

# Webinar

## Preserving Affordable Housing

Date: August 20, 2021

00:00:04 --> 00:00:08: Welcome everyone, thank you for joining us this Friday afternoon

00:00:08 --> 00:00:10: to discuss preserving affordable housing.

00:00:10 --> 00:00:12: My name is Rosie Hepler.

00:00:12 --> 00:00:16: I am a director with utilized trigger Center for housing

00:00:16 --> 00:00:19: for those who are not familiar with the tour center,

00:00:19 --> 00:00:22: we are the content center at Yola headquarters focused on

00:00:22 --> 00:00:25: the residential industry and particularly housing affordability.

00:00:25 --> 00:00:29: Our activities include research and publications and awards program engagements

00:00:29 --> 00:00:31: with our members and district councils.

00:00:31 --> 00:00:34: Events including an annual housing conference and this monthly webinar

00:00:35 --> 00:00:35: series.

00:00:35 --> 00:00:38: If you haven't joined a webinar of ours yet,

00:00:38 --> 00:00:40: recordings of our past webinars.

00:00:40 --> 00:00:43: Are available to align members on knowledge Binder and next

00:00:43 --> 00:00:44: month.

00:00:44 --> 00:00:46: Next month webinar will take place on September 17th,

00:00:46 --> 00:00:49: so the third Friday of September and it will focus

00:00:49 --> 00:00:53: on workforce housing along Grand Blvd using examples in San

00:00:53 --> 00:00:54: Francisco and Los Angeles,

00:00:54 --> 00:00:57: and I want to take anymore time from today's webinar

00:00:58 --> 00:01:00: as we have a great discussion ahead of us.

00:01:00 --> 00:01:03: I'm sure everyone on this call is fully aware that

00:01:03 --> 00:01:07: we have a supply ship supply shortage of housing in

00:01:07 --> 00:01:10: many of our cities and regions in this country and.

00:01:10 --> 00:01:12: We need to build more housing,

00:01:12 --> 00:01:16: but preserving what is already available and attainable housing is

00:01:16 --> 00:01:19: equally important to this to this work and to creating

00:01:19 --> 00:01:22: equitable and affordable communities.

00:01:22 --> 00:01:25: So without further ado, I'd like to pass it over

00:01:25 --> 00:01:29: to our Executive director of UI Philadelphia Lord Slepiski.

00:01:30 --> 00:01:32: Thank you Rosie. Good afternoon everybody.

00:01:32 --> 00:01:36: Thank you for talking about affordable housing on your August

00:01:36 --> 00:01:37: Friday afternoon.

00:01:37 --> 00:01:40: I'm the executive director, as Rosie said of the Urban

00:01:40 --> 00:01:43: Land Institute Philadelphia District Council.

00:01:43 --> 00:01:46: We are part of the broader global organization,

00:01:46 --> 00:01:50: but we work locally in the Philadelphia metropolitan area,

00:01:50 --> 00:01:54: Delaware Southern, New Jersey, Central Pennsylvania and the Lehigh Valley.

00:01:54 --> 00:01:58: Really happy to be talking about this critical issue today,

00:01:58 --> 00:02:00: both about work that we've just completed.

00:02:00 --> 00:02:05: In Philadelphia with our city around naturally occurring affordable housing

00:02:05 --> 00:02:08: and also touching on my past experience prior to coming

00:02:08 --> 00:02:11: to ULI is in affordable housing at the federal level

00:02:11 --> 00:02:13: and locally in New York City,

00:02:13 --> 00:02:16: working alongside one of our other panelists.

00:02:16 --> 00:02:19: So that's myself just a little bit of the perspective

00:02:19 --> 00:02:22: that I can bring in terms of the work that

00:02:22 --> 00:02:24: we've just completed.

00:02:24 --> 00:02:25: I'll go over that then.

00:02:25 --> 00:02:29: Our panelists will all introduce themselves and we will just

00:02:29 --> 00:02:31: go ahead and jump.

00:02:31 --> 00:02:35: Into the material and address all of the questions that

00:02:35 --> 00:02:36: we have time for,

00:02:36 --> 00:02:38: so just very briefly in Philadelphia,

00:02:38 --> 00:02:42: we have been working with the city around their housing

00:02:42 --> 00:02:43: for equity plan,

00:02:43 --> 00:02:47: which was we really started the process around 2016 2017

00:02:47 --> 00:02:49: and it was completed in 2018.

00:02:49 --> 00:02:54: And you know one of the things that we discussed

00:02:54 --> 00:02:59: prior to today's discussion is just that there's such a

00:02:59 --> 00:03:00: wide range of.

00:03:00 --> 00:03:04: Housing stock and actors that are critical to this conversation,

00:03:04 --> 00:03:07: but in the particular case of our work,

00:03:07 --> 00:03:11: we were asked to really looking at existing housing

00:03:11 --> 00:03:14: preservation  
00:03:14 --> 00:03:18: and specifically the city wanted an organization to help think about what we call naturally occurring affordable housing stocks.  
00:03:18 --> 00:03:22: So preservation of buildings that are not otherwise restricted through  
00:03:22 --> 00:03:23: another subsidy.  
00:03:23 --> 00:03:26: So we participated in a working group looking at subsidized  
00:03:26 --> 00:03:27: housing preservation,  
00:03:27 --> 00:03:31: but the city really wanted to look at.  
00:03:31 --> 00:03:34: You know how do we wrap our arms around this  
00:03:34 --> 00:03:35: universe?  
00:03:35 --> 00:03:39: Who are owners and how can we work in conjunction  
00:03:39 --> 00:03:42: with what we think is a really large swath of  
00:03:42 --> 00:03:46: properties to ensure maintain maintaining quality,  
00:03:46 --> 00:03:48: supporting tenants and also preserving affordability.  
00:03:48 --> 00:03:52: So we completed a national study visit in conjunction with  
00:03:52 --> 00:03:55: the ULI Terwilliger Center last year.  
00:03:55 --> 00:03:57: Again focused on this scope.  
00:03:57 --> 00:04:01: The first portion was really a data analysis in conjunction  
00:04:01 --> 00:04:02: with about.  
00:04:02 --> 00:04:06: Four or five other organizations in Philadelphia to look at  
00:04:06 --> 00:04:10: the housing stack and focus on a specific kind of  
00:04:10 --> 00:04:14: income level and really got our arms around the fact  
00:04:14 --> 00:04:18: that about 76,000 of these properties are what we called  
00:04:18 --> 00:04:20: naturally occurring affordable housing.  
00:04:20 --> 00:04:22: About half of them are vulnerable,  
00:04:22 --> 00:04:25: either due to condition, displacement risk,  
00:04:25 --> 00:04:27: strong market value in that neighborhood,  
00:04:27 --> 00:04:30: or other type of intervention,  
00:04:30 --> 00:04:33: and about 80% were owned by small.  
00:04:33 --> 00:04:35: Landlords, so individuals or entities that owned under 10  
00:04:35 --> 00:04:38: properties.  
00:04:38 --> 00:04:41: So we really did a deep dive with a group  
00:04:41 --> 00:04:44: of ULI members from around the country and Philadelphia  
00:04:44 --> 00:04:46: with  
00:04:46 --> 00:04:49: stakeholders thinking about how we could support the city to  
00:04:49 --> 00:04:52: work with those owners in a different way,  
00:04:52 --> 00:04:54: and a meaningful way to address the the housing units.  
00:04:54 --> 00:04:55: So we were happy to share that report.  
00:04:55 --> 00:04:56: That's one of the things that that Rosie wanted to  
00:04:56 --> 00:04:59: ensure that we covered today,  
00:04:59 --> 00:04:59: but I'll stop there. Happy to talk more about it

00:04:59 --> 00:05:02: and a lot of the other really critical themes that  
00:05:02 --> 00:05:03: I know.  
00:05:03 --> 00:05:05: We would like to address so with that I will  
00:05:05 --> 00:05:07: introduce Eric under Lynn.  
00:05:08 --> 00:05:11: Laura, thank you. It is great to be here Lauren.  
00:05:11 --> 00:05:14: I worked together for years in New York City,  
00:05:14 --> 00:05:17: so it's especially Nice to reconnect.  
00:05:17 --> 00:05:19: And join this really important discussion.  
00:05:19 --> 00:05:22: It's really great to hear this kind of priority that  
00:05:22 --> 00:05:25: you Ally is putting on preservation in the form of  
00:05:26 --> 00:05:27: these conversations II.  
00:05:27 --> 00:05:30: Sometimes working in New York City are housing agency is  
00:05:30 --> 00:05:32: called housing Preservation and development.  
00:05:32 --> 00:05:36: So the word preservation is always up front in the  
00:05:36 --> 00:05:38: title and it's an interesting.  
00:05:38 --> 00:05:41: I also teach a class and sometimes say this to  
00:05:41 --> 00:05:42: the students.  
00:05:42 --> 00:05:44: There's an interesting kind of tension.  
00:05:44 --> 00:05:48: It feels like sometimes between preservation and new  
construction sometimes.  
00:05:48 --> 00:05:51: You know, and it's obviously in that title.  
00:05:51 --> 00:05:54: Housing, preservation and development. Some people view it  
as a  
00:05:54 --> 00:05:58: counter cyclical argument that you do new construction in  
very  
00:05:58 --> 00:05:58: hot,  
00:05:58 --> 00:06:01: very strong markets, and when markets kind of retrench a  
00:06:01 --> 00:06:02: little bit,  
00:06:02 --> 00:06:04: maybe you focus on preservation.  
00:06:04 --> 00:06:06: And that's true for a bunch of reasons.  
00:06:06 --> 00:06:10: After 2008 910, the city of New York did a  
00:06:10 --> 00:06:12: lot of focus on preservation,  
00:06:12 --> 00:06:15: neighborhood stabilization, community investment. But at the  
same time,  
00:06:15 --> 00:06:18: the city of New York does a ton of.  
00:06:18 --> 00:06:20: Preservation work all the time.  
00:06:20 --> 00:06:22: In fact, our housing plan.  
00:06:22 --> 00:06:25: We're in the we're in the middle 2/3 through a  
00:06:25 --> 00:06:29: housing plan that is 300,000 units and every year 60%  
00:06:29 --> 00:06:31: of that is preservation, and about 40%  
00:06:31 --> 00:06:33: of it is new construction.  
00:06:33 --> 00:06:36: So let me back up for a second.  
00:06:36 --> 00:06:39: Just introduce myself a little bit more too.

00:06:39 --> 00:06:42: I started at the New York City Housing Authority as  
 00:06:42 --> 00:06:45: a young urban planner I had worked for the New  
 00:06:45 --> 00:06:49: Jersey Council and affordable housing doing Mount Laurel.  
 00:06:49 --> 00:06:52: KOA planning and housing in the state of New Jersey  
 00:06:52 --> 00:06:54: went to the New York City Housing Authority,  
 00:06:54 --> 00:06:57: then did a lot of work at HPD housing Preservation  
 00:06:57 --> 00:07:00: and development which I just talked about and then now  
 00:07:00 --> 00:07:04: the President of the New York City Housing Development  
 Corporation,  
 00:07:04 --> 00:07:06: which is the city's housing finance agency.  
 00:07:06 --> 00:07:09: So we work to finance a lot of the affordable  
 00:07:09 --> 00:07:12: housing that happens in this city of New York were  
 00:07:12 --> 00:07:16: also one of the oftentimes one of the largest municipal  
 00:07:16 --> 00:07:19: issuers and and oftentimes the largest financer of affordable  
 housing.  
 00:07:19 --> 00:07:22: In the US. And I'd say that sometimes when I  
 00:07:22 --> 00:07:23: say that about New York,  
 00:07:23 --> 00:07:25: I try to step back from the New York exceptionalism  
 00:07:25 --> 00:07:25: a little bit.  
 00:07:25 --> 00:07:27: Because of this work is.  
 00:07:27 --> 00:07:30: Real hard work at the same level of challenge.  
 00:07:30 --> 00:07:32: Every place New York may have a little bit more  
 00:07:32 --> 00:07:33: resource to do it,  
 00:07:33 --> 00:07:36: but that doesn't mean the work is any harder or  
 00:07:36 --> 00:07:38: any easier than any other place.  
 00:07:38 --> 00:07:41: The reason I'm super excited about this preservation piece is  
 00:07:41 --> 00:07:42: that we have,  
 00:07:42 --> 00:07:44: in addition to working for so long with the City  
 00:07:44 --> 00:07:47: of New York on the housing plan which I just  
 00:07:47 --> 00:07:49: talked a little bit about.  
 00:07:49 --> 00:07:51: Increasingly over the last few years,  
 00:07:51 --> 00:07:54: we've kind of turned and had this one to one  
 00:07:54 --> 00:07:59: relationship with the New York City Housing Authority to  
 preserve  
 00:07:59 --> 00:08:01: public housing,  
 00:08:01 --> 00:08:06: and that has been a a tremendously rewarding and  
 challenging.  
 00:08:06 --> 00:08:08: Exercise to do over the last couple years,  
 00:08:08 --> 00:08:10: we'll talk more about it in the presentation,  
 00:08:10 --> 00:08:13: but just want to kind of cue that up and  
 00:08:13 --> 00:08:16: also point out that HTC the Housing Development  
 Corporation got  
 00:08:16 --> 00:08:19: its start really with a with a program in New

00:08:19 --> 00:08:21: York City that was kind of a limited equity limited  
00:08:21 --> 00:08:25: return model of affordable housing called the Mitchell Lama  
program.  
00:08:25 --> 00:08:27: But now we've gone on to preserve a huge amount  
00:08:28 --> 00:08:30: of that Mitchell Lama housing as well.  
00:08:30 --> 00:08:32: So my point to kind of start the conversation is  
00:08:32 --> 00:08:36: that while there can be this counterpoint between  
preservation and  
00:08:36 --> 00:08:40: new construction sometimes people view the glossy  
renderings of new  
00:08:40 --> 00:08:44: construction as. Somehow having a priority,  
00:08:44 --> 00:08:46: the preservation work is absolutely critical to the life  
00:08:46 --> 00:08:47: of the city,  
00:08:47 --> 00:08:49: and I think it's great that we're going to have  
00:08:49 --> 00:08:50: this conversation today,  
00:08:50 --> 00:08:54: so thank you. And I'll hand it over to damn.  
00:08:56 --> 00:09:01: Thanks, Eric. So to answer the biggest question people have  
00:09:01 --> 00:09:02: about me,  
00:09:02 --> 00:09:06: yes, I am wearing basketball shorts right now.  
00:09:06 --> 00:09:08: Uh, below my suit jacket here,  
00:09:08 --> 00:09:12: but the as a quick introduction of myself Dan Den.  
00:09:12 --> 00:09:16: I'm with Amazon. I'm the senior product manager for the  
00:09:16 --> 00:09:20: Housing equity fund that was launched earlier this year.  
00:09:20 --> 00:09:24: I joined Amazon this past summer to oversee the fund  
00:09:24 --> 00:09:28: and taking constant aching deals from concept to execution.  
00:09:28 --> 00:09:33: As well as being the housing affordability and finance  
specialist  
00:09:33 --> 00:09:34: for Amazon and this fund.  
00:09:34 --> 00:09:39: Prior to Amazon I was at Freddie Mac for the  
00:09:39 --> 00:09:41: past 14 years,  
00:09:41 --> 00:09:46: most recently overseeing the underwriting credit platforms for  
various business  
00:09:46 --> 00:09:46: lines,  
00:09:46 --> 00:09:49: including our affordable housing business line,  
00:09:49 --> 00:09:52: structured finance, seniors, housing arlight equity  
investments,  
00:09:52 --> 00:09:57: and actually worked with Eric and his team at ACC  
00:09:57 --> 00:09:59: on some great NYCHA,  
00:09:59 --> 00:10:02: a work that he just alluded to.  
00:10:02 --> 00:10:05: So that was it. It's a very small world and  
00:10:05 --> 00:10:08: I'm happy to see Eric on this panel with me  
00:10:08 --> 00:10:09: here.  
00:10:09 --> 00:10:12: To give you guys a little context of the housing

00:10:12 --> 00:10:13: equity funding,

00:10:13 --> 00:10:16: kind of where it sits in Amazon.

00:10:16 --> 00:10:18: Because Amazon is very large.

00:10:18 --> 00:10:21: We I sit in a organization called Amazon in the

00:10:21 --> 00:10:22: community.

00:10:22 --> 00:10:25: It's the closest thing we have to philanthropy at at

00:10:25 --> 00:10:26: at Amazon.

00:10:26 --> 00:10:30: But it's not exactly that we are leveraging our tools,

00:10:30 --> 00:10:33: the innovation, our speed or scale at Amazon to give

00:10:33 --> 00:10:35: back to the community,

00:10:35 --> 00:10:39: and we have four main pillars within Amazon and Community.

00:10:39 --> 00:10:41: STEM education is one of them.

00:10:41 --> 00:10:44: That's future. Our future engineers program.

00:10:44 --> 00:10:49: Employee engagement of our 1.3 million employees we have at

00:10:49 --> 00:10:49: Amazon.

00:10:49 --> 00:10:53: Right now needs which is disaster recovery and the newest

00:10:53 --> 00:10:54: one.

00:10:54 --> 00:10:58: The Housing Equity Fund which was launched this year in

00:10:58 --> 00:11:01: the Housing Equity Fund was launched as a as a

00:11:01 --> 00:11:06: addition to one of Amazon's key positions that was outlined

00:11:06 --> 00:11:10: last year, which was all people should have access to.

00:11:10 --> 00:11:13: Housing they can afford and and you guys as professionals

00:11:14 --> 00:11:17: on on this line know the needs of low income

00:11:17 --> 00:11:20: minority families that are disappointingly.

00:11:20 --> 00:11:23: Affected by affordable housing shortage in the US.

00:11:23 --> 00:11:27: And so we want to invest directly to help that

00:11:28 --> 00:11:28: out,

00:11:28 --> 00:11:32: and so the fund was launched earlier this year.

00:11:32 --> 00:11:35: It is a over \$2 billion investment by Amazon towards

00:11:35 --> 00:11:40: affordable housing to create 20,000 affordable units in three major

00:11:40 --> 00:11:44: markets where Amazon has over 5000 employees in each of

00:11:44 --> 00:11:48: these markets. Those markets are the DC area Nashville in

00:11:48 --> 00:11:50: the Puget Sound area.

00:11:50 --> 00:11:53: Across those three markets in the near future.

00:11:53 --> 00:11:56: We'll have over 100,000 employees,

00:11:56 --> 00:11:58: and so there is a,

00:11:58 --> 00:12:01: you know, as large private employer one,

00:12:01 --> 00:12:04: the largest private employer in these three markets.

00:12:04 --> 00:12:08: We understand our. We want to be partners with the

00:12:09 --> 00:12:14: communities and are committed to leveraging our scale for

good.

00:12:14 --> 00:12:18: And so that is part of this.

00:12:18 --> 00:12:22: This investment, as part of that 20,000 units,

00:12:22 --> 00:12:25: we have specific areas of focus that we would also

00:12:25 --> 00:12:31: like to highlight which are supporting transit oriented projects and

00:12:31 --> 00:12:37: supporting minority LED organizations and also supporting local governments or

00:12:37 --> 00:12:40: government entity agencies that have innovative tools.

00:12:40 --> 00:12:45: You know, unlike many other financial sources out there.

00:12:45 --> 00:12:47: Our capital is very flexible.

00:12:47 --> 00:12:49: It can range anywhere from grants,

00:12:49 --> 00:12:54: which is a very, very small portion of that all

00:12:54 --> 00:12:55: the way to.

00:12:55 --> 00:12:59: Mezzanine debt and equity investments within projects.

00:12:59 --> 00:13:02: And so we definitely get way deeper in in that

00:13:02 --> 00:13:05: as we as we get deeper into this panel.

00:13:05 --> 00:13:09: But we did have a marquee investment that is a

00:13:09 --> 00:13:12: sign of what we are intending to do here at

00:13:12 --> 00:13:13: Amazon.

00:13:13 --> 00:13:17: That investment is Crystal House at in the Alexander area.

00:13:17 --> 00:13:21: It is 13 going to be about 1300 units of

00:13:21 --> 00:13:25: preservation and new development right near HQ,

00:13:25 --> 00:13:29: two in in Crystal City area and so our investment

00:13:30 --> 00:13:33: of \$2 billion is going to be a mix of

00:13:33 --> 00:13:36: preservation and construction.

00:13:36 --> 00:13:39: But one of our main goals is to think about

00:13:40 --> 00:13:42: efficiency of our own capital,

00:13:42 --> 00:13:47: and so we're trying to to to preserve 20,000 affordable

00:13:47 --> 00:13:47: units.

00:13:47 --> 00:13:50: By 2025, a good way to do that is looking

00:13:50 --> 00:13:53: at preservation and the stock that's currently out there,

00:13:53 --> 00:13:56: not just new development. And so we understand that,

00:13:56 --> 00:13:58: and it's part of my role to help balance our

00:13:58 --> 00:13:59: portfolio.

00:13:59 --> 00:14:02: Against that. We can definitely get deeper in our

00:14:02 --> 00:14:03: conversations

00:14:02 --> 00:14:03: on that topic,

00:14:03 --> 00:14:05: but glad to be here and I'll hand it back

00:14:05 --> 00:14:06: over to you,

00:14:06 --> 00:14:09: Laura. Great,

00:14:09 --> 00:14:12: thank you so much. So we're going to try to

00:14:12 --> 00:14:14: keep this relatively informal.



00:14:14 --> 00:14:17: We have a few themes that we talked about that

00:14:17 --> 00:14:19: will start with,

00:14:19 --> 00:14:22: but again, feel free to please submit comments and questions

00:14:22 --> 00:14:24: in the Q&A so we talked about,

00:14:24 --> 00:14:28: you know this large affordable housing toolbox and that this

00:14:28 --> 00:14:29: is a national conversation.

00:14:29 --> 00:14:33: So thinking about how the various markets can think about

00:14:33 --> 00:14:36: the broad spectrum of housing needs and and you know

00:14:36 --> 00:14:37: all the tools that.

00:14:37 --> 00:14:40: Eric talked about from preservation to new construction,

00:14:40 --> 00:14:44: UM, and then also the roles of the public and

00:14:44 --> 00:14:47: private sector and how important that all is,

00:14:47 --> 00:14:50: as we just heard from Dan.

00:14:50 --> 00:14:53: So I guess maybe to to kick us off.

00:14:53 --> 00:14:57: Maybe we can talk about the public private peace and

00:14:58 --> 00:15:01: maybe Eric if you could start on New York City

00:15:02 --> 00:15:04: and what you see in terms of.

00:15:04 --> 00:15:07: You know driving this discussion forward specifically as it relates

00:15:07 --> 00:15:08: to the preservation side,

00:15:08 --> 00:15:10: how the entities work together.

00:15:10 --> 00:15:11: Happy to do that.

00:15:11 --> 00:15:13: the IT in such a full topic?

00:15:13 --> 00:15:16: I mean, we could probably do a whole panel on

00:15:16 --> 00:15:17: that,

00:15:17 --> 00:15:20: because you know, we all know many of us on

00:15:21 --> 00:15:23: this on this web and R no that.

00:15:23 --> 00:15:26: The major way that housing has been produced in the

00:15:26 --> 00:15:27: United States,

00:15:27 --> 00:15:29: at least for the past few decades,

00:15:29 --> 00:15:31: has been in public private partnership for first of all,

00:15:31 --> 00:15:34: the vast majority of it is what's viewed to be

00:15:34 --> 00:15:35: privately produced,

00:15:35 --> 00:15:37: at least on the production construction side.

00:15:37 --> 00:15:39: But a very large portion as well.

00:15:39 --> 00:15:41: And when you think about the affordable housing stock that's

00:15:41 --> 00:15:44: been produced in the last couple of decades,

00:15:44 --> 00:15:45: at least since the 1980s,

00:15:45 --> 00:15:47: the largest driver of that has been the low income

00:15:48 --> 00:15:49: housing tax credit.

00:15:49 --> 00:15:51: But as you say that you know you have to

00:15:51 --> 00:15:53: recognize that this is a.

00:15:53 --> 00:15:56: Really is a full public private partnership in that in

00:15:56 --> 00:16:00: that sense that those investments that are subsidized and funded

00:16:00 --> 00:16:03: on the affordable side the low income housing tax credit,

00:16:03 --> 00:16:06: other incentives, leverage resources from the private sector to produce

00:16:06 --> 00:16:07: this housing.

00:16:07 --> 00:16:09: And I know there's a there's a whole debate,

00:16:09 --> 00:16:12: and that debate is really strong in New York right

00:16:12 --> 00:16:15: now about how you might D commodify housing how you

00:16:15 --> 00:16:18: bring more equity back to communities and neighborhoods,

00:16:18 --> 00:16:22: how you balance that, how you kind of.

00:16:22 --> 00:16:26: Think about housing less as that.

00:16:26 --> 00:16:30: Kind of a product that is produced in ways that

00:16:30 --> 00:16:34: are simply a for profit kind of construct.

00:16:34 --> 00:16:37: But before you go too far down that road,

00:16:37 --> 00:16:40: it's also important to remember that the vast majority of

00:16:40 --> 00:16:41: housing is actually subsidized,

00:16:41 --> 00:16:45: at least in some way by government and government programs.

00:16:45 --> 00:16:47: So when you think about home ownership,

00:16:47 --> 00:16:51: which a lot of people in the United States view

00:16:51 --> 00:16:51: is,

00:16:51 --> 00:16:53: I work hard. I bootstrapped myself.

00:16:53 --> 00:16:56: I save up money, and I make a down payment,

00:16:56 --> 00:16:59: and I buy a house that house even what is

00:16:59 --> 00:17:03: viewed to be market rate housing not affordable in any

00:17:03 --> 00:17:03: way,

00:17:03 --> 00:17:07: is largely subsidized. By federal programs that people don't even

00:17:07 --> 00:17:07: think about.

00:17:07 --> 00:17:10: So the mortgage interest deduction is one that people are

00:17:10 --> 00:17:12: even a little more familiar with.

00:17:12 --> 00:17:15: But when you even think about and and Dan was

00:17:15 --> 00:17:18: super close to this in his last job,

00:17:18 --> 00:17:21: when you think about ways in which the government actually

00:17:21 --> 00:17:24: supports the financing of even what's considered to be market

00:17:24 --> 00:17:24: rate housing,

00:17:24 --> 00:17:27: there is in nature no such thing as a 30

00:17:27 --> 00:17:30: year mortgage at the cost that it's provided to in

00:17:30 --> 00:17:34: in the United States and it's it's that 30 years

00:17:34 --> 00:17:37: the provision of it. Even sponsored provision of it.

00:17:37 --> 00:17:39: It's the implicit backing of it.

00:17:39 --> 00:17:43: It's the idea of the insurance that comes with that.

00:17:43 --> 00:17:46: That actually incentivizes both the demand for housing and also

00:17:46 --> 00:17:48: therefore the construction of housing.

00:17:48 --> 00:17:51: So even in the parts of the market that we

00:17:51 --> 00:17:55: consider to be fully private and give the appearance of

00:17:55 --> 00:17:56: being private,

00:17:56 --> 00:17:58: there's a huge public participation in that,

00:17:58 --> 00:18:01: and you can when you actually quantify it.

00:18:01 --> 00:18:03: And when you look at those numbers,

00:18:03 --> 00:18:05: it's fair in the argument.

00:18:05 --> 00:18:08: And this statement that the the subsidy that goes to

00:18:08 --> 00:18:11: what is deemed to be market rate home ownership is

00:18:11 --> 00:18:15: actually larger public subsidy than all the other affordable housing

00:18:15 --> 00:18:18: programs put together. So if you take public housing,

00:18:18 --> 00:18:20: low income, housing tax credits,

00:18:20 --> 00:18:22: Section 8 you could bliss some others in there.

00:18:22 --> 00:18:25: You put all of them together and the subsidy that

00:18:25 --> 00:18:28: comes through the the federal subsidy to homeownership,

00:18:28 --> 00:18:31: which by the way the benefit of which goes largely

00:18:32 --> 00:18:33: to middle class,

00:18:33 --> 00:18:35: upper middle class and wealthier people.

00:18:35 --> 00:18:37: That's so that's a larger subsidy,

00:18:37 --> 00:18:39: so that's a good kind of just level setting place

00:18:40 --> 00:18:40: to begin with,

00:18:40 --> 00:18:43: and then we can go into a whole other piece

00:18:43 --> 00:18:43: of conversation.

00:18:43 --> 00:18:46: What I what I will say in New York City,

00:18:46 --> 00:18:48: though it's important to remember to we have a lot

00:18:48 --> 00:18:50: of government intervention in the housing market,

00:18:50 --> 00:18:53: and one of the things I'll just tie it back

00:18:53 --> 00:18:53: to.

00:18:53 --> 00:18:56: Last year I was working together in the middle of

00:18:56 --> 00:18:58: the pandemic at the beginning of the pandemic.

00:18:58 --> 00:19:00: There's a lot of concern in cities about what was

00:19:00 --> 00:19:02: going to happen in quote our portfolio,

00:19:02 --> 00:19:05: meaning the subsidized portfolio. This stuff that we either put

00:19:05 --> 00:19:06: direct subsidy.

00:19:06 --> 00:19:08: Into or the OR the part of the stock that

00:19:08 --> 00:19:11: we have tax credits in with partners or all those

00:19:11 --> 00:19:14: kinds of programmatic things that you think about,  
 00:19:14 --> 00:19:17: but. When you begin to realize when you see something  
 00:19:17 --> 00:19:19: like the COVID pandemic,  
 00:19:19 --> 00:19:21: and there are other moments like this as well that  
 00:19:21 --> 00:19:25: the city's housing Commissioner is the housing  
 Commissioner for this  
  
 00:19:25 --> 00:19:25: city.  
 00:19:25 --> 00:19:28: So there is an entire set of stock that is  
 00:19:28 --> 00:19:31: vulnerable to those kinds of moves in the world that  
 00:19:31 --> 00:19:34: don't just relate to what we think of as our  
 00:19:34 --> 00:19:36: affordable portfolio. And the reason I.  
 00:19:36 --> 00:19:38: I'll stop with that is because that's the kind of  
 00:19:39 --> 00:19:41: crux point at which preservation becomes critical.  
 00:19:41 --> 00:19:44: If something tips in that world.  
 00:19:44 --> 00:19:48: Would you start to see is a withdrawal of investment?  
 00:19:48 --> 00:19:51: You start to see a deterioration of that stock.  
 00:19:51 --> 00:19:53: You start to see potentially disinvestment,  
 00:19:53 --> 00:19:55: and that's the point at which you're really in a  
 00:19:55 --> 00:19:58: full on preservation conversation that really stemming.  
 00:19:58 --> 00:20:01: This investment in those kinds of moments and those kind  
 00:20:02 --> 00:20:05: of settings are really and having the tools to do  
 00:20:05 --> 00:20:08: that are really the kind of the the critical pieces  
 00:20:08 --> 00:20:11: of a preservation conversation. Another reason why I'm really  
 happy  
  
 00:20:11 --> 00:20:13: that ULI is having this today.  
 00:20:14 --> 00:20:17: Yeah, I mean that when we were working you ally  
 00:20:17 --> 00:20:20: with saying to the city you know how can we  
 00:20:20 --> 00:20:23: help support this housing plan?  
 00:20:23 --> 00:20:26: We were happy that there was the request was let's  
 00:20:26 --> 00:20:29: look at we have so many units in our city  
 00:20:29 --> 00:20:31: that are not the larger.  
 00:20:31 --> 00:20:35: Even when you're talking about the on the affordable side  
 00:20:35 --> 00:20:38: and you know risk of tax credit projects and losing  
 00:20:38 --> 00:20:41: their affordability terms is a big one that we are  
 00:20:41 --> 00:20:45: focused on. But they we also said we need someone.  
 00:20:45 --> 00:20:48: To also look at this non subsidized world of units  
 00:20:48 --> 00:20:53: because these are really important units for residents that  
 currently  
  
 00:20:53 --> 00:20:57: are affordable to people in these neighborhoods and and risk  
 00:20:57 --> 00:20:59: not being that way in five years.  
 00:20:59 --> 00:21:03: And these owners don't have the infrastructure that some of  
 00:21:03 --> 00:21:05: the larger owners might have.

00:21:05 --> 00:21:09: So you know, that's exactly why we tried to,

00:21:09 --> 00:21:13: you know, begin to focus on this population and it's

00:21:13 --> 00:21:15: harder and that's why the.

00:21:15 --> 00:21:18: You know, we're hoping that with the Terwilliger Center we

00:21:18 --> 00:21:21: can work with some other cities that are looking at

00:21:21 --> 00:21:23: maybe the same issue. But yeah,

00:21:23 --> 00:21:24: Dan, go ahead. Yeah, uh,

00:21:24 --> 00:21:27: all really good points and and I said I think

00:21:27 --> 00:21:30: about the Amazon investments it they are going to vary

00:21:30 --> 00:21:34: depending on the level of public subsidy within a project.

00:21:34 --> 00:21:37: One of the key point and so we will play

00:21:37 --> 00:21:40: in in the Ligttech deal and I was playing in

00:21:40 --> 00:21:43: the second or will play all the way to where

00:21:43 --> 00:21:46: there's no subsidy and trying to close that gap.

00:21:46 --> 00:21:49: And that's why really plays well in preservation,

00:21:49 --> 00:21:51: a preservation projects. So you know,

00:21:51 --> 00:21:55: one of the key aspects of of Amazon as we

00:21:55 --> 00:21:57: evaluate this space is,

00:21:57 --> 00:22:01: again is the innovative approach with with efficiency in mind.

00:22:01 --> 00:22:05: We're looking at projects that we would invest when invest

00:22:05 --> 00:22:07: in that if not for Amazon Capital,

00:22:07 --> 00:22:09: this project would be impossible.

00:22:09 --> 00:22:11: So if I looked at Ligttech project,

00:22:11 --> 00:22:14: there you have the equity piece of the debt piece.

00:22:14 --> 00:22:18: You have some gap that's filled in by various.

00:22:18 --> 00:22:23: Providers, both public and private.

00:22:23 --> 00:22:25: But you might not have enough,

00:22:25 --> 00:22:28: and so we're looking at filling that gap to make

00:22:28 --> 00:22:31: those projects at least feasible to launch for both four

00:22:31 --> 00:22:32: percent 9%

00:22:32 --> 00:22:35: deals. But you know on the on the preservation end

00:22:35 --> 00:22:36: you,

00:22:36 --> 00:22:38: as Laura kind of alluded to you,

00:22:38 --> 00:22:41: do have a lot of projects that are Noah projects

00:22:41 --> 00:22:42: that don't have subsidy,

00:22:42 --> 00:22:45: and they are right for value add plays,

00:22:45 --> 00:22:48: and that is kind of we're going to get to

00:22:48 --> 00:22:49: the market operations.

00:22:49 --> 00:22:51: That's kind of what's going on there.

00:22:51 --> 00:22:53: Value add, I would say.

00:22:53 --> 00:22:56: Took a pause writing very beginning of COVID,

00:22:56 --> 00:22:59: but it is back in in full force and everyone

00:22:59 --> 00:23:02: is still seeing the the rent growth opportunities in in  
00:23:02 --> 00:23:05: Noah projects are the best ones for for a lot  
00:23:05 --> 00:23:09: of for profit developers and owners to look at to  
00:23:09 --> 00:23:09: take over.  
00:23:09 --> 00:23:12: You know put 10 to \$15,000 a unit into that.  
00:23:12 --> 00:23:16: Get all that money back plus some on the end.  
00:23:16 --> 00:23:19: But to do that you're raising rents in this naturally  
00:23:19 --> 00:23:22: occurring property is not going to be affordable anymore.  
00:23:22 --> 00:23:25: So what we're looking to do is.  
00:23:25 --> 00:23:28: Come look at these projects that are the naturally occurring  
00:23:28 --> 00:23:31: affordable speak to the current owner at that or or  
00:23:32 --> 00:23:33: if it's an open bid,  
00:23:33 --> 00:23:36: speak to the bidders of those properties and say hey,  
00:23:36 --> 00:23:39: are you willing to hold a majority of that property  
00:23:39 --> 00:23:43: or even entire property at income restrictions below 80%?  
00:23:43 --> 00:23:50: 499 year term UM record against the land so that.  
00:23:50 --> 00:23:53: Courage is that property that will make that property  
generally  
00:23:53 --> 00:23:53: affordable,  
00:23:53 --> 00:23:57: even if that sponsor where they sell the property into  
00:23:57 --> 00:23:57: future.  
00:23:57 --> 00:23:59: That's the pie in the sky view.  
00:23:59 --> 00:24:03: Obviously there's an actual operations of a finance and what  
00:24:03 --> 00:24:04: needs to actually work here,  
00:24:04 --> 00:24:07: but we have been able to execute that plan in  
00:24:07 --> 00:24:11: various markets based on the cost of debt were lending  
00:24:11 --> 00:24:11: on.  
00:24:11 --> 00:24:15: And it it is. It is a pretty advantageous comparative  
00:24:15 --> 00:24:16: to the debt.  
00:24:16 --> 00:24:19: It's out there. So we at Amazon will lend up  
00:24:19 --> 00:24:20: to 9095%  
00:24:20 --> 00:24:23: of the capital stack. If a non profit and I  
00:24:23 --> 00:24:24: up to 97%  
00:24:24 --> 00:24:27: of the capital stack at very low rates a couple  
00:24:28 --> 00:24:31: hundred basis points below what's out there.  
00:24:31 --> 00:24:33: If for non government agencies lending.  
00:24:33 --> 00:24:37: All that in trade off to keep that property affordable  
00:24:37 --> 00:24:40: and so even the stepping to properties that are are  
00:24:40 --> 00:24:41: at market today say at 80%  
00:24:41 --> 00:24:44: am I you get everyone on this call you know  
00:24:44 --> 00:24:47: has observed that the incomes have been been stagnant and  
00:24:47 --> 00:24:50: cost of housing has continued to increase.

00:24:50 --> 00:24:52: So if we can put that restriction in today we

00:24:52 --> 00:24:54: will create affordability,

00:24:54 --> 00:24:57: overtime as well. And and that's part of our preservation

00:24:57 --> 00:25:00: play as we look at that end of the spectrum.

00:25:00 --> 00:25:02: On the other end of spectrum it it's more of

00:25:03 --> 00:25:04: Queen make projects.

00:25:04 --> 00:25:08: Feasible, and launching it off in terms of new developments

00:25:08 --> 00:25:10: and so like I said,

00:25:10 --> 00:25:11: it's a range of participation,

00:25:11 --> 00:25:15: and I think there are a lot of private companies

00:25:15 --> 00:25:18: are looking at how they're giving back,

00:25:18 --> 00:25:22: both in the in the total spectrum might be SG,

00:25:22 --> 00:25:26: and so this is. This is our play.

00:25:26 --> 00:25:29: Right now and it's evolving as it's just launched this

00:25:29 --> 00:25:29: past year.

00:25:29 --> 00:25:31: So you know, working with Lauren,

00:25:31 --> 00:25:34: hearing from Eric of what's going on out there is

00:25:34 --> 00:25:38: a constant education from from our standpoint and we are

00:25:38 --> 00:25:40: getting a flow of deals and starting to get a

00:25:40 --> 00:25:43: view of what what the need is and then our

00:25:43 --> 00:25:45: role in that will evolve,

00:25:45 --> 00:25:47: but we hope to come to the table as a

00:25:47 --> 00:25:48: private organization.

00:25:48 --> 00:25:51: We hope that encourages public organizations to come to the

00:25:52 --> 00:25:54: table even more than they already are and help innovate,

00:25:54 --> 00:25:58: new tools. And we're. Along with them and then we

00:25:58 --> 00:25:59: at the same time,

00:25:59 --> 00:26:01: we also hope the equity also comes to a table

00:26:01 --> 00:26:04: a little more everyones going to little little.

00:26:04 --> 00:26:07: Give here to kind of close this affordability gap that

00:26:07 --> 00:26:08: exists out there.

00:26:08 --> 00:26:09: Not one company or organization,

00:26:09 --> 00:26:12: private or public, unless they can tell United States will

00:26:12 --> 00:26:15: step in will really solve the housing need.

00:26:15 --> 00:26:17: It's out there. Yeah,

00:26:17 --> 00:26:19: let's go Eric, you're on mute.

00:26:19 --> 00:26:20: But I see you're talking,

00:26:20 --> 00:26:23: kind of. Jumping on

00:26:23 --> 00:26:25: that, you know to tie together a couple things that

00:26:25 --> 00:26:26: you each said.

00:26:26 --> 00:26:29: It's a really interesting and for many people and it

00:26:29 --> 00:26:31: really a lot of really people have looked at housing

00:26:32 --> 00:26:32: for a long time.

00:26:32 --> 00:26:35: It's kind of a confusing moment because.

00:26:35 --> 00:26:37: You know, on the one hand,

00:26:37 --> 00:26:39: when we talk about preservation,

00:26:39 --> 00:26:42: we're talking about preserving stock that could experience disinvestment,

00:26:42 --> 00:26:45: and I touched on that and I think at the

00:26:45 --> 00:26:48: beginning of the pandemic there is a huge concern that

00:26:48 --> 00:26:50: everything was going to tank,

00:26:50 --> 00:26:54: including the idea of potentially that homeownership would would would

00:26:54 --> 00:26:54: be hurt.

00:26:54 --> 00:26:57: And then Dan, would you just touched on is this

00:26:57 --> 00:27:01: phenomenon and it's been really surprising to people that the

00:27:01 --> 00:27:03: cost of housing has risen almost universally,

00:27:03 --> 00:27:05: and oftentimes rent and ownership.

00:27:05 --> 00:27:09: Trade between each other, but at this point we're seeing

00:27:09 --> 00:27:12: pressure on both the ownership side and on the rental

00:27:12 --> 00:27:14: side and across that entire market.

00:27:14 --> 00:27:17: And we're also seeing the risk of inflation on production.

00:27:17 --> 00:27:20: For new construction. You're also seeing and,

00:27:20 --> 00:27:23: and there's an irony to this because oftentimes you feel

00:27:23 --> 00:27:25: like when a market overheats,

00:27:25 --> 00:27:28: rents will go up and you could have displacement from

00:27:28 --> 00:27:28: that.

00:27:28 --> 00:27:30: If you get too much disinvestment,

00:27:30 --> 00:27:34: you can have rents fall in the neighborhood and then

00:27:34 --> 00:27:35: you see the stock deteriorate,

00:27:35 --> 00:27:38: so the. Reservation to do preservation right?

00:27:38 --> 00:27:40: You have to be able to handle a hot market

00:27:40 --> 00:27:43: where you're displacing people because of rents,

00:27:43 --> 00:27:46: but you also have to to to handle a cooling

00:27:46 --> 00:27:49: market where you lose the quality of the stock or

00:27:49 --> 00:27:50: have disinvestment,

00:27:50 --> 00:27:53: and then we're in this weird loop and rarely have

00:27:53 --> 00:27:56: we had this kind of a cataclysm really where we're

00:27:56 --> 00:27:59: pumping so much money through and so much money has

00:27:59 --> 00:28:02: gone through on the monetary side that.

00:28:02 --> 00:28:05: You know when you think about the trillions of dollars

00:28:05 --> 00:28:08: that were pumped through last year to add liquidity at

00:28:08 --> 00:28:08: some points,

00:28:08 --> 00:28:11: and to actually add income support so you had all



00:28:11 --> 00:28:14: that pressure and now we're going to get some fiscal  
00:28:14 --> 00:28:14: stuff.

00:28:14 --> 00:28:17: It looks like some stimulus on top of it,  
00:28:17 --> 00:28:19: and so you've really got this odd situation where all  
00:28:19 --> 00:28:22: pieces of the housing market and low interest rates and  
00:28:22 --> 00:28:25: all pieces of the housing markets seem to be going  
00:28:25 --> 00:28:27: up at the same time in a way that presents  
00:28:27 --> 00:28:30: a lot of challenges for the kind of typical thinking  
00:28:30 --> 00:28:31: around policymaking.

00:28:31 --> 00:28:33: So just want to add that.  
00:28:33 --> 00:28:35: It's 'cause we are in a unique moment that has  
00:28:35 --> 00:28:37: that and it's hard for people to really figure out  
00:28:37 --> 00:28:38: what's happening.

00:28:38 --> 00:28:40: Sure, I. I mean in.  
00:28:40 --> 00:28:43: And you know, COVID has been interesting in terms of  
00:28:43 --> 00:28:46: like we're doing his virtual web and R right now.

00:28:46 --> 00:28:49: And and there's been tons of technology advancements due  
to  
00:28:49 --> 00:28:50: COVID,  
00:28:50 --> 00:28:52: but on the opposite of an area that's been right  
00:28:52 --> 00:28:55: for for innovation would be like construction,  
00:28:55 --> 00:28:58: right? So the cost of housing and inputs in the  
00:28:58 --> 00:29:01: supply chain have only gone up and there are companies  
00:29:01 --> 00:29:04: that are working on that and and utilized on studies  
00:29:04 --> 00:29:07: on on that front. But it's just not there yet,  
00:29:07 --> 00:29:11: and so. And with the cost of housing going up  
00:29:11 --> 00:29:13: and opportunities,  
00:29:13 --> 00:29:16: it costs a billion going up.

00:29:16 --> 00:29:19: There's only so much financial tools that you can do  
00:29:19 --> 00:29:22: to actually create affordability in new construction,  
00:29:22 --> 00:29:27: right? So? Even giving grant money at 0%  
00:29:27 --> 00:29:31: interest. The opportunity cost given up to create affordable  
housing  
00:29:31 --> 00:29:32: just as it exists.

00:29:32 --> 00:29:34: You can't. You almost can't get to a really large  
00:29:35 --> 00:29:36: portion of affordability,  
00:29:36 --> 00:29:40: so from for my money at Amazon where we're giving.  
00:29:40 --> 00:29:43: Even if we're giving a really this kind of rate  
00:29:43 --> 00:29:44: to market,  
00:29:44 --> 00:29:47: it's 30%, maybe 40% affordable restriction at that property  
because  
00:29:47 --> 00:29:50: it costs of construction is so high and so then  
00:29:50 --> 00:29:53: you have to look at other places to create affordability

00:29:53 --> 00:29:56: in preservation. What topic of this webinar is so vitally  
00:29:56 --> 00:29:57: important?

00:29:57 --> 00:30:00: Because you can put a little bit less into unit  
00:30:00 --> 00:30:03: create degradation of stock as you're alluding to Eric,  
00:30:03 --> 00:30:05: and that money goes further and you.  
00:30:05 --> 00:30:08: It's a more efficient use of capital,  
00:30:08 --> 00:30:10: and I've mentioned it a couple of times,  
00:30:10 --> 00:30:13: that's. A key part part of the private sector is  
00:30:13 --> 00:30:15: kind of valuation is how do you efficiently use capital  
00:30:16 --> 00:30:18: to create the most bang for your buck in the  
00:30:18 --> 00:30:18: end?

00:30:20 --> 00:30:23: Yeah, I'd also love 'cause you mentioned.  
00:30:23 --> 00:30:26: All the different ways to address the gaps and close  
00:30:27 --> 00:30:27: the deals.  
00:30:27 --> 00:30:30: If we could talk a little bit about the rent,  
00:30:30 --> 00:30:33: peace because we're talking about preservation of existing  
housing,  
00:30:33 --> 00:30:36: and we talked when we were preparing just about how  
00:30:36 --> 00:30:40: the various markets have various rent regulatory tools in their  
00:30:40 --> 00:30:40: toolbox.  
00:30:40 --> 00:30:43: And I came from New York City where we leveraged  
00:30:43 --> 00:30:46: a lot of our programming and affordability requirements in  
and  
00:30:47 --> 00:30:48: around rent stabilization.  
00:30:48 --> 00:30:51: And now I'm in a market where that is a  
00:30:51 --> 00:30:52: very different picture.  
00:30:52 --> 00:30:54: So I guess maybe. Eric,  
00:30:54 --> 00:30:56: we could start with you.  
00:30:56 --> 00:30:59: The New Yorker, just to speak a little bit how  
00:30:59 --> 00:31:00: you see the rent.  
00:31:00 --> 00:31:03: Peace playing into the the preservation picture you know,  
00:31:03 --> 00:31:06: especially at a time with so much pressure on the  
00:31:06 --> 00:31:08: rent side due to kovid.  
00:31:08 --> 00:31:09: Yeah, I mean rent  
00:31:09 --> 00:31:12: regulation in New York City is incredibly important and  
powerful,  
00:31:12 --> 00:31:15: and it's also very tricky because you can end up  
00:31:15 --> 00:31:18: doing things in the market that have unintended  
consequences.  
00:31:18 --> 00:31:20: And when I say the market,  
00:31:20 --> 00:31:24: I just mean in generally the experience of getting housing.  
00:31:24 --> 00:31:26: In New York, I don't mean that I want to  
00:31:27 --> 00:31:30: make sure I'm not just talking about supply demand kind

00:31:30 --> 00:31:33: of market in that in the typical way and what  
 00:31:33 --> 00:31:36: I what I really mean by that is it has  
 00:31:36 --> 00:31:38: been incredibly successful,  
 00:31:38 --> 00:31:41: particularly in strong markets where you're able to cap rents  
 00:31:41 --> 00:31:44: and oftentimes it came in exchange for some government  
 investment.  
 00:31:44 --> 00:31:47: Early on it came in exchange for certain tax incentives.  
 00:31:47 --> 00:31:50: Now we also added to our regulatory agreements when we  
 00:31:50 --> 00:31:51: put subsidy in,  
 00:31:51 --> 00:31:54: and they often have have other tax benefits.  
 00:31:54 --> 00:31:56: As well. Or land for example.  
 00:31:56 --> 00:31:59: And so when you look at it,  
 00:31:59 --> 00:32:02: the particularly in the really strong markets of New York  
 00:32:02 --> 00:32:02: City,  
 00:32:02 --> 00:32:05: whether it's Manhattan or parts of Brooklyn and and places  
 00:32:05 --> 00:32:08: where where strength comes through or the market starts to  
 00:32:08 --> 00:32:08: come through,  
 00:32:08 --> 00:32:11: there's a tremendous value where those rents are capped  
 and  
 00:32:11 --> 00:32:14: people don't experience the full pressure of that market when  
 00:32:14 --> 00:32:15: it comes through.  
 00:32:15 --> 00:32:18: And if you look at the discount to market,  
 00:32:18 --> 00:32:21: and you were, if you were to capitalize that rent  
 00:32:21 --> 00:32:24: regulation in New York City has preserved a tremendous  
 amount  
 00:32:24 --> 00:32:25: of public equity or community.  
 00:32:25 --> 00:32:29: Equity or neighborhood equity? I use all of those phrases  
 00:32:29 --> 00:32:31: to kind of get it the ways that you can  
 00:32:32 --> 00:32:33: leave value in a neighborhood.  
 00:32:33 --> 00:32:37: The other really beautiful thing about rent regulation is that  
 00:32:37 --> 00:32:39: it's site specific that it is a value.  
 00:32:39 --> 00:32:42: And the reason you can call it either public or  
 00:32:42 --> 00:32:45: community but also neighborhood is that it is that unit  
 00:32:45 --> 00:32:49: is there in that neighborhood and you know the way  
 00:32:49 --> 00:32:50: rent regulation was just reformed.  
 00:32:50 --> 00:32:53: There used to be a way that you could gradually  
 00:32:53 --> 00:32:56: raise rents and then deregulated that that escape hatch.  
 00:32:56 --> 00:32:59: Has been removed and so that there's a.  
 00:32:59 --> 00:33:01: There's a sense of permanence.  
 00:33:01 --> 00:33:04: Now, obviously policy changes and policy can change.  
 00:33:04 --> 00:33:07: Again, the legislature could do something different over time,  
 00:33:07 --> 00:33:10: but there is a tremendous amount of value that's that  
 00:33:10 --> 00:33:13: endures to communities and neighborhoods.

00:33:13 --> 00:33:17: Because of that, same thing is true of inclusionary housing,  
00:33:17 --> 00:33:19: where you have an affordable requirement.  
00:33:19 --> 00:33:23: Whether it's mandatory, inclusionary, which we have a very  
successful  
00:33:23 --> 00:33:24: new New York program doing,  
00:33:24 --> 00:33:27: but always had some inclusionary zoning.  
00:33:27 --> 00:33:28: All those things are critical,  
00:33:28 --> 00:33:30: but the one thing I'll say,  
00:33:30 --> 00:33:33: and I think this is more of what you were  
00:33:33 --> 00:33:36: alluding to a little bit too and wanting to have  
00:33:36 --> 00:33:39: this conversation if you don't get it right,  
00:33:39 --> 00:33:41: or if you don't re balance it,  
00:33:41 --> 00:33:43: or if you don't look at it as a living  
00:33:44 --> 00:33:44: issue,  
00:33:44 --> 00:33:47: you can sometimes spur the exact disinvestment that you are  
00:33:47 --> 00:33:48: worried about,  
00:33:48 --> 00:33:50: so if in other words you restrict rents so much  
00:33:50 --> 00:33:53: that people can't have any kind of return unless you're  
00:33:53 --> 00:33:55: prepared to fully socialized housing,  
00:33:55 --> 00:33:57: which would be unbelievably expensive to do.  
00:33:57 --> 00:33:59: If you look at, for example,  
00:33:59 --> 00:34:02: some measures of what just the latest rent regulation lauded  
00:34:02 --> 00:34:05: over you know you're allowed to make certain capital  
improvements  
00:34:05 --> 00:34:07: certain apartment improvements,  
00:34:07 --> 00:34:10: certain system improvements, and you're allowed to take a  
certain  
00:34:10 --> 00:34:12: limited amount of rent for that,  
00:34:12 --> 00:34:15: it's very, very limited under the last iteration,  
00:34:15 --> 00:34:18: and maybe it was right that the pendulum swung back,  
00:34:18 --> 00:34:20: but there's a concern that overtime,  
00:34:20 --> 00:34:23: what that's going to mean is that they'll be disinvestment  
00:34:23 --> 00:34:27: in housing because there's not enough to incentivize the  
owner  
00:34:27 --> 00:34:28: of that housing too.  
00:34:28 --> 00:34:31: Put money back in and you can kind of get  
00:34:31 --> 00:34:31: it.  
00:34:31 --> 00:34:33: Some of that right. If you actually talk well.  
00:34:33 --> 00:34:36: I just talked about like looking at the discount to  
00:34:36 --> 00:34:36: market.  
00:34:36 --> 00:34:39: If you really start capitalizing some of that and you  
00:34:39 --> 00:34:41: say what did that last bill do in terms of  
00:34:41 --> 00:34:43: limiting that that private investment,

00:34:43 --> 00:34:46: whether it's from private rents that can come in because  
00:34:46 --> 00:34:48: they're capped and then you look at the private financing  
00:34:49 --> 00:34:51: that can be supported by that increased rental income.  
00:34:51 --> 00:34:52: It's a lot of money.  
00:34:52 --> 00:34:55: You know, some estimates close to a trillion dollars of  
00:34:55 --> 00:34:58: private investment in Brent's over a 10 year period that.  
00:34:58 --> 00:35:02: Won't come into that market that has real meaning overtime.  
00:35:02 --> 00:35:03: And as we talked about,  
00:35:03 --> 00:35:07: it's very hard to imagine a public budget fully compensating  
00:35:07 --> 00:35:09: that the idea of it is Nice.  
00:35:09 --> 00:35:12: If if government had enough resource to fully compensate  
that,  
00:35:12 --> 00:35:15: but it's very hard to imagine being able to keep  
00:35:15 --> 00:35:18: up with that kind of change in the balance between  
00:35:18 --> 00:35:20: public and private investment.  
00:35:20 --> 00:35:23: And the same thing is true in the experience of  
00:35:23 --> 00:35:25: public housing as well,  
00:35:25 --> 00:35:26: but I'll stop there.  
00:35:27 --> 00:35:30: Yeah, and this is one of the sort of questions  
00:35:30 --> 00:35:33: that the city asked us in discussions we had,  
00:35:33 --> 00:35:36: which I think I'll put back to Dan 'cause you're  
00:35:36 --> 00:35:39: in multiple markets was how do you work with owners  
00:35:39 --> 00:35:43: for whom all of these structures and regulatory requirements  
are  
00:35:43 --> 00:35:45: new, so we also don't want you know,  
00:35:45 --> 00:35:49: want these individuals in these owners to work with us  
00:35:49 --> 00:35:50: and invest in the property.  
00:35:50 --> 00:35:52: You know, of course not.  
00:35:52 --> 00:35:54: Raise rents too high for the community,  
00:35:54 --> 00:35:58: but kind of what's that balance and how are ways  
00:35:58 --> 00:35:58: to?  
00:35:58 --> 00:36:01: You know, have requirements and keep the properties  
affordable that  
00:36:02 --> 00:36:05: aren't so overwhelming that it prevents individuals from  
working with  
00:36:05 --> 00:36:09: either government or other entities or investing in the  
property.  
00:36:09 --> 00:36:12: But then maybe you could talk a little bit more  
00:36:12 --> 00:36:14: what what you're seeing,  
00:36:14 --> 00:36:16: especially across markets with different requirements.  
00:36:17 --> 00:36:21: I think a key point that that Eric was mentioning  
00:36:21 --> 00:36:23: in his in talking about,  
00:36:23 --> 00:36:25: you know, the New York approach.

00:36:25 --> 00:36:28: He kind of hit at the very end,  
00:36:28 --> 00:36:31: which is. Equity needs return and it exists in like  
00:36:31 --> 00:36:35: any part in any city in home and ownership out  
00:36:35 --> 00:36:35: there.  
00:36:35 --> 00:36:39: And there's been an influx of new equity into multifamily  
00:36:39 --> 00:36:42: because it's been one of the most stable asset classes  
00:36:42 --> 00:36:44: of any investment out there.  
00:36:44 --> 00:36:46: And you've seen large private equity,  
00:36:46 --> 00:36:48: large sovereign wealth all come in,  
00:36:48 --> 00:36:52: which is a hence compressed cap rates and made the  
00:36:52 --> 00:36:54: returns even more difficult.  
00:36:54 --> 00:36:57: So the goal of of Amazon here or any kind  
00:36:58 --> 00:37:01: of ESG fund that's looking to to invest,  
00:37:01 --> 00:37:05: is to make up that difference of of that discount  
00:37:05 --> 00:37:06: to market.  
00:37:06 --> 00:37:10: So you're going to hold rents and you're giving up  
00:37:10 --> 00:37:12: a couple \$100 per unit.  
00:37:12 --> 00:37:15: If you're holding rents versus a value,  
00:37:15 --> 00:37:19: add play. How much is that impacting your returns?  
00:37:19 --> 00:37:22: If you were going to hold it,  
00:37:22 --> 00:37:28: and how much can? R dollars.  
00:37:28 --> 00:37:32: Compensate for that return and there's only so much and  
00:37:32 --> 00:37:36: this is kind of talking about how much you can  
00:37:36 --> 00:37:36: really do,  
00:37:36 --> 00:37:39: even from a large company like Amazon.  
00:37:39 --> 00:37:43: And so I, I think that thinking about the reality  
00:37:43 --> 00:37:45: of of that at the,  
00:37:45 --> 00:37:49: uh, the the furthest end of equity and equity needing  
00:37:49 --> 00:37:49: return,  
00:37:49 --> 00:37:53: we're trying to to operate in in the financial markets  
00:37:53 --> 00:37:55: of real estate generally.  
00:37:55 --> 00:37:59: And and so you know the concept of rent stabilization.  
00:37:59 --> 00:38:03: And come and lack of ongoing investment into that property  
00:38:03 --> 00:38:04: because of return is.  
00:38:04 --> 00:38:09: Would this of consideration and and things that we're thinking  
00:38:09 --> 00:38:12: about at Amazon in terms of how we look at  
00:38:12 --> 00:38:15: our own or rent restriction that is running with the  
00:38:15 --> 00:38:18: land and how we look at the refund of capital  
00:38:19 --> 00:38:23: expenditures into the property that they can be passed  
00:38:23 --> 00:38:24: through  
00:38:23 --> 00:38:24: to a certain degree?  
00:38:24 --> 00:38:30: Because that is. Necessary to keep the property.

00:38:33 --> 00:38:38: Relevant and lasting throughout nine year term where we're looking

00:38:38 --> 00:38:38: for so.

00:38:38 --> 00:38:42: The actual operation that is difficult as as the New

00:38:42 --> 00:38:45: York example has has shown historically of how you look

00:38:45 --> 00:38:48: at cap expenditures at at units and in in how

00:38:48 --> 00:38:51: that gets passed through or what that does to the

00:38:51 --> 00:38:54: to the to the rent of that unit going forward.

00:38:54 --> 00:38:57: And so Erica Duffy speaks that way better than I

00:38:57 --> 00:38:57: can.

00:38:57 --> 00:39:01: But I definitely saw it in in my prior role,

00:39:01 --> 00:39:02: and so it's a difficult answer.

00:39:02 --> 00:39:06: Difficult question to answer. And allow this kind of feedback

00:39:06 --> 00:39:08: from the market that that's kind of needed,

00:39:08 --> 00:39:12: what? What do you need for?

00:39:12 --> 00:39:15: What do you need equity player to continue to invest

00:39:15 --> 00:39:17: to buy to property?

00:39:17 --> 00:39:20: Keep it affordable and continue to invest along the way.

00:39:20 --> 00:39:24: And that's both from the public center to consider and

00:39:24 --> 00:39:25: from an ESG investment.

00:39:25 --> 00:39:27: From my standpoint to consider,

00:39:27 --> 00:39:31: does that make sense because I know you equity player

00:39:31 --> 00:39:34: as a for profit equity player is is do your

00:39:34 --> 00:39:38: return because otherwise you don't have to do any of

00:39:38 --> 00:39:42: that and that doesn't get to do a preservation.

00:39:42 --> 00:39:47: Standard, so that's that's the \$1,000,000 question and I think

00:39:47 --> 00:39:51: it takes multiple parties to to solve that.

00:39:51 --> 00:39:52: Conundrum.

00:39:53 --> 00:39:56: And if I could just add on to that I

00:39:56 --> 00:39:56: you know?

00:39:56 --> 00:39:59: I'll take the voice of a little bit further left,

00:39:59 --> 00:40:01: and I told Dan and others.

00:40:01 --> 00:40:03: I do this in our prep that you know if

00:40:03 --> 00:40:06: we undercut your premise of that equity needs return and

00:40:06 --> 00:40:09: you take that a little bit further and you say

00:40:09 --> 00:40:11: you undercut the premise that we should be dealing in

00:40:11 --> 00:40:14: housing as a commodified thing that we're in a market,

00:40:14 --> 00:40:16: and you know whether you like it or not,

00:40:16 --> 00:40:18: we are at the current moment.

00:40:18 --> 00:40:20: I totally understand those arguments and people say,

00:40:20 --> 00:40:22: let's read, let's radically rethink it.

00:40:22 --> 00:40:23: Let's not undershoot our goal.

00:40:23 --> 00:40:25: That's what would it mean to D commodify housing?

00:40:25 --> 00:40:27: And that's a worthy conversation.

00:40:27 --> 00:40:29: Would you guys have attached some?

00:40:29 --> 00:40:31: In my opinion you have to attach some numbers to

00:40:31 --> 00:40:34: that in order to have an honest conversation about it.

00:40:34 --> 00:40:37: I remember Sean Donovan is the HUD secretary under Obama,

00:40:37 --> 00:40:40: but was also the HPD Commissioner in New York City.

00:40:40 --> 00:40:41: He want I made the comment.

00:40:41 --> 00:40:44: It stayed with me and I've thought about it.

00:40:44 --> 00:40:45: It's true, he said, you know,

00:40:45 --> 00:40:48: I'm not naive enough to think that you get everything

00:40:48 --> 00:40:50: that you need from the unregulated market.

00:40:50 --> 00:40:52: But I'm also not naive enough to think that you

00:40:53 --> 00:40:54: can get the scale that you need,

00:40:54 --> 00:40:57: especially in a place like New York City without the

00:40:57 --> 00:40:57: market.

00:40:57 --> 00:41:00: At all and and I think there's truth to that,

00:41:00 --> 00:41:03: in the sense that if you actually said what would

00:41:03 --> 00:41:06: it mean to undercut the premise to say we're going

00:41:06 --> 00:41:07: to D commodify,

00:41:07 --> 00:41:10: what would be the public contribution that would have to

00:41:10 --> 00:41:13: then replace the private systems that are in place and

00:41:13 --> 00:41:16: those numbers just become so so large that they're kind

00:41:16 --> 00:41:17: of unfathomable? Really, it's just,

00:41:17 --> 00:41:20: and that's the kind of piece of conversation that you

00:41:20 --> 00:41:22: don't often see in that and,

00:41:22 --> 00:41:24: and I want to tie this back to preservation.

00:41:24 --> 00:41:27: It particularly gets to a large scale when you think

00:41:27 --> 00:41:29: about what it means to.

00:41:29 --> 00:41:32: Look out not just for an individual portfolio and not

00:41:32 --> 00:41:33: just a developer or HTC.

00:41:33 --> 00:41:37: We we actually asset manage about 220,000 units of affordable

00:41:37 --> 00:41:37: housing.

00:41:37 --> 00:41:40: When you look at what is in that portfolio.

00:41:40 --> 00:41:43: But when you look at across the entire stock and

00:41:43 --> 00:41:46: realize that we're all in some ways just stewards of

00:41:46 --> 00:41:50: the housing stock across a very long arc of time,

00:41:50 --> 00:41:52: right? We are we think of ourselves in this moment

00:41:52 --> 00:41:54: in this particular transaction.

00:41:54 --> 00:41:56: But when you think about it,

00:41:56 --> 00:41:59: going back to the housing Commissioner is really.



00:41:59 --> 00:42:02: Thinking about the entire city in this kind of urban  
 00:42:02 --> 00:42:05: scape of housing and millions of units,  
 00:42:05 --> 00:42:07: those numbers become really difficult to imagine.  
 00:42:07 --> 00:42:09: One how you would finance it,  
 00:42:09 --> 00:42:12: but two, how you would even asset manage it without  
 00:42:12 --> 00:42:15: the individual actors that come from some sort of.  
 00:42:15 --> 00:42:18: Even if you call it a modified market.  
 00:42:18 --> 00:42:20: Even if you call it a regulated market.  
 00:42:20 --> 00:42:22: Even if you call it,  
 00:42:22 --> 00:42:23: you know a democratic market,  
 00:42:23 --> 00:42:26: socialism kind of thing to get into that parlance,  
 00:42:26 --> 00:42:29: I think. I think those are the kinds of things  
 00:42:29 --> 00:42:31: that particularly on preservation.  
 00:42:31 --> 00:42:34: Uhm, you really have to concern yourself about because if  
 00:42:34 --> 00:42:36: you let that go for too long you can see  
 00:42:36 --> 00:42:40: massive disinvestment in places that really could become  
 concerning overtime.  
 00:42:41 --> 00:42:44: Eric, just to add to to that it's so you  
 00:42:44 --> 00:42:46: know the three markets I covered.  
 00:42:46 --> 00:42:48: DC Nashville and Puget Sound currently,  
 00:42:48 --> 00:42:50: and obviously my in my past role at Friday,  
 00:42:50 --> 00:42:54: I covered the nation. Huge array way way off of  
 00:42:54 --> 00:42:58: kind of where New York is in terms of development  
 00:42:58 --> 00:43:02: of of housing as a commodity at type approach,  
 00:43:02 --> 00:43:06: as you're alluding to in the mountain investment is going  
 00:43:06 --> 00:43:08: to vary from city to city,  
 00:43:08 --> 00:43:11: and that's obviously also going to be factored into the  
 00:43:11 --> 00:43:15: socio demographic and political landscape of those cities.  
 00:43:15 --> 00:43:17: And as you've seen, New York long,  
 00:43:17 --> 00:43:22: long term, highly populated urban centric area for  
 generations.  
 00:43:22 --> 00:43:25: But now you're seeing this influx of people to Nashville  
 00:43:25 --> 00:43:27: to to Texas to the entire sunbelt,  
 00:43:27 --> 00:43:30: where I don't think housing has been thought of it  
 00:43:30 --> 00:43:32: in as highly mature way as New York has and  
 00:43:32 --> 00:43:35: and at that point you're bringing up are are huge  
 00:43:35 --> 00:43:38: and it's kind of why HTC is as the larger  
 00:43:39 --> 00:43:41: is what it is in terms of how large it  
 00:43:42 --> 00:43:44: is and how it operates where.  
 00:43:44 --> 00:43:45: You know the other cities,  
 00:43:45 --> 00:43:49: even some that covered don't have that kind of construct  
 00:43:49 --> 00:43:53: behind it in in until and I don't know how.

00:43:53 --> 00:43:56: That becomes. Visible like it is a number one political  
00:43:56 --> 00:43:58: agenda item for a lot of people,  
00:43:58 --> 00:44:02: but. Is there enough collaboration between cities between  
municipalities to  
00:44:02 --> 00:44:06: understand the tools that are available to actually execute to  
00:44:06 --> 00:44:07: help those needs?  
00:44:07 --> 00:44:10: I don't know and I I think each city is  
00:44:10 --> 00:44:14: going to have to address it differently.  
00:44:14 --> 00:44:17: Displacement is happening everywhere and it's it needs  
there needs  
00:44:17 --> 00:44:19: to be some kind of collaboration to get people aligned  
00:44:19 --> 00:44:21: to understand what you can do.  
00:44:21 --> 00:44:21: At  
00:44:21 --> 00:44:23: the risk of talking too much,  
00:44:23 --> 00:44:25: I want to I want to posit one thing in  
00:44:25 --> 00:44:26: response to that.  
00:44:26 --> 00:44:29: You said I don't know how you address that or  
00:44:29 --> 00:44:31: how it becomes visible or how you see it,  
00:44:31 --> 00:44:34: and I think the ways that you see it really  
00:44:34 --> 00:44:36: are going to be in a lack.  
00:44:36 --> 00:44:37: An absence of workforce housing,  
00:44:37 --> 00:44:40: and in another way that is highly visible,  
00:44:40 --> 00:44:42: and I think this is an important conversation across the  
00:44:42 --> 00:44:45: country in homelessness the rise of homelessness.  
00:44:45 --> 00:44:48: Is fundamentally a national problem that has been delegated  
to  
00:44:48 --> 00:44:50: localities to solve and has been,  
00:44:50 --> 00:44:53: you know, there's when my sister lives in Tucson,  
00:44:53 --> 00:44:56: AZ. There are homeless camps under bridges.  
00:44:56 --> 00:44:58: If you go out to California,  
00:44:58 --> 00:45:01: there are homeless camps that tent cities that are set  
00:45:01 --> 00:45:01: up.  
00:45:01 --> 00:45:04: If you depending on what environment you're in,  
00:45:04 --> 00:45:07: you see homelessness proliferating in different ways,  
00:45:07 --> 00:45:10: but I think the lack of sophistication around housing policy  
00:45:10 --> 00:45:13: and the lack of a unified National Housing policy that  
00:45:14 --> 00:45:15: gets those issues.  
00:45:15 --> 00:45:17: Is a disservice to both workforce housing and kind of  
00:45:17 --> 00:45:19: Labor issues and labor conversation.  
00:45:19 --> 00:45:21: But it's also a tremendous disservice to supportive housing  
and  
00:45:21 --> 00:45:23: particularly the question of homelessness.  
00:45:23 --> 00:45:26: It's just, and that's what you're going to see in

00:45:26 --> 00:45:26: places.

00:45:26 --> 00:45:29: If you really get this influx and this heating,

00:45:29 --> 00:45:31: you're going to see a rise in these problems in

00:45:31 --> 00:45:34: places that you never really saw them before.

00:45:35 --> 00:45:37: Yeah, and sort of how do we we talked when

00:45:38 --> 00:45:42: we were preparing in those markets that haven't experienced sophisticated

00:45:42 --> 00:45:43: housing financing tools?

00:45:43 --> 00:45:46: Kind of. How does everyone prepare for this and address

00:45:46 --> 00:45:47: this?

00:45:47 --> 00:45:50: I also want to ensure we have time for questions

00:45:51 --> 00:45:54: and I see some have come in and Rosie I

00:45:54 --> 00:45:57: think is going to read some of them for

00:45:57 --> 00:46:00: us sure and so kind of actually building off,

00:46:00 --> 00:46:03: but you were just speaking to a question of just

00:46:03 --> 00:46:06: come in about talking about community ownership.

00:46:06 --> 00:46:09: Uhm, can you talk about how community ownership is in

00:46:09 --> 00:46:13: play here as a means to decomp DCOM identification to

00:46:13 --> 00:46:14: your firm's work at all?

00:46:14 --> 00:46:18: With co-ops? Do your firms work at all with co-ops,

00:46:18 --> 00:46:21: or land trusts and another one another question from earlier

00:46:21 --> 00:46:24: was to articulate some of the ways in which housing

00:46:24 --> 00:46:27: preservation can advance equity and cities,

00:46:27 --> 00:46:30: especially with regards to the historical context of settlement patterns.

00:46:30 --> 00:46:33: So I figured those two might be good to answer

00:46:34 --> 00:46:35: together if we can.

00:46:36 --> 00:46:37: Work on that if you don't mind,

00:46:37 --> 00:46:40: is that good? So what I would just say,

00:46:40 --> 00:46:43: yes, all that we are working with co-ops and affordable

00:46:43 --> 00:46:46: co-ops and limited equity where we have a huge push

00:46:46 --> 00:46:49: in New York City around community Land Trust and Land

00:46:49 --> 00:46:52: Trust, work, and understanding that in many ways when you

00:46:52 --> 00:46:52: think about it,

00:46:52 --> 00:46:55: public housing is often one of the largest community land

00:46:55 --> 00:46:56: trusts.

00:46:56 --> 00:46:58: It's often doesn't feel as localized 'cause it's across the

00:46:59 --> 00:46:59: entire city.

00:46:59 --> 00:47:01: But when we think about public housing,

00:47:01 --> 00:47:04: there are ways to do this that do keep public

00:47:04 --> 00:47:04: ownership.

00:47:04 --> 00:47:07: And that's why I talk a lot about public equity

00:47:07 --> 00:47:09: and neighborhood equity and community.

00:47:09 --> 00:47:12: Equity because you don't have to have fee title ownership

00:47:12 --> 00:47:14: in order to build equity in a neighborhood.

00:47:14 --> 00:47:17: In fact, a regulated or rent regulated lease that has

00:47:17 --> 00:47:20: a right to renewal is a huge piece of equity

00:47:20 --> 00:47:22: that that rental tenant controls.

00:47:22 --> 00:47:25: If you control a rent regulated the bread in your

00:47:25 --> 00:47:28: neighborhood is \$3000 a month and you've got an apartment

00:47:28 --> 00:47:31: with a regulated lease that you control that lease and

00:47:31 --> 00:47:33: have a right to renew at \$800,

00:47:33 --> 00:47:36: you have as much equity in that lease as many

00:47:36 --> 00:47:38: people have in home ownership,

00:47:38 --> 00:47:41: so all those are. Tremendously valuable things.

00:47:41 --> 00:47:45: Similarly, if you have. Mandatory inclusionary housing that

00:47:45 --> 00:47:48: requires rents

00:47:48 --> 00:47:51: to be kept affordable on a permanent basis in that

00:47:51 --> 00:47:54: neighborhood that is permanent community and

00:47:54 --> 00:47:56: neighborhood equity.

00:47:56 --> 00:47:59: That's absolutely critical. And let me just say,

00:47:59 --> 00:48:03: even in the preservation of public housing,

00:48:03 --> 00:48:06: one of the big fears that right now is that

00:48:06 --> 00:48:10: somehow that the private sector will get the better of

00:48:10 --> 00:48:13: the public sector and it will somehow be privatized.

00:48:13 --> 00:48:14: And the truth is that all of that ownership and

00:48:14 --> 00:48:16: control can remain on the public side at the same

00:48:16 --> 00:48:17: time.

00:48:17 --> 00:48:18: That you leverage resources in order to improve quality of

00:48:18 --> 00:48:21: life.

00:48:21 --> 00:48:23: But you keep it permanently affordable,

00:48:23 --> 00:48:26: right? And you can regulate that and do that.

00:48:26 --> 00:48:29: So absolutely, we're thinking about this thing.

00:48:29 --> 00:48:32: I want people to think that when I talk about

00:48:32 --> 00:48:34: the market and I talk about the need for the

00:48:34 --> 00:48:36: market,

00:48:36 --> 00:48:37: that that means that you're throwing the idea of Community

00:48:37 --> 00:48:40: equity out and public equity.

00:48:40 --> 00:48:43: Outfit out the window. You're not at all absolutely the

00:48:43 --> 00:48:45: opposite.

00:48:45 --> 00:48:46: So I think there's a couple questions in there.

00:48:46 --> 00:48:48: In, like Eric mentioned, kind of yes.

00:48:48 --> 00:48:50: So it all. I mean,

00:48:50 --> 00:48:52: Amazon is flexible and the way we're looking at it,

00:48:52 --> 00:48:54: but we we hope to be a leader.

00:48:52 --> 00:48:54: And so in our financing,  
 00:48:54 --> 00:48:57: and I think one of the questions was how are  
 00:48:57 --> 00:49:01: we thinking about displacement in specific parts of  
 communities that  
 00:49:01 --> 00:49:03: are out there so you know,  
 00:49:03 --> 00:49:06: in a traditional bank financing approach.  
 00:49:06 --> 00:49:10: Your interest rate is kind of charge to the risk  
 00:49:10 --> 00:49:13: of the property and what's what's there.  
 00:49:13 --> 00:49:16: I would say that's part of what's happening here at  
 00:49:16 --> 00:49:17: Amazon,  
 00:49:17 --> 00:49:20: but we're also giving a lot of bonus points for  
 00:49:21 --> 00:49:23: four features of the property,  
 00:49:23 --> 00:49:27: including the property, the property location hires at his  
 placement,  
 00:49:27 --> 00:49:32: if there are community services are are supportive services  
 at  
 00:49:32 --> 00:49:34: the at the property itself.  
 00:49:34 --> 00:49:37: The type of owner and ownership that that's behind that  
 00:49:38 --> 00:49:41: property are all parts of bonus points in terms of  
 00:49:41 --> 00:49:43: getting reductions on your spread,  
 00:49:43 --> 00:49:47: which which makes the property you know would be probably  
 00:49:47 --> 00:49:50: a more feasible property in the end.  
 00:49:50 --> 00:49:53: And so we hope that that becomes a model for  
 00:49:53 --> 00:49:56: a lot of private companies are looking to invest in  
 00:49:56 --> 00:49:58: a lot of the peer group of Amazon has similar  
 00:49:58 --> 00:50:00: funds that are out there,  
 00:50:00 --> 00:50:02: and everyone's doing it a little bit differently.  
 00:50:02 --> 00:50:05: And I think that this is emerging over the past  
 00:50:05 --> 00:50:06: two or three years,  
 00:50:06 --> 00:50:08: and I think that there are some ideas that are  
 00:50:08 --> 00:50:10: great from all these companies.  
 00:50:10 --> 00:50:12: And the more we talk about it,  
 00:50:12 --> 00:50:14: I think that the more tools that are that are  
 00:50:14 --> 00:50:17: out there to to to invest and thinking about financing  
 00:50:17 --> 00:50:19: or thinking about solving the home.  
 00:50:19 --> 00:50:21: Sorry, solving the home affordability.  
 00:50:21 --> 00:50:25: Come in different ways and so so for us.  
 00:50:25 --> 00:50:29: Yes, if you are in a highly displaced area or  
 00:50:29 --> 00:50:31: prime for displacement.  
 00:50:31 --> 00:50:33: There would be a discount or rate,  
 00:50:33 --> 00:50:35: or we would be a little bit more aggressive and  
 00:50:35 --> 00:50:38: how we we financed or gave our money in those  
 00:50:38 --> 00:50:39: projects and so that's.

00:50:39 --> 00:50:41: That's how we're doing it,  
00:50:41 --> 00:50:45: and it is a project or project approach and.  
00:50:45 --> 00:50:48: More to come with it all.  
00:50:48 --> 00:50:48: Yeah,  
00:50:48 --> 00:50:52: great all important topics. The only thing I'll add is  
00:50:52 --> 00:50:56: that in our market in Philadelphia there are also not  
00:50:56 --> 00:50:58: as widespread or systematic,  
00:50:58 --> 00:51:02: but work by various nonprofits and other entities on the  
00:51:02 --> 00:51:06: city at these various ownership structures that are  
Community ownership.  
00:51:06 --> 00:51:09: You know focused and just also that,  
00:51:09 --> 00:51:11: yes, this is an equity issue.  
00:51:11 --> 00:51:16: Specifically, you know when it comes to home ownership  
rental,  
00:51:16 --> 00:51:18: but you know, looking at.  
00:51:18 --> 00:51:20: The needs of all the residents in the city and  
00:51:21 --> 00:51:23: the region in our case is an equity issue and  
00:51:23 --> 00:51:27: so just having more of those conversations and meeting  
more  
00:51:27 --> 00:51:30: people where they are, I think is is an important  
00:51:30 --> 00:51:32: thing that we're thinking about one topic  
00:51:32 --> 00:51:36: off of that Lord. Just I forgot to mention and  
00:51:36 --> 00:51:40: Eric and I made a good point in terms of.  
00:51:40 --> 00:51:43: How much those leases mean in terms of equity and  
00:51:43 --> 00:51:46: wealth to the tenants that are there?  
00:51:46 --> 00:51:49: I think. I think that's an evolving UM,  
00:51:49 --> 00:51:51: maturing aspect of of rental,  
00:51:51 --> 00:51:54: the rental tenant base that's out there in in how  
00:51:54 --> 00:51:57: we look at rent payments towards Twitch,  
00:51:57 --> 00:52:00: credit building and so merging companies are out there.  
00:52:00 --> 00:52:03: I'm not gonna plug a specific ones,  
00:52:03 --> 00:52:06: but you know the GCS on a single family front  
00:52:06 --> 00:52:10: have already kind of alluded to just recently looking at.  
00:52:10 --> 00:52:14: Rent payment history as a credit for for home ownership,  
00:52:14 --> 00:52:17: and I think that there are tools available to owners  
00:52:17 --> 00:52:22: that could be incentivized by Amazon or other public entities  
00:52:22 --> 00:52:23: to say that hey,  
00:52:23 --> 00:52:24: if you use our money,  
00:52:24 --> 00:52:28: you are required to report on time rent payments of  
00:52:28 --> 00:52:29: your tenants,  
00:52:29 --> 00:52:33: which can build credit scores of the tenants upwards of  
00:52:33 --> 00:52:34: 100 points a year.  
00:52:34 --> 00:52:38: In that improves access to capital and that that is

00:52:38 --> 00:52:41: one of the key key portions of.

00:52:41 --> 00:52:43: Not only obviously building the down payment,

00:52:43 --> 00:52:45: which is hard in itself,

00:52:45 --> 00:52:48: but just being able to get mortgage financing for for

00:52:48 --> 00:52:50: a single family front of it.

00:52:50 --> 00:52:53: Also, it's all tide together between single family and multi

00:52:53 --> 00:52:56: family and home ownership in and accessibility.

00:52:56 --> 00:52:58: So it it's one giant problem,

00:52:58 --> 00:53:03: not just individual problems sitting on their own.

00:53:03 --> 00:53:03: Great,

00:53:03 --> 00:53:06: I see we have a lot of questions,

00:53:06 --> 00:53:08: maybe Rosie time for at least

00:53:08 --> 00:53:11: one more. Sure, I think we have a few that

00:53:11 --> 00:53:13: relate to each other again.

00:53:13 --> 00:53:16: So Dan, I know you spoke about the affordability levels

00:53:16 --> 00:53:18: in your projects are about 80%

00:53:18 --> 00:53:21: am I Eric? I'm not sure if we got yours.

00:53:21 --> 00:53:24: If you could just clarify that and then Dan,

00:53:24 --> 00:53:26: what size properties do look at?

00:53:26 --> 00:53:30: Would you do with an Amazon do scattered site to

00:53:30 --> 00:53:30: achieve scale?

00:53:30 --> 00:53:33: And finally any experience in creating mixed.

00:53:33 --> 00:53:34: Income properties.

00:53:39 --> 00:53:41: No, Eric. You're muted, I

00:53:41 --> 00:53:43: just thought about this is an important thing.

00:53:43 --> 00:53:46: 'cause it it's charged in New York and I'll just

00:53:46 --> 00:53:49: say to that am I even though we reference it

00:53:49 --> 00:53:50: as am 100%

00:53:50 --> 00:53:52: of area median income for a household of three or

00:53:52 --> 00:53:53: whatever.

00:53:53 --> 00:53:56: We know you can buy down the affordability to be

00:53:56 --> 00:53:58: whatever you need so we do a full range.

00:53:58 --> 00:54:01: There are units that are affordable even if you lose

00:54:01 --> 00:54:03: your job and have no income.

00:54:03 --> 00:54:06: You can reapply and adjust your Section 8 so that

00:54:06 --> 00:54:09: you're covered so we have a range of housing options

00:54:09 --> 00:54:12: that will run all the way from zero income.

00:54:12 --> 00:54:15: Uhm two. We finance up to about 120 or 130%

00:54:15 --> 00:54:17: of area median income in New York,

00:54:17 --> 00:54:21: but it's not that there's just at 80 or at

00:54:21 --> 00:54:21: 100.

00:54:21 --> 00:54:25: We've regularly blend all across that spectrum so that we

00:54:25 --> 00:54:28: make sure we're not delivering housing at just 80 or  
 00:54:28 --> 00:54:29: tax credit rents,  
 00:54:29 --> 00:54:32: which were 60. There's now a strong blend air,  
 00:54:32 --> 00:54:35: so we might have a project that blends all the  
 00:54:35 --> 00:54:39: way from the lowest incomes and include a homeless set  
 00:54:39 --> 00:54:41: aside to a mixed income.  
 00:54:41 --> 00:54:42: That kind of cross subsidizes.  
 00:54:42 --> 00:54:44: Part of the project as well.  
 00:54:44 --> 00:54:48: So and that's important because people raise this question  
 affordable  
 00:54:48 --> 00:54:49: to who and they cite this area,  
 00:54:49 --> 00:54:52: median income number and they forget that citing the area  
 00:54:52 --> 00:54:55: median income numbers like talking about temperature in  
 Fahrenheit or  
 00:54:55 --> 00:54:55: Celsius,  
 00:54:55 --> 00:54:58: it's just a scale. It doesn't mean that every day  
 00:54:58 --> 00:55:01: is 80 degrees some days or 60 and 50 and  
 00:55:01 --> 00:55:04: 30 because you can go up and down that scale,  
 00:55:04 --> 00:55:06: and so we subsidise to make sure you go up  
 00:55:06 --> 00:55:09: and down that income scale from very poor to moderate  
 00:55:09 --> 00:55:10: income.  
 00:55:11 --> 00:55:15: Uhm, and Eric is spot on with how I personally  
 00:55:15 --> 00:55:16: look at affordability,  
 00:55:16 --> 00:55:18: but you know the goal.  
 00:55:18 --> 00:55:21: We put Amazon's 20,000 units at 80%  
 00:55:21 --> 00:55:25: am I? But there is a value in mixed income  
 00:55:25 --> 00:55:29: and a lot of our properties are ranging from 60  
 00:55:29 --> 00:55:32: to 80 even though 1:20 and 1:50 and and if  
 00:55:32 --> 00:55:36: you get in that bonus point kind of concept I  
 00:55:36 --> 00:55:37: mentioned earlier,  
 00:55:37 --> 00:55:41: having make some income, there's a value in that beyond  
 00:55:41 --> 00:55:41: just.  
 00:55:41 --> 00:55:45: The rents themselves and and I think that's something we're  
 00:55:45 --> 00:55:48: evaluating at Amazon in terms of giving credit to properties  
 00:55:48 --> 00:55:50: that are restricting out of 120 or 150,  
 00:55:50 --> 00:55:53: let alone the 80. And as they're kind of used  
 00:55:53 --> 00:55:54: analogy of temperature,  
 00:55:54 --> 00:55:56: I mean it's it's, it's all relative.  
 00:55:56 --> 00:55:59: MI is the most spoken to term and in affordable  
 00:55:59 --> 00:56:01: housing at their custom nation.  
 00:56:01 --> 00:56:04: But you know, if we think about cost burden,  
 00:56:04 --> 00:56:06: cities and how much people spend towards housing,



00:56:06 --> 00:56:10: that's that's amore Rel. That's almost a more relevant conversation.

00:56:10 --> 00:56:11: Especially you think about financing.

00:56:11 --> 00:56:14: They give up needed in terms of making efficient capital

00:56:14 --> 00:56:15: to create affordability.

00:56:15 --> 00:56:18: So if you look at the city of LA.

00:56:18 --> 00:56:20: A new construction in the city,

00:56:20 --> 00:56:22: LA is at between 170 and 200%

00:56:22 --> 00:56:24: of AM I for a new construction.

00:56:24 --> 00:56:26: That's everything new being built,

00:56:26 --> 00:56:28: and so if I came in there and was like

00:56:29 --> 00:56:29: hey,

00:56:29 --> 00:56:32: I need you with my financing to restrict your property

00:56:32 --> 00:56:33: at 80%

00:56:33 --> 00:56:36: am I? You're giving up a lot of rent between

00:56:36 --> 00:56:37: 80 and 170 or 200%

00:56:37 --> 00:56:41: of am I. If you look at in renting a

00:56:41 --> 00:56:42: my terms versus.

00:56:42 --> 00:56:46: And Nashville, where average rent is probably like 85 little

00:56:46 --> 00:56:47: bit less of give up,

00:56:47 --> 00:56:49: I can probably get a little warm,

00:56:49 --> 00:56:51: but a my moves and so that's it.

00:56:51 --> 00:56:54: It's the current construct and it's and easiest way to

00:56:54 --> 00:56:55: talk about affordable housing.

00:56:55 --> 00:56:57: 'cause that's been the history of affordable housing.

00:56:57 --> 00:56:59: And that's what we're using here.

00:56:59 --> 00:57:02: But I think cost burden something to think about.

00:57:02 --> 00:57:04: I think that the value of mixed income is something

00:57:04 --> 00:57:05: you think about,

00:57:05 --> 00:57:08: uh, across at all, and I think Rosie,

00:57:08 --> 00:57:10: you asked about scattered site.

00:57:10 --> 00:57:14: Yeah, I think our site is something we could consider.

00:57:14 --> 00:57:16: Again, we are focused on our market,

00:57:16 --> 00:57:19: so if you're looking at scattered site across multiple cities,

00:57:19 --> 00:57:22: that doesn't really work. And and we would have to

00:57:22 --> 00:57:25: kind of look at the concentration of location there and

00:57:25 --> 00:57:26: and where it works.

00:57:26 --> 00:57:30: But you know, the one advantage that Amazon has over.

00:57:30 --> 00:57:34: Where I worked previously over the GCS holistically is.

00:57:34 --> 00:57:38: I'm. There's not tide to regulations of new products and

00:57:38 --> 00:57:39: new programs.

00:57:39 --> 00:57:41: So if I wanted to go lend on a great

00:57:41 --> 00:57:46: scattered site portfolio or a great single family housing portfolio,

00:57:46 --> 00:57:50: or are you know for purpose built rent,

00:57:50 --> 00:57:54: single family community or an MHC or an RV resort?

00:57:54 --> 00:57:57: All of those have roles and housing in various spots

00:57:58 --> 00:58:01: and and you could say that that's not housing.

00:58:01 --> 00:58:03: But it is for some people and so I think

00:58:03 --> 00:58:07: that's understanding that and having the flexibility of private capital

00:58:07 --> 00:58:10: a little bit less regulated by programs is where our

00:58:10 --> 00:58:13: money can really go. And that's where the the whole.

00:58:13 --> 00:58:16: But for Amazon Capital is is what we're trying to

00:58:16 --> 00:58:16: sell,

00:58:16 --> 00:58:19: like what could we do because no one else could

00:58:19 --> 00:58:22: do it or or just not feasible otherwise.

00:58:24 --> 00:58:25: Great

00:58:25 --> 00:58:29: thank you uhm. Because I think we are at time,

00:58:29 --> 00:58:32: I will just quickly ask Rosie if it's OK putting

00:58:32 --> 00:58:35: on my Executive director of you all I had on,

00:58:35 --> 00:58:37: I would love to hear you know we had over

00:58:37 --> 00:58:40: 100 members and just practitioners around the country looking at

00:58:40 --> 00:58:41: this issue.

00:58:41 --> 00:58:44: If each of you could just share one thing you

00:58:44 --> 00:58:47: want to leave the group with one thing you'd like

00:58:47 --> 00:58:50: to see members take away and think about in their

00:58:50 --> 00:58:52: day-to-day work about what specifically now talk about preservation.

00:58:52 --> 00:58:54: So let's start with Eric.

00:58:56 --> 00:58:59: Uhm, you know. I think this has been an incredibly

00:58:59 --> 00:59:02: valuable conversation and I think and I,

00:59:02 --> 00:59:05: there's a question in the in the list that I

00:59:05 --> 00:59:06: wanted to get to,

00:59:06 --> 00:59:08: and I think it's it's equity and the question was

00:59:08 --> 00:59:12: really about equity as relates to historic settlement patterns,

00:59:12 --> 00:59:16: and I think we'd be remiss if we didn't.

00:59:16 --> 00:59:19: Focus in this conversation to some extent on settlement patterns

00:59:20 --> 00:59:20: and race,

00:59:20 --> 00:59:24: right? There's a history of racial discrimination and redlining in

00:59:24 --> 00:59:27: this country that has been oftentimes focused on ownership.

00:59:27 --> 00:59:31: But I think the preservation and rental side is key,

00:59:31 --> 00:59:33: and I, I, you know,  
00:59:33 --> 00:59:36: I don't want to. One reason that even rezonings or  
00:59:36 --> 00:59:41: significant investment of the type that Amazon does  
sometimes gets  
00:59:41 --> 00:59:44: challenged and I really commend down this on for doing  
00:59:44 --> 00:59:47: this work, but I also think that they have to  
00:59:47 --> 00:59:50: do the work and it's for that reason is that  
00:59:50 --> 00:59:54: communities that feel like there may be significant rezoning  
or  
00:59:54 --> 00:59:58: cataclysmic investment, have reasons to be concerned about  
the balance  
00:59:58 --> 01:00:00: of equity that happens in those communities,  
01:00:00 --> 01:00:03: and that's the that's a really polite,  
01:00:03 --> 01:00:04: balanced way of saying it.  
01:00:04 --> 01:00:06: And so I think that.  
01:00:06 --> 01:00:08: That is, to me, one of the takeaways,  
01:00:08 --> 01:00:11: and I think that the pandemic just emphasized that the  
01:00:11 --> 01:00:14: uneven distribution of health care of services of access of  
01:00:14 --> 01:00:17: transportation of healthy foods and then with that all the  
01:00:17 --> 01:00:20: economics that come along with rezonings or huge as Jane  
01:00:20 --> 01:00:23: Jacobs called it cataclysmic investment at times I think are  
01:00:23 --> 01:00:25: all things that you have to keep an eye on  
01:00:25 --> 01:00:28: and that's the role of government to regulate,  
01:00:28 --> 01:00:30: and particularly when you're dealing with markets to regulate,  
01:00:30 --> 01:00:31: I'll stop there.  
01:00:33 --> 01:00:36: Yeah, I'll keep it short from the Amazon,  
01:00:36 --> 01:00:38: so I kind of did to the beginning.  
01:00:38 --> 01:00:42: It's this is a this is a people problem that  
01:00:42 --> 01:00:46: occurs across the entire nation and not one entity is  
01:00:46 --> 01:00:47: going to solve it.  
01:00:47 --> 01:00:49: Amazon is doing our part,  
01:00:49 --> 01:00:52: but I think the cost of housing has just been  
01:00:52 --> 01:00:55: going up and and then you kind of Lincoln and  
01:00:55 --> 01:00:59: Erica looted this the the disproportionately in in low income  
01:00:59 --> 01:01:02: minority communities and that's toppled on a couple.  
01:01:02 --> 01:01:04: On top of transportation costs,  
01:01:04 --> 01:01:07: education costs, health care costs that all make it tougher  
01:01:07 --> 01:01:07: to live,  
01:01:07 --> 01:01:11: and so I think this conversation on this panel has  
01:01:11 --> 01:01:15: been really good because this is kind of conversation that  
01:01:15 --> 01:01:16: needs to happen.  
01:01:16 --> 01:01:19: Across the country, it's a public private partnership of thinking  
01:01:19 --> 01:01:22: how everyone comes to the table and make things happen,

01:01:22 --> 01:01:26: and. Just 'cause you create a tool or a way  
01:01:26 --> 01:01:30: of doing something from either side of the world,  
01:01:30 --> 01:01:33: everyone kind to everyone kind of needs to know that  
01:01:33 --> 01:01:36: tool and think about how it applies to their own  
01:01:36 --> 01:01:39: market and every markets a little bit different.  
01:01:39 --> 01:01:43: And so I think an ongoing conversation is going to  
01:01:43 --> 01:01:47: be part of it and and constant innovation and thought  
01:01:47 --> 01:01:50: leadership is is going to be the only way with  
01:01:50 --> 01:01:54: everyone sitting at the table together to solve this problem.  
01:01:54 --> 01:01:55: Great  
01:01:55 --> 01:01:57: yeah, and the only thing I'll add is,  
01:01:57 --> 01:02:00: you know, having been on the public side and now  
01:02:00 --> 01:02:01: the nonprofit side.  
01:02:01 --> 01:02:05: Just we all have a very important role to play.  
01:02:05 --> 01:02:08: Even those who have not been steeped in affordable housing  
01:02:08 --> 01:02:09: and 80 versus 50%  
01:02:09 --> 01:02:12: of am I. You know this is about residents in  
01:02:12 --> 01:02:13: our communities,  
01:02:13 --> 01:02:16: people who've experienced discrimination and a lot of other  
hardships.  
01:02:16 --> 01:02:18: And so it feels like this is a moment and  
01:02:18 --> 01:02:22: time when everywhere people are more comfortable  
addressing this talking  
01:02:22 --> 01:02:25: about this markets that have not talked about.  
01:02:25 --> 01:02:29: Housing affordability ever or talking about it so.  
01:02:29 --> 01:02:31: Everyone has a role to play,  
01:02:31 --> 01:02:33: you know, in whatever you do and in bringing these  
01:02:33 --> 01:02:36: conversations forward and and bring people together.  
01:02:36 --> 01:02:38: So I'll leave us with that and pass it back  
01:02:38 --> 01:02:39: to Rosie.  
01:02:39 --> 01:02:41: Sorry, we went over by a few minutes,  
01:02:41 --> 01:02:44: but thank you for having us and Dan and Eric  
01:02:44 --> 01:02:45: for this  
01:02:45 --> 01:02:45: conversation. Yeah,  
01:02:45 --> 01:02:47: thank you so much. Laura,  
01:02:47 --> 01:02:50: Dan, and Eric for a great conversation and thank you  
01:02:50 --> 01:02:52: to everyone who joined us on this Friday afternoon and  
01:02:52 --> 01:02:54: have a wonderful weekend.

*personal use only. Reproduction or use without written permission is prohibited. If you have a correction or for permission inquiries, please contact [\[email protected\]](#).*