 25???26, 2025

00:00:00 --> 00:00:03:	With that, let me introduce the panel At the far
00:00:03 --> 00:00:04:	end.
00:00:04 --> 00:00:05:	We have Shannon Nosworth.
00:00:05 --> 00:00:08:	She is the President and CEO of Ability Housing.
00:00:09 --> 00:00:12:	Next to her, we have Joy Horak Brown, she is
00:00:12 --> 00:00:14:	the President and CEO of New Hope Housing.
00:00:15 --> 00:00:17:	And right next to me, we have Margot Beznard, who
00:00:17 --> 00:00:21:	is an associate on the acquisitions team of Jonathan Rose
00:00:21 --> 00:00:21:	Companies.
00:00:22 --> 00:00:24:	So I want to start with you, Shannon, can you
00:00:24 --> 00:00:27:	just talk a little bit about your company and your
00:00:27 --> 00:00:29:	role and what you guys are working on?
00:00:29 --> 00:00:30:	Sure.
00:00:30 --> 00:00:32:	So as I said, or as she said, I'm Shannon
00:00:32 --> 00:00:35:	Nosworth, President and CEO of Ability Housing.
00:00:35 --> 00:00:39:	We're a Florida based nonprofit, affordable and supportive housing developer.
00:00:39 --> 00:00:42:	And we actually started as an offshoot of a services
00:00:42 --> 00:00:45:	organization serving adults with developmental disabilities.
00:00:45 --> 00:00:48:	And we quickly grew into one of the few nonprofits
00:00:48 --> 00:00:51:	in Florida that's able to do multifamily rental housing in
00:00:51 --> 00:00:55:	the affordable housing sphere, having started serving persons with disabilities.
00:00:55 --> 00:00:58:	When we first started out, we were headquartered in Jacksonville,
00:00:58 --> 00:01:01:	FL, which has a very, you know, high affordability rate,
00:01:01 --> 00:01:02:	especially back then.
00:01:02 --> 00:01:05:	We were really focusing on 50% AMI and below, as
00:01:05 --> 00:01:08:	well as persons exiting homelessness and people with disabilities.

00:01:09 --> 00:01:11: As the housing market grew, we evolved with it.
00:01:12 --> 00:01:15: And so now we do everything from permanent supportive housing
00:01:15 --> 00:01:17: where we're literally taking somebody off a part bench and
00:01:17 --> 00:01:20: moving him into an apartment to what people like to
00:01:20 --> 00:01:21: call workforce housing.
00:01:21 --> 00:01:23: I will get on my soapbox for half a second.
00:01:23 --> 00:01:27: I personally hate the differentiating between affordable and workforce because
00:01:27 --> 00:01:30: I can tell you all of my households earning 50%,
00:01:30 --> 00:01:33: sixty percent, 40% AMI are all working families and they're
00:01:33 --> 00:01:36: working probably harder than many of us in this room.
00:01:36 --> 00:01:39: So that's a personal bugaboo and I'll move on from
00:01:39 --> 00:01:42: that in addition to so we do the development and
00:01:42 --> 00:01:44: then we operate the housing.
00:01:44 --> 00:01:46: We're a non profit, so we're in it to own
00:01:46 --> 00:01:47: it for the long term.
00:01:48 --> 00:01:51: Our mission is that everyone have a safe, affordable home
00:01:51 --> 00:01:54: in a vibrant community, and home and community are both
00:01:54 --> 00:01:58: part of our mission and vision because everybody needs a
00:01:58 --> 00:01:58: home.
00:01:58 --> 00:02:00: That is the only way for people to thrive and
00:02:00 --> 00:02:01: achieve their full attention.
00:02:02 --> 00:02:04: And they needed to be in a community that helps
00:02:04 --> 00:02:08: them thrive because that, you know, we're really viewing the
00:02:08 --> 00:02:10: housing that we do as the tool.
00:02:10 --> 00:02:12: Our end objective is the impact we're having on our
00:02:12 --> 00:02:15: residents and the neighborhoods and communities in which our housing
00:02:15 --> 00:02:15: is located.
00:02:16 --> 00:02:19: So we partner with neighborhood organizations to do community revitalization
00:02:19 --> 00:02:22: efforts so that people who currently live in gentrifying areas
00:02:22 --> 00:02:25: are able to remain in the neighborhoods in which their
00:02:25 --> 00:02:28: families have lived for generations, as well as if they
00:02:28 --> 00:02:30: have a troubled property in their neighborhood.
00:02:30 --> 00:02:32: We try to help them, even if we're not the
00:02:32 --> 00:02:35: partner, help them identify a partner that can tackle as
00:02:35 --> 00:02:38: distressed multifamily property that is having significant issues in the
00:02:38 --> 00:02:39: neighborhood.
00:02:40 --> 00:02:43: You know, we working with one neighborhood group in Jacksonville

00:02:43 --> 00:02:45: and they had a apartment community called The Carter.
00:02:46 --> 00:02:47: Anybody's need seen.
00:02:47 --> 00:02:49: New Jack City knows exactly what I'm talking about.
00:02:49 --> 00:02:52: And the fact that they had that multifamily property for
00:02:52 --> 00:02:55: as many decades as it was operating in that condition
00:02:55 --> 00:02:57: is a condemnation on our community.
00:02:57 --> 00:02:59: But now the community has rallied in and it is
00:02:59 --> 00:03:00: no longer that.
00:03:00 --> 00:03:02: So those are the types of things we do.
00:03:02 --> 00:03:05: We really do the housing for the purpose of the
00:03:05 --> 00:03:06: impact it will have on our residents.
00:03:07 --> 00:03:09: As I mentioned, we started with homelessness.
00:03:09 --> 00:03:11: We do permanent supportive housing.
00:03:11 --> 00:03:15: It's a best practice, deeply affordable housing, individual wrap around
00:03:15 --> 00:03:18: services, help the person identify and achieve their goals with
00:03:18 --> 00:03:22: the main objective of housing stability and retaining stable housing.
00:03:22 --> 00:03:25: Not necessarily with us, could be moving on somewhere else,
00:03:25 --> 00:03:29: but also achieving their household goals, whatever their household goals
00:03:29 --> 00:03:29: are.
00:03:29 --> 00:03:32: And then in the middle of COVID, just because we
00:03:32 --> 00:03:35: had nothing else to do, we decided to work with
00:03:35 --> 00:03:37: our residents because we're in Florida.
00:03:38 --> 00:03:39: We have many properties in Orlando.
00:03:40 --> 00:03:42: All of the theme parks shut down in one day.
00:03:42 --> 00:03:43: Everybody lost their jobs.
00:03:43 --> 00:03:46: It was, I mean, every community was impacted, but our
00:03:46 --> 00:03:49: residents were really, really impacted because it wasn't just the
00:03:49 --> 00:03:51: parks, but all the support businesses.
00:03:52 --> 00:03:55: People were losing their jobs all over the place and
00:03:55 --> 00:03:58: so we really wanted to work with our residents and
00:03:58 --> 00:04:00: have a Co LED effort on what else can we
00:04:00 --> 00:04:02: do in our role as a nonprofit that is part
00:04:02 --> 00:04:06: of an ecosystem of other nonprofits to help our residents
00:04:06 --> 00:04:09: break the cycle of intergenerational poverty so that the children
00:04:09 --> 00:04:12: living in our housing won't need it as adults.
00:04:13 --> 00:04:15: This is a massive R&D experiment.
00:04:15 --> 00:04:16: It is going to take a long time.

00:04:16 --> 00:04:18: We're going to try, we're going to see how it
00:04:18 --> 00:04:18: works.
00:04:18 --> 00:04:19: We're going to try something else.
00:04:19 --> 00:04:20: World Morph.
00:04:20 --> 00:04:22: It is very resident LED.
00:04:22 --> 00:04:22: These are their lives.
00:04:22 --> 00:04:24: They know what they need far better than I ever
00:04:24 --> 00:04:24: would.
00:04:25 --> 00:04:27: But that is what we're doing and I'm happy to
00:04:27 --> 00:04:30: be here with the group discussing everything from persons moving
00:04:30 --> 00:04:34: in off the street to situationally economically homeless individuals to
00:04:34 --> 00:04:36: working families that cannot afford market housing.
00:04:38 --> 00:04:38: Thank you for that.
00:04:38 --> 00:04:39: Shannon.
00:04:39 --> 00:04:41: Joy, can you share a little bit about New Hope
00:04:41 --> 00:04:44: Housing and what you all are working on?
00:04:44 --> 00:04:48: Certainly I'm Joy Horrock Brown, and I'm the president and
00:04:48 --> 00:04:51: CEO of New Hope Housing, and I am also New
00:04:51 --> 00:04:53: Hope Housing's first employee.
00:04:54 --> 00:04:56: And when I began, I was part time.
00:04:56 --> 00:05:00: We now have 135 on staff and many times I'm
00:05:00 --> 00:05:05: not sure quite how that happened, except I know that
00:05:05 --> 00:05:07: a lot of people helped.
00:05:08 --> 00:05:10: By the end of this year, we will have 15
00:05:10 --> 00:05:12: operating properties.
00:05:12 --> 00:05:17: All of our apartment homes are at 60% area median
00:05:17 --> 00:05:21: income and below, most of them at 50% and below,
00:05:22 --> 00:05:27: and half of our portfolio is dedicated to the formerly
00:05:27 --> 00:05:28: unhoused.
00:05:28 --> 00:05:32: We are the largest voucher holder in the city of
00:05:32 --> 00:05:37: Houston, so the Houston Housing Authority considers us their number
00:05:37 --> 00:05:41: one landlord, though we don't think of ourselves that way.
00:05:41 --> 00:05:46: We have 700 project based vouchers and those would be
00:05:46 --> 00:05:51: dedicated to the formerly chronic homeless people who have lived
00:05:51 --> 00:05:55: on the street for as long as 20 years, certainly
00:05:55 --> 00:05:57: more than one year.
00:05:57 --> 00:06:01: And of course they have a Co occurring disability because
00:06:01 --> 00:06:04: any of us in this room who went out on
00:06:04 --> 00:06:07: the street for a year, even with the credit cards

00:06:07 --> 00:06:11: you have and even with the network you would call
00:06:11 --> 00:06:14: on that would soon tire of you, you would by
00:06:14 --> 00:06:18: the end of the year have a Co occurring disability.
00:06:18 --> 00:06:22: That was our initial focus and we now work also
00:06:22 --> 00:06:26: very much on the other end of homelessness prevention by
00:06:26 --> 00:06:29: having deeply affordable housing.
00:06:30 --> 00:06:35: We have 47 area services partners who bring services into
00:06:36 --> 00:06:41: our buildings and we also provide services ourselves.
00:06:41 --> 00:06:46: We are very dedicated and wedded to the concept of
00:06:46 --> 00:06:51: art, architecture and nature being at the Nexus of our
00:06:51 --> 00:06:52: work.
00:06:52 --> 00:06:56: The building in Front of You ONE and ULI International
00:06:56 --> 00:07:00: Award and Development of Distinction in the Americas.
00:07:00 --> 00:07:05: It's in a Hispanic neighborhood in Houston and those murals
00:07:05 --> 00:07:09: are our gift to the city and evocative of the
00:07:09 --> 00:07:11: cultural area where we are.
00:07:11 --> 00:07:16: We also have another ULI development of Distinction in the
00:07:16 --> 00:07:18: Americas on Reed Rd.
00:07:18 --> 00:07:22: and it is part very close to downtown Houston and
00:07:22 --> 00:07:25: it is part of a campus that is really a
00:07:26 --> 00:07:31: small town and it includes emergency services and shelter for
00:07:31 --> 00:07:36: women and families, transitional housing, a Harris Health Clinic.
00:07:36 --> 00:07:39: That's Harris County where we are.
00:07:39 --> 00:07:42: And our property is in the right there in the
00:07:43 --> 00:07:46: center and in the middle of the square, you will
00:07:46 --> 00:07:50: see a little building and it is a Bezos Academy
00:07:50 --> 00:07:55: fully funded by Jeff Bezos preschool, tuition free that operates
00:07:55 --> 00:07:58: on a lottery for the neighborhood.
00:07:58 --> 00:08:00: This property is for.
00:08:00 --> 00:08:02: The first property was for individuals.
00:08:02 --> 00:08:06: This is for formerly homeless families or those at strong
00:08:07 --> 00:08:07: risk.
00:08:07 --> 00:08:11: It also includes a small health clinic in the building
00:08:11 --> 00:08:12: and A food market.
00:08:13 --> 00:08:16: As I said, it's a small town and the people
00:08:16 --> 00:08:21: who live there have actually a bus stop right there,
00:08:21 --> 00:08:25: right across the street, so you can live in a
00:08:25 --> 00:08:28: secure and supportive environment.
00:08:28 --> 00:08:32: We have programs there, of course, and depending on the
00:08:32 --> 00:08:36: level of need of people, we meet people where they

00:08:36 --> 00:08:37: are and work with them.
00:08:38 --> 00:08:42: We are the leading provider of supportive housing in the
00:08:42 --> 00:08:46: state of Texas and we are the first provider of
00:08:46 --> 00:08:50: affordable housing in the state of Texas of this type.
00:08:50 --> 00:08:55: And you may know that Houston has reduced homelessness in
00:08:55 --> 00:08:58: the last decade by 60%.
00:08:58 --> 00:09:02: So our service there, our entire system has been very
00:09:02 --> 00:09:06: successful, but there's always work left to do.
00:09:06 --> 00:09:10: When I began, there were more than 10,000 people on
00:09:10 --> 00:09:11: the street.
00:09:11 --> 00:09:14: Now there are about 3200 Well.
00:09:16 --> 00:09:16: Thank you, Joy.
00:09:17 --> 00:09:19: Margo, I want to come over to you and I
00:09:19 --> 00:09:21: know your work is a little bit in a different
00:09:21 --> 00:09:22: lane, but a very interesting 1.
00:09:23 --> 00:09:25: So can you share a little bit about what Jonathan
00:09:25 --> 00:09:27: Rose Companies is doing and you specifically in your role
00:09:27 --> 00:09:28: in acquisitions?
00:09:28 --> 00:09:29: Sure.
00:09:29 --> 00:09:32: So share very much the same mission at Jonathan Rose
00:09:32 --> 00:09:36: Companies as my fellow panelists, but we are the way.
00:09:36 --> 00:09:39: One way that we're different is we are a mission
00:09:39 --> 00:09:43: different mission driven for profit company.
00:09:43 --> 00:09:46: And I have the distinct pleasure of working for a
00:09:46 --> 00:09:50: team that has raised a series of private equity funds
00:09:50 --> 00:09:54: that are focused on impact investing specifically for the goal
00:09:54 --> 00:09:59: of preserving affordable housing in high cost markets across the
00:09:59 --> 00:10:00: United States.
00:10:01 --> 00:10:04: So on a day-to-day basis, I am working with a
00:10:04 --> 00:10:07: team of six other people to use this large equity
00:10:07 --> 00:10:11: fund we have raised to buy properties that are at
00:10:11 --> 00:10:16: risk of either having expiring affordability or naturally occurring affordability
00:10:17 --> 00:10:20: that could be at risk of going away should a
00:10:20 --> 00:10:24: market rate buyer purchase the property with a traditional value
00:10:24 --> 00:10:25: add.
00:10:25 --> 00:10:26: Raise the rent strategy.
00:10:27 --> 00:10:30: And we can talk more about this as we go
00:10:30 --> 00:10:33: on, but much of the housing that we buy at
00:10:33 --> 00:10:37: Jonathan Rose Companies is project based Section 8 Lie

tech
00:10:37 --> 00:10:40: housing with expiring affordability agreements.
00:10:41 --> 00:10:45: Many of you may be familiar familiar with that landscape,
00:10:45 --> 00:10:49: but something you know that we've seen over the years
00:10:49 --> 00:10:52: that is an issue with typical lie tech or project
00:10:52 --> 00:10:55: based Section 8 housing and it's a limited stock.
00:10:55 --> 00:10:59: And at the same time as we build new LITEC
00:10:59 --> 00:11:05: housing or buy existing LITEC housing, there are properties with
00:11:05 --> 00:11:11: natural affordability that goes away every year just by large
00:11:11 --> 00:11:14: rent increases from market rate investors.
00:11:15 --> 00:11:18: So what we've looked at doing more and more recently
00:11:18 --> 00:11:22: at Jonathan Rose Companies on the preservation side is looking
00:11:22 --> 00:11:27: at opportunities where there is a naturally occurring affordable or
00:11:27 --> 00:11:29: naturally mixed income property for sale.
00:11:30 --> 00:11:32: And in this case the property on the screen here
00:11:32 --> 00:11:33: is called The Grove.
00:11:33 --> 00:11:37: It is 331 unit property in San Jose, CA that
00:11:37 --> 00:11:40: I was, you know, sitting at my desk when the
00:11:40 --> 00:11:45: broker package came along for this value add opportunity in
00:11:45 --> 00:11:49: San Jose to buy the property and vastly increase rents
00:11:49 --> 00:11:52: to market rate through a renovation strategy.
00:11:53 --> 00:11:56: And it was very clear right away, you know, looking
00:11:56 --> 00:12:00: at the rent roll and then touring the property, that
00:12:00 --> 00:12:03: this is a place where all types of people in
00:12:04 --> 00:12:07: San Jose live from the very, you know, the very
00:12:07 --> 00:12:11: poorest on a housing voucher to people making over $300,000
00:12:11 --> 00:12:15: working at eBay headquarters down the street.
00:12:16 --> 00:12:19: So we really saw this as an opportunity to deploy
00:12:19 --> 00:12:23: our equity fund, pair that with agency debt and try
00:12:23 --> 00:12:27: to bid for this property with a strategy instead of
00:12:27 --> 00:12:32: increasing rent to buy the property, convert it to rent,
00:12:32 --> 00:12:37: restricted affordable housing and lower the expenses via tax exemption.
00:12:38 --> 00:12:41: So with that strategy, we were able to beat out
00:12:41 --> 00:12:45: over 10 market rate companies that were looking to buy
00:12:45 --> 00:12:46: this property.
00:12:48 --> 00:12:51: We were able to buy the property for 102 million
00:12:51 --> 00:12:56: with affordability strategy instead of a value add in the
00:12:56 --> 00:12:58: traditional market rate sense strategy.

00:12:59 --> 00:13:02: That's an example of some of the creative deal making
00:13:02 --> 00:13:05: we are looking to do with our equity fund.
00:13:05 --> 00:13:08: So as the conversation goes on, happy to talk more
00:13:08 --> 00:13:08: about that.
00:13:09 --> 00:13:09: Sure.
00:13:09 --> 00:13:10: So, so let's talk about, I mean, I know we
00:13:11 --> 00:13:12: all want to talk about sort of how the money
00:13:12 --> 00:13:13: comes into these deals.
00:13:14 --> 00:13:16: So and, and what, what is the strategy to make
00:13:16 --> 00:13:16: this work.
00:13:16 --> 00:13:18: And we I think with the three of you who've
00:13:18 --> 00:13:21: already mentioned like sort of some of the different levels
00:13:21 --> 00:13:24: of housing that is available, whether it's a permanent supportive
00:13:25 --> 00:13:27: housing, deeply affordable in the various levels of of AMI
00:13:27 --> 00:13:28: etcetera.
00:13:28 --> 00:13:30: So, you know, if, if the private sector folks are
00:13:30 --> 00:13:33: looking at engaging here, you know, how, how can you
00:13:33 --> 00:13:36: make this work at some of those various levels?
00:13:36 --> 00:13:38: And, and what's both, let's talk both capital stack and
00:13:38 --> 00:13:41: overall portfolio, because I think both of those matter as
00:13:41 --> 00:13:43: you're moving forward into this space.
00:13:44 --> 00:13:45: Anybody just feel free to jump in first and let's
00:13:46 --> 00:13:47: make it a little bit of an open conversation.
00:13:48 --> 00:13:48: Sure.
00:13:48 --> 00:13:49: So I'll begin.
00:13:49 --> 00:13:54: And our capital stack has historically been a third tax
00:13:54 --> 00:14:00: credits, a third other governmental funds, whether those were city
00:14:00 --> 00:14:03: or county funding, and a third philanthropy.
00:14:04 --> 00:14:06: And this is because, first of all, we're very fortunate.
00:14:06 --> 00:14:11: Houston is an extremely philanthropic city, one of the most
00:14:11 --> 00:14:13: philanthropic cities in the country.
00:14:14 --> 00:14:17: And this has allowed us for all of our permanent
00:14:17 --> 00:14:22: supportive housing, any of our work with the unhoused has
00:14:22 --> 00:14:22: zero debt.
00:14:23 --> 00:14:26: We simply raised the money and built the buildings.
00:14:26 --> 00:14:30: And this is because they're very costly to operate and
00:14:30 --> 00:14:33: the services are costly and those are usually below the
00:14:33 --> 00:14:34: funding line.
00:14:34 --> 00:14:37: And so if you're going to do that work, you
00:14:37 --> 00:14:40: need a number of people to put their shoulder against
00:14:40 --> 00:14:40: it.

00:14:40 --> 00:14:45: In our properties that have our our more working families
00:14:45 --> 00:14:50: and individuals working at a higher income level, we manage
00:14:50 --> 00:14:55: our debt down with philanthropic funds again so that we
00:14:55 --> 00:14:59: have some additional cash flow to be of service.
00:14:59 --> 00:15:02: And that is one way that the private sector has
00:15:02 --> 00:15:06: been extremely important to us and that is in writing
00:15:06 --> 00:15:07: those checks.
00:15:07 --> 00:15:12: We literally have one philanthropic organization that has written a
00:15:13 --> 00:15:15: check every year for 32 years.
00:15:16 --> 00:15:20: The gifts are very small gifts and sometimes they are
00:15:20 --> 00:15:22: in eight figures.
00:15:22 --> 00:15:23: It's been very fortunate.
00:15:23 --> 00:15:27: And of course, just as all of you, we are
00:15:27 --> 00:15:31: being squeezed and it is increasingly difficult to do the
00:15:31 --> 00:15:34: work in the way we have done it.
00:15:34 --> 00:15:36: It's one of the reasons I'm very happy to meet
00:15:36 --> 00:15:39: Margo and to hear what she's doing because we have
00:15:39 --> 00:15:42: much to learn from the work that she and Jonathan
00:15:42 --> 00:15:43: Rose are doing.
00:15:45 --> 00:15:46: Also jump in.
00:15:46 --> 00:15:49: So I mean, we're all in the real estate business.
00:15:49 --> 00:15:50: It all comes down to making the numbers work, right?
00:15:51 --> 00:15:53: And so if you're trying and it depends on what
00:15:53 --> 00:15:56: your end goal is, who you're trying to serve as
00:15:56 --> 00:15:58: to exactly how creative you're going to need to get
00:15:58 --> 00:16:00: to make those rents work.
00:16:00 --> 00:16:04: Ability Housing's objective is basically to create the housing that
00:16:04 --> 00:16:06: the market won't or can't create, create can't because the
00:16:06 --> 00:16:09: incomes of the person, the market is never going to
00:16:09 --> 00:16:11: be able to meet that rent price point.
00:16:11 --> 00:16:13: Somebody on disability income, somebody with 0 income coming off
00:16:13 --> 00:16:16: the streets and won't simply because they can make more
00:16:16 --> 00:16:19: money doing something else, which is exactly what a capitalist
00:16:19 --> 00:16:19: society supports.
00:16:20 --> 00:16:22: What we're trying to do and we're getting creative in
00:16:22 --> 00:16:23: many ways.
00:16:23 --> 00:16:24: We use low income housing tax credits.
00:16:24 --> 00:16:26: We use very various federal funds.
00:16:26 --> 00:16:29: We're lucky enough to be in Florida where there's some

00:16:29 --> 00:16:31: state trust fund dollars that in recent years they've actually

00:16:31 --> 00:16:35: used for affordable housing either, you know, local government and

00:16:35 --> 00:16:36: and other resources.

00:16:36 --> 00:16:39: But we quickly realized that being headquartered in Jacksonville and

00:16:40 --> 00:16:43: working in Florida, you know, our markets were among the

00:16:43 --> 00:16:46: highest impacted for year over year rent increases since COVID.

00:16:46 --> 00:16:49: And it really, really had massive effects.

00:16:49 --> 00:16:52: And we're very concerned right now about seniors both between

00:16:52 --> 00:16:55: the rental market, you know, they're on fixed incomes and

00:16:55 --> 00:16:57: the rental market has priced them out.

00:16:57 --> 00:17:00: But then Florida has a unique condo situation going on

00:17:00 --> 00:17:02: where a lot of our seniors are not able to

00:17:02 --> 00:17:03: afford the fees any longer.

00:17:04 --> 00:17:08: And so there's real issues around senior homelessness increasing across

00:17:08 --> 00:17:08: our state.

00:17:08 --> 00:17:11: And these are individuals who have worked their whole lives

00:17:11 --> 00:17:13: and never been in in the system before and are

00:17:13 --> 00:17:15: experiencing homelessness.

00:17:15 --> 00:17:18: So working with our our stakeholders and the communities that

00:17:18 --> 00:17:21: we work in, what we did is we decided to

00:17:21 --> 00:17:22: create an impact investment fund.

00:17:22 --> 00:17:25: It's different than the kind that Jonathan Rose created.

00:17:25 --> 00:17:28: Ours is really below market nominal return on your capital,

00:17:28 --> 00:17:31: but you'll get your money back with a slight interest.

00:17:32 --> 00:17:34: And so we were able to leverage this with a

00:17:34 --> 00:17:38: federal grant, a state grant, multiple foundations that are giving

00:17:38 --> 00:17:41: us what are called program related investments, some banks that

00:17:41 --> 00:17:44: are giving us well below market rate interest rates.

00:17:45 --> 00:17:49: We're also working with some community foundations about donor advised

00:17:49 --> 00:17:51: funds and receiving funding from those.

00:17:51 --> 00:17:54: So really what are, and we started this concept when

00:17:54 --> 00:17:56: the interest rates weren't as crazy as they are.

00:17:56 --> 00:17:58: So I have to say that, but because we had

00:17:58 --> 00:18:01: started the conversation, people were bought in before things went

00:18:01 --> 00:18:04: as crazy as they've gone in the last couple of
00:18:04 --> 00:18:04: years.
00:18:05 --> 00:18:07: And basically what we did is go to them and
00:18:07 --> 00:18:10: say, you know, you have investments, your, your foundation has
00:18:10 --> 00:18:11: an endowment, you're investing.
00:18:11 --> 00:18:14: Some of that investment is not making much return.
00:18:14 --> 00:18:16: It's sitting in something with nominal return.
00:18:17 --> 00:18:19: I can give you the same nominal return, but I
00:18:19 --> 00:18:20: can create housing with it.
00:18:21 --> 00:18:22: Please loan it to me.
00:18:22 --> 00:18:23: You're not a grant.
00:18:23 --> 00:18:26: We'll always take a grant and some people have granted
00:18:26 --> 00:18:28: into the fund, but we will loan it to us.
00:18:28 --> 00:18:31: We will use it to create a pipeline of projects
00:18:31 --> 00:18:36: because as a nonprofit, as an uncapitalized real estate company
00:18:36 --> 00:18:39: and we have no money, we, our cycle is this.
00:18:39 --> 00:18:42: We get awarded, we get to underwriting, we build, we
00:18:42 --> 00:18:44: place the service, we start the next one.
00:18:44 --> 00:18:46: So historically our production has always been like this.
00:18:46 --> 00:18:50: For cash flow constraints, it costs $1,000,000 plus to get
00:18:50 --> 00:18:51: to the closing table.
00:18:52 --> 00:18:53: And if you get two or three projects, you're not
00:18:53 --> 00:18:55: doing the next one until you get all that money
00:18:55 --> 00:18:56: back.
00:18:56 --> 00:18:59: This fund now enables us to keep a continuous roll
00:18:59 --> 00:19:02: of projects and this is one way we'll then be
00:19:02 --> 00:19:04: able to tap into the permanent resources.
00:19:05 --> 00:19:05: Again.
00:19:05 --> 00:19:08: Florida in recent years, because of all of the dynamics
00:19:08 --> 00:19:12: in our housing market, created an additional state resource for
00:19:12 --> 00:19:15: affordable housing and really was the creation of that resource.
00:19:15 --> 00:19:18: We realize now more than ever we have an obligation
00:19:18 --> 00:19:20: to the people we're serving to figure out how to
00:19:20 --> 00:19:23: access that capital as much as possible because we're owning
00:19:23 --> 00:19:24: it for the long haul.
00:19:24 --> 00:19:27: We're not looking to flip it as quickly as possible
00:19:27 --> 00:19:29: or convince the legislature to let us out of the
00:19:29 --> 00:19:30: affordability.

00:19:30 --> 00:19:30: Etcetera.
00:19:31 --> 00:19:37: So we're really getting creative with educational, medical, with foundations,
00:19:37 --> 00:19:38: banks, businesses.
00:19:38 --> 00:19:41: You know, we're also working with faith groups.
00:19:41 --> 00:19:43: You know, churches aren't growing as much as they used
00:19:43 --> 00:19:43: to.
00:19:43 --> 00:19:46: Maybe they have land or maybe somebody's going to build
00:19:46 --> 00:19:47: a health clinic.
00:19:47 --> 00:19:49: Can we talk about air rights?
00:19:49 --> 00:19:51: You know, give us, you build your health clinic and
00:19:51 --> 00:19:52: give me 7 stories above it.
00:19:52 --> 00:19:55: You know, let's figure out how we everything can be
00:19:55 --> 00:19:58: part of the solution and every, everybody has a role
00:19:58 --> 00:19:59: in it.
00:19:59 --> 00:20:01: It's not a nonprofit, it's not a government.
00:20:01 --> 00:20:02: It's everybody.
00:20:03 --> 00:20:05: And I will say as developers in the room and
00:20:05 --> 00:20:08: God bless you all because it's a high risk industry
00:20:08 --> 00:20:10: and we all know that, but also let's be honest,
00:20:10 --> 00:20:12: the developers create the problem.
00:20:12 --> 00:20:15: It's a unintended consequence of really strong real estate markets
00:20:15 --> 00:20:17: that housing prices go up, people get priced out and
00:20:17 --> 00:20:18: become homeless.
00:20:19 --> 00:20:21: So help me part of the solution, make it an
00:20:21 --> 00:20:23: intentional part of if you're going to do this major
00:20:23 --> 00:20:27: redevelopment, you don't necessarily have to do the affordable housing.
00:20:27 --> 00:20:29: Maybe somebody else does the affordable housing if that's not
00:20:29 --> 00:20:30: your bailiwick.
00:20:30 --> 00:20:32: But figure out if you're going to help create the
00:20:33 --> 00:20:33: problem.
00:20:33 --> 00:20:35: And in the end, there's going to be worker shortages
00:20:35 --> 00:20:38: in your community and the firemen and the policemen are
00:20:38 --> 00:20:40: quitting and going somewhere else because they're commuting an hour
00:20:40 --> 00:20:42: and they're not willing to do it any longer.
00:20:42 --> 00:20:44: And the hospital can't keep employees.
00:20:44 --> 00:20:46: I'm talking about real communities in Florida.
00:20:46 --> 00:20:48: The hospitals can't keep employees.
00:20:48 --> 00:20:51: You know, be part of that solution because otherwise those

00:20:51 --> 00:20:54: communities you're developing in won't be as vibrant and they
00:20:55 --> 00:20:56: won't retain their value.
00:20:56 --> 00:20:59: So it's in your enlightened self-interest to also help.
00:20:59 --> 00:21:02: And many, you know, developers have charitable arms and things
00:21:02 --> 00:21:03: that they're doing.
00:21:03 --> 00:21:06: So how can you support affordable housing or support preventing
00:21:06 --> 00:21:10: homelessness or ending homelessness with your charitable work?
00:21:11 --> 00:21:14: So I would say if if what Shannon just said
00:21:14 --> 00:21:17: sounds more complex, if you're a small nonprofit in the
00:21:17 --> 00:21:20: room, then you're able to put your arms around.
00:21:21 --> 00:21:26: There's no reason that individual entity or foundation wouldn't invest
00:21:26 --> 00:21:28: in that same way.
00:21:28 --> 00:21:32: Not such a large fund, but to start more individually,
00:21:32 --> 00:21:34: I think that's very possible.
00:21:35 --> 00:21:38: When I think, you know, if you're looking at from
00:21:38 --> 00:21:41: the private sector developer, you know, side, OK, I want
00:21:41 --> 00:21:42: to be helpful.
00:21:42 --> 00:21:44: What is the best way for me to be helpful?
00:21:44 --> 00:21:46: I would like to do this, but I can't do
00:21:46 --> 00:21:47: it unless I get a good return.
00:21:48 --> 00:21:49: I still have to do business.
00:21:49 --> 00:21:50: I can maybe get less of a return, but I
00:21:50 --> 00:21:51: still need a return.
00:21:52 --> 00:21:55: So, so you know, what are some suggestions for developers
00:21:55 --> 00:21:57: who, who want to do some work similar to what
00:21:57 --> 00:21:59: all of you are doing and are just sort sort
00:21:59 --> 00:22:01: of trying to figure out what's, what's the way, How
00:22:02 --> 00:22:03: do I put this deal together?
00:22:04 --> 00:22:06: I think my answer to that really depends on what
00:22:06 --> 00:22:09: the size of the company is and what their level
00:22:09 --> 00:22:11: of potential commitment is.
00:22:11 --> 00:22:15: I think, you know, starting with the biggest corporate example
00:22:15 --> 00:22:19: of, of corporate support for affordable housing right now I
00:22:19 --> 00:22:22: think is the Amazon housing equity fund, which many of
00:22:23 --> 00:22:25: you are probably familiar with.
00:22:25 --> 00:22:28: It started in, it's in DC, Seattle and Nashville.
00:22:28 --> 00:22:32: Amazon really created this low interest debt fund to make
00:22:33 --> 00:22:37: loans to affordable housing developers and owners who are

either
00:22:37 --> 00:22:42: going to develop affordable housing or do what I mentioned
00:22:42 --> 00:22:46: before, convert market rate housing to affordable housing.
00:22:47 --> 00:22:50: Amazon created this in effect in response to a lot
00:22:50 --> 00:22:51: of the backlash.
00:22:51 --> 00:22:54: When they create a new headquarters, people would say we
00:22:54 --> 00:22:55: don't want Amazon HQ here.
00:22:55 --> 00:22:58: That's going to drive up our our housing prices.
00:22:59 --> 00:23:02: They really created this in response to that backlash and
00:23:02 --> 00:23:06: to Amazon's credit, they put hundreds of millions of dollars
00:23:06 --> 00:23:07: into their housing equity fund.
00:23:08 --> 00:23:12: That is, I think some something that the biggest corporations
00:23:12 --> 00:23:15: in America should all be doing that because it really
00:23:15 --> 00:23:20: is a affordable housing crisis affecting communities everywhere and affecting
00:23:21 --> 00:23:23: their ability to hire workers everywhere.
00:23:24 --> 00:23:27: I think when it comes to smaller corporations or more
00:23:27 --> 00:23:32: local philanthropic to support to smaller nonprofit developers or even
00:23:32 --> 00:23:36: larger nonprofit developers into a deal, there's always gap filling
00:23:36 --> 00:23:40: money that needs to go into an affordable housing development.
00:23:41 --> 00:23:44: But if they do, you know for example, need a
00:23:44 --> 00:23:48: return on their investment, that's where a type of impact
00:23:48 --> 00:23:51: investing fund really is potentially a better fit or a
00:23:51 --> 00:23:55: better strategy for having a risk adjusted return.
00:23:56 --> 00:23:59: There really is money to be made in affordable housing.
00:23:59 --> 00:24:02: You know, I think that is uncomfortable for or maybe
00:24:02 --> 00:24:04: uncomfortable to say sometimes, but that's true.
00:24:04 --> 00:24:06: And I don't think it that's a bad thing.
00:24:07 --> 00:24:08: So I think that's another option.
00:24:09 --> 00:24:09: Let's talk.
00:24:09 --> 00:24:11: Let's go back to because we didn't really touch on
00:24:11 --> 00:24:11: it.
00:24:11 --> 00:24:12: I think I threw it out there, but I mixed
00:24:12 --> 00:24:14: it in with too many other things.
00:24:14 --> 00:24:16: So let's go back to the idea of a portfolio
00:24:16 --> 00:24:17: mix.
00:24:17 --> 00:24:21: How much of, you know, permanent supportive housing can you
00:24:21 --> 00:24:25: have in your portfolio versus deeply affordable, affordable market rate?

00:24:25 --> 00:24:27: Talk to me about kind of what you're doing, what
00:24:27 --> 00:24:28: you see other developers doing.
00:24:28 --> 00:24:29: What does that look like?
00:24:29 --> 00:24:30: Sure.
00:24:30 --> 00:24:33: And I will say it really does vary by community.
00:24:33 --> 00:24:35: Florida is not a service rich funding environment.
00:24:35 --> 00:24:38: So the services that the individuals who are exiting homelessness,
00:24:38 --> 00:24:42: especially the formerly chronically homeless with you know, high acuities
00:24:42 --> 00:24:45: need really intensive services, especially the first two years or
00:24:45 --> 00:24:49: so while they're accessing healthcare and behavioral healthcare and stabilizing
00:24:49 --> 00:24:49: etcetera.
00:24:50 --> 00:24:52: So we have to be really intentional and careful.
00:24:52 --> 00:24:55: And so basically our our rule of thumb, for lack
00:24:55 --> 00:24:58: of a better phrase is we'll do up until recently
00:24:58 --> 00:25:01: when the market really turned in Florida, we were doing
00:25:01 --> 00:25:04: all of our projects had at least 50% of the
00:25:04 --> 00:25:08: units set aside for households like sitting homelessness and that
00:25:08 --> 00:25:11: includes doubled up and couch surfing and things like that.
00:25:11 --> 00:25:13: And now in about roughly half of those would be
00:25:13 --> 00:25:16: set aside for permanent supportive housing.
00:25:16 --> 00:25:19: We would usually end up actually skewing higher, but on
00:25:19 --> 00:25:23: the formerly homeless and permanent supportive housing, but we would
00:25:23 --> 00:25:24: only commit to 50%.
00:25:24 --> 00:25:26: Again, we didn't want to over commit and not be
00:25:26 --> 00:25:29: able to fulfill our obligations and provide the services that
00:25:29 --> 00:25:29: people needed.
00:25:30 --> 00:25:34: As the housing market morphed, we've been evolving with it
00:25:34 --> 00:25:37: and candidly we have our first project that may be
00:25:37 --> 00:25:41: our own 1st and maybe only unsubsidized project because another
00:25:41 --> 00:25:45: nonprofit that owned a a very expensive piece of property
00:25:45 --> 00:25:48: on the riverfront went out of business and sold us
00:25:48 --> 00:25:52: a 12 story residential building on the river for $500,000.
00:25:53 --> 00:25:53: Yeah.
00:25:54 --> 00:25:54: Yeah.
00:25:57 --> 00:25:58: So whoops, I just dropped my mic.
00:25:59 --> 00:26:02: So with that, you know what we're going to be.
00:26:02 --> 00:26:05: It is older, it was built in 62.

00:26:05 --> 00:26:08: It is in need of lots of love, lots of
00:26:08 --> 00:26:08: work.
00:26:08 --> 00:26:11: Everything's going to be replaced, but we got it for
00:26:11 --> 00:26:12: $500,000.
00:26:12 --> 00:26:14: Any for profit developer would make a good chunk of
00:26:14 --> 00:26:15: change off of that.
00:26:15 --> 00:26:17: We're going to take that profit and use it to
00:26:17 --> 00:26:18: self subsidized rents.
00:26:18 --> 00:26:21: So we're going to create not a high end Class
00:26:21 --> 00:26:24: A market housing, but market housing, but then we'll self
00:26:24 --> 00:26:27: subsidized by taking the cash flow that would normally go
00:26:27 --> 00:26:29: to the developer as their profit and use it to
00:26:29 --> 00:26:30: self subsidized units.
00:26:30 --> 00:26:34: So everything, so everything mixed income.
00:26:34 --> 00:26:37: I will say in especially in our market with without
00:26:37 --> 00:26:41: the massive support that Houston has for addressing homelessness and
00:26:41 --> 00:26:44: and service resources and things like that.
00:26:44 --> 00:26:47: We did do one smaller project that was 100% chronically
00:26:47 --> 00:26:47: homeless.
00:26:47 --> 00:26:49: It was only 43 units.
00:26:49 --> 00:26:53: And we quickly realized that that's too much acuity in
00:26:53 --> 00:26:56: proximity, that everyone needs a diverse neighborhood.
00:26:56 --> 00:27:00: All of us need diverse neighborhoods, including mixes of incomes
00:27:00 --> 00:27:01: and backgrounds.
00:27:01 --> 00:27:03: And if everyone in the community responds to a three
00:27:03 --> 00:27:06: day notice that you forgot to pay your rent as
00:27:06 --> 00:27:08: if it's an eviction notice and they're going to be
00:27:08 --> 00:27:11: kicked out that night, you're you're not modeling the right
00:27:11 --> 00:27:12: behavior.
00:27:12 --> 00:27:15: So having more diverse groups so that there's different ways
00:27:15 --> 00:27:19: of reacting and responding and the like, it just helps
00:27:19 --> 00:27:22: with diverse diversity and it helps and our residents have
00:27:22 --> 00:27:26: really as we again, we're very resident LED our residents
00:27:26 --> 00:27:28: let us know that is what they prefer.
00:27:28 --> 00:27:28: So.
00:27:28 --> 00:27:31: They I wouldn't have a different take on that, Shannon.
00:27:31 --> 00:27:32: Oh, and I and you have a different.
00:27:32 --> 00:27:32: Model.
00:27:32 --> 00:27:37: I would say that whereas that's a a a fine
00:27:37 --> 00:27:40: idea, it's also a finite number.

00:27:40 --> 00:27:43: If you're only dedicating 20% or 50% of a building,
00:27:43 --> 00:27:46: it's going to take you a real long time.
00:27:46 --> 00:27:48: We don't have to have enough housing.
00:27:48 --> 00:27:49: We don't get any.
00:27:49 --> 00:27:53: No, I know everyone has different problems and but, but
00:27:53 --> 00:27:55: we grabbed a moment where we could do that.
00:27:55 --> 00:28:00: And if you have the proper services and the proper
00:28:00 --> 00:28:04: dedication to your mission, you can have we stay at
00:28:05 --> 00:28:09: 170 a 175 formerly unhoused individuals maximum.
00:28:09 --> 00:28:12: You can know all of them by name and all
00:28:12 --> 00:28:16: of their problems and you can deliver those services.
00:28:16 --> 00:28:19: Now we don't intend to do any more of this.
00:28:19 --> 00:28:23: 50% of our portfolio is what I just described to
00:28:23 --> 00:28:25: you and that's enough.
00:28:25 --> 00:28:30: We will in buildings that we're developing now, we will
00:28:30 --> 00:28:33: set aside as much as 20%, but that's not for
00:28:34 --> 00:28:35: the chronic homeless.
00:28:36 --> 00:28:39: That's for folks who are what we refer to internally
00:28:39 --> 00:28:40: as homeless light.
00:28:40 --> 00:28:44: That would be someone who's couch surfing or just landed
00:28:44 --> 00:28:47: in their car a month ago, and we will be
00:28:47 --> 00:28:49: doing that going forward.
00:28:49 --> 00:28:53: Both of those models work if you have the dedication,
00:28:53 --> 00:28:58: the expertise and the financing, which is always the problem.
00:29:00 --> 00:29:04: I think for the Jonathan Rose portfolio, I mean 80%
00:29:04 --> 00:29:08: of what we own as a company is project based,
00:29:08 --> 00:29:11: Section 8 serving lowest income households.
00:29:12 --> 00:29:15: But there is a project based voucher typically funded by
00:29:15 --> 00:29:15: HUD.
00:29:16 --> 00:29:20: The residents in those properties pay 30% of their income
00:29:20 --> 00:29:20: on rent.
00:29:21 --> 00:29:23: If they make $1000 a year, they pay 30% of
00:29:23 --> 00:29:27: their income on rent and the government pays the rest.
00:29:27 --> 00:29:31: Those tend to be our best maintained and some of
00:29:31 --> 00:29:36: our best programmed communities because the contracts on those properties
00:29:36 --> 00:29:40: are be able to are able to be marked to
00:29:40 --> 00:29:40: market.
00:29:40 --> 00:29:44: Meaning when market rent growth goes up 10% in five
00:29:44 --> 00:29:47: years you submit for your 10% markup that helps increase
00:29:47 --> 00:29:51: revenue at the property and offset increased expenses at the
00:29:51 --> 00:29:52: properties.

00:29:53 --> 00:29:57: There is a very finite number of project based Section
00:29:57 --> 00:30:01: 8 contracts in the country and unless HUD is increasing
00:30:01 --> 00:30:06: its funding, which I'm not very hopeful of right now
00:30:06 --> 00:30:09: though that is not a a replicable model.
00:30:09 --> 00:30:13: Unless there is another agency stepping up to fund project
00:30:13 --> 00:30:17: based subsidy, which in Houston you can point to, you
00:30:17 --> 00:30:22: know, local Housing Authority stepping up to fund project based
00:30:22 --> 00:30:27: vouchers, which I think are critical component of a sustainable
00:30:27 --> 00:30:31: property in the sense of the property can, can fund
00:30:31 --> 00:30:34: repairs, can pay people to pick up the trash can,
00:30:34 --> 00:30:38: pay people to work there over the next 20 years
00:30:38 --> 00:30:43: without needing, you know, distressed financing or you know, without
00:30:43 --> 00:30:47: doing without going into foreclosure, for example.
00:30:48 --> 00:30:51: One of the things that's that I'm concerned is going
00:30:51 --> 00:30:54: to change is now in our project based contracts.
00:30:55 --> 00:30:58: If someone has been a good citizen for one year
00:30:58 --> 00:31:01: and they want to move somewhere else, maybe to a
00:31:01 --> 00:31:05: property more like the properties that you have, then they
00:31:05 --> 00:31:07: can port their voucher.
00:31:07 --> 00:31:10: And that does not, we don't lose a voucher.
00:31:10 --> 00:31:14: They simply have one of their own, a tenant base
00:31:14 --> 00:31:14: voucher.
00:31:15 --> 00:31:17: Well, that is multiplying vouchers.
00:31:17 --> 00:31:21: And recently the Houston Housing Authority has not been able
00:31:21 --> 00:31:22: to do that.
00:31:22 --> 00:31:25: So that is confining and restricting people as they want
00:31:26 --> 00:31:30: to move to other neighborhoods and other types of properties.
00:31:30 --> 00:31:33: And I, I believe that's going to continue to tighten
00:31:33 --> 00:31:34: down.
00:31:34 --> 00:31:36: I, I've had several people tell me they don't believe
00:31:37 --> 00:31:38: vouchers will go away.
00:31:38 --> 00:31:42: The Trump family has a large number of vouchers that
00:31:42 --> 00:31:46: they benefit from, but that there may not be any
00:31:46 --> 00:31:46: more.
00:31:46 --> 00:31:49: The supply may not increase.
00:31:52 --> 00:31:54: Let's talk about what keeps you up at night.
00:31:55 --> 00:31:59: Aside from the changes from the current administration, what is
00:31:59 --> 00:32:02: keeping you up at night in terms of challenges to

00:32:02 --> 00:32:03: get this work done?
00:32:03 --> 00:32:05: If you could take a roadblock out of your way
00:32:05 --> 00:32:08: to make this work easier, what would it be?
00:32:09 --> 00:32:10: Only get one.
00:32:11 --> 00:32:13: I mean top three.
00:32:15 --> 00:32:18: So I would say candidly staffing at nonprofits and we're
00:32:18 --> 00:32:22: competing with, you know, large for profit organizations on very
00:32:22 --> 00:32:23: highly technical projects.
00:32:23 --> 00:32:25: People don't tend to want to work for a nonprofit
00:32:25 --> 00:32:26: doing the hardest projects.
00:32:27 --> 00:32:29: So getting good staffing that is very mission focused and
00:32:29 --> 00:32:31: and we're able to develop them.
00:32:32 --> 00:32:35: You know, the political environment we are in Florida, there's
00:32:35 --> 00:32:36: a lot of things going on.
00:32:37 --> 00:32:40: There's an awareness of affordable housing, but they always think
00:32:40 --> 00:32:42: of the more deserving people in need of affordable housing
00:32:42 --> 00:32:45: as opposed to the people who traditionally always needed affordable
00:32:45 --> 00:32:45: housing.
00:32:46 --> 00:32:49: And then NIMBY, you know, and, and that's across that
00:32:49 --> 00:32:50: isn't even affordable.
00:32:50 --> 00:32:51: That's just density.
00:32:51 --> 00:32:53: I mean, we're, I haven't seen a community yet where
00:32:53 --> 00:32:57: somebody, you know, puts forth something multifamily that needs any
00:32:57 --> 00:33:00: kind of approval, where there isn't a group with pitchforks
00:33:00 --> 00:33:01: just clamoring now.
00:33:02 --> 00:33:04: So it's always about the money.
00:33:04 --> 00:33:07: And the one thing I would wish for today is
00:33:08 --> 00:33:10: certainty, some certainty.
00:33:10 --> 00:33:14: This morning I missed what evidently was a fabulous session.
00:33:14 --> 00:33:17: I missed it because I was on a Zoom call
00:33:17 --> 00:33:21: killing a building we were just about to break ground
00:33:21 --> 00:33:26: on for very low income families in a rapidly gentrifying
00:33:26 --> 00:33:30: neighborhood that was very eager for that housing.
00:33:30 --> 00:33:34: And we lost one $1.2 million because eight and a
00:33:34 --> 00:33:38: half, $1,000,000 in federal funds were frozen.
00:33:39 --> 00:33:41: And so that is gone.
00:33:42 --> 00:33:45: And now if I had had more time with the
00:33:45 --> 00:33:49: tax credit program is very complicated.

00:33:49 --> 00:33:53: If I had had time, which I did not have,
00:33:53 --> 00:33:57: which was not my friend, $2,000,000 had needed to go
00:33:57 --> 00:34:00: down again today wasn't a good idea.
00:34:01 --> 00:34:05: I probably could have worked that out with other funding
00:34:05 --> 00:34:10: sources, but the uncertainty and the rapidity with which things
00:34:10 --> 00:34:15: that are negative are happening and they just are, makes
00:34:15 --> 00:34:18: it very difficult to know what to do next.
00:34:18 --> 00:34:21: I would wish for some certainty if they're going to
00:34:22 --> 00:34:25: be no more vouchers, why don't we just say that
00:34:25 --> 00:34:28: and and then let's move on and make some other
00:34:28 --> 00:34:29: decisions and plans.
00:34:31 --> 00:34:34: What keeps me up at night I going back to
00:34:34 --> 00:34:37: the property I talked about buying at the end of
00:34:37 --> 00:34:39: 2023, The Grove.
00:34:40 --> 00:34:44: Part of why the property was naturally affordable with lower
00:34:44 --> 00:34:48: rents is it is 1970s classic garden style California product,
00:34:49 --> 00:34:52: which anybody here who owns a property built in the
00:34:52 --> 00:34:56: 70s knows it was not the highest quality time for
00:34:56 --> 00:34:58: construction in the United States.
00:34:58 --> 00:35:02: And this property has electrical issues.
00:35:02 --> 00:35:06: It has asbestos in the drywall and, you know, some
00:35:06 --> 00:35:10: lead paint still on the window sills.
00:35:10 --> 00:35:16: And having purchased this property with $50 million of investors
00:35:16 --> 00:35:21: money, $52 million of a Fannie Mae loan and another
00:35:21 --> 00:35:25: 10 million that we're going to put in to fix
00:35:25 --> 00:35:29: up the property, I what keeps me up is do
00:35:29 --> 00:35:30: we have enough?
00:35:31 --> 00:35:34: Do we have enough to bring this property into the
00:35:34 --> 00:35:38: solid physical condition that it lasts and is a healthy
00:35:38 --> 00:35:41: place to live for the next 10 years?
00:35:41 --> 00:35:45: And do we have enough so that enough people are,
00:35:45 --> 00:35:49: you know, living here, paying their full rent to also
00:35:49 --> 00:35:53: provide the return to our investors that they expect?
00:35:53 --> 00:35:56: That is a real stress that comes with these larger
00:35:56 --> 00:36:00: investments that, you know, it's a balance delivering in a
00:36:00 --> 00:36:03: great product to the residents who live there and making
00:36:03 --> 00:36:07: sure you are steward of the capital that you're investing
00:36:07 --> 00:36:08: that that keeps me up.
00:36:09 --> 00:36:14: Are there issues any of you have with policy that
00:36:14 --> 00:36:17: you'd like to see changed?
00:36:18 --> 00:36:20: I know, again, if we're dealing with changes from the

00:36:21 --> 00:36:24: federal level, are there local policies, state level policies that
00:36:24 --> 00:36:27: could be changed to make this work easier for you?
00:36:28 --> 00:36:30: So in addition to my day job, I've been on
00:36:30 --> 00:36:33: the board of the Florida Support of Housing Coalition for
00:36:33 --> 00:36:35: many, many, way too many years to admit to at
00:36:35 --> 00:36:35: this point.
00:36:36 --> 00:36:38: And I would say, yes, I have a list of
00:36:39 --> 00:36:43: policy issues that we've been discussing with Tallahassee in Florida.
00:36:43 --> 00:36:45: We've been done a pretty good job of advocating with
00:36:45 --> 00:36:49: our state housing finance authority where we're having trouble and
00:36:49 --> 00:36:52: need if we're really going to tackle homelessness.
00:36:52 --> 00:36:56: For context, between 2007 and 2022, Florida's had the largest
00:36:56 --> 00:37:00: reduction in homelessness in the country and then our housing
00:37:00 --> 00:37:01: market went crazy.
00:37:01 --> 00:37:03: And for the last two to three years, we've seen
00:37:03 --> 00:37:05: increases and it is straight a housing cost issue.
00:37:07 --> 00:37:09: And but the barrier that we have from a policy
00:37:09 --> 00:37:12: perspective is more and more seniors and more and more
00:37:12 --> 00:37:15: persons with disabilities are becoming homeless.
00:37:15 --> 00:37:18: We need the service dollars and the operating support, whether
00:37:18 --> 00:37:21: it's rental assistance or whatever to make the units affordable
00:37:21 --> 00:37:23: linked with the housing production dollars.
00:37:24 --> 00:37:26: Right now it's on the developer to come up with
00:37:26 --> 00:37:26: those.
00:37:26 --> 00:37:30: And candidly, I've told our we've asked local, local communities
00:37:30 --> 00:37:32: ask us all the time to do another one.
00:37:32 --> 00:37:34: I'm like, you going to sign a contract because I
00:37:34 --> 00:37:35: need your money.
00:37:35 --> 00:37:37: If you want me to commit to 50 years, 50
00:37:37 --> 00:37:39: years of housing homeless people in this project, because if
00:37:39 --> 00:37:41: I get the state money to build it, that's what
00:37:41 --> 00:37:42: I'm committing to.
00:37:43 --> 00:37:46: But I need rent assistance and I need service dollars
00:37:46 --> 00:37:49: or I'm setting those residents up for failure and I'm
00:37:49 --> 00:37:51: setting my team up for failure.
00:37:51 --> 00:37:54: So one of the ways that the private sector can
00:37:54 --> 00:37:57: work with the with the nonprofit sector in solving the

00:37:58 --> 00:38:01:	problem of affordability, and let's talk about that as a
00:38:01 --> 00:38:05:	broad problem, 50% of the people in Houston rent the
00:38:05 --> 00:38:06:	place where they live.
00:38:06 --> 00:38:11:	25% of the people in Houston are rent burdened, paying
00:38:11 --> 00:38:14:	more than 30% of their income in rent.
00:38:14 --> 00:38:17:	And that would be for the for the public, for
00:38:17 --> 00:38:20:	the private sector to engage more strongly the way you
00:38:20 --> 00:38:22:	are to tell you in the way I heard you
00:38:22 --> 00:38:23:	were this morning.
00:38:23 --> 00:38:27:	I'm so excited about what Ron Terwilliger has done with
00:38:27 --> 00:38:30:	homeless to house and I am Co chairing a division
00:38:30 --> 00:38:33:	of homeless to house and we'll be working on the
00:38:33 --> 00:38:38:	10 principles, the public and private sector together, working on
00:38:38 --> 00:38:42:	the 10 principles to guide the homeless to housed work
00:38:42 --> 00:38:43:	into the future.
00:38:43 --> 00:38:47:	And if that interests any of you here, I would
00:38:47 --> 00:38:51:	love to hear from you, joy at New Hope housing.com,
00:38:51 --> 00:38:55:	because you could be very helpful to what we're doing
00:38:55 --> 00:38:59:	and what we're hoping will be able to drive policy
00:38:59 --> 00:39:04:	changes as the private sector helps work that through lobbyists
00:39:04 --> 00:39:07:	up through the system for change.
00:39:09 --> 00:39:10:	Anything else on the policy front?
00:39:12 --> 00:39:15:	I think right now I'm thinking most about what could
00:39:15 --> 00:39:18:	change that I don't want to change rather than what
00:39:18 --> 00:39:19:	I want to change.
00:39:20 --> 00:39:23:	And I mean number one on my personal list is
00:39:23 --> 00:39:24:	HUD staffing.
00:39:24 --> 00:39:28:	We are working with HUD on daily basis, various regional
00:39:28 --> 00:39:32:	offices that we interact with across our portfolio.
00:39:32 --> 00:39:35:	So that is probably #1 concern right now on the
00:39:36 --> 00:39:37:	local level.
00:39:37 --> 00:39:41:	I would love to see more States and cities implement
00:39:41 --> 00:39:46:	tax, property tax exemptions for affordable housing.
00:39:46 --> 00:39:50:	California has an extremely powerful one that you know you
00:39:50 --> 00:39:54:	proportional to the percentage of units that are affordable, you
00:39:54 --> 00:39:57:	get a tax exemption proportional to that.
00:39:58 --> 00:40:02:	It is extremely, extremely powerful in being able to maintain
00:40:03 --> 00:40:07:	affordable housing properties by lowering your expenses.
00:40:07 --> 00:40:10:	But also to compete with the market when you do
00:40:10 --> 00:40:15:	want to take naturally occurring affordable and convert it to

00:40:15 --> 00:40:17: rent restricted affordable.
00:40:17 --> 00:40:20: And then the the third one I would mention besides
00:40:20 --> 00:40:22: just keeping people employed at HUD.
00:40:23 --> 00:40:27: Second one being more taxing property tax exemptions for affordable
00:40:27 --> 00:40:28: housing.
00:40:28 --> 00:40:32: The third one I think is way more project based
00:40:32 --> 00:40:37: subsidy funded sustainably with long term contracts on the city
00:40:37 --> 00:40:40: level, state level and federal level.
00:40:41 --> 00:40:44: It we have not really increased the amount of project
00:40:44 --> 00:40:47: based subsidy in many years in this country.
00:40:47 --> 00:40:50: It is time to do that, and I think if
00:40:50 --> 00:40:53: there are going to be meaningful budget cuts from other
00:40:53 --> 00:40:57: areas of the federal government, that is where I would
00:40:57 --> 00:41:00: love to see an increase in funding because it does
00:41:00 --> 00:41:04: do so much to create housing that is sustainable, sustainably
00:41:04 --> 00:41:07: affordable and able to be maintained for the long term.
00:41:11 --> 00:41:13: I'm sort of, I, I'm going to come to Q&A
00:41:13 --> 00:41:14: in just a moment.
00:41:15 --> 00:41:17: I know we sort of talked at the top and
00:41:17 --> 00:41:19: we've all alluded to a little bit some of our
00:41:19 --> 00:41:22: fears and you certainly just did, Margo, about what's coming
00:41:22 --> 00:41:23: at the federal level.
00:41:25 --> 00:41:27: How are you handling and how are your peers and
00:41:27 --> 00:41:30: colleagues handling, handling all this uncertainty?
00:41:30 --> 00:41:31: You refer to it Joy.
00:41:31 --> 00:41:34: Projects are being stopped in their tracks, as we've heard
00:41:34 --> 00:41:34: you say.
00:41:35 --> 00:41:39: Are you sort of pumping the brakes and just waiting?
00:41:39 --> 00:41:41: Are you trying to move forward on existing projects, like
00:41:42 --> 00:41:42: fingers crossed?
00:41:42 --> 00:41:43: I mean, what?
00:41:43 --> 00:41:44: What's sort of happening right now?
00:41:44 --> 00:41:48: We are moving forward on developments that we have far
00:41:48 --> 00:41:51: less certainty that they will ever be realized.
00:41:51 --> 00:41:53: We are going ahead.
00:41:53 --> 00:41:56: We are applying for tax credits where, you know, we're
00:41:56 --> 00:42:00: starting the clock running again, knowing that we can stop
00:42:00 --> 00:42:03: the clock if there isn't more certainty before we have
00:42:04 --> 00:42:07: expended a funds the way we were caught just recently
00:42:07 --> 00:42:11: unaware something that started a couple of years ago when
00:42:11 --> 00:42:13: the funding was absolutely certain.

00:42:13 --> 00:42:17: So we aren't, we aren't pumping the brakes, but we
00:42:17 --> 00:42:20: are aware of the greater level of uncertainty and the
00:42:20 --> 00:42:25: concern that makes really for the sustainability of an organization.
00:42:25 --> 00:42:29: You know, we're, we have reasonably large footings now and
00:42:29 --> 00:42:31: we have a balance sheet, but you know, you can
00:42:31 --> 00:42:33: spend down your balance sheet.
00:42:33 --> 00:42:36: We're certainly not as large as as Jonathan Rose.
00:42:36 --> 00:42:40: And when you aren't developing properties, you aren't earning developer
00:42:40 --> 00:42:40: fees.
00:42:40 --> 00:42:42: That's just a fact.
00:42:42 --> 00:42:44: And that impacts your organization.
00:42:44 --> 00:42:48: And being a nonprofit, what you do with those developer
00:42:48 --> 00:42:51: fees once you've sustained your organization is you put them
00:42:51 --> 00:42:53: into additional developments.
00:42:53 --> 00:42:56: So this is a far reaching it to my mind.
00:42:56 --> 00:42:59: I think about it like the pandemic.
00:42:59 --> 00:43:02: I know in Texas, the pandemic's been over for a
00:43:02 --> 00:43:05: few years, but children are still not reading at grade
00:43:05 --> 00:43:08: level and they still aren't doing math at grade level
00:43:08 --> 00:43:11: the way they were before the pandemic.
00:43:11 --> 00:43:12: We have not recovered.
00:43:12 --> 00:43:15: So this is not something that's going to be chaotic
00:43:15 --> 00:43:18: for a short period of time and then there will
00:43:18 --> 00:43:21: be certainty because it's like throwing a Pebble into water.
00:43:21 --> 00:43:26: It will continue to have created difficulties in basically the
00:43:26 --> 00:43:30: housing that you have not provided for the next 4
00:43:30 --> 00:43:31: decades.
00:43:33 --> 00:43:36: I would say we're not pumping the brakes, but we've
00:43:36 --> 00:43:39: taken our foot off the accelerator and preparing to pump
00:43:39 --> 00:43:40: the brakes, if not slam them on.
00:43:42 --> 00:43:45: Very honestly, I had just like everybody here, I have
00:43:45 --> 00:43:47: no idea what's going to happen.
00:43:47 --> 00:43:48: I got no crystal ball.
00:43:48 --> 00:43:49: I got no clue.
00:43:49 --> 00:43:51: I, I feel like in six months we'll have some
00:43:51 --> 00:43:54: sort of feel as to what the finger quoting real
00:43:54 --> 00:43:57: response is going to be, you know, whether Congress is
00:43:57 --> 00:43:59: going to put up guardrails or the quarter.
00:43:59 --> 00:44:01: This is just sort of a six month tizzy and
00:44:01 --> 00:44:04: things will somehow calm down because all of us

constituents

00:44:04 --> 00:44:06: are really mad at them now is, you know, popularity
00:44:06 --> 00:44:06: is plummeted.
00:44:07 --> 00:44:09: I mean, I don't know, it could continue for the
00:44:09 --> 00:44:09: next 4 years.
00:44:09 --> 00:44:12: I have literally no idea what I hope.
00:44:12 --> 00:44:15: What I believe, and I hope I'm not doing this
00:44:15 --> 00:44:17: just so I can sleep at night, is that, you
00:44:17 --> 00:44:20: know, in six months, we'll at least have a feel
00:44:20 --> 00:44:23: like some sort of general sense of do we put
00:44:23 --> 00:44:25: on the brakes and just say, OK, we're going to
00:44:26 --> 00:44:26: pause.
00:44:26 --> 00:44:28: We're going to operate what we have.
00:44:28 --> 00:44:30: We're going to, you know, provide the services to the
00:44:30 --> 00:44:30: people we have.
00:44:30 --> 00:44:33: We're going to remain poised to restart, but we're not
00:44:34 --> 00:44:35: going to expose ourselves.
00:44:35 --> 00:44:38: Are we going to reduce our production goals and just
00:44:38 --> 00:44:40: try to maintain a certain level?
00:44:41 --> 00:44:43: Are we going to continue the aggressive level that we
00:44:43 --> 00:44:45: just teed up by getting this impact investment fund funded?
00:44:45 --> 00:44:47: I mean, like, come on, guys.
00:44:47 --> 00:44:48: I've worked really hard on this and now he does
00:44:48 --> 00:44:50: this the day I get the Dang thing funded.
00:44:50 --> 00:44:53: Come on, You know, So honestly, in six months, I'm
00:44:53 --> 00:44:56: hoping to have a feel for what we should do.
00:44:57 --> 00:45:00: My concern in ways unrelated to affordable housing is in
00:45:00 --> 00:45:03: 12 months, what is the nonprofit sector going to look
00:45:03 --> 00:45:04: like?
00:45:04 --> 00:45:07: Because I do feel there's going to be a massive
00:45:07 --> 00:45:11: disruption from a cash flow standpoint, if nothing else.
00:45:12 --> 00:45:15: You know, Joy is in a position where her organization
00:45:15 --> 00:45:17: can afford, doesn't like it, it's a hit, but can
00:45:17 --> 00:45:19: afford $1.2 million.
00:45:19 --> 00:45:21: There are some organizations that if they don't get that
00:45:21 --> 00:45:23: check, they're not covering payroll next week.
00:45:24 --> 00:45:26: So I, I, and it's just too much up in
00:45:26 --> 00:45:29: the air to really, really have a good feel for
00:45:29 --> 00:45:31: where it's going to go.
00:45:33 --> 00:45:37: I think a lot of us at Rose are still
00:45:37 --> 00:45:42: a little bit in denial about what could happen.
00:45:42 --> 00:45:48: But we're, you know, watching closely and hoping that there

00:45:48 --> 00:45:55: are not fundamental changes that will negatively impact our properties.
00:45:55 --> 00:45:59: But I mean it as an example, there were we
00:45:59 --> 00:46:03: have a property in Saint Louis that was under the
00:46:03 --> 00:46:09: Biden administration or awarded a $20 million GRP grant from
00:46:09 --> 00:46:14: HUD to basically do a comprehensive green retrofit to the
00:46:14 --> 00:46:19: property that was going to fund HVAC, water heaters, double
00:46:19 --> 00:46:24: pane windows and really fortify that property for the next
00:46:24 --> 00:46:29: 20 years for in an area that is like increasingly
00:46:29 --> 00:46:31: at risk for extreme weather.
00:46:32 --> 00:46:35: We found out two weeks ago that that money which
00:46:35 --> 00:46:38: was not distributed yet has been frozen.
00:46:38 --> 00:46:42: The administrator who was JLL who is going to you
00:46:42 --> 00:46:46: know help administer that grant, their contract was cancelled.
00:46:46 --> 00:46:49: So that kind of project is completely on pause now.
00:46:50 --> 00:46:54: Our regular day-to-day business of trying to operate our housing,
00:46:54 --> 00:46:59: provide resident services and invest in, you know, climate resiliency
00:47:00 --> 00:47:03: where we can has not changed, but it just remains
00:47:03 --> 00:47:04: to be seen.
00:47:04 --> 00:47:09: So it's important I remind myself of frequently, it's not
00:47:09 --> 00:47:13: about the building I didn't build or it's not about
00:47:13 --> 00:47:16: the retrofit I wasn't able to do.
00:47:16 --> 00:47:20: It's about real people who have real needs, whose lives
00:47:21 --> 00:47:22: are being damaged.
00:47:23 --> 00:47:27: And I think it's important to remind ourselves because we're
00:47:27 --> 00:47:31: always looking at spreadsheets and we have so much technicality
00:47:31 --> 00:47:34: in the kind of work we do, that we're doing
00:47:34 --> 00:47:36: it for human beings who need a little bit of
00:47:37 --> 00:47:37: help.
00:47:37 --> 00:47:40: Some of them need a lot of help, some just
00:47:40 --> 00:47:41: need a little bit.
00:47:41 --> 00:47:45: But it's real people whose lives can't just be on
00:47:45 --> 00:47:46: pause.
00:47:46 --> 00:47:49: They're continuing every day to need to pay the rent
00:47:49 --> 00:47:52: and to try to be stable and rear their families
00:47:52 --> 00:47:53: in a quality way.
00:47:54 --> 00:47:55: I want to.
00:47:55 --> 00:47:56: We're almost out of time, so I want to make
00:47:57 --> 00:47:58: sure we get a couple questions from the audience.

00:47:58 --> 00:48:00:	We do have somebody I think with a mic going
00:48:00 --> 00:48:01:	around.
00:48:01 --> 00:48:02:	So we've got one up here in the front.
00:48:08 --> 00:48:10:	Thank you all for being panelists.
00:48:10 --> 00:48:13:	Today you mentioned about Amazon's housing equity fund.
00:48:14 --> 00:48:17:	I'm a recipient of that a Ron Thompson out of
00:48:17 --> 00:48:17:	Nashville, TN.
00:48:18 --> 00:48:22:	I run an accelerator program helping those underrepresented emerging developers
00:48:22 --> 00:48:24:	scale with that focus on affordable housing.
00:48:25 --> 00:48:28:	My question is, have you seen any cities or municipalities
00:48:28 --> 00:48:30:	come up with any new innovative or cool ways to
00:48:30 --> 00:48:33:	kind of help on the affordable housing side?
00:48:35 --> 00:48:38:	Just off the top of my head, Boston created a
00:48:38 --> 00:48:44:	city funded housing opportunity fund doing something similar to what
00:48:44 --> 00:48:46:	Amazon is doing at a smaller scale.
00:48:48 --> 00:48:52:	New York has probably the most robust housing finance New
00:48:52 --> 00:48:55:	York City in terms of HPDS programs.
00:48:56 --> 00:48:59:	But I think, you know, increasingly cities are looking to
00:48:59 --> 00:49:02:	each other for what some of these strategies are.
00:49:02 --> 00:49:05:	But I would definitely recommend looking up the the the
00:49:05 --> 00:49:06:	fund in Boston.
00:49:07 --> 00:49:11:	And there's also some interesting housing finance funds that have
00:49:11 --> 00:49:15:	popped up in places like North Carolina and Dallas that
00:49:15 --> 00:49:17:	also I think are great models.
00:49:18 --> 00:49:22:	There's also some municipalities that are partnering with private sector
00:49:22 --> 00:49:26:	foundations, hospitals and things like that to create funds like
00:49:26 --> 00:49:26:	this as well.
00:49:26 --> 00:49:28:	So it's not all municipal money.
00:49:28 --> 00:49:30:	And then of course, there's always muni bonds.
00:49:30 --> 00:49:32:	Some communities are willing to put out muni bonds to
00:49:32 --> 00:49:33:	create a housing fund.
00:49:35 --> 00:49:37:	Who else has a question right here?
00:49:37 --> 00:49:37:	Oh, OK.
00:49:45 --> 00:49:46:	We can hear you.
00:49:46 --> 00:49:46:	We'll repeat.
00:49:47 --> 00:49:48:	Good afternoon.
00:49:48 --> 00:49:51:	My name is Doctor Leah Angel Daniel and I'm here
00:49:51 --> 00:49:52:	by way of Buffalo, NY.
00:49:53 --> 00:49:57:	I have a nonprofit organization called Fostering Greatness,

Inc, where

00:49:57 --> 00:49:59: we assist young people who are aging out of the

00:49:59 --> 00:50:00: foster care system.

00:50:01 --> 00:50:03: I am also an alumni of the foster care system.

00:50:04 --> 00:50:07: So during the pandemic, as we all know, housing was

00:50:07 --> 00:50:09: the issue for those who are aging out.

00:50:09 --> 00:50:12: But when the pandemic happened, I mean, it was just

00:50:12 --> 00:50:14: scary like the housing issue.

00:50:14 --> 00:50:16: So right now I am in the process of building

00:50:16 --> 00:50:20: community based housing where they're able to come together and

00:50:20 --> 00:50:24: we provide access, opportunity and community support so where they

00:50:24 --> 00:50:26: can build community amongst themselves.

00:50:27 --> 00:50:31: There isn't a model similar in the way that I

00:50:31 --> 00:50:32: want to do things.

00:50:32 --> 00:50:35: But I wanted to know, do you all have any

00:50:35 --> 00:50:39: suggestions of what I should do, where I should start?

00:50:39 --> 00:50:42: Because when I speak to people, their only focus is

00:50:42 --> 00:50:44: for those who are in care.

00:50:44 --> 00:50:47: But I need them to understand that the greater risk

00:50:47 --> 00:50:49: is when those young people age out.

00:50:50 --> 00:50:52: And it's not only a risk to themselves, but to

00:50:52 --> 00:50:55: the communities that they're being LED into because they don't

00:50:55 --> 00:50:56: have what they need.

00:50:56 --> 00:50:58: So I want to go help them to go from

00:50:58 --> 00:50:59: survival mode to thriving mode.

00:51:00 --> 00:51:02: So I've been really happy to talk with you after

00:51:02 --> 00:51:04: the session because there's a nonprofit in Florida that's doing

00:51:04 --> 00:51:06: that work and I'd have to look up in my

00:51:06 --> 00:51:08: phone with their contact info is but I'll get me

00:51:08 --> 00:51:09: after the session I'll have.

00:51:09 --> 00:51:10: Thank you.

00:51:11 --> 00:51:12: Do you have more time for more?

00:51:13 --> 00:51:14: I have one right here.

00:51:14 --> 00:51:14: OK.

00:51:18 --> 00:51:20: Hi, I'm I'm an intern.

00:51:20 --> 00:51:23: I work at the city of Greensboro and homeless prevention,

00:51:23 --> 00:51:26: a first year college student and like I'm, I just

00:51:26 --> 00:51:29: want to know like how did you get into your

00:51:29 --> 00:51:30: background of housing?

00:51:30 --> 00:51:32: I kind of work like a mix of affordable housing

00:51:32 --> 00:51:33: and homeless prevention.
00:51:33 --> 00:51:35: So I just I like the field a lot.
00:51:35 --> 00:51:37: I just want to know how you get.
00:51:37 --> 00:51:40: Into it I did.
00:51:40 --> 00:51:42: What most people do with a career is I fell
00:51:42 --> 00:51:43: into it.
00:51:45 --> 00:51:46: I had no grand plan.
00:51:47 --> 00:51:50: I moved from Boston to Florida and started volunteering with
00:51:50 --> 00:51:53: a local Habitat simply because I wanted to meet people
00:51:53 --> 00:51:55: and that got me into affordable housing.
00:51:55 --> 00:51:57: And here I am, so many years later.
00:52:00 --> 00:52:02: My story is so similar that I don't feel the
00:52:02 --> 00:52:04: need to repeat it at all.
00:52:04 --> 00:52:08: It was an absolute accident, a very happy accident for
00:52:08 --> 00:52:09: me.
00:52:09 --> 00:52:12: I was looking for a real job in the Texas
00:52:12 --> 00:52:16: Medical Center and I stumbled across a nonprofit part time
00:52:16 --> 00:52:20: job and for some reason I thought that was mine
00:52:20 --> 00:52:22: and that I could be helpful.
00:52:22 --> 00:52:24: It was just one of those things.
00:52:24 --> 00:52:27: Not a very not a very helpful answer to you.
00:52:28 --> 00:52:30: I'll bet Margo has a more helpful one.
00:52:33 --> 00:52:34: It's all up to you, Margo.
00:52:34 --> 00:52:38: After college, I actually was an elementary school teacher for
00:52:38 --> 00:52:42: three years and then went to grad school during COVID
00:52:42 --> 00:52:44: thinking I was going to do education policy.
00:52:45 --> 00:52:47: Took one class on real estate finance, which I would
00:52:47 --> 00:52:50: definitely encourage you to take some real estate finance classes
00:52:50 --> 00:52:52: and thought this is going to be fun.
00:52:52 --> 00:52:56: I want to work in this industry and specifically getting
00:52:56 --> 00:53:00: to do affordable housing within real estate finance I think
00:53:00 --> 00:53:01: is the best.
00:53:01 --> 00:53:03: You get to play the game and compete against a
00:53:03 --> 00:53:06: lot of other players, but you get to do so,
00:53:06 --> 00:53:09: you know, with the mission of trying to help people
00:53:09 --> 00:53:10: afford where they live.
00:53:10 --> 00:53:11: So I think that couldn't be better.
00:53:13 --> 00:53:16: Do we have time for one more or Yes, Anyone
00:53:16 --> 00:53:16: leaving?
00:53:16 --> 00:53:17: OK, one more.
00:53:17 --> 00:53:17: One more.

00:53:17 --> 00:53:17: Gotcha.
00:53:17 --> 00:53:18: I'm right behind you.
00:53:22 --> 00:53:23: Thank you so much.
00:53:23 --> 00:53:24: Appreciate it.
00:53:24 --> 00:53:25: This has been a fantastic panel.
00:53:25 --> 00:53:27: Thank you all for your time and Logan Nagle with
00:53:27 --> 00:53:28: be the benefits.
00:53:28 --> 00:53:31: The service conversation is a fascinating 1 and I'm just
00:53:31 --> 00:53:35: curious what it's going to take to get resident services
00:53:35 --> 00:53:38: included budgeted for early on at the time of fund
00:53:38 --> 00:53:39: formation or deal acquisition.
00:53:41 --> 00:53:43: I think the answer to that is it depends on
00:53:43 --> 00:53:45: who's financing it and who your partners are in it.
00:53:46 --> 00:53:48: It really is going to be project by project, but
00:53:48 --> 00:53:51: from a low income housing tax credit perspective, if we
00:53:51 --> 00:53:53: could get it above the line, that would be really,
00:53:53 --> 00:53:54: really awesome.
00:53:56 --> 00:53:57: Oh, OK.
00:53:57 --> 00:53:58: And one more.
00:53:58 --> 00:54:00: Hi JD Kellan with Hope Springs Housing.
00:54:00 --> 00:54:04: We're developing housing for women previously incarcerated to get their
00:54:04 --> 00:54:07: kids out of defects, custody wrap around a service.
00:54:08 --> 00:54:11: We are building our first community here in Atlanta debt
00:54:11 --> 00:54:14: free because of the ARPA funds that came down to
00:54:14 --> 00:54:15: the state.
00:54:16 --> 00:54:19: I flew down to Miami in October to a family
00:54:20 --> 00:54:21: wealth office conference.
00:54:22 --> 00:54:26: Because their portfolios, they're really sort of raising an eyebrow
00:54:26 --> 00:54:30: at the fishers they're seeing in the commercial real estate
00:54:30 --> 00:54:34: market because typically they'll invest in in trophy assets, maybe
00:54:34 --> 00:54:37: a shopping mall or an office building.
00:54:37 --> 00:54:40: And with what's going on with Class B right now,
00:54:40 --> 00:54:41: they're considering other asset classes.
00:54:41 --> 00:54:44: They were talking about student housing and supportive housing.
00:54:45 --> 00:54:47: Have you had any inroads?
00:54:47 --> 00:54:47: And here's why.
00:54:47 --> 00:54:51: Generation three and four that are ascending to power in
00:54:51 --> 00:54:55: these family offices are much more ESG and social impact
00:54:55 --> 00:54:56: impact vesting minded.

00:54:57 --> 00:55:00: So for your funds, have any of you had inroads
00:55:00 --> 00:55:04: into a family office or into a consortium of multiple
00:55:04 --> 00:55:05: family offices?
00:55:05 --> 00:55:09: They're touting something like 6 to 7% adjusted returns on
00:55:09 --> 00:55:13: their overall portfolio, but like 11 to 13% on commercial.
00:55:13 --> 00:55:15: So there are real estate.
00:55:15 --> 00:55:17: So they're looking for more of a safe haven.
00:55:17 --> 00:55:20: Now it may not be accretive to their cash on
00:55:20 --> 00:55:23: cash yield, but to the extent that it's impact investing,
00:55:23 --> 00:55:25: it makes it more lucrative.
00:55:25 --> 00:55:27: As you'd said, Margrove, any of the three of you
00:55:27 --> 00:55:30: had any inroads or experience with that yet?
00:55:31 --> 00:55:35: I think with Jonathan Rose Preservation equity funds, I mean
00:55:35 --> 00:55:38: each fund has been larger than the last.
00:55:38 --> 00:55:41: It started out with a lot of high net worth
00:55:41 --> 00:55:45: families that were interested in supporting affordable housing.
00:55:45 --> 00:55:47: And as the years have gone on, our investors have
00:55:48 --> 00:55:49: become more and more institutional.
00:55:50 --> 00:55:54: For example, pension funds that have a affordable housing or
00:55:55 --> 00:55:59: an impact set aside as well as, you know, international
00:55:59 --> 00:56:05: funds that might be more focused on sustainability and affordability.
00:56:05 --> 00:56:09: But I think there's overall, my answer is just absolutely
00:56:09 --> 00:56:09: yes.
00:56:09 --> 00:56:14: I think there's so much more interest from investors of
00:56:14 --> 00:56:18: all kind in affordable housing who see it as, you
00:56:18 --> 00:56:23: know, this is not just good for society, but this
00:56:23 --> 00:56:26: is also a downside case investment.
00:56:26 --> 00:56:30: When times are tough, everybody needs affordable housing.
00:56:30 --> 00:56:32: When times are good, everybody needs affordable housing.
00:56:33 --> 00:56:37: So yes, it's not going to be necessarily 15% return,
00:56:37 --> 00:56:40: but it is a a steady 6 to 10 depending
00:56:40 --> 00:56:43: on market conditions and expenses.
00:56:45 --> 00:56:46: All right, I think that is time.
00:56:46 --> 00:56:48: Let's give our panelists a round of applause.
00:56:54 --> 00:56:56: Thank you all so much for being here and enjoy
00:56:56 --> 00:56:58: the rest of your afternoon.
