

# Event Session

## Unlocking Housing Potential: Barriers and Opportunities in U.S. Capital Markets

Date: February 25-26, 2025

00:00:00 --> 00:00:01: Good afternoon, everyone.

00:00:03 --> 00:00:07: Thank you for attending the conference.

00:00:07 --> 00:00:10: Overall, on behalf of you all, I would greatly appreciate

00:00:10 --> 00:00:10: it.

00:00:10 --> 00:00:14: Thank you as well for attending this particular session.

00:00:15 --> 00:00:19: Unlocking housing potential barriers and opportunities in US capital markets.

00:00:21 --> 00:00:27: Very interesting time for us, for everyone in this room.

00:00:27 --> 00:00:30: Risk is a part of what we deal with on

00:00:30 --> 00:00:33: a daily basis and it is unique in the industry

00:00:33 --> 00:00:36: in that we have to come to grips with the

00:00:37 --> 00:00:40: level of risk that we're taking with respect to any

00:00:40 --> 00:00:41: project.

00:00:41 --> 00:00:44: And so having said that, we considered risk and so

00:00:44 --> 00:00:48: many other things when putting this panel together, but there

00:00:48 --> 00:00:52: were three things in particular that came to mind.

00:00:53 --> 00:00:57: The timeliness of the subjects that we were going to

00:00:57 --> 00:01:00: cover today, as you all know, capital markets can change

00:01:01 --> 00:01:04: up to the day before and we began the planning

00:01:04 --> 00:01:07: and conversations about this particular session last year.

00:01:07 --> 00:01:10: So timeliness of it was extremely important.

00:01:10 --> 00:01:15: Practicality, we wanted all the participants, all of you to

00:01:15 --> 00:01:18: have real take away value and be able to pick

00:01:19 --> 00:01:22: up on some things that you could take back and

00:01:22 --> 00:01:26: use in your daily practice professionally.

00:01:27 --> 00:01:31: But there was one that we, you know, still hit

00:01:31 --> 00:01:35: us by surprise and and that was the outcome of

00:01:35 --> 00:01:39: some of the things that are happening as a result

00:01:39 --> 00:01:41: of the election.

00:01:41 --> 00:01:45: So when I say things like tariffs, you know, layoffs,  
00:01:45 --> 00:01:49: force reductions and other things and their impact on our  
00:01:49 --> 00:01:52: industry and what we do on a daily basis, that  
00:01:52 --> 00:01:56: was kind of that X Factor that is impacting all  
00:01:56 --> 00:01:57: of what we do here.  
00:01:57 --> 00:01:59: And so as a result, you know, we will probably  
00:02:00 --> 00:02:01: touch on some of that this morning.  
00:02:02 --> 00:02:06: The thing also, as an aside that was important when  
00:02:06 --> 00:02:11: we were choosing panelists was that we wanted panelists  
who  
00:02:12 --> 00:02:14: are actively getting things done.  
00:02:15 --> 00:02:19: To quote Darryl Carter, who's a friend and a mentor  
00:02:19 --> 00:02:19: of sorts.  
00:02:20 --> 00:02:23: You know, things are slow now, Darryl says stop  
complaining,  
00:02:23 --> 00:02:25: figure out a way to get deals done.  
00:02:25 --> 00:02:28: Ultimately, that's the focus of what we're doing here and  
00:02:28 --> 00:02:31: what our panelists have been successful at doing also.  
00:02:32 --> 00:02:35: So having said that, we will go right into introductions.  
00:02:35 --> 00:02:37: But first, just so you know who I am, I'm  
00:02:38 --> 00:02:41: Ferrenhill, President of Peregrine Oak Commercial Real  
Estate Advisory, based  
00:02:41 --> 00:02:42: here in Atlanta.  
00:02:43 --> 00:02:44: But more importantly, we want you to know a little  
00:02:44 --> 00:02:46: bit more about our panelists who we have here this  
00:02:46 --> 00:02:47: morning.  
00:02:47 --> 00:02:51: And so we will go to the first panelist, Carolyn  
00:02:52 --> 00:02:54: Watley, who's on the very end.  
00:02:56 --> 00:02:57: Testing.  
00:03:06 --> 00:03:07: OK.  
00:03:07 --> 00:03:07: Hi, everyone.  
00:03:07 --> 00:03:09: So happy to see you here.  
00:03:09 --> 00:03:12: There's information on the slide on Bricadia if you'd like  
00:03:12 --> 00:03:14: take a picture of that or you can get with  
00:03:14 --> 00:03:15: me afterwards.  
00:03:16 --> 00:03:18: But just I'll, I'll touch on some bullet points.  
00:03:18 --> 00:03:23: My background, I I'm on the mortgage banking side  
specializing  
00:03:23 --> 00:03:27: in HUD financing at Bricadia Managing Director and I have  
00:03:27 --> 00:03:31: been in the multifamily and senior housing finance business  
for  
00:03:31 --> 00:03:32: over 30 years.  
00:03:33 --> 00:03:36: And here's a funny fact, in all these years, I've

00:03:36 --> 00:03:39: never changed my headshot picture, and it's really funny to  
00:03:39 --> 00:03:42: see people's expression when they meet me for the first  
00:03:42 --> 00:03:45: time after seeing my little team circle.  
00:03:47 --> 00:03:48: I have a sick sense of humor.  
00:03:50 --> 00:03:52: I have close loans in 43 states, so I'm a  
00:03:52 --> 00:03:55: nationwide lender for the most part.  
00:03:55 --> 00:03:57: I would say maybe in the last 15 or so  
00:03:57 --> 00:04:01: years I've concentrated more in the Southeast and the Southwest.  
00:04:02 --> 00:04:07: I work on both affordable transactions as well as market  
00:04:07 --> 00:04:11: rate and Althea Broughton in the audience can testify we  
00:04:11 --> 00:04:15: do some pretty difficult deals which is fun stuff.  
00:04:17 --> 00:04:20: The the product types that I that I cover are  
00:04:20 --> 00:04:27: multifamily and seniors, new construction, sub rehab, refinance and acquisitions.  
00:04:28 --> 00:04:32: The Brigadia lineage goes back to the days 1994 it  
00:04:32 --> 00:04:34: was known as GMAC Commercial Mortgage.  
00:04:35 --> 00:04:38: In 2006 they changed their name to Cap Mark and  
00:04:38 --> 00:04:43: in 2009 there was a joint venture formed between Berkshire  
00:04:43 --> 00:04:47: Hathaway, which is uncle Warren Buffett and at the time  
00:04:47 --> 00:04:51: Leucadia National which is now Jeffries Financial.  
00:04:51 --> 00:04:54: They bought Cap Mark out of bankruptcy and they formed  
00:04:54 --> 00:04:56: the company now known as Bricadia.  
00:04:57 --> 00:05:01: The company has 50 offices around the country housing our  
00:05:01 --> 00:05:06: mortgage banking teams for all the different product types, investment  
00:05:06 --> 00:05:11: sales brokers, the servicing team, the equity, both tax credit  
00:05:11 --> 00:05:14: equity as well as as conventional equity.  
00:05:14 --> 00:05:17: And most important in our business is our technology team.  
00:05:18 --> 00:05:21: They've created a platform that allows us to differentiate ourselves,  
00:05:21 --> 00:05:24: I believe from a lot of our our friendly competitors.  
00:05:25 --> 00:05:28: And that is we we pull data from more than  
00:05:28 --> 00:05:32: 800,000 properties around the country and they digest it down  
00:05:32 --> 00:05:35: into a report that we can share with our clients.  
00:05:35 --> 00:05:39: Not as a subscription service, but as a partner with  
00:05:39 --> 00:05:43: them to help them identify income and expense comps, slice  
00:05:43 --> 00:05:46: and dice demographic information in more ways than you could  
00:05:46 --> 00:05:51: imagine to help them look at construction pipelines in different  
00:05:51 --> 00:05:51: markets.  
00:05:51 --> 00:05:56: So to help them identify those markets, identify what unit

00:05:56 --> 00:05:58: mix might work best for their property.

00:05:59 --> 00:06:01: So it's a very valuable tool that they add to

00:06:01 --> 00:06:01: us.

00:06:02 --> 00:06:05: So our primary focus is helping our clients navigate the

00:06:05 --> 00:06:08: best products for their property, for their portfolio, and really

00:06:08 --> 00:06:11: for their business plan to help, you know, act as

00:06:11 --> 00:06:12: an advisor to help them.

00:06:14 --> 00:06:14: Thank you.

00:06:23 --> 00:06:24: Thank you, Karen.

00:06:24 --> 00:06:26: Thank you, Karen.

00:06:26 --> 00:06:26: Good.

00:06:27 --> 00:06:27: All good.

00:06:27 --> 00:06:30: Yeah, and, and thanks for everybody for coming today.

00:06:30 --> 00:06:33: I mean, I think right now housing is one of

00:06:33 --> 00:06:36: the biggest issues in this country.

00:06:36 --> 00:06:38: There's a lot going on, a lot of news and

00:06:38 --> 00:06:41: press out every week, but housing continues to be a

00:06:41 --> 00:06:42: crisis in America.

00:06:42 --> 00:06:46: So I, TJ McElroy, I run capital markets at Dominion.

00:06:47 --> 00:06:50: It's the largest affordable housing developer in the country.

00:06:50 --> 00:06:52: We are not the largest owner.

00:06:52 --> 00:06:55: I think we're #7 there's a lot of a new

00:06:55 --> 00:06:58: entrants that have come in and bought large portfolios, but

00:06:59 --> 00:07:02: Dominion has been around for over 50 years with almost

00:07:02 --> 00:07:05: a singular focus on what I call capital A affordable

00:07:06 --> 00:07:06: housing.

00:07:07 --> 00:07:12: And you know, 43,000 units in 19 states.

00:07:12 --> 00:07:15: I think we have over 100,000 individuals living in our

00:07:15 --> 00:07:16: homes.

00:07:16 --> 00:07:18: And we take that very seriously.

00:07:18 --> 00:07:21: And I think we see it every day when you

00:07:21 --> 00:07:25: you visit a property that's going well, you know the

00:07:25 --> 00:07:28: the benefits that that gives long term.

00:07:28 --> 00:07:31: And on the other side you know some of the

00:07:31 --> 00:07:34: properties you take over or go to or that aren't

00:07:34 --> 00:07:37: going well, some of the the negative outcomes that that

00:07:37 --> 00:07:38: can that create.

00:07:39 --> 00:07:42: But 5050 years of experience in the business, I returned

00:07:42 --> 00:07:46: to Dominion about four years ago to centralized the

00:07:46 --> 00:07:48: financing

00:07:46 --> 00:07:48: and run capital markets.

00:07:48 --> 00:07:50: So it's about a billion and a half to 2

00:07:50 --> 00:07:54: billion in construction financing a year that we need to  
00:07:54 --> 00:07:54: source.  
00:07:54 --> 00:07:59: And then we're creating a investment management business  
to kind  
00:08:00 --> 00:08:04: of invest back in the debt that we're we're borrowing  
00:08:04 --> 00:08:04: so.  
00:08:05 --> 00:08:09: Thank you, TJ Carmen.  
00:08:10 --> 00:08:11: Well, good afternoon, everybody.  
00:08:11 --> 00:08:13: I am Carmen Chubb.  
00:08:13 --> 00:08:15: I'm the President of Columbia Residential.  
00:08:16 --> 00:08:21: Columbia is an integrated real estate development,  
ownership and management  
00:08:21 --> 00:08:21: company.  
00:08:22 --> 00:08:27: We operate in five states, Georgia, Florida, Texas, Louisiana  
and  
00:08:27 --> 00:08:30: our new estate is Tennessee.  
00:08:30 --> 00:08:35: We've been in business since 1991, founded by Noel Khalil  
00:08:35 --> 00:08:41: who brought the perspective of high quality mixed income  
affordable  
00:08:41 --> 00:08:45: housing, which is what we focus on every day.  
00:08:46 --> 00:08:51: We've created over 11,000 affordable and mixed income  
apartments in  
00:08:51 --> 00:08:53: 80 communities in our footprint.  
00:08:54 --> 00:08:58: And we when we talk about mission, we are mission  
00:08:58 --> 00:09:03: oriented and a private sector profit oriented developer.  
00:09:03 --> 00:09:07: But the question was how, what weight does mission play  
00:09:07 --> 00:09:08: and what you do?  
00:09:08 --> 00:09:11: And we place a high value on the mission of  
00:09:11 --> 00:09:12: Columbia Residential.  
00:09:12 --> 00:09:16: It is what attracts us to our development partners, local  
00:09:16 --> 00:09:20: governments, communities who want to work with us and  
attracts  
00:09:20 --> 00:09:22: talent to our company.  
00:09:22 --> 00:09:24: So it's good to be here with you and look  
00:09:24 --> 00:09:26: forward to the conversation.  
00:09:27 --> 00:09:28: Excellent.  
00:09:29 --> 00:09:32: So let's jump right in and for the benefit of  
00:09:32 --> 00:09:34: everyone here, you should know we're going to have a  
00:09:34 --> 00:09:36: little bit of a discussion and and cover some things  
00:09:36 --> 00:09:39: for about 2530 minutes and then we'll take questions from  
00:09:39 --> 00:09:40: the audience.  
00:09:40 --> 00:09:44: So please be prepared with great questions for everyone  
because  
00:09:44 --> 00:09:46: we have great answers for you.

00:09:49 --> 00:09:53: One question for everyone, you know, given where we are

00:09:53 --> 00:09:58: from a market perspective, what has been your focus over

00:09:58 --> 00:10:02: the past 12 to 18 months with respect to either

00:10:02 --> 00:10:05: acquisitions or new construction?

00:10:05 --> 00:10:10: And Carolyn, you can answer from a finance perspective in

00:10:10 --> 00:10:14: terms of the transaction volume that you are seeing and

00:10:14 --> 00:10:18: completing in, in no particular order, whoever's first go for

00:10:18 --> 00:10:19: Ready Golf.

00:10:21 --> 00:10:22: All right, I'll start.

00:10:22 --> 00:10:26: I talked about our five state footprint and since we've

00:10:26 --> 00:10:30: been in business for over 30 years, we have properties

00:10:30 --> 00:10:35: that need recapitalization and rehabilitation as well as new

00:10:35 --> 00:10:38: construction.

00:10:38 --> 00:10:41: So when we look at what we focus on, first

00:10:41 --> 00:10:46: of all, it is continuing to grow in the markets

00:10:46 --> 00:10:50: where we're present and in those markets, Georgia and

00:10:50 --> 00:10:53: Louisiana

00:10:54 --> 00:10:55: in particular, because we have properties that are at or

00:10:55 --> 00:10:59: beyond year 15, making sure that we're investing in our

00:10:59 --> 00:11:00: own portfolio, we do that.

00:11:00 --> 00:11:04: Everything we do primarily is through the low income housing

00:11:04 --> 00:11:09: tax credit program.

00:11:09 --> 00:11:12: But on some of our renovations, we have developed AI

00:11:13 --> 00:11:16: would call it a unique relationship with enterprise where we

00:11:16 --> 00:11:20: have a line of credit and we're able to borrow

00:11:20 --> 00:11:25: a a million and a half to \$2,000,000 to take

00:11:25 --> 00:11:29: out the investor in the property and refinance and do

00:11:30 --> 00:11:31: some light touch rehab, really just to keep those properties

00:11:32 --> 00:11:36: operational and comfortable for the residents as we prepare

00:11:36 --> 00:11:39: them

00:11:39 --> 00:11:41: for recapitalization.

00:11:42 --> 00:11:46: But in each of our markets, particularly in Georgia, we

00:11:46 --> 00:11:51: look to do hopefully 2 deals in the 9% round

00:11:51 --> 00:11:56: and two in the 4% round.

00:11:56 --> 00:11:58: When when we think about what we've done recently, we

00:11:58 --> 00:12:00: just closed in December on the Cosby Spear high rise,

00:12:01 --> 00:12:05: which is the renovation of a formerly Atlanta housing owned

00:12:05 --> 00:12:08: senior development.

00:12:08 --> 00:12:13: It's two towers with 282 units.

00:12:13 --> 00:12:18: We got 4% credits and bonds from Invest Atlanta and

00:12:18 --> 00:12:23: we are in the process of renovating those units that

00:12:23 --> 00:12:28: required us to relocate seniors to existing properties across

00:12:28 --> 00:12:33: the

00:12:13 --> 00:12:13: city.

00:12:14 --> 00:12:17: We are almost done with the relocation of the second tower and beginning the renovation of the first tower.

00:12:17 --> 00:12:21: We also are at the verge of completing a new construction project that we have in Decatur and it is the second phase of senior housing.

00:12:21 --> 00:12:25: This one in partnership with the Decatur Housing Authority is 80 units of senior housing, new construction right at the Avondale Marta station.

00:12:25 --> 00:12:29: So we do across the board.

00:12:29 --> 00:12:32: We're we're recapitalizing, renovating and doing new construction.

00:12:32 --> 00:12:36: So is the the largest percentage of of your work probably partnered with a public entity or Housing Authority?

00:12:36 --> 00:12:39: Most of the time we have a partner, either a local government, a public Housing Authority, or neighborhood based nonprofit.

00:12:39 --> 00:12:41: Yes.

00:12:41 --> 00:12:44: Thank you, TJ.

00:12:44 --> 00:12:48: I'd say the last eight to 10 years Dominion had a big shift and it was primarily a acquisition rehab shop leading up to the financial crisis and especially after, after the GFC that really slowed down.

00:12:48 --> 00:12:52: Let's say in 20/17/18 and we're back then it was 8085% of what Dominion was doing every year in terms of production was acquisition rehab buying existing properties.

00:12:52 --> 00:12:57: Now it's probably 90 plus percent new construction.

00:12:57 --> 00:12:59: Now there's there's opportunistic portfolios we'll buy here and there,

00:13:00 --> 00:13:04: but you know, usually we're just picking off like a single asset and anything that's over, you know 500 units gets gobbled up and and we don't really compete on those deals.

00:13:04 --> 00:13:06: So last year Dominion started construction or close on I think around 4800 units of new construction.

00:13:06 --> 00:13:08: We did buy 1 portfolio in Texas of 12 assets.

00:13:08 --> 00:13:11: So that was 2400 units and that's again rare.

00:13:11 --> 00:13:16: That was kind of a unique off market deal.

00:13:16 --> 00:13:21: But it's if you go back one slide you can see and where we're at, you know 53 years the company's been in business founded out of Minneapolis in those

00:14:29 --> 00:14:33: Gray States and in the the upper Midwest is where  
00:14:33 --> 00:14:35: about half our portfolio is.  
00:14:36 --> 00:14:40: And every year we sell 15 to to 20 deals  
00:14:40 --> 00:14:42: around 2500 units.  
00:14:42 --> 00:14:45: And we take that capital and redeploy it in the  
00:14:45 --> 00:14:47: land and in new assets in the Sunbelt.  
00:14:48 --> 00:14:51: If anybody was across the hall here earlier today and,  
00:14:51 --> 00:14:55: and watch Ken's presentation, you can you know why that's  
00:14:55 --> 00:14:57: where the the population growth is.  
00:14:57 --> 00:15:00: There's huge rent growth in the Sunbelt, Sunbelt markets.  
00:15:01 --> 00:15:04: So yeah, three years ago we opened offices in Dallas,  
00:15:04 --> 00:15:08: Phoenix and Atlanta and moved almost 100 people out of  
00:15:08 --> 00:15:12: Minneapolis into the markets, we call it in our regions.  
00:15:12 --> 00:15:15: And it's really been a big shift to a new  
00:15:15 --> 00:15:17: construction model.  
00:15:18 --> 00:15:18: Excellent.  
00:15:19 --> 00:15:23: Carolyn, can you inform us from a financing perspective on  
00:15:23 --> 00:15:28: acquisitions or new construction with respect to your activity?  
00:15:29 --> 00:15:33: So for the most part within our HUD platform, it's  
00:15:33 --> 00:15:38: probably a 5050 split between affordable transactions and  
00:15:38 --> 00:15:39: transactions.  
00:15:41 --> 00:15:44: I would say in the past, past recent years, new  
00:15:44 --> 00:15:47: construction has been the primary driver.  
00:15:48 --> 00:15:52: We are seeing refinances and in particular cash out  
00:15:52 --> 00:15:55: of recently completed deals that's picking up.  
00:15:56 --> 00:15:57: That was a change.  
00:15:57 --> 00:16:00: Gosh, I always lose perspective of time, but I'm going  
00:16:00 --> 00:16:03: to say maybe three to five years ago had changed  
00:16:03 --> 00:16:04: a long standing rule.  
00:16:04 --> 00:16:07: You had to wait three years from the late of  
00:16:07 --> 00:16:10: the last CEO that was issued before you could refinance  
00:16:10 --> 00:16:12: with the 2223 F and take cash out.  
00:16:13 --> 00:16:14: That's no longer the case.  
00:16:14 --> 00:16:17: So now we can we can size those deals, we  
00:16:17 --> 00:16:21: can file the application with a one month trailing statement  
00:16:21 --> 00:16:23: at the deck cover.  
00:16:23 --> 00:16:25: We can close it with three consecutive months.  
00:16:25 --> 00:16:28: If it's cash out, we hold half of that cash  
00:16:28 --> 00:16:29: out for six months.  
00:16:29 --> 00:16:32: So I expected that to be a big part of

00:16:32 --> 00:16:37: our business this year, especially with the incredibly high amount

00:16:37 --> 00:16:39: of maturing loans that are coming due.

00:16:40 --> 00:16:42: And I think that one thing we'll talk a little

00:16:42 --> 00:16:44: bit later about are some changes that had is made

00:16:44 --> 00:16:46: in their underwriting parameters.

00:16:46 --> 00:16:50: I think that combined with, you know, this incredible number

00:16:50 --> 00:16:54: of loans that are maturing, gosh, there's different, different stats

00:16:54 --> 00:16:57: you see, but 954 billion I think was one number

00:16:57 --> 00:16:58: I saw this morning.

00:16:58 --> 00:17:02: And it's just overwhelming to know that that's coming in.

00:17:02 --> 00:17:04: So hopefully we'll see rates come down.

00:17:04 --> 00:17:06: But but with some of those factors going in, I

00:17:06 --> 00:17:09: think that refinances will will take the lead.

00:17:10 --> 00:17:13: My heart is very near and dear to affordable new

00:17:13 --> 00:17:15: construction deals.

00:17:15 --> 00:17:18: They're complicated, but they're fun, they're challenging and we get

00:17:18 --> 00:17:21: to have weekly calls with 40 or 50 people every

00:17:21 --> 00:17:22: week, so we get to be best friends.

00:17:24 --> 00:17:26: So you mentioned fun and challenging.

00:17:26 --> 00:17:28: Let's talk about that for a second.

00:17:29 --> 00:17:32: And I would imagine that each of you has a

00:17:32 --> 00:17:37: very interesting story about a challenging transaction over recent months.

00:17:38 --> 00:17:41: Is, is there something that is, you know, that you

00:17:41 --> 00:17:43: love and enjoy so much that you like to share

00:17:43 --> 00:17:45: with the audience?

00:17:45 --> 00:17:48: I mean, we all have war stories in here, so.

00:17:48 --> 00:17:50: I probably don't like sleeping very much.

00:17:50 --> 00:17:53: Maybe I because these still sure do keep me up.

00:17:54 --> 00:17:58: You know, there's so many different participants involved in the

00:17:58 --> 00:18:02: affordable deals when you've got multiple layers of subordinate debt,

00:18:02 --> 00:18:06: when you have ground leases, you have different partnerships going

00:18:06 --> 00:18:09: on, you have state and equity syndicators.

00:18:10 --> 00:18:12: Gosh, what else could I throw in there?

00:18:13 --> 00:18:15: Rent subsidies at times.

00:18:15 --> 00:18:17: And so, my gosh, I'm so glad I'm in this

00:18:17 --> 00:18:20: chair and not in your chairs because I do not

00:18:20 --> 00:18:23: have the intestinal fortitude to be a developer.

00:18:24 --> 00:18:25: The things that you all have to manage and go

00:18:26 --> 00:18:26: through.

00:18:26 --> 00:18:28: And you know, those those calls I get or a

00:18:28 --> 00:18:31: text, you know, from the developer the morning of closing

00:18:31 --> 00:18:33: that says I need to talk to you and I'm

00:18:33 --> 00:18:34: drying my hair.

00:18:34 --> 00:18:35: And so I don't answer right away.

00:18:35 --> 00:18:39: And he's like, now, so one of the partners didn't

00:18:39 --> 00:18:43: quite get what they wanted, so they're not going to

00:18:44 --> 00:18:44: close.

00:18:44 --> 00:18:46: And so no, no, we have to sit around the

00:18:46 --> 00:18:47: table and talk about this.

00:18:47 --> 00:18:49: We can't talk about this on the phone.

00:18:49 --> 00:18:52: Those kinds of things happen periodically.

00:18:53 --> 00:18:56: Last minute pricing changes on state tax credits, not to

00:18:56 --> 00:18:59: pick on state syndicators, but yeah, those kinds of things

00:18:59 --> 00:19:00: happen.

00:19:00 --> 00:19:03: And, and you know, by the grace of God and,

00:19:03 --> 00:19:08: and very patient and knowledgeable and creative developers,

00:19:08 --> 00:19:09: they make

00:19:08 --> 00:19:09: it happen.

00:19:10 --> 00:19:13: Now let me ask you this question before I get

00:19:13 --> 00:19:15: to TJ and Carmen leverage.

00:19:15 --> 00:19:16: How important it is.

00:19:16 --> 00:19:19: Is it in your conversations and how often does it

00:19:19 --> 00:19:19: come up?

00:19:21 --> 00:19:21: Very important.

00:19:21 --> 00:19:24: I mean, there are gaps in pretty much every transaction

00:19:25 --> 00:19:25: out there.

00:19:25 --> 00:19:28: And when I say creative developers, I mean creative

00:19:28 --> 00:19:32: developers.

00:19:32 --> 00:19:35: I've seen some, you know, you might say pulling a

00:19:35 --> 00:19:38: rabbit out of a hat, but you know, we had

00:19:38 --> 00:19:42: a deal in Alabama and the developer was able to,

00:19:42 --> 00:19:43: to get real creative at, at meeting the the state's

00:19:43 --> 00:19:43: requirements.

00:19:43 --> 00:19:43: Can you?

00:19:43 --> 00:19:44: Can you share?

00:19:44 --> 00:19:45: Can you?

00:19:45 --> 00:19:45: Chose a lot.

00:19:45 --> 00:19:47: You know what, I kind of think maybe I shouldn't

00:19:47 --> 00:19:48: right now.

00:19:48 --> 00:19:50: I don't want to give away a secret that without

00:19:51 --> 00:19:53: permission, but they they were able to get the state

00:19:53 --> 00:19:56: to and the agencies to take a look at, at

00:19:56 --> 00:19:59: the way they handled the rent subsidy a little differently,

00:19:59 --> 00:20:01: the way that they they valued it.

00:20:01 --> 00:20:04: So one of the reasons why I, I asked that

00:20:04 --> 00:20:08: question in particular and that we don't have a, a

00:20:08 --> 00:20:11: bank lender here on the panel today is that in

00:20:11 --> 00:20:15: conversations in terms of planning and and Bill will be

00:20:15 --> 00:20:16: able to appreciate this.

00:20:17 --> 00:20:21: All of those conversations were, if we are writing construction

00:20:21 --> 00:20:23: loans, we're at 55% of cost.

00:20:24 --> 00:20:26: And then you get into the lack or absence of

00:20:26 --> 00:20:28: creativity with respect to the equity.

00:20:29 --> 00:20:31: And so, you know, one of the reasons why I

00:20:31 --> 00:20:34: thought it was important to have this group here is

00:20:34 --> 00:20:37: that these are individuals who've been able to navigate that,

00:20:37 --> 00:20:41: particularly in a, in a fluctuating interest rate environment, but

00:20:41 --> 00:20:42: also cost environment as well.

00:20:43 --> 00:20:46: Carmen or TJ, who wants to go next with respect

00:20:46 --> 00:20:50: to difficult transactions and and and one you'd like to

00:20:50 --> 00:20:51: share with the group?

00:20:53 --> 00:20:53: I'll go next.

00:20:53 --> 00:20:54: We'll go.

00:20:54 --> 00:20:55: We'll do the snake back and forth.

00:20:57 --> 00:21:00: You know, we, we had a deal down in, in

00:21:00 --> 00:21:04: Florida last year and it was close to 400 units

00:21:04 --> 00:21:08: large 4% bond deal that we locked the interest rate

00:21:08 --> 00:21:10: with Freddie Mac.

00:21:10 --> 00:21:13: And I think it was July of 2023.

00:21:14 --> 00:21:17: So we were able to get Freddie to extend the

00:21:17 --> 00:21:20: rate lock a couple times to keep, you know, what

00:21:21 --> 00:21:25: was a 3.7% first mortgage of forward, forward permanent

00:21:25 --> 00:21:30: mortgage

00:21:25 --> 00:21:30: that they offer, get through some of the entitlements and,

00:21:30 --> 00:21:34: and other things with, with the state, the county, the

00:21:34 --> 00:21:34: city.

00:21:35 --> 00:21:37: And, and then we got to closing and the state

00:21:37 --> 00:21:41: housing finance agency looked at our performance, said,

00:21:41 --> 00:21:44: well, we

00:21:41 --> 00:21:44: underwrite it this way and we think your rents are

00:21:44 --> 00:21:46: going to be here and we think, you know, the

00:21:46 --> 00:21:49: vacancy and we all deal with this on the developer

00:21:49 --> 00:21:49: side.

00:21:51 --> 00:21:54: You can't really fight the state housing finance agency.

00:21:54 --> 00:21:56: So you just kind of throw up your hands and

00:21:56 --> 00:21:58: say, OK, how are we going to do this now?

00:21:59 --> 00:22:02: And I think it was Carolyn's point, you know, the

00:22:02 --> 00:22:05: creativity and, and really the, the group of lenders and

00:22:06 --> 00:22:09: investors that we had willing to to step back, believe

00:22:09 --> 00:22:12: in the deal, believe in Dominion and you know and

00:22:12 --> 00:22:16: then Dominion and the owners willingness to fund some of

00:22:16 --> 00:22:17: the gap financing.

00:22:18 --> 00:22:22: And so Dominion put in about six \$7,000,000 that we

00:22:22 --> 00:22:26: structured as tax exempt as financing.

00:22:26 --> 00:22:29: So the owners held that note.

00:22:29 --> 00:22:32: They're going to earn, you know, 12 to 15% tax

00:22:32 --> 00:22:33: exempt for 15 years on it.

00:22:33 --> 00:22:35: So I think they're pretty happy.

00:22:35 --> 00:22:39: And you know, the, the underwriting gap that was in

00:22:39 --> 00:22:42: there when the deal three years from now when it's

00:22:42 --> 00:22:46: filled and stabilized, I think it's going to be 0.

00:22:46 --> 00:22:50: But you know, maybe there's \$1,000,000 or something like

00:22:50 --> 00:22:52: that

00:22:52 --> 00:22:52: that, you know, we'll still still be left.

00:22:52 --> 00:22:55: But it was just, it was incredible that all the

00:22:55 --> 00:22:58: lenders and investors that we had, which were a lot

00:22:58 --> 00:23:01: on that deal that came together and said, hey, let's,

00:23:01 --> 00:23:02: let's get this done.

00:23:02 --> 00:23:05: Unless we've all been working on this for 6-7 months,

00:23:05 --> 00:23:06: we're not giving up.

00:23:06 --> 00:23:09: And we ended up closing it about a year ago.

00:23:10 --> 00:23:10: Congratulations.

00:23:12 --> 00:23:15: Well, as I listen to you all, I'm thinking about

00:23:15 --> 00:23:18: a few deals that we were just hoping to get

00:23:18 --> 00:23:19: to closing.

00:23:19 --> 00:23:22: This was when rates were rising, costs were increasing, and

00:23:22 --> 00:23:25: every time you thought you had the gaps filled, you

00:23:25 --> 00:23:25: had a new gap.

00:23:26 --> 00:23:31: But the one that stands out, it actually closed before

00:23:31 --> 00:23:35: I joined Columbia, but we closed it and our construction

00:23:35 --> 00:23:36: rate was 3%.

00:23:37 --> 00:23:41: Six months later our interest rate was 8% and and

00:23:41 --> 00:23:43: we had a 24 month construction.

00:23:43 --> 00:23:47: So it is one of the most beautiful properties we've

00:23:47 --> 00:23:48: built.

00:23:48 --> 00:23:51: And if you're ever in Houston, please visit 2100 Memorial.

00:23:51 --> 00:23:56: But to get through that it was owners making contributions

00:23:56 --> 00:24:00: to pay the interest costs as well as you know

00:24:00 --> 00:24:04: having a extended period of lease up just we when

00:24:04 --> 00:24:09: you have returning residents and they have a priority and

00:24:09 --> 00:24:15: making sure the returning residents have an opportunity to

00:24:15 --> 00:24:16: move

00:24:16 --> 00:24:18: in first.

00:24:18 --> 00:24:22: So some things that that slowed that down.

00:24:22 --> 00:24:26: What we think is great is that we have with

00:24:26 --> 00:24:31: our lending partners a way to upsize the loan at

00:24:31 --> 00:24:32: conversion and hopefully, you know, get the deal back in

00:24:32 --> 00:24:35: the right shape.

00:24:35 --> 00:24:38: But it was one of those deals that you look

00:24:38 --> 00:24:42: back and say, you know, who would have guessed that

00:24:42 --> 00:24:43: rates would go up 5% between closing and really the

00:24:43 --> 00:24:47: early part of construction.

00:24:47 --> 00:24:50: We had a couple of others, one in Athens comes

00:24:50 --> 00:24:52: to mind where we just want Athens, GA.

00:24:52 --> 00:24:55: We just wanted to, to get to closing.

00:24:55 --> 00:24:59: We, it's going to be a four phase redevelopment and

00:24:59 --> 00:25:02: the community did a splice to buy the property.

00:25:02 --> 00:25:05: Like there was all this community support, and when I

00:25:05 --> 00:25:08: was at the state agency, I used to wonder sometimes

00:25:08 --> 00:25:09: why people would just like close deals that were so

00:25:09 --> 00:25:11: tight.

00:25:11 --> 00:25:14: But then when you get on this side of the

00:25:14 --> 00:25:17: table and you've invested so much time and resources and

00:25:17 --> 00:25:20: the community is counting on you, you realize why you

00:25:20 --> 00:25:21: get to closing even if your developer fee is mostly

00:25:21 --> 00:25:24: deferred.

00:25:24 --> 00:25:26: So I think that's really what we're about, is honoring

00:25:26 --> 00:25:29: those commitments to the community.

00:25:29 --> 00:25:32: But it can be very painful sometimes.

00:25:32 --> 00:25:33: But again, in both cases, we're real proud of the

00:25:33 --> 00:25:36: result.

00:25:36 --> 00:25:39: And we are happy that you saw them through to

00:25:39 --> 00:25:41: completion as as third party service providers.

00:25:41 --> 00:25:44: Your comments bring about a point or something that I

00:25:44 --> 00:25:45: just thought about.

00:25:45 --> 00:25:47: None of us are batting 1000 these days.

00:25:48 --> 00:25:51: So what has caused you to walk away from a

00:25:51 --> 00:25:54: transaction or to recently?

00:25:54 --> 00:25:56: Because I think that would be helpful for everyone here,

00:25:57 --> 00:26:00: you know, from a measurement or metric perspective, like what

00:26:00 --> 00:26:02: are some of the things that have caused you to

00:26:02 --> 00:26:04: say, you know, this is not as great of a

00:26:04 --> 00:26:07: deal or opportunity as we thought it to be early

00:26:07 --> 00:26:07: on.

00:26:07 --> 00:26:08: So we're going to move away from it.

00:26:11 --> 00:26:14: Carolyn, it's probably easier for you because I I bet

00:26:14 --> 00:26:17: you, you know how many deals you, you know, you

00:26:17 --> 00:26:18: turn down a week.

00:26:20 --> 00:26:22: So we try if if the deal is going to

00:26:22 --> 00:26:24: be turned down, we try to do it sooner in

00:26:24 --> 00:26:27: the process than later because bad news does not get

00:26:27 --> 00:26:28: better over time.

00:26:28 --> 00:26:31: I think we all know that lesson and, and we

00:26:31 --> 00:26:34: just do a very thorough job on the front end

00:26:34 --> 00:26:37: before we even engage the, the deal.

00:26:37 --> 00:26:39: We, we do a lot of extra work, you know,

00:26:39 --> 00:26:43: in terms of, you know, some environmental review systems that

00:26:43 --> 00:26:45: we've got that we, we subscribe to where we can

00:26:45 --> 00:26:46: pull information.

00:26:46 --> 00:26:49: So we really try to vet it heavily upfront.

00:26:49 --> 00:26:51: I treat your money like my money.

00:26:51 --> 00:26:53: I don't want to ask you for money if I

00:26:53 --> 00:26:55: don't feel out of the gate like this deal has

00:26:55 --> 00:26:56: a really good shot.

00:26:57 --> 00:27:00: So we really, you know, when we're vetting them, it's,

00:27:00 --> 00:27:02: it's upfront that we figure out if it's going to

00:27:02 --> 00:27:03: go forward or not.

00:27:05 --> 00:27:08: You know, hope I don't jinx myself, but I've not

00:27:08 --> 00:27:11: had a deal rejected by HUD ever in my career.

00:27:11 --> 00:27:11: All right.

00:27:11 --> 00:27:12: So thank you for that.

00:27:13 --> 00:27:16: TJ and Carmen, do you have examples of turning away

00:27:16 --> 00:27:20: deals before we before we go in a different direction

00:27:20 --> 00:27:22: on a couple of things Just real quick I.

00:27:23 --> 00:27:26: Mean rates rose, like you said, 4 or 500 basis

00:27:26 --> 00:27:29: points in a matter of almost 12 months.

00:27:29 --> 00:27:34: So I had Dominion generally has 10,000 units in the

00:27:35 --> 00:27:39: pipeline and that was, I like, you know, I'm an

00:27:39 --> 00:27:41: adrenaline junkie.

00:27:41 --> 00:27:44: So I, I'm not, I like that kind of adventure,

00:27:44 --> 00:27:45: but that was not fun.

00:27:45 --> 00:27:47: And we let a lot of good, a lot of

00:27:47 --> 00:27:47: deals go.

00:27:48 --> 00:27:51: And, you know, we essentially got in a room and,

00:27:51 --> 00:27:53: and looked at the list of all the deals, you

00:27:53 --> 00:27:56: know, where they were at and the entitlement stage, you

00:27:56 --> 00:27:59: know, their feasibility and, and said, you know, so we

00:27:59 --> 00:28:01: can't, we can't do everything.

00:28:01 --> 00:28:03: So do you put those deals on the shelf or

00:28:03 --> 00:28:05: do you just walk away from the mall together?

00:28:05 --> 00:28:07: It was it was a mix, right?

00:28:07 --> 00:28:09: I mean, some of them went on the shelf.

00:28:09 --> 00:28:12: Someone we already own the land and we're we're, you

00:28:12 --> 00:28:13: know, discussing do we sell?

00:28:13 --> 00:28:16: Do we do we move forward and invest some money

00:28:16 --> 00:28:18: into the deal, like the one I said, And it

00:28:18 --> 00:28:21: was deal by deal and and we went through and

00:28:21 --> 00:28:25: then race came down and, you know, magically another

00:28:25 --> 00:28:27: handful

00:28:27 --> 00:28:30: of deals on the list that we had, you know,

00:28:30 --> 00:28:30: put on the shelf to to mothball came back to

00:28:30 --> 00:28:33: life.

00:28:33 --> 00:28:36: So it just there's kind of a break point in

00:28:36 --> 00:28:38: the, the 10 year treasury and in interest rates where

00:28:38 --> 00:28:41: it's like the deal works or not.

00:28:41 --> 00:28:44: And we, we just force ranked everything and said, all

00:28:44 --> 00:28:47: right, if we could only do one deal, it'd be

00:28:47 --> 00:28:47: a down, you know, all the way down to deal

00:28:47 --> 00:28:47: #36.

00:28:50 --> 00:28:52: I would just say very similarly we there's some deals

00:28:52 --> 00:28:55: that didn't get done, but we didn't abandoned them.

00:28:55 --> 00:28:57: They're still on the list and and I think looking

00:28:58 --> 00:29:00: for those opportunities for them to move forward.

00:29:01 --> 00:29:01: OK, excellent.

00:29:03 --> 00:29:05: One more question specifically for Carolyn and then we and

00:29:05 --> 00:29:07: then we'll take questions from the audience.

00:29:07 --> 00:29:09: So if you have some things in mind that you're

00:29:09 --> 00:29:12: thinking about, we'll get to those in just a second.

00:29:12 --> 00:29:18: Carolyn, you have a unique perspective as a lender and

00:29:18 --> 00:29:23: you are aware of the new requirements from HUD.

00:29:23 --> 00:29:26: Would you mind sharing a little bit about the changes

00:29:26 --> 00:29:30: in underwriting that have taken place since the new

00:29:30 --> 00:29:31: administration

00:29:30 --> 00:29:31: has taken office?

00:29:32 --> 00:29:33: Sure, there's two slides.

00:29:33 --> 00:29:35: I don't know if you can put those up.

00:29:35 --> 00:29:37: Oh yeah, I've been going back and forth between the

00:29:37 --> 00:29:37: two.

00:29:38 --> 00:29:38: OK.

00:29:39 --> 00:29:39: So which would you like?

00:29:39 --> 00:29:40: First or second?

00:29:40 --> 00:29:40: The Yeah.

00:29:43 --> 00:29:49: The, the other one, the prior one, there you go.

00:29:50 --> 00:29:54: So you know, with every administration change, there's good

00:29:55 --> 00:29:56: things

00:29:56 --> 00:29:56: and bad things, right?

00:29:56 --> 00:30:00: So on the way out, the Biden administration, they released

00:30:00 --> 00:30:03: two mortgage letters that were really helpful to us.

00:30:03 --> 00:30:07: And what they did was one of them, the 2025

00:30:07 --> 00:30:11: O3, we refer to it as the rollback to 2010

00:30:11 --> 00:30:12: risk mitigation.

00:30:13 --> 00:30:17: So in, in 2010, the market was, you know what

00:30:17 --> 00:30:19: it was, it was a bit of a mess.

00:30:19 --> 00:30:23: So they tied to the underwriting parameters and which

00:30:23 --> 00:30:25: resulted

00:30:23 --> 00:30:25: in less proceeds, of course.

00:30:26 --> 00:30:28: So now HUD really wants to be a part of

00:30:28 --> 00:30:31: helping to solve the housing problem that we have, the

00:30:31 --> 00:30:32: crisis that's out there.

00:30:33 --> 00:30:36: So they've rolled back the underwriting parameters.

00:30:37 --> 00:30:41: The first one is just the rollback of 2010.

00:30:41 --> 00:30:45: So you can take a look there, the 90% subsidized

00:30:45 --> 00:30:49: that didn't change, but the second and the third those

00:30:49 --> 00:30:53: changed so that we can start underwriting to those lower

00:30:53 --> 00:30:55: underwriting parameters.

00:30:56 --> 00:31:00: 90%, I guess I can't see that far a 111

00:31:00 --> 00:31:04: deck cover taking it back to there and 90% loan

00:31:04 --> 00:31:09: to cost, it's allowable cost in the HUD space on

00:31:09 --> 00:31:14: the the and that's on affordables, on market rate, it's

00:31:14 --> 00:31:18: 87% loan to cost or A115 deck cover.

00:31:19 --> 00:31:22: Those are big changes that can help generate higher proceeds,

00:31:22 --> 00:31:25: especially right now where interest rates are higher, we get

00:31:25 --> 00:31:28: a little improvement in the interest rates and of course

00:31:28 --> 00:31:29: you have a whole new deal.

00:31:29 --> 00:31:32: So I think it's, it's going to truly help us

00:31:32 --> 00:31:34: this year to get some deals closed.

00:31:35 --> 00:31:39: The second which is really exciting and it was to

00:31:39 --> 00:31:43: address the middle income that's been you know ignored I

00:31:43 --> 00:31:47: think in great part it wasn't hard anyway.

00:31:47 --> 00:31:51: And so the commitment there is that you lease at

00:31:51 --> 00:31:55: least 50% of the units at 120 of AMI.

00:31:56 --> 00:31:58: The requirement is for a period of 10 years.

00:31:59 --> 00:32:01: There is waiver ability if you wanted less than 10

00:32:02 --> 00:32:04: years, but you would have to make a larger commitment

00:32:04 --> 00:32:05: than the 50%.

00:32:06 --> 00:32:11: The there would be a land use restriction required and

00:32:11 --> 00:32:15: gosh, what was the other annual monitoring by a state

00:32:15 --> 00:32:16: or local entity.

00:32:17 --> 00:32:19: So that would be a requirement.

00:32:19 --> 00:32:21: I'm sure we can find plenty of entities out there

00:32:21 --> 00:32:23: willing to just do that monitoring it.

00:32:23 --> 00:32:25: It's once a year, it's not throughout the year.

00:32:26 --> 00:32:28: Or the other thing we're talking about is maybe having

00:32:28 --> 00:32:31: it part of the annual financial audit that's done at

00:32:31 --> 00:32:32: the end of the year.

00:32:32 --> 00:32:33: So that might be another option.

00:32:33 --> 00:32:37: But that's really exciting change that was introduced and and

00:32:37 --> 00:32:40: of course, it is, you know, an effort to try

00:32:40 --> 00:32:43: to be able to close more loans and help solve

00:32:43 --> 00:32:44: the housing crisis.

00:32:45 --> 00:32:49: Excellent questions from the audience.

00:32:49 --> 00:32:54: Is there anyone who has something pressing that they would

00:32:54 --> 00:32:56: like to ask our participants?

00:33:02 --> 00:33:02: Hi.

00:33:02 --> 00:33:05: Just a follow up on what Caroline was.

00:33:05 --> 00:33:12: Caroline was just describing what specific loan product had the

00:33:12 --> 00:33:15: up to 120% AMI allowance.

00:33:15 --> 00:33:17: For affordability, is it the D4?

00:33:18 --> 00:33:21: The yes, the 221 D 4 so new construction.

00:33:21 --> 00:33:23: OK, and they you know what I'm not clear if

00:33:23 --> 00:33:25: they can do it on sub rehab or not.

00:33:26 --> 00:33:29: There was an intentional rush to hurry up and get  
00:33:29 --> 00:33:30: it out by a certain date.  
00:33:31 --> 00:33:33: And so they were very sparse on details.  
00:33:33 --> 00:33:36: So, you know, there's good and bad and that it  
00:33:36 --> 00:33:38: lends a little creativity so that, you know, we can  
00:33:38 --> 00:33:40: help reshape it as we go.  
00:33:40 --> 00:33:43: But yeah, so new construction.  
00:33:46 --> 00:33:47: Thank you.  
00:33:47 --> 00:33:47: Oh, sorry.  
00:33:47 --> 00:33:49: I just had one more follow up question.  
00:33:49 --> 00:33:52: There's been a lot of discussion about, well, HUD in  
00:33:52 --> 00:33:57: general given the administration, but two, improvement in the  
00:33:57 --> 00:33:59: timing  
00:33:59 --> 00:34:00: of the execution of like AD 4.  
00:33:59 --> 00:34:00: Can you?  
00:34:00 --> 00:34:01: Talk about that a little bit.  
00:34:02 --> 00:34:05: I am happy to talk about that in the Southeast  
00:34:05 --> 00:34:08: region in particular is where I've done a lot of  
00:34:08 --> 00:34:13: affordable deals, in particular the the turn around time that  
00:34:13 --> 00:34:15: I've been able to get and a lot of it  
00:34:16 --> 00:34:19: goes to the lender and to how thorough the applications  
00:34:19 --> 00:34:20: are going in.  
00:34:21 --> 00:34:23: You know, we have some clients that don't want to  
00:34:23 --> 00:34:26: provide certain information, it's required in the application.  
00:34:26 --> 00:34:29: So we all have that same list and the application  
00:34:29 --> 00:34:31: should be the same, but there's more that goes into  
00:34:31 --> 00:34:35: underwriting of course and and putting the application  
00:34:35 --> 00:34:37: together than  
00:34:35 --> 00:34:37: just taking, you know those checklist items.  
00:34:38 --> 00:34:42: So that quality of application I received in April of  
00:34:42 --> 00:34:47: last year a firm commitment on an affordable transaction in  
00:34:47 --> 00:34:49: 35 business days.  
00:34:50 --> 00:34:51: So it was phenomenal.  
00:34:52 --> 00:34:54: The second one that we did with them, that one  
00:34:54 --> 00:34:56: took closer to the 60 day review time that they  
00:34:56 --> 00:34:57: have.  
00:34:57 --> 00:34:59: But sometimes there's reasons for that.  
00:34:59 --> 00:35:02: You know, if comments come back, you know, their, their  
00:35:02 --> 00:35:05: request of us is that we respond to any comments  
00:35:05 --> 00:35:06: or questions in five days.  
00:35:06 --> 00:35:09: And sometimes you can't if it's design related or you  
00:35:10 --> 00:35:12: know, something along those lines.

00:35:12 --> 00:35:16: So, but yeah, so the southeast region has been very,  
00:35:16 --> 00:35:17: very good.  
00:35:17 --> 00:35:23: I know the western region, they, they've acknowledged that  
overall  
00:35:23 --> 00:35:27: HUD has drifted away from the single underwriter model that  
00:35:28 --> 00:35:31: was approved back, gosh, after 2010.  
00:35:31 --> 00:35:34: I think, you know, so they've gotten more involved and,  
00:35:34 --> 00:35:36: and you know, as more of the, the team spends  
00:35:37 --> 00:35:39: time on it, it sits on a desk, you know,  
00:35:39 --> 00:35:40: for another week or so.  
00:35:40 --> 00:35:41: So they need to get back to that.  
00:35:41 --> 00:35:44: And that's one of the changes that I think that  
00:35:44 --> 00:35:46: we'll see going forward this year is back to the  
00:35:46 --> 00:35:47: single underwriter model.  
00:35:47 --> 00:35:50: They're trusting our work and our third party vendors more.  
00:35:50 --> 00:35:53: How concerned are you about the timing going forward?  
00:35:55 --> 00:35:58: So for this year, I'm not overly concerned.  
00:35:58 --> 00:36:01: I know that there's issues going on with staffing and  
00:36:01 --> 00:36:01: layoff.  
00:36:01 --> 00:36:05: Yesterday actually was the first day back in the office.  
00:36:06 --> 00:36:09: We've heard from some of the offices around the morale,  
00:36:09 --> 00:36:11: the attitudes are better than anyone expected.  
00:36:13 --> 00:36:16: And I did get a live update this morning from  
00:36:16 --> 00:36:19: our teams feed that really only a handful of people  
00:36:19 --> 00:36:22: took the early, the early buyout for retirement.  
00:36:23 --> 00:36:25: And a lot of those, you know, they're, they're so  
00:36:25 --> 00:36:26: dedicated to their work.  
00:36:26 --> 00:36:30: They wanted permission to finish the applications that they're  
working  
00:36:30 --> 00:36:32: on, you know, before they actually leave.  
00:36:32 --> 00:36:34: So they're they're trying to do that.  
00:36:35 --> 00:36:38: So it's a possibility the agency could be more productive.  
00:36:38 --> 00:36:41: It could and you know we probably don't have time,  
00:36:41 --> 00:36:43: but I did pull some production stat numbers.  
00:36:44 --> 00:36:48: In 22 it was 17 billion loans closed.  
00:36:48 --> 00:36:52: Just in the multifamily side, it dropped down to 6  
00:36:52 --> 00:36:56: billion in 23 and it dropped a little bit further  
00:36:57 --> 00:36:59: 6.6 I think in 23 and 6.3 in 24.  
00:37:00 --> 00:37:02: So the volume has fallen off tremendously.  
00:37:02 --> 00:37:05: So clearly you can't staff for that kind of a  
00:37:05 --> 00:37:07: change in volume.  
00:37:07 --> 00:37:10: So some things need to be done differently and I  
00:37:10 --> 00:37:13: think that they will be looking at that expediting some

00:37:13 --> 00:37:15: of the automation that's in the works.

00:37:15 --> 00:37:16: It's in pilot testing.

00:37:16 --> 00:37:18: So I think that we'll see some changes there.

00:37:18 --> 00:37:20: So I think we have the staff to do it

00:37:20 --> 00:37:20: this year.

00:37:21 --> 00:37:24: If rates do go down, could be a little bit

00:37:24 --> 00:37:26: of a a time crunch.

00:37:27 --> 00:37:27: Excellent.

00:37:29 --> 00:37:29: Yes.

00:37:30 --> 00:37:33: Are you seeing any or have you done any loans

00:37:33 --> 00:37:37: relative to modular, partial modular, printed multifamily?

00:37:37 --> 00:37:42: And if so, any guidelines or suggestions for working with

00:37:42 --> 00:37:44: that product type?

00:37:44 --> 00:37:48: Let me piggyback on that also from a cost perspective,

00:37:48 --> 00:37:52: TJ and Carmen, have you all considered those as

00:37:52 --> 00:37:55: construction

00:37:52 --> 00:37:55: alternatives from a cost perspective also?

00:37:58 --> 00:38:01: Well, let's let's go with the original question first, Carolyn.

00:38:03 --> 00:38:06: I'm sorry, repeat the original, the O modular.

00:38:07 --> 00:38:13: So we, we have not, we have met with a

00:38:13 --> 00:38:18: number of the modular facilities.

00:38:18 --> 00:38:21: The issue there has been and, and there are discussions

00:38:21 --> 00:38:24: where it sounds like we might be, you know, getting

00:38:24 --> 00:38:26: to a resolution I think, but the issue is there

00:38:26 --> 00:38:28: that the upfront deposit is huge.

00:38:29 --> 00:38:32: So that just doesn't really fit within the HUD program.

00:38:32 --> 00:38:34: But we're we're trying to find some workarounds.

00:38:34 --> 00:38:38: And that is the deposit before the actual drawings are

00:38:38 --> 00:38:41: completed and the work begins on, right?

00:38:41 --> 00:38:41: OK.

00:38:43 --> 00:38:47: Have you guys considered or looked at modular construction

00:38:47 --> 00:38:50: from

00:38:47 --> 00:38:50: a cost perspective and delivering units?

00:38:50 --> 00:38:51: We have not recently, no.

00:38:51 --> 00:38:52: OK, I.

00:38:53 --> 00:38:56: Mean we've, we've spent a little time on it, but

00:38:56 --> 00:38:59: I'd say it not any serious consideration, no.

00:38:59 --> 00:38:59: Got it.

00:39:00 --> 00:39:01: And I'm not surprised by that.

00:39:01 --> 00:39:04: I mean the the operations that they both run are

00:39:04 --> 00:39:07: extremely efficient and I would say almost take a cutter

00:39:07 --> 00:39:10: from the perspective of you know the model is going,

00:39:10 --> 00:39:12: you got it down, so you just move forward with

00:39:12 --> 00:39:12: it.

00:39:14 --> 00:39:14: I.

00:39:15 --> 00:39:18: Mean, I think that our model in theory would work

00:39:18 --> 00:39:21: well with modular because it is cookie cutter of a

00:39:21 --> 00:39:25: one bedroom unit and Florida has the same design, same

00:39:25 --> 00:39:29: everything as it is in Phoenix or Texas or Colorado.

00:39:29 --> 00:39:33: But having a modular it's where's the production facility and

00:39:33 --> 00:39:36: what's the cost to get it around, you know those

00:39:36 --> 00:39:40: units around the country and right now I think there's

00:39:40 --> 00:39:42: just a handful of them that I know of one

00:39:42 --> 00:39:45: in California, there is one in Minnesota.

00:39:45 --> 00:39:49: I'm sure there's others, but it's not, it's not set

00:39:49 --> 00:39:52: up where you've got one in Dallas, one in Phoenix,

00:39:52 --> 00:39:55: one in Denver, one in that it's very small.

00:39:55 --> 00:39:56: Yeah.

00:39:56 --> 00:39:58: And it's it's just hard to take what we do

00:39:58 --> 00:40:01: on a national model and use that production, you know

00:40:01 --> 00:40:02: that construction South.

00:40:07 --> 00:40:08: Next question.

00:40:09 --> 00:40:09: Hey, Sir.

00:40:10 --> 00:40:11: Warren from Charlotte.

00:40:11 --> 00:40:14: Thank you all, very insightful.

00:40:14 --> 00:40:15: I have two questions.

00:40:16 --> 00:40:16: I have a.

00:40:16 --> 00:40:19: A light tech question and a non light tech question.

00:40:19 --> 00:40:22: The light tech question is I've seen lots of applications

00:40:22 --> 00:40:26: coming in from development partners and their equity pricing

00:40:26 --> 00:40:29: is a wider spread between from developer developer than I've

00:40:29 --> 00:40:30: ever seen in the past.

00:40:30 --> 00:40:34: Do you have any insight on what's going on around

00:40:34 --> 00:40:35: future pricing of equity?

00:40:36 --> 00:40:38: And my second non light tech question is.

00:40:39 --> 00:40:42: Have you seen any funding strategies or capital stacks that

00:40:42 --> 00:40:44: are particularly compelling?

00:40:44 --> 00:40:47: Litec is a really crucial tool, but it's not the

00:40:47 --> 00:40:48: only way to get things done.

00:40:49 --> 00:40:51: What it What have you all seen that you are

00:40:51 --> 00:40:52: particularly attracted to?

00:40:53 --> 00:40:55: I'll start first with the pricing.

00:40:55 --> 00:41:02: We are seeing pricing changes around 15% decrease in

pricing.

00:41:02 --> 00:41:06: We have some partners that have held their pricing on

00:41:06 --> 00:41:07: deals.

00:41:07 --> 00:41:09: So it's a little above where we could get a

00:41:10 --> 00:41:10: deal right now.

00:41:11 --> 00:41:13: We see that CRA plays a big part in it.

00:41:14 --> 00:41:16: We're in the third year of the CRA cycle.

00:41:16 --> 00:41:19: So anybody whose bucket isn't full, they're a little more

00:41:19 --> 00:41:19: aggressive.

00:41:20 --> 00:41:23: Others are saying if this could be in 2026, we

00:41:23 --> 00:41:24: would be interested in it.

00:41:24 --> 00:41:27: So I think that's where it's important to have those

00:41:27 --> 00:41:28: strong relationships.

00:41:28 --> 00:41:32: We are seeing better pricing with with entities that we

00:41:32 --> 00:41:34: have stronger relationships with.

00:41:34 --> 00:41:37: But it also reminds you that you have to have

00:41:37 --> 00:41:41: many relationships because if somebody's bucket is full, like one

00:41:42 --> 00:41:45: of our state syndicator partners is already full for 2025.

00:41:45 --> 00:41:48: So you know you have to have those options.

00:41:48 --> 00:41:51: But we are seeing about a 15% reduction in equity

00:41:51 --> 00:41:52: pricing.

00:41:54 --> 00:41:56: Yeah, I'd, I'd say similar.

00:41:56 --> 00:41:59: And, and what I've heard is it's the, the energy

00:41:59 --> 00:42:02: tax credit, it's a lot of groups have shifted their

00:42:02 --> 00:42:06: allocations from the LITEC investing to, I don't even know

00:42:06 --> 00:42:09: what it's called, but the yeah, you know, it's, it's,

00:42:09 --> 00:42:13: it's energy credits and it's taken a huge chunk of

00:42:13 --> 00:42:16: the dollars out of the market and it's decreased pricing.

00:42:16 --> 00:42:19: So it's the CRA cycle, it's the energy credit and

00:42:19 --> 00:42:21: other other things have dropped pricing.

00:42:22 --> 00:42:25: And we'll probably see it more if tax rates go

00:42:25 --> 00:42:29: down or the perception of tax rates are is that

00:42:29 --> 00:42:33: they will be reduced and people will have less appetite,

00:42:33 --> 00:42:36: which will drive the price further down.

00:42:39 --> 00:42:39: Thank you.

00:42:40 --> 00:42:42: I have the microphone, any other question?

00:42:48 --> 00:42:52: Carmen or TJ could address the previous question around other

00:42:52 --> 00:42:55: non lie tech models that you've investigated.

00:42:56 --> 00:42:59: Yeah, that there's always new creativity coming into the, the

00:42:59 --> 00:43:03: lie tech market, affordable housing, because deals can get really

00:43:03 --> 00:43:06: tight and you've got to find other ways to get  
00:43:06 --> 00:43:07: them done.  
00:43:07 --> 00:43:10: Recently there's been some, some groups it's, I think it's  
00:43:10 --> 00:43:11: called safe.  
00:43:11 --> 00:43:14: And then I just talked to somebody yesterday at a,  
00:43:14 --> 00:43:16: a lender, I, I guess they would be called at  
00:43:16 --> 00:43:18: Haven and they're doing land leases.  
00:43:19 --> 00:43:23: So 99 year ground leases, 99 year ground leases there  
00:43:23 --> 00:43:27: have step UPS at certain time periods, pegged CPI and  
00:43:27 --> 00:43:28: and other factors.  
00:43:30 --> 00:43:33: The, the first group that I mentioned safe, just there's  
00:43:33 --> 00:43:36: some things in there where they essentially want to own  
00:43:36 --> 00:43:38: the land, you know, 100 years from now and they're  
00:43:38 --> 00:43:41: just building this big land bank And that didn't really  
00:43:41 --> 00:43:44: fit with what Dominion wants being a, a long term  
00:43:44 --> 00:43:47: investor and, and looking at the long term value.  
00:43:48 --> 00:43:51: And this other group, it's backed by I think Blackstone  
00:43:51 --> 00:43:53: and and Aries, SO2 private equity companies and.  
00:43:54 --> 00:43:55: You're referring to Haven.  
00:43:55 --> 00:43:57: Haven yeah, I don't know if you've heard of them,  
00:43:57 --> 00:44:00: but so there's there's definitely some stuff out there where  
00:44:00 --> 00:44:03: people are seeing those gaps in deals and finding creative  
00:44:03 --> 00:44:04: solutions for it.  
00:44:05 --> 00:44:08: Haven's model is extremely creative and it's one that have  
00:44:09 --> 00:44:12: tried to push the rock uphill to get considered here  
00:44:12 --> 00:44:15: in Atlanta, but one that is extremely flexible and allows,  
00:44:15 --> 00:44:19: you know you to purchase the interest at some point  
00:44:19 --> 00:44:20: in time in the future.  
00:44:20 --> 00:44:23: But I I like their model a lot.  
00:44:24 --> 00:44:28: We've looked at the AUD model here in Atlanta.  
00:44:28 --> 00:44:32: We actually really explored a couple of the RFP's that  
00:44:33 --> 00:44:33: came out.  
00:44:33 --> 00:44:35: We will end up doing that.  
00:44:35 --> 00:44:36: We haven't yet.  
00:44:36 --> 00:44:40: We're, you know, each time there's been some complication  
00:44:40 --> 00:44:43: either  
00:44:43 --> 00:44:47: where we're investing a lot of our time already or  
00:44:47 --> 00:44:50: not competing with something else we have in the hopper.  
00:44:50 --> 00:44:52: But I mentioned earlier, I think I meant I mentioned  
00:44:52 --> 00:44:55: that we're working in Tennessee.  
00:44:55 --> 00:44:59: What I didn't mention is that we're doing that with  
00:44:59 --> 00:44:59: the Chattanooga Housing Authority, and they've just brought

00:44:59 --> 00:45:03: someone on

00:45:03 --> 00:45:05: their team to lead a similar effort, probably modeled after

00:45:05 --> 00:45:10: what Atlanta is doing with the AUD.

00:45:10 --> 00:45:11: So tax exemption subsidy, you know, wrapping it with market

00:45:12 --> 00:45:15: rate units.

00:45:15 --> 00:45:17: We're going to be doing at least 7 phases of

00:45:17 --> 00:45:21: development in Chattanooga.

00:45:21 --> 00:45:24: Our first phase, which is closing in April, we did

00:45:25 --> 00:45:27: a twinning model with 4% and 9% credits in AQCT,

00:45:27 --> 00:45:28: so that works really well there.

00:45:29 --> 00:45:31: We're doing a second phase.

00:45:31 --> 00:45:34: Hopefully we get awarded this year and close by the

00:45:34 --> 00:45:36: end of the year, a year, but the pace that

00:45:36 --> 00:45:38: we have to deliver in Chattanooga is going to require

00:45:38 --> 00:45:43: us to do something different.

00:45:43 --> 00:45:44: So we will absolutely be exploring that model in Atlanta

00:45:45 --> 00:45:46: and in Chattanooga.

00:45:48 --> 00:45:48: That's excellent news.

00:45:50 --> 00:45:51: Thank you, Thurston.

00:45:51 --> 00:45:53: Any who's?

00:45:53 --> 00:45:54: Next, can I ask, can I ask a question?

00:45:54 --> 00:45:57: Absolutely sure.

00:45:57 --> 00:45:59: I'd say 14 years ago, I was a, A student

00:46:02 --> 00:46:04: getting my MBA and I went to my first ULI

00:46:05 --> 00:46:08: conference and I was sitting in the front row with

00:46:08 --> 00:46:09: a notepad taking notes and everything.

00:46:09 --> 00:46:11: And Ron Twilliger was on stage, you know, talking about

00:46:11 --> 00:46:12: housing.

00:46:13 --> 00:46:16: And, you know, I didn't even, I was just learning

00:46:16 --> 00:46:18: about real estate.

00:46:18 --> 00:46:21: And Ron gave me some advice that really led me

00:46:21 --> 00:46:22: to be up here today.

00:46:22 --> 00:46:24: So it's pretty, it's surreal that you're, you're sitting in

00:46:24 --> 00:46:26: the front row right now, Ron.

00:46:26 --> 00:46:27: And I don't know if you have any other advice

00:46:27 --> 00:46:31: for me and the others in the room and what's

00:46:31 --> 00:46:32: coming 15 years from now.

00:46:33 --> 00:46:34: You know, you talked about housing and you know multi

00:46:34 --> 00:46:35: family housing and.

00:46:35 --> 00:46:36: You know what, TJ?

00:46:35 --> 00:46:36: Thank you for that.

00:46:35 --> 00:46:36: I greatly appreciate it.

00:46:39 --> 00:46:43: Well, I'm, I'm glad it led to some success here.

00:46:43 --> 00:46:46: You know, it's, it's been my career for 45 years

00:46:46 --> 00:46:48: and it's always been cyclical.

00:46:48 --> 00:46:51: In fact, one of my finance guys reminded me other

00:46:51 --> 00:46:53: day said somebody said you only make money in two

00:46:53 --> 00:46:55: out of 10 years in multifamily.

00:46:55 --> 00:46:56: I said, who was that?

00:46:56 --> 00:46:56: And he said it was you.

00:46:57 --> 00:47:00: So you know, it's hard going through these cycles.

00:47:01 --> 00:47:02: Sadly.

00:47:02 --> 00:47:06: We went through an enormous challenge in 21.

00:47:06 --> 00:47:09: Rents went up in the Southeast 20% and then everybody

00:47:09 --> 00:47:10: became a developer.

00:47:11 --> 00:47:13: So we're kind of working through that now as that

00:47:13 --> 00:47:15: presentation for you all who saw it earlier.

00:47:15 --> 00:47:19: But you know, I'm 51 years now at ULI.

00:47:19 --> 00:47:22: I love being a part of ULI and I, you

00:47:22 --> 00:47:26: know, my, I made so much money building 300,000

apartments.

00:47:26 --> 00:47:29: I'm giving it all back now mostly in housing but

00:47:29 --> 00:47:30: some in education.

00:47:30 --> 00:47:32: So thank you all for being here today.

00:47:33 --> 00:47:35: So Ron, let me let me piggyback off of the

00:47:35 --> 00:47:39: question and you mentioned also cycles because cycles is

one

00:47:39 --> 00:47:41: of the things that we talked about in planning for

00:47:41 --> 00:47:42: the session.

00:47:43 --> 00:47:46: It it seems as if we are currently off of

00:47:46 --> 00:47:49: what might be considered a normal cycle of, you know,

00:47:49 --> 00:47:50: 7:00 and 3:00.

00:47:51 --> 00:47:54: I mean, do you ever think at some point in

00:47:54 --> 00:47:56: time we will get back to that or will it

00:47:56 --> 00:48:00: just continue to be somewhat, somewhat splintered with

intervention here

00:48:00 --> 00:48:03: and there and and just figuring things out as we

00:48:03 --> 00:48:04: go forward?

00:48:05 --> 00:48:07: Yeah, it, you know, it's hard to know as as

00:48:07 --> 00:48:10: Ken said today, this new administration is really a wild

00:48:10 --> 00:48:10: card here.

00:48:11 --> 00:48:14: We, we, we had zero interest rates for so long.

00:48:14 --> 00:48:16: I think they held them down too long.

00:48:17 --> 00:48:18: Everything adjusts to it.

00:48:18 --> 00:48:22: You know, you start building to A5 yield because your

00:48:22 --> 00:48:26: cap rates four or three and three quarters and I've,  
00:48:26 --> 00:48:29: I remember coming out of 93 when everything we built  
00:48:30 --> 00:48:33: 94 and 9596 in multifamily had a double double digit  
00:48:33 --> 00:48:34: yield.  
00:48:34 --> 00:48:36: We were yielding 10/11, 12:13.  
00:48:36 --> 00:48:38: Of course cap rates were eight then.  
00:48:38 --> 00:48:42: So everything just takes a time to sort out.  
00:48:42 --> 00:48:46: And I'm not sure hopefully we'll get back to where  
00:48:46 --> 00:48:50: those of us in multifamily are building to demand.  
00:48:50 --> 00:48:52: We need rent growth.  
00:48:52 --> 00:48:55: I'm not confident that cap rates are going to come  
00:48:55 --> 00:48:55: down.  
00:48:55 --> 00:48:57: I love seeing the 10 year drift down to four,  
00:48:57 --> 00:48:58: three today.  
00:48:58 --> 00:49:01: But as Ken said, he thinks maybe they're going to  
00:49:01 --> 00:49:01: be going up.  
00:49:02 --> 00:49:06: And Trump's policies with tariffs and immigration seem to run  
00:49:06 --> 00:49:10: the risk of inflation getting pushed back up.  
00:49:10 --> 00:49:12: So I'm not sure short rates will come down in  
00:49:12 --> 00:49:13: 10 year.  
00:49:13 --> 00:49:15: You know, has its own barometer, but that's what we  
00:49:15 --> 00:49:16: all index off of.  
00:49:17 --> 00:49:18: Thank you.  
00:49:19 --> 00:49:21: And TJ, this is probably why we're such good friends.  
00:49:21 --> 00:49:23: I have a run connection as well.  
00:49:24 --> 00:49:28: He spoke to us during our young leaders group meeting.  
00:49:28 --> 00:49:31: And this is like 2003, 2004.  
00:49:31 --> 00:49:35: But you told the story about how you were in  
00:49:35 --> 00:49:38: Texas and you left the job paying 6 figures in  
00:49:38 --> 00:49:41: the 60s or 70s to go work for a home  
00:49:41 --> 00:49:45: builder and your father told you you were crazy for  
00:49:45 --> 00:49:47: doing it and it worked out.  
00:49:49 --> 00:49:52: That story is, you know, I was at Hilton Head.  
00:49:52 --> 00:49:55: If you all have been at Hilton Head back in  
00:49:55 --> 00:49:58: the early 70s, not many people here are old enough  
00:49:58 --> 00:50:00: to have even been in business.  
00:50:00 --> 00:50:03: But to tell you in the early 70's, the mortgage  
00:50:03 --> 00:50:06: rates would lend you 100% of cost and five over  
00:50:06 --> 00:50:07: prime floating.  
00:50:08 --> 00:50:11: So at Hilton Head, Charlie Fraser, my boss at Sea  
00:50:11 --> 00:50:14: Pines, we had no equity, but we wanted to grow.  
00:50:14 --> 00:50:17: And we went to Puerto Rico, we went to Amelia

00:50:17 --> 00:50:21: Island Plantation, went to Hilton Hill Plantation, borrowed 100%, including

00:50:21 --> 00:50:23: two or three years worth of overhead and interest.

00:50:24 --> 00:50:27: And then 1974, five came, Prime went to 12 1/2.

00:50:28 --> 00:50:29: The economy went into the tank.

00:50:29 --> 00:50:31: Every one of our companies was broke.

00:50:32 --> 00:50:34: So I went to Dallas then and became the CFO

00:50:34 --> 00:50:37: of a construction company and it was a little boring

00:50:38 --> 00:50:41: after running these resort companies, but it was a living

00:50:41 --> 00:50:43: and I was making 100 grand a year.

00:50:44 --> 00:50:45: All kinds of Benny's.

00:50:45 --> 00:50:48: You know, we flew first class, we went to places,

00:50:48 --> 00:50:51: we had Country Club, city club, cars, and I actually

00:50:51 --> 00:50:53: went to talk to Trammell Crow.

00:50:53 --> 00:50:56: Hopefully most of you all know that name because I

00:50:57 --> 00:51:00: had a friend who started TGI Friday's and I wanted

00:51:00 --> 00:51:03: to expand the franchise and he said no, we have

00:51:03 --> 00:51:04: a different idea for you.

00:51:04 --> 00:51:06: Why don't you go to Atlanta?

00:51:07 --> 00:51:09: We'll pay you \$60,000 a year.

00:51:09 --> 00:51:12: And I had two young girls at the time and

00:51:12 --> 00:51:13: no net worth \$60,000 a year.

00:51:13 --> 00:51:14: I was making 100.

00:51:14 --> 00:51:17: But we'll let you own 40% of your company, which

00:51:18 --> 00:51:19: was a figure it out company.

00:51:19 --> 00:51:22: But they were going to lend me \$500,000 and put

00:51:22 --> 00:51:24: their financial net worth behind it.

00:51:24 --> 00:51:26: So that gave me a start.

00:51:26 --> 00:51:30: Now I'm 300,000 apartments later and three housing centers.

00:51:30 --> 00:51:33: So you never know, you just sometimes have to take

00:51:33 --> 00:51:33: a risk.

00:51:34 --> 00:51:35: It's the nature of the beast.

00:51:35 --> 00:51:37: That's how we started the conversation with risk.

00:51:39 --> 00:51:40: Are there any other?

00:51:40 --> 00:51:41: Thank you very much.

00:51:43 --> 00:51:44: Any other questions?

00:51:44 --> 00:51:48: Darren, can I add one thing in terms of making

00:51:48 --> 00:51:48: deals work?

00:51:49 --> 00:51:53: If there's anyone here from, you know, municipality, whether

00:51:54 --> 00:51:58: or local municipality, if you're working on developing plans,

00:51:58 --> 00:52:01: whether

00:51:58 --> 00:52:01: it's, you know, tax exemption options or what have you

00:52:01 --> 00:52:05: to help make housing work in your community, be thoughtful  
00:52:05 --> 00:52:06: about it.  
00:52:06 --> 00:52:09: If you would reach out to some of the different  
00:52:09 --> 00:52:13: lending entities, whether it's HUD, whether it's Fannie,  
00:52:13 --> 00:52:16: Freddie, banks,  
00:52:16 --> 00:52:19: learn what they need in the structure to make it  
00:52:19 --> 00:52:19: work so that we can get the most benefit of  
00:52:19 --> 00:52:22: it.  
00:52:22 --> 00:52:26: Because in Florida they were, you know, you know, very  
00:52:26 --> 00:52:30: thoughtful and coming up with the Florida live local plan.  
00:52:30 --> 00:52:31: It helps on the owner side, you get the tax  
00:52:31 --> 00:52:33: exemption.  
00:52:33 --> 00:52:35: It helps with with density, it helps with other, you  
00:52:35 --> 00:52:36: know, in terms of zoning where you can build and  
00:52:36 --> 00:52:37: things like that.  
00:52:37 --> 00:52:40: But the way it's currently structured, we cannot include it  
00:52:40 --> 00:52:43: in our underwriting, at least with HUD, Fannie or Freddie.  
00:52:43 --> 00:52:44: And it's because it's not a reliable source.  
00:52:44 --> 00:52:46: The counties can opt in and out, the owner can  
00:52:46 --> 00:52:49: opt in and out.  
00:52:49 --> 00:52:50: So, you know, for underwriting purposes to be able to,  
00:52:50 --> 00:52:53: to increase the debt based on that benefit, we need  
00:52:53 --> 00:52:56: to have something we can count on, you know, for  
00:52:56 --> 00:52:58: I would say at least 15 years, maybe with A5  
00:52:58 --> 00:53:00: year extension, something like that.  
00:53:00 --> 00:53:02: But I encourage you, you know, if you're part of  
00:53:02 --> 00:53:05: that or, or if you're part of discussions with your  
00:53:05 --> 00:53:07: municipality, encourage them to reach out and make sure  
00:53:07 --> 00:53:10: that  
00:53:10 --> 00:53:13: they're all structuring it so you get the most benefit.  
00:53:13 --> 00:53:14: Thank you, Carla.  
00:53:14 --> 00:53:16: I think you know housing you.  
00:53:16 --> 00:53:20: We're very aware of the federal conversation right now, but  
00:53:20 --> 00:53:22: housing is a very localized action.  
00:53:22 --> 00:53:24: Next question.  
00:53:24 --> 00:53:25: I have a question.  
00:53:25 --> 00:53:27: Yes.  
00:53:27 --> 00:53:30: I'm curious to know if any of you have any  
00:53:30 --> 00:53:33: advice for young real estate students who are hoping to  
00:53:33 --> 00:53:36: enter the space but have very little tolerance or capacity  
00:53:36 --> 00:53:38: for significant amounts of risk and and.  
00:53:38 --> 00:53:39: Very little information.

00:53:40 --> 00:53:42: About how this actually works in practice.

00:53:44 --> 00:53:48: Find the largest, most profitable company you can work for.

00:53:49 --> 00:53:51: Get on board, put your head down and stay as

00:53:52 --> 00:53:54: long as you can and get as much experience as

00:53:54 --> 00:53:55: you can.

00:53:57 --> 00:53:59: I would add to that, like if you get an

00:53:59 --> 00:54:02: opportunity to join a company, large or small, to just

00:54:02 --> 00:54:06: take advantage of every opportunity that exists there.

00:54:06 --> 00:54:09: I know, you know, staying late and having a conversation

00:54:09 --> 00:54:12: with someone so you can get into their head about

00:54:12 --> 00:54:15: what the challenges they face that day, how they solved

00:54:16 --> 00:54:16: them.

00:54:16 --> 00:54:18: See if people will let you sit in on meetings

00:54:18 --> 00:54:22: that maybe you can't necessarily contribute to at first, but

00:54:22 --> 00:54:23: you can learn from.

00:54:23 --> 00:54:27: But you have to make yourself very available to learn.

00:54:27 --> 00:54:30: And if you do that, I think you know, you

00:54:30 --> 00:54:32: expand your opportunities to grow.

00:54:33 --> 00:54:36: People will perceive you as a learner and someone who

00:54:36 --> 00:54:39: can hopefully, with that knowledge, get things done.

00:54:40 --> 00:54:42: Don't consider a job you know beneath you as you're

00:54:43 --> 00:54:45: learning, because you can learn from everything.

00:54:45 --> 00:54:48: That's what I talked to our young associates about when

00:54:48 --> 00:54:49: they joined.

00:54:50 --> 00:54:51: Learn from everything.

00:54:52 --> 00:54:52: Agree.

00:54:52 --> 00:54:54: Make yourself irreplaceable.

00:54:54 --> 00:54:55: Yeah, I did.

00:54:56 --> 00:54:58: I just echo that that the advice Ron at I

00:54:59 --> 00:55:02: was 28 changing careers and I joined Dominion as an

00:55:02 --> 00:55:03: intern.

00:55:03 --> 00:55:06: I still remember when the 21 and 2 year old

00:55:06 --> 00:55:08: Zacks me found out I was to 29, you know,

00:55:08 --> 00:55:10: because it was my birthday and their jaws at the

00:55:10 --> 00:55:11: floor.

00:55:11 --> 00:55:13: But you just put your head down and work, be

00:55:13 --> 00:55:17: there, be available and, you know, find some mentors that

00:55:17 --> 00:55:18: that you can go to for advice.

00:55:19 --> 00:55:23: And I think, you know, it's, it's not rocket science.

00:55:23 --> 00:55:24: That's not at all.

00:55:24 --> 00:55:28: That's it's math and it's it's algebra, no calculus.

00:55:28 --> 00:55:30: It's not nothing too crazy.

00:55:30 --> 00:55:32: So I wouldn't be here if it was.

00:55:33 --> 00:55:36: Agree with all of that and just, you know, real

00:55:36 --> 00:55:36: simple.

00:55:36 --> 00:55:37: Make your light shine.

00:55:37 --> 00:55:40: Set yourself apart from everyone else so they see something

00:55:40 --> 00:55:40: in you.

00:55:42 --> 00:55:44: So before we end, because we're coming up on time,

00:55:44 --> 00:55:46: I see Fabiola is about to cut us off.

00:55:46 --> 00:55:47: I just wanted to say a couple of things.

00:55:47 --> 00:55:52: First, thank you to the panelists for being here.

00:55:52 --> 00:55:56: Carmen is with Columbia Residential, which is a company that

00:55:57 --> 00:56:00: is woven into the fabric of the city of Atlanta,

00:56:00 --> 00:56:03: has mission, as she pointed out, at its core, and

00:56:03 --> 00:56:06: has produced projects based on that.

00:56:07 --> 00:56:10: I would encourage you to go to the website, take

00:56:10 --> 00:56:13: a look, find ways to get involved with them, find

00:56:13 --> 00:56:15: ways to do business with them.

00:56:16 --> 00:56:18: That company is an asset and one that I think

00:56:18 --> 00:56:21: is going to be around for a very long time

00:56:21 --> 00:56:25: because it is mission based and is the very definition

00:56:25 --> 00:56:28: of how's the saying go doing well by doing good.

00:56:28 --> 00:56:31: Is that it, TJ?

00:56:31 --> 00:56:34: Great friend and you know, I've learned so much from

00:56:34 --> 00:56:37: him about the housing business and I enjoy having capital

00:56:38 --> 00:56:40: and capital formation conversations with him as well.

00:56:41 --> 00:56:42: Extremely part smart person.

00:56:43 --> 00:56:48: Dominion has, you know, their process down to a science

00:56:48 --> 00:56:53: and I would say soon probably will be if you

00:56:53 --> 00:56:58: know seven to what, first, second, third at some point

00:56:58 --> 00:57:00: in time real soon.

00:57:02 --> 00:57:05: In terms of rankings on the list or what?

00:57:06 --> 00:57:06: All of it.

00:57:06 --> 00:57:07: Volume, activity, everything.

00:57:07 --> 00:57:11: Else we're not, we're we're trying to produce new housing

00:57:11 --> 00:57:13: and we just see the need.

00:57:13 --> 00:57:17: We, we open 304 hundred unit buildings, family buildings or

00:57:17 --> 00:57:19: senior and they lease up in 40 days.

00:57:20 --> 00:57:22: And like I said it, it's so we believe in

00:57:22 --> 00:57:24: the mission we believe in.

00:57:24 --> 00:57:27: We say our, our tenants are customers and that's who

00:57:27 --> 00:57:27: we're serving.

00:57:27 --> 00:57:31: And and so we're not really focused on being number  
00:57:31 --> 00:57:32: one or anything.  
00:57:32 --> 00:57:35: It's, you know, just trying to build more, more housing  
00:57:35 --> 00:57:36: for the country.  
00:57:36 --> 00:57:39: Very serious and very aggressive about it.  
00:57:39 --> 00:57:42: And Carolyn, I had always heard about and I see  
00:57:42 --> 00:57:45: her name and you know, see her in reference to  
00:57:45 --> 00:57:49: projects that are getting done and being delivered.  
00:57:50 --> 00:57:51: Thank you very much for being here.  
00:57:51 --> 00:57:53: But what you do also for the industry as well  
00:57:53 --> 00:57:57: and being passionate about your work, we are greatly  
appreciative  
00:57:57 --> 00:57:57: of it.  
00:57:57 --> 00:57:59: And I'm pretty sure you'll get a lot of phone  
00:57:59 --> 00:58:02: calls and emails as a result of this session as  
00:58:02 --> 00:58:03: well, having said that.  
00:58:06 --> 00:58:08: Thank you all and thank you, Ron.  
00:58:08 --> 00:58:10: I and we couldn't have planned it better, I guess,  
00:58:10 --> 00:58:10: Ron.  
00:58:11 --> 00:58:13: So yes, I hope you enjoy your next session and  
00:58:13 --> 00:58:15: thank you for joining us for this one.  
00:58:16 --> 00:58:16: Thank you.  
00:58:16 --> 00:58:17: Thank you.

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