

# Event Session

## Homeless to Housed: Marrying the Money with the Deal

Date: February 25??26, 2025

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

00:01:09 --> 00:01:11: As the housing market grew, we evolved with it.

00:01:12 --> 00:01:15: And so now we do everything from permanent supportive housing

00:01:15 --> 00:01:17: where we're literally taking somebody off a part bench and

00:01:17 --> 00:01:20: moving him into an apartment to what people like to

00:01:20 --> 00:01:21: call workforce housing.

00:01:21 --> 00:01:23: I will get on my soapbox for half a second.

00:01:23 --> 00:01:27: I personally hate the differentiating between affordable and workforce because

00:01:27 --> 00:01:30: I can tell you all of my households earning 50%,

00:01:30 --> 00:01:33: sixty percent, 40% AMI are all working families and they're

00:01:33 --> 00:01:36: working probably harder than many of us in this room.

00:01:36 --> 00:01:39: So that's a personal bugaboo and I'll move on from

00:01:39 --> 00:01:42: that in addition to so we do the development and

00:01:42 --> 00:01:44: then we operate the housing.

00:01:44 --> 00:01:46: We're a non profit, so we're in it to own

00:01:46 --> 00:01:47: it for the long term.

00:01:48 --> 00:01:51: Our mission is that everyone have a safe, affordable home

00:01:51 --> 00:01:54: in a vibrant community, and home and community are both

00:01:54 --> 00:01:58: part of our mission and vision because everybody needs a

00:01:58 --> 00:01:58: home.

00:01:58 --> 00:02:00: That is the only way for people to thrive and

00:02:00 --> 00:02:01: achieve their full attention.

00:02:02 --> 00:02:04: And they needed to be in a community that helps

00:02:04 --> 00:02:08: them thrive because that, you know, we're really viewing the

00:02:08 --> 00:02:10: housing that we do as the tool.

00:02:10 --> 00:02:12: Our end objective is the impact we're having on our

00:02:12 --> 00:02:15: residents and the neighborhoods and communities in which

00:02:15 --> 00:02:15: our housing

00:02:15 --> 00:02:15: is located.

00:02:16 --> 00:02:19: So we partner with neighborhood organizations to do

00:02:19 --> 00:02:22: community revitalization

00:02:19 --> 00:02:22: efforts so that people who currently live in gentrifying areas

00:02:22 --> 00:02:25: are able to remain in the neighborhoods in which their

00:02:25 --> 00:02:28: families have lived for generations, as well as if they

00:02:28 --> 00:02:30: have a troubled property in their neighborhood.

00:02:30 --> 00:02:32: We try to help them, even if we're not the

00:02:32 --> 00:02:35: partner, help them identify a partner that can tackle as

00:02:35 --> 00:02:38: distressed multifamily property that is having significant

00:02:38 --> 00:02:39: issues in the

00:02:38 --> 00:02:39: neighborhood.

00:02:40 --> 00:02:43: You know, we working with one neighborhood group in Jacksonville

00:02:43 --> 00:02:45: and they had a apartment community called The Carter.

00:02:46 --> 00:02:47: Anybody's need seen.

00:02:47 --> 00:02:49: New Jack City knows exactly what I'm talking about.

00:02:49 --> 00:02:52: And the fact that they had that multifamily property for

00:02:52 --> 00:02:55: as many decades as it was operating in that condition

00:02:55 --> 00:02:57: is a condemnation on our community.

00:02:57 --> 00:02:59: But now the community has rallied in and it is

00:02:59 --> 00:03:00: no longer that.

00:03:00 --> 00:03:02: So those are the types of things we do.

00:03:02 --> 00:03:05: We really do the housing for the purpose of the

00:03:05 --> 00:03:06: impact it will have on our residents.

00:03:07 --> 00:03:09: As I mentioned, we started with homelessness.

00:03:09 --> 00:03:11: We do permanent supportive housing.

00:03:11 --> 00:03:15: It's a best practice, deeply affordable housing, individual wrap around

00:03:15 --> 00:03:18: services, help the person identify and achieve their goals with

00:03:18 --> 00:03:22: the main objective of housing stability and retaining stable housing.

00:03:22 --> 00:03:25: Not necessarily with us, could be moving on somewhere else,

00:03:25 --> 00:03:29: but also achieving their household goals, whatever their household goals

00:03:29 --> 00:03:29: are.

00:03:29 --> 00:03:32: And then in the middle of COVID, just because we

00:03:32 --> 00:03:35: had nothing else to do, we decided to work with

00:03:35 --> 00:03:37: our residents because we're in Florida.

00:03:38 --> 00:03:39: We have many properties in Orlando.

00:03:40 --> 00:03:42: All of the theme parks shut down in one day.

00:03:42 --> 00:03:43: Everybody lost their jobs.

00:03:43 --> 00:03:46: It was, I mean, every community was impacted, but our

00:03:46 --> 00:03:49: residents were really, really impacted because it wasn't just the

00:03:49 --> 00:03:51: parks, but all the support businesses.

00:03:52 --> 00:03:55: People were losing their jobs all over the place and

00:03:55 --> 00:03:58: so we really wanted to work with our residents and

00:03:58 --> 00:04:00: have a Co LED effort on what else can we

00:04:00 --> 00:04:02: do in our role as a nonprofit that is part

00:04:02 --> 00:04:06: of an ecosystem of other nonprofits to help our residents

00:04:06 --> 00:04:09: break the cycle of intergenerational poverty so that the children

00:04:09 --> 00:04:12: living in our housing won't need it as adults.

00:04:13 --> 00:04:15: This is a massive R&D experiment.

00:04:15 --> 00:04:16: It is going to take a long time.

00:04:16 --> 00:04:18: We're going to try, we're going to see how it works.

00:04:18 --> 00:04:18: We're going to try something else.

00:04:18 --> 00:04:19: World Morph.

00:04:19 --> 00:04:20: It is very resident LED.

00:04:20 --> 00:04:22: These are their lives.

00:04:22 --> 00:04:24: They know what they need far better than I ever would.

00:04:24 --> 00:04:24: But that is what we're doing and I'm happy to be here with the group discussing everything from persons moving in off the street to situationally economically homeless individuals to working families that cannot afford market housing.

00:04:25 --> 00:04:27: Thank you for that.

00:04:27 --> 00:04:30: Shannon.

00:04:30 --> 00:04:34: Joy, can you share a little bit about New Hope Housing and what you all are working on?

00:04:34 --> 00:04:36: Certainly I'm Joy Horrock Brown, and I'm the president and CEO of New Hope Housing, and I am also New Hope Housing's first employee.

00:04:38 --> 00:04:38: And when I began, I was part time.

00:04:38 --> 00:04:39: We now have 135 on staff and many times I'm not sure quite how that happened, except I know that a lot of people helped.

00:04:39 --> 00:04:41: By the end of this year, we will have 15 operating properties.

00:04:41 --> 00:04:44: All of our apartment homes are at 60% area median income and below, most of them at 50% and below, and half of our portfolio is dedicated to the formerly unhoused.

00:04:44 --> 00:04:48: We are the largest voucher holder in the city of Houston, so the Houston Housing Authority considers us their number one landlord, though we don't think of ourselves that way.

00:04:48 --> 00:04:51: We have 700 project based vouchers and those would be dedicated to the formerly chronic homeless people who have lived on the street for as long as 20 years, certainly more than one year.

00:04:51 --> 00:04:53: And of course they have a Co occurring disability because any of us in this room who went out on the street for a year, even with the credit cards

00:04:53 --> 00:04:56: the street for a year, even with the credit cards

00:04:56 --> 00:05:00: the street for a year, even with the credit cards

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00:05:05 --> 00:05:07: the street for a year, even with the credit cards

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00:06:01 --> 00:06:04: the street for a year, even with the credit cards

00:06:04 --> 00:06:07: the street for a year, even with the credit cards

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

00:08:36 --> 00:08:37: are and work with them.

00:08:38 --> 00:08:42: We are the leading provider of supportive housing in the

00:08:42 --> 00:08:46: state of Texas and we are the first provider of

00:08:46 --> 00:08:50: affordable housing in the state of Texas of this type.

00:08:50 --> 00:08:55: And you may know that Houston has reduced homelessness

00:08:55 --> 00:08:58: in

00:08:58 --> 00:09:02: the last decade by 60%.

00:09:02 --> 00:09:06: So our service there, our entire system has been very

00:09:06 --> 00:09:10: successful, but there's always work left to do.

00:09:10 --> 00:09:11: When I began, there were more than 10,000 people on

00:09:11 --> 00:09:14: the street.

00:09:14 --> 00:09:16: Now there are about 3200 Well.

00:09:16 --> 00:09:19: Thank you, Joy.

00:09:19 --> 00:09:21: Margo, I want to come over to you and I

00:09:21 --> 00:09:22: know your work is a little bit in a different

00:09:22 --> 00:09:25: lane, but a very interesting 1.

00:09:25 --> 00:09:27: So can you share a little bit about what Jonathan

00:09:27 --> 00:09:28: Rose Companies is doing and you specifically in your role

00:09:28 --> 00:09:29: in acquisitions?

00:09:29 --> 00:09:32: Sure.

00:09:32 --> 00:09:36: So share very much the same mission at Jonathan Rose

00:09:36 --> 00:09:39: Companies as my fellow panelists, but we are the way.

00:09:39 --> 00:09:43: One way that we're different is we are a mission

00:09:43 --> 00:09:46: different mission driven for profit company.

00:09:46 --> 00:09:50: And I have the distinct pleasure of working for a

00:09:50 --> 00:09:54: team that has raised a series of private equity funds

00:09:54 --> 00:09:59: that are focused on impact investing specifically for the goal

00:09:59 --> 00:10:00: of preserving affordable housing in high cost markets across

00:10:00 --> 00:10:04: the

00:10:04 --> 00:10:07: United States.

00:10:07 --> 00:10:11: So on a day-to-day basis, I am working with a

00:10:11 --> 00:10:16: team of six other people to use this large equity

00:10:16 --> 00:10:20: fund we have raised to buy properties that are at

00:10:20 --> 00:10:24: risk of either having expiring affordability or naturally

00:10:24 --> 00:10:25: occurring affordability

00:10:25 --> 00:10:26: that could be at risk of going away should a

00:10:26 --> 00:10:30: market rate buyer purchase the property with a traditional

00:10:30 --> 00:10:33: value

00:10:33 --> 00:10:37: add.

00:10:37 --> 00:10:40: Raise the rent strategy.

00:10:40 --> 00:10:43: And we can talk more about this as we go

00:10:43 --> 00:10:46: on, but much of the housing that we buy at

00:10:46 --> 00:10:49: Jonathan Rose Companies is project based Section 8 Lie

tech

00:10:37 --> 00:10:40: housing with expiring affordability agreements.

00:10:41 --> 00:10:45: Many of you may be familiar familiar with that landscape,

00:10:45 --> 00:10:49: but something you know that we've seen over the years

00:10:49 --> 00:10:52: that is an issue with typical lie tech or project

00:10:52 --> 00:10:55: based Section 8 housing and it's a limited stock.

00:10:55 --> 00:10:59: And at the same time as we build new LITEC

00:10:59 --> 00:11:05: housing or buy existing LITEC housing, there are properties with

00:11:05 --> 00:11:11: natural affordability that goes away every year just by large

00:11:11 --> 00:11:14: rent increases from market rate investors.

00:11:15 --> 00:11:18: So what we've looked at doing more and more recently

00:11:18 --> 00:11:22: at Jonathan Rose Companies on the preservation side is looking

00:11:22 --> 00:11:27: at opportunities where there is a naturally occurring affordable or

00:11:27 --> 00:11:29: naturally mixed income property for sale.

00:11:30 --> 00:11:32: And in this case the property on the screen here

00:11:32 --> 00:11:33: is called The Grove.

00:11:33 --> 00:11:37: It is 331 unit property in San Jose, CA that

00:11:37 --> 00:11:40: I was, you know, sitting at my desk when the

00:11:40 --> 00:11:45: broker package came along for this value add opportunity in

00:11:45 --> 00:11:49: San Jose to buy the property and vastly increase rents

00:11:49 --> 00:11:52: to market rate through a renovation strategy.

00:11:53 --> 00:11:56: And it was very clear right away, you know, looking

00:11:56 --> 00:12:00: at the rent roll and then touring the property, that

00:12:00 --> 00:12:03: this is a place where all types of people in

00:12:04 --> 00:12:07: San Jose live from the very, you know, the very

00:12:07 --> 00:12:11: poorest on a housing voucher to people making over \$300,000

00:12:11 --> 00:12:15: working at eBay headquarters down the street.

00:12:16 --> 00:12:19: So we really saw this as an opportunity to deploy

00:12:19 --> 00:12:23: our equity fund, pair that with agency debt and try

00:12:23 --> 00:12:27: to bid for this property with a strategy instead of

00:12:27 --> 00:12:32: increasing rent to buy the property, convert it to rent,

00:12:32 --> 00:12:37: restricted affordable housing and lower the expenses via tax exemption.

00:12:38 --> 00:12:41: So with that strategy, we were able to beat out

00:12:41 --> 00:12:45: over 10 market rate companies that were looking to buy

00:12:45 --> 00:12:46: this property.

00:12:48 --> 00:12:51: We were able to buy the property for 102 million

00:12:51 --> 00:12:56: with affordability strategy instead of a value add in the

00:12:56 --> 00:12:58: traditional market rate sense strategy.

00:12:59 --> 00:13:02: That's an example of some of the creative deal making

00:13:02 --> 00:13:05: we are looking to do with our equity fund.

00:13:05 --> 00:13:08: So as the conversation goes on, happy to talk more

00:13:08 --> 00:13:08: about that.

00:13:09 --> 00:13:09: Sure.

00:13:09 --> 00:13:10: So, so let's talk about, I mean, I know we

00:13:11 --> 00:13:12: all want to talk about sort of how the money

00:13:12 --> 00:13:13: comes into these deals.

00:13:14 --> 00:13:16: So and, and what, what is the strategy to make

00:13:16 --> 00:13:16: this work.

00:13:16 --> 00:13:18: And we I think with the three of you who've

00:13:18 --> 00:13:21: already mentioned like sort of some of the different levels

00:13:21 --> 00:13:24: of housing that is available, whether it's a permanent

00:13:25 --> 00:13:27: supportive

00:13:27 --> 00:13:28: housing, deeply affordable in the various levels of of AMI

00:13:28 --> 00:13:30: etcetera.

00:13:30 --> 00:13:33: So, you know, if, if the private sector folks are

00:13:33 --> 00:13:36: looking at engaging here, you know, how, how can you

00:13:36 --> 00:13:38: make this work at some of those various levels?

00:13:38 --> 00:13:41: And, and what's both, let's talk both capital stack and

00:13:41 --> 00:13:43: overall portfolio, because I think both of those matter as

00:13:43 --> 00:13:45: you're moving forward into this space.

00:13:45 --> 00:13:47: Anybody just feel free to jump in first and let's

00:13:47 --> 00:13:49: make it a little bit of an open conversation.

00:13:49 --> 00:13:51: Sure.

00:13:51 --> 00:13:53: So I'll begin.

00:13:53 --> 00:13:55: And our capital stack has historically been a third tax

00:13:55 --> 00:14:00: credits, a third other governmental funds, whether those were

00:14:00 --> 00:14:03: city

00:14:03 --> 00:14:06: or county funding, and a third philanthropy.

00:14:06 --> 00:14:09: And this is because, first of all, we're very fortunate.

00:14:09 --> 00:14:11: Houston is an extremely philanthropic city, one of the most

00:14:11 --> 00:14:13: philanthropic cities in the country.

00:14:13 --> 00:14:17: And this has allowed us for all of our permanent

00:14:17 --> 00:14:22: supportive housing, any of our work with the unhoused has

00:14:22 --> 00:14:22: zero debt.

00:14:22 --> 00:14:26: We simply raised the money and built the buildings.

00:14:26 --> 00:14:30: And this is because they're very costly to operate and

00:14:30 --> 00:14:33: the services are costly and those are usually below the

00:14:33 --> 00:14:34: funding line.

00:14:34 --> 00:14:37: And so if you're going to do that work, you

00:14:37 --> 00:14:40: need a number of people to put their shoulder against

00:14:40 --> 00:14:40: it.



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

00:19:30 --> 00:19:30: Etcetera.

00:19:31 --> 00:19:37: So we're really getting creative with educational, medical, with foundations,

00:19:37 --> 00:19:38: banks, businesses.

00:19:38 --> 00:19:41: You know, we're also working with faith groups.

00:19:41 --> 00:19:43: You know, churches aren't growing as much as they used to.

00:19:43 --> 00:19:43: to.

00:19:43 --> 00:19:46: Maybe they have land or maybe somebody's going to build a health clinic.

00:19:46 --> 00:19:47: Can we talk about air rights?

00:19:47 --> 00:19:49: You know, give us, you build your health clinic and give me 7 stories above it.

00:19:51 --> 00:19:52: You know, let's figure out how we everything can be part of the solution and every, everybody has a role in it.

00:19:52 --> 00:19:55: It's not a nonprofit, it's not a government.

00:19:55 --> 00:19:58: It's everybody.

00:19:58 --> 00:19:59: And I will say as developers in the room and God bless you all because it's a high risk industry and we all know that, but also let's be honest, the developers create the problem.

00:19:59 --> 00:20:01: It's a unintended consequence of really strong real estate markets

00:20:01 --> 00:20:02: that housing prices go up, people get priced out and become homeless.

00:20:02 --> 00:20:03: So help me part of the solution, make it an intentional part of if you're going to do this major redevelopment, you don't necessarily have to do the affordable housing.

00:20:03 --> 00:20:05: Maybe somebody else does the affordable housing if that's not your bailiwick.

00:20:05 --> 00:20:08: But figure out if you're going to help create the problem.

00:20:08 --> 00:20:10: And in the end, there's going to be worker shortages in your community and the firemen and the policemen are quitting and going somewhere else because they're commuting an hour and they're not willing to do it any longer.

00:20:10 --> 00:20:12: And the hospital can't keep employees.

00:20:12 --> 00:20:15: I'm talking about real communities in Florida.

00:20:15 --> 00:20:17: The hospitals can't keep employees.

00:20:17 --> 00:20:18: You know, be part of that solution because otherwise those

00:20:51 --> 00:20:54: communities you're developing in won't be as vibrant and they

00:20:55 --> 00:20:56: won't retain their value.

00:20:56 --> 00:20:59: So it's in your enlightened self-interest to also help.

00:20:59 --> 00:21:02: And many, you know, developers have charitable arms and things

00:21:02 --> 00:21:03: that they're doing.

00:21:03 --> 00:21:06: So how can you support affordable housing or support preventing

00:21:06 --> 00:21:10: homelessness or ending homelessness with your charitable work?

00:21:11 --> 00:21:14: So I would say if if what Shannon just said

00:21:14 --> 00:21:17: sounds more complex, if you're a small nonprofit in the

00:21:17 --> 00:21:20: room, then you're able to put your arms around.

00:21:21 --> 00:21:26: There's no reason that individual entity or foundation wouldn't invest

00:21:26 --> 00:21:28: in that same way.

00:21:28 --> 00:21:32: Not such a large fund, but to start more individually,

00:21:32 --> 00:21:34: I think that's very possible.

00:21:35 --> 00:21:38: When I think, you know, if you're looking at from

00:21:38 --> 00:21:41: the private sector developer, you know, side, OK, I want

00:21:41 --> 00:21:42: to be helpful.

00:21:42 --> 00:21:44: What is the best way for me to be helpful?

00:21:44 --> 00:21:46: I would like to do this, but I can't do

00:21:46 --> 00:21:47: it unless I get a good return.

00:21:48 --> 00:21:49: I still have to do business.

00:21:49 --> 00:21:50: I can maybe get less of a return, but I

00:21:50 --> 00:21:51: still need a return.

00:21:52 --> 00:21:55: So, so you know, what are some suggestions for developers

00:21:55 --> 00:21:57: who, who want to do some work similar to what

00:21:57 --> 00:21:59: all of you are doing and are just sort sort

00:21:59 --> 00:22:01: of trying to figure out what's, what's the way, How

00:22:02 --> 00:22:03: do I put this deal together?

00:22:04 --> 00:22:06: I think my answer to that really depends on what

00:22:06 --> 00:22:09: the size of the company is and what their level

00:22:09 --> 00:22:11: of potential commitment is.

00:22:11 --> 00:22:15: I think, you know, starting with the biggest corporate example

00:22:15 --> 00:22:19: of, of corporate support for affordable housing right now I

00:22:19 --> 00:22:22: think is the Amazon housing equity fund, which many of

00:22:23 --> 00:22:25: you are probably familiar with.

00:22:25 --> 00:22:28: It started in, it's in DC, Seattle and Nashville.

00:22:28 --> 00:22:32: Amazon really created this low interest debt fund to make

00:22:33 --> 00:22:37: loans to affordable housing developers and owners who are

either

00:22:37 --> 00:22:42: going to develop affordable housing or do what I mentioned

00:22:42 --> 00:22:46: before, convert market rate housing to affordable housing.

00:22:47 --> 00:22:50: Amazon created this in effect in response to a lot

00:22:50 --> 00:22:51: of the backlash.

00:22:51 --> 00:22:54: When they create a new headquarters, people would say we

00:22:54 --> 00:22:55: don't want Amazon HQ here.

00:22:55 --> 00:22:58: That's going to drive up our our housing prices.

00:22:59 --> 00:23:02: They really created this in response to that backlash and

00:23:02 --> 00:23:06: to Amazon's credit, they put hundreds of millions of dollars

00:23:06 --> 00:23:07: into their housing equity fund.

00:23:08 --> 00:23:12: That is, I think some something that the biggest corporations

00:23:12 --> 00:23:15: in America should all be doing that because it really

00:23:15 --> 00:23:20: is a affordable housing crisis affecting communities

00:23:21 --> 00:23:23: everywhere and affecting

00:23:24 --> 00:23:27: their ability to hire workers everywhere.

00:23:27 --> 00:23:32: I think when it comes to smaller corporations or more

00:23:32 --> 00:23:36: local philanthropic to support to smaller nonprofit developers

00:23:36 --> 00:23:40: or even

00:23:41 --> 00:23:44: larger nonprofit developers into a deal, there's always gap

00:23:44 --> 00:23:48: filling

00:23:48 --> 00:23:51: money that needs to go into an affordable housing

00:23:51 --> 00:23:55: development.

00:23:56 --> 00:23:59: But if they do, you know for example, need a

00:23:59 --> 00:24:02: return on their investment, that's where a type of impact

00:24:02 --> 00:24:04: investing fund really is potentially a better fit or a

00:24:04 --> 00:24:06: better strategy for having a risk adjusted return.

00:24:07 --> 00:24:08: There really is money to be made in affordable housing.

00:24:09 --> 00:24:09: You know, I think that is uncomfortable for or maybe

00:24:09 --> 00:24:11: uncomfortable to say sometimes, but that's true.

00:24:11 --> 00:24:12: And I don't think it that's a bad thing.

00:24:12 --> 00:24:14: So I think that's another option.

00:24:14 --> 00:24:16: Let's talk.

00:24:16 --> 00:24:17: Let's go back to because we didn't really touch on

00:24:17 --> 00:24:21: it.

00:24:21 --> 00:24:25: I think I threw it out there, but I mixed

00:24:25 --> 00:24:29: it in with too many other things.

00:24:29 --> 00:24:33: So let's go back to the idea of a portfolio

00:24:33 --> 00:24:37: mix.

00:24:37 --> 00:24:41: How much of, you know, permanent supportive housing can

00:24:41 --> 00:24:45: you

00:24:45 --> 00:24:49: have in your portfolio versus deeply affordable, affordable

00:24:49 --> 00:24:53: market rate?

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

00:26:05 --> 00:26:08: It is in need of lots of love, lots of

00:26:08 --> 00:26:08: work.

00:26:08 --> 00:26:11: Everything's going to be replaced, but we got it for

00:26:11 --> 00:26:12: \$500,000.

00:26:12 --> 00:26:14: Any for profit developer would make a good chunk of

00:26:14 --> 00:26:15: change off of that.

00:26:15 --> 00:26:17: We're going to take that profit and use it to

00:26:17 --> 00:26:18: self subsidized rents.

00:26:18 --> 00:26:21: So we're going to create not a high end Class

00:26:21 --> 00:26:24: A market housing, but market housing, but then we'll self

00:26:24 --> 00:26:27: subsidized by taking the cash flow that would normally go

00:26:27 --> 00:26:29: to the developer as their profit and use it to

00:26:29 --> 00:26:30: self subsidized units.

00:26:30 --> 00:26:34: So everything, so everything mixed income.

00:26:34 --> 00:26:37: I will say in especially in our market with without

00:26:37 --> 00:26:41: the massive support that Houston has for addressing

00:26:41 --> 00:26:44: homelessness and

00:26:44 --> 00:26:47: and service resources and things like that.

00:26:47 --> 00:26:47: We did do one smaller project that was 100% chronically

00:26:47 --> 00:26:49: homeless.

00:26:49 --> 00:26:53: It was only 43 units.

00:26:53 --> 00:26:56: And we quickly realized that that's too much acuity in

00:26:56 --> 00:27:00: proximity, that everyone needs a diverse neighborhood.

00:27:00 --> 00:27:01: All of us need diverse neighborhoods, including mixes of

00:27:01 --> 00:27:03: incomes

00:27:03 --> 00:27:06: and backgrounds.

00:27:06 --> 00:27:08: And if everyone in the community responds to a three

00:27:08 --> 00:27:11: day notice that you forgot to pay your rent as

00:27:11 --> 00:27:12: if it's an eviction notice and they're going to be

00:27:12 --> 00:27:15: kicked out that night, you're you're not modeling the right

00:27:15 --> 00:27:19: behavior.

00:27:19 --> 00:27:22: So having more diverse groups so that there's different ways

00:27:22 --> 00:27:26: of reacting and responding and the like, it just helps

00:27:26 --> 00:27:28: with diverse diversity and it helps and our residents have

00:27:28 --> 00:27:31: really as we again, we're very resident LED our residents

00:27:31 --> 00:27:32: let us know that is what they prefer.

00:27:32 --> 00:27:32: So.

00:27:32 --> 00:27:37: They I wouldn't have a different take on that, Shannon.

00:27:37 --> 00:27:40: Oh, and I and you have a different.

00:27:40 --> 00:27:42: Model.

00:27:42 --> 00:27:45: I would say that whereas that's a a a fine

00:27:45 --> 00:27:48: idea, it's also a finite number.



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

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

00:32:02 --> 00:32:03: get this work done?

00:32:03 --> 00:32:05: If you could take a roadblock out of your way

00:32:05 --> 00:32:08: to make this work easier, what would it be?

00:32:09 --> 00:32:10: Only get one.

00:32:11 --> 00:32:13: I mean top three.

00:32:15 --> 00:32:18: So I would say candidly staffing at nonprofits and we're

00:32:18 --> 00:32:22: competing with, you know, large for profit organizations on very

00:32:22 --> 00:32:23: highly technical projects.

00:32:23 --> 00:32:25: People don't tend to want to work for a nonprofit

00:32:25 --> 00:32:26: doing the hardest projects.

00:32:27 --> 00:32:29: So getting good staffing that is very mission focused and

00:32:29 --> 00:32:31: and we're able to develop them.

00:32:32 --> 00:32:35: You know, the political environment we are in Florida, there's

00:32:35 --> 00:32:36: a lot of things going on.

00:32:37 --> 00:32:40: There's an awareness of affordable housing, but they always think

00:32:40 --> 00:32:42: of the more deserving people in need of affordable housing

00:32:42 --> 00:32:45: as opposed to the people who traditionally always needed affordable

00:32:45 --> 00:32:45: housing.

00:32:46 --> 00:32:49: And then NIMBY, you know, and, and that's across that

00:32:49 --> 00:32:50: isn't even affordable.

00:32:50 --> 00:32:51: That's just density.

00:32:51 --> 00:32:53: I mean, we're, I haven't seen a community yet where

00:32:53 --> 00:32:57: somebody, you know, puts forth something multifamily that needs any

00:32:57 --> 00:33:00: kind of approval, where there isn't a group with pitchforks

00:33:00 --> 00:33:01: just clamoring now.

00:33:02 --> 00:33:04: So it's always about the money.

00:33:04 --> 00:33:07: And the one thing I would wish for today is

00:33:08 --> 00:33:10: certainty, some certainty.

00:33:10 --> 00:33:14: This morning I missed what evidently was a fabulous session.

00:33:14 --> 00:33:17: I missed it because I was on a Zoom call

00:33:17 --> 00:33:21: killing a building we were just about to break ground

00:33:21 --> 00:33:26: on for very low income families in a rapidly gentrifying

00:33:26 --> 00:33:30: neighborhood that was very eager for that housing.

00:33:30 --> 00:33:34: And we lost one \$1.2 million because eight and a

00:33:34 --> 00:33:38: half, \$1,000,000 in federal funds were frozen.

00:33:39 --> 00:33:41: And so that is gone.

00:33:42 --> 00:33:45: And now if I had had more time with the

00:33:45 --> 00:33:49: tax credit program is very complicated.

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

00:36:21 --> 00:36:24: federal level, are there local policies, state level policies that  
00:36:24 --> 00:36:27: could be changed to make this work easier for you?  
00:36:28 --> 00:36:30: So in addition to my day job, I've been on  
00:36:30 --> 00:36:33: the board of the Florida Support of Housing Coalition for  
00:36:33 --> 00:36:35: many, many, way too many years to admit to at  
00:36:35 --> 00:36:35: this point.  
00:36:36 --> 00:36:38: And I would say, yes, I have a list of  
00:36:39 --> 00:36:43: policy issues that we've been discussing with Tallahassee in  
00:36:43 --> 00:36:45: Florida.  
00:36:45 --> 00:36:49: We've been done a pretty good job of advocating with  
00:36:49 --> 00:36:52: our state housing finance authority where we're having  
00:36:52 --> 00:36:56: trouble and  
00:36:56 --> 00:37:00: need if we're really going to tackle homelessness.  
00:37:00 --> 00:37:01: For context, between 2007 and 2022, Florida's had the  
00:37:01 --> 00:37:03: largest  
00:37:03 --> 00:37:05: reduction in homelessness in the country and then our  
00:37:05 --> 00:37:07: housing  
00:37:07 --> 00:37:09: market went crazy.  
00:37:09 --> 00:37:12: And for the last two to three years, we've seen  
00:37:12 --> 00:37:15: increases and it is straight a housing cost issue.  
00:37:15 --> 00:37:18: And but the barrier that we have from a policy  
00:37:18 --> 00:37:21: perspective is more and more seniors and more and more  
00:37:21 --> 00:37:23: persons with disabilities are becoming homeless.  
00:37:23 --> 00:37:26: We need the service dollars and the operating support,  
00:37:26 --> 00:37:30: whether  
00:37:30 --> 00:37:32: it's rental assistance or whatever to make the units affordable  
00:37:32 --> 00:37:34: linked with the housing production dollars.  
00:37:34 --> 00:37:35: Right now it's on the developer to come up with  
00:37:35 --> 00:37:37: those.  
00:37:37 --> 00:37:39: And candidly, I've told our we've asked local, local  
00:37:39 --> 00:37:41: communities  
00:37:41 --> 00:37:42: ask us all the time to do another one.  
00:37:42 --> 00:37:44: I'm like, you going to sign a contract because I  
00:37:44 --> 00:37:46: need your money.  
00:37:46 --> 00:37:48: If you want me to commit to 50 years, 50  
00:37:48 --> 00:37:50: years of housing homeless people in this project, because if  
00:37:50 --> 00:37:52: I get the state money to build it, that's what  
00:37:52 --> 00:37:54: I'm committing to.  
00:37:54 --> 00:37:56: But I need rent assistance and I need service dollars  
00:37:56 --> 00:37:58: or I'm setting those residents up for failure and I'm  
00:37:58 --> 00:38:00: setting my team up for failure.  
00:38:00 --> 00:38:02: So one of the ways that the private sector can  
00:38:02 --> 00:38:04: work with the with the nonprofit sector in solving the

00:37:58 --> 00:38:01: problem of affordability, and let's talk about that as a

00:38:01 --> 00:38:05: broad problem, 50% of the people in Houston rent the

00:38:05 --> 00:38:06: place where they live.

00:38:06 --> 00:38:11: 25% of the people in Houston are rent burdened, paying

00:38:11 --> 00:38:14: more than 30% of their income in rent.

00:38:14 --> 00:38:17: And that would be for the for the public, for

00:38:17 --> 00:38:20: the private sector to engage more strongly the way you

00:38:20 --> 00:38:22: are to tell you in the way I heard you

00:38:22 --> 00:38:23: were this morning.

00:38:23 --> 00:38:27: I'm so excited about what Ron Terwilliger has done with

00:38:27 --> 00:38:30: homeless to house and I am Co chairing a division

00:38:30 --> 00:38:33: of homeless to house and we'll be working on the

00:38:33 --> 00:38:38: 10 principles, the public and private sector together, working

00:38:38 --> 00:38:42: on

00:38:38 --> 00:38:42: the 10 principles to guide the homeless to housed work

00:38:42 --> 00:38:43: into the future.

00:38:43 --> 00:38:47: And if that interests any of you here, I would

00:38:47 --> 00:38:51: love to hear from you, joy at New Hope housing.com,

00:38:51 --> 00:38:55: because you could be very helpful to what we're doing

00:38:55 --> 00:38:59: and what we're hoping will be able to drive policy

00:38:59 --> 00:39:04: changes as the private sector helps work that through

00:39:04 --> 00:39:07: lobbyists

00:39:04 --> 00:39:07: up through the system for change.

00:39:09 --> 00:39:10: Anything else on the policy front?

00:39:12 --> 00:39:15: I think right now I'm thinking most about what could

00:39:15 --> 00:39:18: change that I don't want to change rather than what

00:39:18 --> 00:39:19: I want to change.

00:39:20 --> 00:39:23: And I mean number one on my personal list is

00:39:23 --> 00:39:24: HUD staffing.

00:39:24 --> 00:39:28: We are working with HUD on daily basis, various regional

00:39:28 --> 00:39:32: offices that we interact with across our portfolio.

00:39:32 --> 00:39:35: So that is probably #1 concern right now on the

00:39:36 --> 00:39:37: local level.

00:39:37 --> 00:39:41: I would love to see more States and cities implement

00:39:41 --> 00:39:46: tax, property tax exemptions for affordable housing.

00:39:46 --> 00:39:50: California has an extremely powerful one that you know you

00:39:50 --> 00:39:54: proportional to the percentage of units that are affordable,

00:39:54 --> 00:39:57: you

00:39:54 --> 00:39:57: get a tax exemption proportional to that.

00:39:58 --> 00:40:02: It is extremely, extremely powerful in being able to maintain

00:40:03 --> 00:40:07: affordable housing properties by lowering your expenses.

00:40:07 --> 00:40:10: But also to compete with the market when you do

00:40:10 --> 00:40:15: want to take naturally occurring affordable and convert it to

00:40:15 --> 00:40:17: rent restricted affordable.

00:40:17 --> 00:40:20: And then the the third one I would mention besides

00:40:20 --> 00:40:22: just keeping people employed at HUD.

00:40:23 --> 00:40:27: Second one being more taxing property tax exemptions for affordable

00:40:27 --> 00:40:28: housing.

00:40:28 --> 00:40:32: The third one I think is way more project based

00:40:32 --> 00:40:37: subsidy funded sustainably with long term contracts on the city

00:40:37 --> 00:40:40: level, state level and federal level.

00:40:41 --> 00:40:44: It we have not really increased the amount of project

00:40:44 --> 00:40:47: based subsidy in many years in this country.

00:40:47 --> 00:40:50: It is time to do that, and I think if

00:40:50 --> 00:40:53: there are going to be meaningful budget cuts from other

00:40:53 --> 00:40:57: areas of the federal government, that is where I would

00:40:57 --> 00:41:00: love to see an increase in funding because it does

00:41:00 --> 00:41:04: do so much to create housing that is sustainable, sustainably

00:41:04 --> 00:41:07: affordable and able to be maintained for the long term.

00:41:11 --> 00:41:13: I'm sort of, I, I'm going to come to Q&A

00:41:13 --> 00:41:14: in just a moment.

00:41:15 --> 00:41:17: I know we sort of talked at the top and

00:41:17 --> 00:41:19: we've all alluded to a little bit some of our

00:41:19 --> 00:41:22: fears and you certainly just did, Margo, about what's coming

00:41:22 --> 00:41:23: at the federal level.

00:41:25 --> 00:41:27: How are you handling and how are your peers and

00:41:27 --> 00:41:30: colleagues handling, handling all this uncertainty?

00:41:30 --> 00:41:31: You refer to it Joy.

00:41:31 --> 00:41:34: Projects are being stopped in their tracks, as we've heard

00:41:34 --> 00:41:34: you say.

00:41:35 --> 00:41:39: Are you sort of pumping the brakes and just waiting?

00:41:39 --> 00:41:41: Are you trying to move forward on existing projects, like

00:41:42 --> 00:41:42: fingers crossed?

00:41:42 --> 00:41:43: I mean, what?

00:41:43 --> 00:41:44: What's sort of happening right now?

00:41:44 --> 00:41:48: We are moving forward on developments that we have far

00:41:48 --> 00:41:51: less certainty that they will ever be realized.

00:41:51 --> 00:41:53: We are going ahead.

00:41:53 --> 00:41:56: We are applying for tax credits where, you know, we're

00:41:56 --> 00:42:00: starting the clock running again, knowing that we can stop

00:42:00 --> 00:42:03: the clock if there isn't more certainty before we have

00:42:04 --> 00:42:07: expended a funds the way we were caught just recently

00:42:07 --> 00:42:11: unaware something that started a couple of years ago when

00:42:11 --> 00:42:13: the funding was absolutely certain.

00:42:13 --> 00:42:17: So we aren't, we aren't pumping the brakes, but we

00:42:17 --> 00:42:20: are aware of the greater level of uncertainty and the

00:42:20 --> 00:42:25: concern that makes really for the sustainability of an organization.

00:42:25 --> 00:42:29: You know, we're, we have reasonably large footings now and

00:42:29 --> 00:42:31: we have a balance sheet, but you know, you can

00:42:31 --> 00:42:33: spend down your balance sheet.

00:42:33 --> 00:42:36: We're certainly not as large as as Jonathan Rose.

00:42:36 --> 00:42:40: And when you aren't developing properties, you aren't earning developer

00:42:40 --> 00:42:40: fees.

00:42:40 --> 00:42:42: That's just a fact.

00:42:42 --> 00:42:44: And that impacts your organization.

00:42:44 --> 00:42:48: And being a nonprofit, what you do with those developer

00:42:48 --> 00:42:51: fees once you've sustained your organization is you put them

00:42:51 --> 00:42:53: into additional developments.

00:42:53 --> 00:42:56: So this is a far reaching it to my mind.

00:42:56 --> 00:42:59: I think about it like the pandemic.

00:42:59 --> 00:43:02: I know in Texas, the pandemic's been over for a

00:43:02 --> 00:43:05: few years, but children are still not reading at grade

00:43:05 --> 00:43:08: level and they still aren't doing math at grade level

00:43:08 --> 00:43:11: the way they were before the pandemic.

00:43:11 --> 00:43:12: We have not recovered.

00:43:12 --> 00:43:15: So this is not something that's going to be chaotic

00:43:15 --> 00:43:18: for a short period of time and then there will

00:43:18 --> 00:43:21: be certainty because it's like throwing a Pebble into water.

00:43:21 --> 00:43:26: It will continue to have created difficulties in basically the

00:43:26 --> 00:43:30: housing that you have not provided for the next 4

00:43:30 --> 00:43:31: decades.

00:43:33 --> 00:43:36: I would say we're not pumping the brakes, but we've

00:43:36 --> 00:43:39: taken our foot off the accelerator and preparing to pump

00:43:39 --> 00:43:40: the brakes, if not slam them on.

00:43:42 --> 00:43:45: Very honestly, I had just like everybody here, I have

00:43:45 --> 00:43:47: no idea what's going to happen.

00:43:47 --> 00:43:48: I got no crystal ball.

00:43:48 --> 00:43:49: I got no clue.

00:43:49 --> 00:43:51: I, I feel like in six months we'll have some

00:43:51 --> 00:43:54: sort of feel as to what the finger quoting real

00:43:54 --> 00:43:57: response is going to be, you know, whether Congress is

00:43:57 --> 00:43:59: going to put up guardrails or the quarter.

00:43:59 --> 00:44:01: This is just sort of a six month tizzy and

00:44:01 --> 00:44:04: things will somehow calm down because all of us



constituents

00:44:04 --> 00:44:06: are really mad at them now is, you know, popularity

00:44:06 --> 00:44:06: is plummeted.

00:44:07 --> 00:44:09: I mean, I don't know, it could continue for the

00:44:09 --> 00:44:09: next 4 years.

00:44:09 --> 00:44:12: I have literally no idea what I hope.

00:44:12 --> 00:44:15: What I believe, and I hope I'm not doing this

00:44:15 --> 00:44:17: just so I can sleep at night, is that, you

00:44:17 --> 00:44:20: know, in six months, we'll at least have a feel

00:44:20 --> 00:44:23: like some sort of general sense of do we put

00:44:23 --> 00:44:25: on the brakes and just say, OK, we're going to

00:44:26 --> 00:44:26: pause.

00:44:26 --> 00:44:28: We're going to operate what we have.

00:44:28 --> 00:44:30: We're going to, you know, provide the services to the

00:44:30 --> 00:44:30: people we have.

00:44:30 --> 00:44:33: We're going to remain poised to restart, but we're not

00:44:34 --> 00:44:35: going to expose ourselves.

00:44:35 --> 00:44:38: Are we going to reduce our production goals and just

00:44:38 --> 00:44:40: try to maintain a certain level?

00:44:41 --> 00:44:43: Are we going to continue the aggressive level that we

00:44:43 --> 00:44:45: just teed up by getting this impact investment fund funded?

00:44:45 --> 00:44:47: I mean, like, come on, guys.

00:44:47 --> 00:44:48: I've worked really hard on this and now he does

00:44:48 --> 00:44:50: this the day I get the Dang thing funded.

00:44:50 --> 00:44:53: Come on, You know, So honestly, in six months, I'm

00:44:53 --> 00:44:56: hoping to have a feel for what we should do.

00:44:57 --> 00:45:00: My concern in ways unrelated to affordable housing is in

00:45:00 --> 00:45:03: 12 months, what is the nonprofit sector going to look

00:45:03 --> 00:45:04: like?

00:45:04 --> 00:45:07: Because I do feel there's going to be a massive

00:45:07 --> 00:45:11: disruption from a cash flow standpoint, if nothing else.

00:45:12 --> 00:45:15: You know, Joy is in a position where her organization

00:45:15 --> 00:45:17: can afford, doesn't like it, it's a hit, but can

00:45:17 --> 00:45:19: afford \$1.2 million.

00:45:19 --> 00:45:21: There are some organizations that if they don't get that

00:45:21 --> 00:45:23: check, they're not covering payroll next week.

00:45:24 --> 00:45:26: So I, I, and it's just too much up in

00:45:26 --> 00:45:29: the air to really, really have a good feel for

00:45:29 --> 00:45:31: where it's going to go.

00:45:33 --> 00:45:37: I think a lot of us at Rose are still

00:45:37 --> 00:45:42: a little bit in denial about what could happen.

00:45:42 --> 00:45:48: But we're, you know, watching closely and hoping that there

00:45:48 --> 00:45:55: are not fundamental changes that will negatively impact our properties.

00:45:55 --> 00:45:59: But I mean it as an example, there were we

00:45:59 --> 00:46:03: have a property in Saint Louis that was under the

00:46:03 --> 00:46:09: Biden administration or awarded a \$20 million GRP grant from

00:46:09 --> 00:46:14: HUD to basically do a comprehensive green retrofit to the

00:46:14 --> 00:46:19: property that was going to fund HVAC, water heaters, double

00:46:19 --> 00:46:24: pane windows and really fortify that property for the next

00:46:24 --> 00:46:29: 20 years for in an area that is like increasingly

00:46:29 --> 00:46:31: at risk for extreme weather.

00:46:32 --> 00:46:35: We found out two weeks ago that that money which

00:46:35 --> 00:46:38: was not distributed yet has been frozen.

00:46:38 --> 00:46:42: The administrator who was JLL who is going to you

00:46:42 --> 00:46:46: know help administer that grant, their contract was cancelled.

00:46:46 --> 00:46:49: So that kind of project is completely on pause now.

00:46:50 --> 00:46:54: Our regular day-to-day business of trying to operate our housing,

00:46:54 --> 00:46:59: provide resident services and invest in, you know, climate resiliency

00:47:00 --> 00:47:03: where we can has not changed, but it just remains

00:47:03 --> 00:47:04: to be seen.

00:47:04 --> 00:47:09: So it's important I remind myself of frequently, it's not

00:47:09 --> 00:47:13: about the building I didn't build or it's not about

00:47:13 --> 00:47:16: the retrofit I wasn't able to do.

00:47:16 --> 00:47:20: It's about real people who have real needs, whose lives

00:47:21 --> 00:47:22: are being damaged.

00:47:23 --> 00:47:27: And I think it's important to remind ourselves because we're

00:47:27 --> 00:47:31: always looking at spreadsheets and we have so much technicality

00:47:31 --> 00:47:34: in the kind of work we do, that we're doing

00:47:34 --> 00:47:36: it for human beings who need a little bit of

00:47:37 --> 00:47:37: help.

00:47:37 --> 00:47:40: Some of them need a lot of help, some just

00:47:40 --> 00:47:41: need a little bit.

00:47:41 --> 00:47:45: But it's real people whose lives can't just be on

00:47:45 --> 00:47:46: pause.

00:47:46 --> 00:47:49: They're continuing every day to need to pay the rent

00:47:49 --> 00:47:52: and to try to be stable and rear their families

00:47:52 --> 00:47:53: in a quality way.

00:47:54 --> 00:47:55: I want to.

00:47:55 --> 00:47:56: We're almost out of time, so I want to make

00:47:57 --> 00:47:58: sure we get a couple questions from the audience.

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

Inc, where  
 00:49:57 --> 00:49:59: we assist young people who are aging out of the  
 00:49:59 --> 00:50:00: foster care system.  
 00:50:01 --> 00:50:03: I am also an alumni of the foster care system.  
 00:50:04 --> 00:50:07: So during the pandemic, as we all know, housing was  
 00:50:07 --> 00:50:09: the issue for those who are aging out.  
 00:50:09 --> 00:50:12: But when the pandemic happened, I mean, it was just  
 00:50:12 --> 00:50:14: scary like the housing issue.  
 00:50:14 --> 00:50:16: So right now I am in the process of building  
 00:50:16 --> 00:50:20: community based housing where they're able to come  
 together and  
 00:50:20 --> 00:50:24: we provide access, opportunity and community support so  
 where they  
 00:50:24 --> 00:50:26: can build community amongst themselves.  
 00:50:27 --> 00:50:31: There isn't a model similar in the way that I  
 00:50:31 --> 00:50:32: want to do things.  
 00:50:32 --> 00:50:35: But I wanted to know, do you all have any  
 00:50:35 --> 00:50:39: suggestions of what I should do, where I should start?  
 00:50:39 --> 00:50:42: Because when I speak to people, their only focus is  
 00:50:42 --> 00:50:44: for those who are in care.  
 00:50:44 --> 00:50:47: But I need them to understand that the greater risk  
 00:50:47 --> 00:50:49: is when those young people age out.  
 00:50:50 --> 00:50:52: And it's not only a risk to themselves, but to  
 00:50:52 --> 00:50:55: the communities that they're being LED into because they  
 don't  
 00:50:55 --> 00:50:56: have what they need.  
 00:50:56 --> 00:50:58: So I want to go help them to go from  
 00:50:58 --> 00:50:59: survival mode to thriving mode.  
 00:51:00 --> 00:51:02: So I've been really happy to talk with you after  
 00:51:02 --> 00:51:04: the session because there's a nonprofit in Florida that's doing  
 00:51:04 --> 00:51:06: that work and I'd have to look up in my  
 00:51:06 --> 00:51:08: phone with their contact info is but I'll get me  
 00:51:08 --> 00:51:09: after the session I'll have.  
 00:51:09 --> 00:51:10: Thank you.  
 00:51:11 --> 00:51:12: Do you have more time for more?  
 00:51:13 --> 00:51:14: I have one right here.  
 00:51:14 --> 00:51:14: OK.  
 00:51:18 --> 00:51:20: Hi, I'm I'm an intern.  
 00:51:20 --> 00:51:23: I work at the city of Greensboro and homeless prevention,  
 00:51:23 --> 00:51:26: a first year college student and like I'm, I just  
 00:51:26 --> 00:51:29: want to know like how did you get into your  
 00:51:29 --> 00:51:30: background of housing?  
 00:51:30 --> 00:51:32: I kind of work like a mix of affordable housing

00:51:32 --> 00:51:33: and homeless prevention.

00:51:33 --> 00:51:35: So I just I like the field a lot.

00:51:35 --> 00:51:37: I just want to know how you get.

00:51:37 --> 00:51:40: Into it I did.

00:51:40 --> 00:51:42: What most people do with a career is I fell

00:51:42 --> 00:51:43: into it.

00:51:45 --> 00:51:46: I had no grand plan.

00:51:47 --> 00:51:50: I moved from Boston to Florida and started volunteering with

00:51:50 --> 00:51:53: a local Habitat simply because I wanted to meet people

00:51:53 --> 00:51:55: and that got me into affordable housing.

00:51:55 --> 00:51:57: And here I am, so many years later.

00:52:00 --> 00:52:02: My story is so similar that I don't feel the

00:52:02 --> 00:52:04: need to repeat it at all.

00:52:04 --> 00:52:08: It was an absolute accident, a very happy accident for

00:52:08 --> 00:52:09: me.

00:52:09 --> 00:52:12: I was looking for a real job in the Texas

00:52:12 --> 00:52:16: Medical Center and I stumbled across a nonprofit part time

00:52:16 --> 00:52:20: job and for some reason I thought that was mine

00:52:20 --> 00:52:22: and that I could be helpful.

00:52:22 --> 00:52:24: It was just one of those things.

00:52:24 --> 00:52:27: Not a very not a very helpful answer to you.

00:52:28 --> 00:52:30: I'll bet Margo has a more helpful one.

00:52:33 --> 00:52:34: It's all up to you, Margo.

00:52:34 --> 00:52:38: After college, I actually was an elementary school teacher for

00:52:38 --> 00:52:42: three years and then went to grad school during COVID

00:52:42 --> 00:52:44: thinking I was going to do education policy.

00:52:45 --> 00:52:47: Took one class on real estate finance, which I would

00:52:47 --> 00:52:50: definitely encourage you to take some real estate finance

00:52:50 --> 00:52:52: classes

00:52:50 --> 00:52:52: and thought this is going to be fun.

00:52:52 --> 00:52:56: I want to work in this industry and specifically getting

00:52:56 --> 00:53:00: to do affordable housing within real estate finance I think

00:53:00 --> 00:53:01: is the best.

00:53:01 --> 00:53:03: You get to play the game and compete against a

00:53:03 --> 00:53:06: lot of other players, but you get to do so,

00:53:06 --> 00:53:09: you know, with the mission of trying to help people

00:53:09 --> 00:53:10: afford where they live.

00:53:10 --> 00:53:11: So I think that couldn't be better.

00:53:13 --> 00:53:16: Do we have time for one more or Yes, Anyone

00:53:16 --> 00:53:16: leaving?

00:53:16 --> 00:53:17: OK, one more.

00:53:17 --> 00:53:17: One more.

00:53:17 --> 00:53:17: Gotcha.

00:53:17 --> 00:53:18: I'm right behind you.

00:53:22 --> 00:53:23: Thank you so much.

00:53:23 --> 00:53:24: Appreciate it.

00:53:24 --> 00:53:25: This has been a fantastic panel.

00:53:25 --> 00:53:27: Thank you all for your time and Logan Nagle with

00:53:27 --> 00:53:28: be the benefits.

00:53:28 --> 00:53:31: The service conversation is a fascinating 1 and I'm just

00:53:31 --> 00:53:35: curious what it's going to take to get resident services

00:53:35 --> 00:53:38: included budgeted for early on at the time of fund

00:53:38 --> 00:53:39: formation or deal acquisition.

00:53:41 --> 00:53:43: I think the answer to that is it depends on

00:53:43 --> 00:53:45: who's financing it and who your partners are in it.

00:53:46 --> 00:53:48: It really is going to be project by project, but

00:53:48 --> 00:53:51: from a low income housing tax credit perspective, if we

00:53:51 --> 00:53:53: could get it above the line, that would be really,

00:53:53 --> 00:53:54: really awesome.

00:53:56 --> 00:53:57: Oh, OK.

00:53:57 --> 00:53:58: And one more.

00:53:58 --> 00:54:00: Hi JD Kellan with Hope Springs Housing.

00:54:00 --> 00:54:04: We're developing housing for women previously incarcerated

00:54:04 --> 00:54:07: to get their

00:54:04 --> 00:54:07: kids out of defects, custody wrap around a service.

00:54:08 --> 00:54:11: We are building our first community here in Atlanta debt

00:54:11 --> 00:54:14: free because of the ARPA funds that came down to

00:54:14 --> 00:54:15: the state.

00:54:16 --> 00:54:19: I flew down to Miami in October to a family

00:54:20 --> 00:54:21: wealth office conference.

00:54:22 --> 00:54:26: Because their portfolios, they're really sort of raising an

00:54:26 --> 00:54:30: eyebrow

00:54:26 --> 00:54:30: at the fishers they're seeing in the commercial real estate

00:54:30 --> 00:54:34: market because typically they'll invest in trophy assets,

00:54:34 --> 00:54:37: maybe

00:54:34 --> 00:54:37: a shopping mall or an office building.

00:54:37 --> 00:54:40: And with what's going on with Class B right now,

00:54:40 --> 00:54:41: they're considering other asset classes.

00:54:41 --> 00:54:44: They were talking about student housing and supportive

00:54:45 --> 00:54:47: housing.

00:54:45 --> 00:54:47: Have you had any inroads?

00:54:47 --> 00:54:47: And here's why.

00:54:47 --> 00:54:51: Generation three and four that are ascending to power in

00:54:51 --> 00:54:55: these family offices are much more ESG and social impact

00:54:55 --> 00:54:56: impact vesting minded.

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

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