Event Session

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

Date: February 25???26, 2025

00:00:00 --> 00:00:01:	Good afternoon, everyone.
00:00:03 --> 00:00:07:	Thank you for attending the conference.
00:00:07 --> 00:00:10:	Overall, on behalf of you all, I would greatly appreciate
00:00:10 --> 00:00:10:	it.
00:00:10 --> 00:00:14:	Thank you as well for attending this particular session.
00:00:15 --> 00:00:19:	Unlocking housing potential barriers and opportunities in US capital markets.
00:00:21 --> 00:00:27:	Very interesting time for us, for everyone in this room.
00:00:27 --> 00:00:30:	Risk is a part of what we deal with on
00:00:30 --> 00:00:33:	a daily basis and it is unique in the industry
00:00:33 --> 00:00:36:	in that we have to come to grips with the
00:00:37 --> 00:00:40:	level of risk that we're taking with respect to any
00:00:40 --> 00:00:41:	project.
00:00:41 --> 00:00:44:	And so having said that, we considered risk and so
00:00:44 --> 00:00:48:	many other things when putting this panel together, but there
00:00:48 --> 00:00:52:	were three things in particular that came to mind.
00:00:53 --> 00:00:57:	The timeliness of the subjects that we were going to
00:00:57 --> 00:01:00:	cover today, as you all know, capital markets can change
00:01:01 --> 00:01:04:	up to the day before and we began the planning
00:01:04 --> 00:01:07:	and conversations about this particular session last year.
00:01:07 --> 00:01:10:	So timeliness of it was extremely important.
00:01:10 --> 00:01:15:	Practicality, we wanted all the participants, all of you to
00:01:15 --> 00:01:18:	have real take away value and be able to pick
00:01:19 --> 00:01:22:	up on some things that you could take back and
00:01:22 --> 00:01:26:	use in your daily practice professionally.
00:01:27 --> 00:01:31:	But there was one that we, you know, still hit
00:01:31 --> 00:01:35:	us by surprise and and that was the outcome of
00:01:35 --> 00:01:39:	some of the things that are happening as a result
00:01:39 --> 00:01:41:	of the election.

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

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

00:05:56 --> 00:05:58: mix might work best for their property.
00:05:59 --> 00:06:01: So it's a very valuable tool that they add to
00:06:01 --> 00:06:01: us.
00:06:02 --> 00:06:05: So our primary focus is helping our clients navigate the
00:06:05 --> 00:06:08: best products for their property, for their portfolio, and really
00:06:08 --> 00:06:11: for their business plan to help, you know, act as
00:06:11 --> 00:06:12: an advisor to help them.
00:06:14 --> 00:06:14: Thank you.
00:06:23 --> 00:06:24: Thank you, Karen.
00:06:24 --> 00:06:26: Thank you, Karen.
00:06:26 --> 00:06:26: Good.
00:06:27 --> 00:06:27: All good.
00:06:27 --> 00:06:30: Yeah, and, and thanks for everybody for coming today.
00:06:30 --> 00:06:33: I mean, I think right now housing is one of
00:06:33 --> 00:06:36: the biggest issues in this country.
00:06:36 --> 00:06:38: There's a lot going on, a lot of news and
00:06:38 --> 00:06:41: press out every week, but housing continues to be a
00:06:41 --> 00:06:42: crisis in America.
00:06:42 --> 00:06:46: So I, TJ McElroy, I run capital markets at Dominion.
00:06:47 --> 00:06:50: It's the largest affordable housing developer in the country.
00:06:50 --> 00:06:52: We are not the largest owner.
00:06:52 --> 00:06:55: I think we're #7 there's a lot of a new
00:06:55 --> 00:06:58: entrants that have come in and bought large portfolios, but
00:06:59 --> 00:07:02: Dominium has been around for over 50 years with almost
00:07:02 --> 00:07:05: a singular focus on what I call capital A affordable
00:07:06 --> 00:07:06: housing.
00:07:07 --> 00:07:12: And you know, 43,000 units in 19 states.
00:07:12 --> 00:07:15: I think we have over 100,000 individuals living in our
00:07:15 --> 00:07:16: homes.
00:07:16 --> 00:07:18: And we take that very seriously.
00:07:18 --> 00:07:21: And I think we see it every day when you
00:07:21 --> 00:07:25: you visit a property that's going well, you know the
00:07:25 --> 00:07:28: the benefits that that gives long term.
00:07:28 --> 00:07:31: And on the other side you know some of the
00:07:31 --> 00:07:34: properties you take over or go to or that aren't
00:07:34 --> 00:07:37: going well, some of the the negative outcomes that that
00:07:37 --> 00:07:38: can that create.
00:07:39 --> 00:07:42: But 5050 years of experience in the business, I returned
00:07:42 --> 00:07:46: to Dominium about four years ago to centralized the financing
00:07:46 --> 00:07:48: and run capital markets.
00:07:48 --> 00:07:50: So it's about a billion and a half to 2

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

00:09:49 --> 00:09:53: One question for everyone, you know, given where we are
00:09:53 --> 00:09:58: from a market perspective, what has been your focus over
00:09:58 --> 00:10:02: the past 12 to 18 months with respect to either
00:10:02 --> 00:10:05: acquisitions or new construction?
00:10:05 --> 00:10:10: And Carolyn, you can answer from a finance perspective in
00:10:10 --> 00:10:14: terms of the transaction volume that you are seeing and
00:10:14 --> 00:10:18: completing in, in no particular order, whoever's first go for
00:10:18 --> 00:10:19: Ready Golf.
00:10:21 --> 00:10:22: All right, I'll start.
00:10:22 --> 00:10:26: I talked about our five state footprint and since we've
00:10:26 --> 00:10:30: been in business for over 30 years, we have properties
00:10:30 --> 00:10:35: that need recapitalization and rehabilitation as well as new construction.
00:10:35 --> 00:10:38: So when we look at what we focus on, first
00:10:38 --> 00:10:41: of all, it is continuing to grow in the markets
00:10:41 --> 00:10:46: where we're present and in those markets, Georgia and Louisiana
00:10:46 --> 00:10:50: in particular, because we have properties that are at or
00:10:50 --> 00:10:53: beyond year 15, making sure that we're investing in our
00:10:54 --> 00:10:55: own portfolio, we do that.
00:10:55 --> 00:10:59: Everything we do primarily is through the low income housing
00:10:59 --> 00:11:00: tax credit program.
00:11:00 --> 00:11:04: But on some of our renovations, we have developed AI
00:11:04 --> 00:11:09: would call it a unique relationship with enterprise where we
00:11:09 --> 00:11:12: have a line of credit and we're able to borrow
00:11:13 --> 00:11:16: a a million and a half to $2,000,000 to take
00:11:16 --> 00:11:20: out the investor in the property and refinance and do
00:11:20 --> 00:11:25: some light touch rehab, really just to keep those properties
00:11:25 --> 00:11:29: operational and comfortable for the residents as we prepare them
00:11:30 --> 00:11:31: for recapitalization.
00:11:32 --> 00:11:36: But in each of our markets, particularly in Georgia, we
00:11:36 --> 00:11:39: look to do hopefully 2 deals in the 9% round
00:11:39 --> 00:11:41: and two in the 4% round.
00:11:42 --> 00:11:46: When when we think about what we've done recently, we
00:11:46 --> 00:11:51: just closed in December on the Cosby Spear high rise,
00:11:51 --> 00:11:56: which is the renovation of a formerly Atlanta housing owned
00:11:56 --> 00:11:58: senior development.
00:11:58 --> 00:12:00: It's two towers with 282 units.
00:12:01 --> 00:12:05: We got 4% credits and bonds from Invest Atlanta and
00:12:05 --> 00:12:08: we are in the process of renovating those units that
00:12:08 --> 00:12:13: required us to relocate seniors to existing properties across the

00:12:13 --> 00:12:13: city.
00:12:14 --> 00:12:17: We are almost done with the relocation of the second
00:12:17 --> 00:12:21: tower and beginning the renovation of the first tower.
00:12:21 --> 00:12:25: We also are at the verge of completing a new
00:12:25 --> 00:12:29: construction project that we have in Decatur and it is
00:12:29 --> 00:12:32: the second phase of senior housing.
00:12:32 --> 00:12:36: This one in partnership with the Decatur Housing Authority is
00:12:36 --> 00:12:39: 80 units of senior housing, new construction right at the
00:12:39 --> 00:12:41: Avondale Marta station.
00:12:41 --> 00:12:44: So we do across the board.
00:12:44 --> 00:12:48: We're we're recapitalizing, renovating and doing new construction.
00:12:48 --> 00:12:52: So is the the largest percentage of of your work
00:12:52 --> 00:12:57: probably partnered with a public entity or Housing Authority?
00:12:57 --> 00:12:59: Most of the time we have a partner, either a
00:13:00 --> 00:13:04: local government, a public Housing Authority, or neighborhood based nonprofit.
00:13:04 --> 00:13:04: Yes.
00:13:05 --> 00:13:06: Thank you, TJ.
00:13:08 --> 00:13:11: I'd say the last eight to 10 years Dominium had
00:13:11 --> 00:13:16: a big shift and it was primarily a acquisition rehab
00:13:16 --> 00:13:21: shop leading up to the financial crisis and especially after,
00:13:21 --> 00:13:24: after the GFC that really slowed down.
00:13:25 --> 00:13:29: Let's say in 20/17/18 and we're back then it was
00:13:29 --> 00:13:34: 8085% of what Dominion was doing every year in terms
00:13:34 --> 00:13:39: of production was acquisition rehab buying existing properties.
00:13:40 --> 00:13:42: Now it's probably 90 plus percent new construction.
00:13:43 --> 00:13:48: Now there's there's opportunistic portfolios we'll buy here and there,
00:13:48 --> 00:13:51: but you know, usually we're just picking off like a
00:13:51 --> 00:13:55: single asset and anything that's over, you know 500 units
00:13:55 --> 00:13:58: gets gobbled up and and we don't really compete on
00:13:58 --> 00:13:59: those deals.
00:13:59 --> 00:14:04: So last year Dominium started construction or close on I
00:14:04 --> 00:14:08: think around 4800 units of new construction.
00:14:08 --> 00:14:12: We did buy 1 portfolio in Texas of 12 assets.
00:14:12 --> 00:14:16: So that was 2400 units and that's again rare.
00:14:16 --> 00:14:18: That was kind of a unique off market deal.
00:14:18 --> 00:14:21: But it's if you go back one slide you can
00:14:21 --> 00:14:25: see and where we're at, you know 53 years the
00:14:25 --> 00:14:29: company's been in business founded out of Minneapolis in those

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

00:18:20 --> 00:18:23: have the intestinal fortitude to be a developer.
00:18:24 --> 00:18:25: The things that you all have to manage and go
00:18:26 --> 00:18:26: through.
00:18:26 --> 00:18:28: And you know, those those calls I get or a
00:18:28 --> 00:18:31: text, you know, from the developer the morning of closing
00:18:31 --> 00:18:33: that says I need to talk to you and I'm
00:18:33 --> 00:18:34: drying my hair.
00:18:34 --> 00:18:35: And so I don't answer right away.
00:18:35 --> 00:18:39: And he's like, now, so one of the partners didn't
00:18:39 --> 00:18:43: quite get what they wanted, so they're not going to
00:18:44 --> 00:18:44: close.
00:18:44 --> 00:18:46: And so no, no, we have to sit around the
00:18:46 --> 00:18:47: table and talk about this.
00:18:47 --> 00:18:49: We can't talk about this on the phone.
00:18:49 --> 00:18:52: Those kinds of things happen periodically.
00:18:53 --> 00:18:56: Last minute pricing changes on state tax credits, not to
00:18:56 --> 00:18:59: pick on state syndicators, but yeah, those kinds of things
00:18:59 --> 00:19:00: happen.
00:19:00 --> 00:19:03: And, and you know, by the grace of God and,
00:19:03 --> 00:19:08: and very patient and knowledgeable and creative developers, they make
00:19:08 --> 00:19:09: it happen.
00:19:10 --> 00:19:13: Now let me ask you this question before I get
00:19:13 --> 00:19:15: to TJ and Carmen leverage.
00:19:15 --> 00:19:16: How important it is.
00:19:16 --> 00:19:19: Is it in your conversations and how often does it
00:19:19 --> 00:19:19: come up?
00:19:21 --> 00:19:21: Very important.
00:19:21 --> 00:19:24: I mean, there are gaps in pretty much every transaction
00:19:25 --> 00:19:25: out there.
00:19:25 --> 00:19:28: And when I say creative developers, I mean creative developers.
00:19:28 --> 00:19:32: I've seen some, you know, you might say pulling a
00:19:32 --> 00:19:35: rabbit out of a hat, but you know, we had
00:19:35 --> 00:19:38: a deal in Alabama and the developer was able to,
00:19:38 --> 00:19:42: to get real creative at, at meeting the the state's
00:19:42 --> 00:19:43: requirements.
00:19:43 --> 00:19:43: Can you?
00:19:43 --> 00:19:44: Can you share?
00:19:44 --> 00:19:45: Can you?
00:19:45 --> 00:19:45: Chose a lot.
00:19:45 --> 00:19:47: You know what, I kind of think maybe I shouldn't

00:19:47 --> 00:19:48: right now.
00:19:48 --> 00:19:50: I don't want to give away a secret that without
00:19:51 --> 00:19:53: permission, but they they were able to get the state
00:19:53 --> 00:19:56: to and the agencies to take a look at, at
00:19:56 --> 00:19:59: the way they handled the rent subsidy a little differently,
00:19:59 --> 00:20:01: the way that they they valued it.
00:20:01 --> 00:20:04: So one of the reasons why I, I asked that
00:20:04 --> 00:20:08: question in particular and that we don't have a, a
00:20:08 --> 00:20:11: bank lender here on the panel today is that in
00:20:11 --> 00:20:15: conversations in terms of planning and and Bill will be
00:20:15 --> 00:20:16: able to appreciate this.
00:20:17 --> 00:20:21: All of those conversations were, if we are writing construction
00:20:21 --> 00:20:23: loans, we're at 55% of cost.
00:20:24 --> 00:20:26: And then you get into the lack or absence of
00:20:26 --> 00:20:28: creativity with respect to the equity.
00:20:29 --> 00:20:31: And so, you know, one of the reasons why I
00:20:31 --> 00:20:34: thought it was important to have this group here is
00:20:34 --> 00:20:37: that these are individuals who've been able to navigate that,
00:20:37 --> 00:20:41: particularly in a, in a fluctuating interest rate environment, but
00:20:41 --> 00:20:42: also cost environment as well.
00:20:43 --> 00:20:46: Carmen or TJ, who wants to go next with respect
00:20:46 --> 00:20:50: to difficult transactions and and and one you'd like to
00:20:50 --> 00:20:51: share with the group?
00:20:53 --> 00:20:53: I'll go next.
00:20:53 --> 00:20:54: We'll go.
00:20:54 --> 00:20:55: We'll do the snake back and forth.
00:20:57 --> 00:21:00: You know, we, we had a deal down in, in
00:21:00 --> 00:21:04: Florida last year and it was close to 400 units
00:21:04 --> 00:21:08: large 4% bond deal that we locked the interest rate
00:21:08 --> 00:21:10: with Freddie Mac.
00:21:10 --> 00:21:13: And I think it was July of 2023.
00:21:14 --> 00:21:17: So we were able to get Freddie to extend the
00:21:17 --> 00:21:20: rate lock a couple times to keep, you know, what
00:21:21 --> 00:21:25: was a 3.7% first mortgage of forward, forward permanent mortgage
00:21:25 --> 00:21:30: that they offer, get through some of the entitlements and,
00:21:30 --> 00:21:34: and other things with, with the state, the county, the
00:21:34 --> 00:21:34: city.
00:21:35 --> 00:21:37: And, and then we got to closing and the state
00:21:37 --> 00:21:41: housing finance agency looked at our performance, said, well, we
00:21:41 --> 00:21:44: underwrite it this way and we think your rents are

00:21:44 --> 00:21:46: going to be here and we think, you know, the
00:21:46 --> 00:21:49: vacancy and we all deal with this on the developer
00:21:49 --> 00:21:49: side.
00:21:51 --> 00:21:54: You can't really fight the state housing finance agency.
00:21:54 --> 00:21:56: So you just kind of throw up your hands and
00:21:56 --> 00:21:58: say, OK, how are we going to do this now?
00:21:59 --> 00:22:02: And I think it was Carolyn's point, you know, the
00:22:02 --> 00:22:05: creativity and, and really the, the group of lenders and
00:22:06 --> 00:22:09: investors that we had willing to to step back, believe
00:22:09 --> 00:22:12: in the deal, believe in Dominium and you know and
00:22:12 --> 00:22:16: then Dominium and the owners willingness to fund some of
00:22:16 --> 00:22:17: the gap financing.
00:22:18 --> 00:22:22: And so Dominium put in about six $7,000,000 that we
00:22:22 --> 00:22:26: structured as tax exempt as financing.
00:22:26 --> 00:22:29: So the owners held that note.
00:22:29 --> 00:22:32: They're going to earn, you know, 12 to 15% tax
00:22:32 --> 00:22:33: exempt for 15 years on it.
00:22:33 --> 00:22:35: So I think they're pretty happy.
00:22:35 --> 00:22:39: And you know, the, the underwriting gap that was in
00:22:39 --> 00:22:42: there when the deal three years from now when it's
00:22:42 --> 00:22:46: filled and stabilized, I think it's going to be 0.
00:22:46 --> 00:22:50: But you know, maybe there's $1,000,000 or something like that
00:22:50 --> 00:22:52: that, you know, we'll still still be left.
00:22:52 --> 00:22:55: But it was just, it was incredible that all the
00:22:55 --> 00:22:58: lenders and investors that we had, which were a lot
00:22:58 --> 00:23:01: on that deal that came together and said, hey, let's,
00:23:01 --> 00:23:02: let's get this done.
00:23:02 --> 00:23:05: Unless we've all been working on this for 6-7 months,
00:23:05 --> 00:23:06: we're not giving up.
00:23:06 --> 00:23:09: And we ended up closing it about a year ago.
00:23:10 --> 00:23:10: Congratulations.
00:23:12 --> 00:23:15: Well, as I listen to you all, I'm thinking about
00:23:15 --> 00:23:18: a few deals that we were just hoping to get
00:23:18 --> 00:23:19: to closing.
00:23:19 --> 00:23:22: This was when rates were rising, costs were increasing, and
00:23:22 --> 00:23:25: every time you thought you had the gaps filled, you
00:23:25 --> 00:23:25: had a new gap.
00:23:26 --> 00:23:31: But the one that stands out, it actually closed before
00:23:31 --> 00:23:35: I joined Columbia, but we closed it and our construction
00:23:35 --> 00:23:36: rate was 3%.
00:23:37 --> 00:23:41: Six months later our interest rate was 8% and and

00:23:41 --> 00:23:43: we had a 24 month construction.
00:23:43 --> 00:23:47: So it is one of the most beautiful properties we've
00:23:47 --> 00:23:48: built.
00:23:48 --> 00:23:51: And if you're ever in Houston, please visit 2100 Memorial.
00:23:51 --> 00:23:56: But to get through that it was owners making contributions
00:23:56 --> 00:24:00: to pay the interest costs as well as you know
00:24:00 --> 00:24:04: having a extended period of lease up just we when
00:24:04 --> 00:24:09: you have returning residents and they have a priority and
00:24:09 --> 00:24:15: making sure the returning residents have an opportunity to move
00:24:15 --> 00:24:16: in first.
00:24:16 --> 00:24:18: So some things that that slowed that down.
00:24:19 --> 00:24:22: What we think is great is that we have with
00:24:22 --> 00:24:26: our lending partners a way to upsize the loan at
00:24:26 --> 00:24:31: conversion and hopefully, you know, get the deal back in
00:24:31 --> 00:24:32: the right shape.
00:24:32 --> 00:24:35: But it was one of those deals that you look
00:24:35 --> 00:24:38: back and say, you know, who would have guessed that
00:24:38 --> 00:24:42: rates would go up 5% between closing and really the
00:24:42 --> 00:24:43: early part of construction.
00:24:44 --> 00:24:47: We had a couple of others, one in Athens comes
00:24:47 --> 00:24:50: to mind where we just want Athens, GA.
00:24:50 --> 00:24:52: We just wanted to, to get to closing.
00:24:52 --> 00:24:55: We, it's going to be a four phase redevelopment and
00:24:55 --> 00:24:59: the community did a splice to buy the property.
00:24:59 --> 00:25:02: Like there was all this community support, and when I
00:25:02 --> 00:25:05: was at the state agency, I used to wonder sometimes
00:25:05 --> 00:25:08: why people would just like close deals that were so
00:25:08 --> 00:25:09: tight.
00:25:09 --> 00:25:11: But then when you get on this side of the
00:25:11 --> 00:25:14: table and you've invested so much time and resources and
00:25:14 --> 00:25:17: the community is counting on you, you realize why you
00:25:17 --> 00:25:20: get to closing even if your developer fee is mostly
00:25:20 --> 00:25:21: deferred.
00:25:21 --> 00:25:24: So I think that's really what we're about, is honoring
00:25:24 --> 00:25:26: those commitments to the community.
00:25:26 --> 00:25:29: But it can be very painful sometimes.
00:25:30 --> 00:25:32: But again, in both cases, we're real proud of the
00:25:33 --> 00:25:33: result.
00:25:34 --> 00:25:36: And we are happy that you saw them through to
00:25:36 --> 00:25:39: completion as as third party service providers.
00:25:41 --> 00:25:44: Your comments bring about a point or something that I

00:25:44 --> 00:25:45: just thought about.
00:25:45 --> 00:25:47: None of us are batting 1000 these days.
00:25:48 --> 00:25:51: So what has caused you to walk away from a
00:25:51 --> 00:25:54: transaction or to recently?
00:25:54 --> 00:25:56: Because I think that would be helpful for everyone here,
00:25:57 --> 00:26:00: you know, from a measurement or metric perspective, like what
00:26:00 --> 00:26:02: are some of the things that have caused you to
00:26:02 --> 00:26:04: say, you know, this is not as great of a
00:26:04 --> 00:26:07: deal or opportunity as we thought it to be early
00:26:07 --> 00:26:07: on.
00:26:07 --> 00:26:08: So we're going to move away from it.
00:26:11 --> 00:26:14: Carolyn, it's probably easier for you because I I bet
00:26:14 --> 00:26:17: you, you know how many deals you, you know, you
00:26:17 --> 00:26:18: turn down a week.
00:26:20 --> 00:26:22: So we try if if the deal is going to
00:26:22 --> 00:26:24: be turned down, we try to do it sooner in
00:26:24 --> 00:26:27: the process than later because bad news does not get
00:26:27 --> 00:26:28: better over time.
00:26:28 --> 00:26:31: I think we all know that lesson and, and we
00:26:31 --> 00:26:34: just do a very thorough job on the front end
00:26:34 --> 00:26:37: before we even engage the, the deal.
00:26:37 --> 00:26:39: We, we do a lot of extra work, you know,
00:26:39 --> 00:26:43: in terms of, you know, some environmental review systems that
00:26:43 --> 00:26:45: we've got that we, we subscribe to where we can
00:26:45 --> 00:26:46: pull information.
00:26:46 --> 00:26:49: So we really try to vet it heavily upfront.
00:26:49 --> 00:26:51: I treat your money like my money.
00:26:51 --> 00:26:53: I don't want to ask you for money if I
00:26:53 --> 00:26:55: don't feel out of the gate like this deal has
00:26:55 --> 00:26:56: a really good shot.
00:26:57 --> 00:27:00: So we really, you know, when we're vetting them, it's,
00:27:00 --> 00:27:02: it's upfront that we figure out if it's going to
00:27:02 --> 00:27:03: go forward or not.
00:27:05 --> 00:27:08: You know, hope I don't jinx myself, but I've not
00:27:08 --> 00:27:11: had a deal rejected by HUD ever in my career.
00:27:11 --> 00:27:11: All right.
00:27:11 --> 00:27:12: So thank you for that.
00:27:13 --> 00:27:16: TJ and Carmen, do you have examples of turning away
00:27:16 --> 00:27:20: deals before we before we go in a different direction
00:27:20 --> 00:27:22: on a couple of things Just real quick I.
00:27:23 --> 00:27:26: Mean rates rose, like you said, 4 or 500 basis

00:27:26 --> 00:27:29: points in a matter of almost 12 months.
00:27:29 --> 00:27:34: So I had Dominium generally has 10,000 units in the
00:27:35 --> 00:27:39: pipeline and that was, I like, you know, I'm an
00:27:39 --> 00:27:41: adrenaline junkie.
00:27:41 --> 00:27:44: So I, I'm not, I like that kind of adventure,
00:27:44 --> 00:27:45: but that was not fun.
00:27:45 --> 00:27:47: And we let a lot of good, a lot of
00:27:47 --> 00:27:47: deals go.
00:27:48 --> 00:27:51: And, you know, we essentially got in a room and,
00:27:51 --> 00:27:53: and looked at the list of all the deals, you
00:27:53 --> 00:27:56: know, where they were at and the entitlement stage, you
00:27:56 --> 00:27:59: know, their feasibility and, and said, you know, so we
00:27:59 --> 00:28:01: can't, we can't do everything.
00:28:01 --> 00:28:03: So do you put those deals on the shelf or
00:28:03 --> 00:28:05: do you just walk away from the mall together?
00:28:05 --> 00:28:07: It was it was a mix, right?
00:28:07 --> 00:28:09: I mean, some of them went on the shelf.
00:28:09 --> 00:28:12: Someone we already own the land and we're we're, you
00:28:12 --> 00:28:13: know, discussing do we sell?
00:28:13 --> 00:28:16: Do we do we move forward and invest some money
00:28:16 --> 00:28:18: into the deal, like the one I said, And it
00:28:18 --> 00:28:21: was deal by deal and and we went through and
00:28:21 --> 00:28:25: then race came down and, you know, magically another handful
00:28:25 --> 00:28:27: of deals on the list that we had, you know,
00:28:27 --> 00:28:30: put on the shelf to to mothball came back to
00:28:30 --> 00:28:30: life.
00:28:30 --> 00:28:33: So it just there's kind of a break point in
00:28:33 --> 00:28:36: the, the 10 year treasury and in interest rates where
00:28:36 --> 00:28:38: it's like the deal works or not.
00:28:38 --> 00:28:41: And we, we just force ranked everything and said, all
00:28:41 --> 00:28:44: right, if we could only do one deal, it'd be
00:28:44 --> 00:28:47: a down, you know, all the way down to deal
00:28:47 --> 00:28:47: #36.
00:28:50 --> 00:28:52: I would just say very similarly we there's some deals
00:28:52 --> 00:28:55: that didn't get done, but we didn't abandoned them.
00:28:55 --> 00:28:57: They're still on the list and and I think looking
00:28:58 --> 00:29:00: for those opportunities for them to move forward.
00:29:01 --> 00:29:01: OK, excellent.
00:29:03 --> 00:29:05: One more question specifically for Carolyn and then we and
00:29:05 --> 00:29:07: then we'll take questions from the audience.
00:29:07 --> 00:29:09: So if you have some things in mind that you're

00:29:09 --> 00:29:12: thinking about, we'll get to those in just a second.
00:29:12 --> 00:29:18: Carolyn, you have a unique perspective as a lender and
00:29:18 --> 00:29:23: you are aware of the new requirements from HUD.
00:29:23 --> 00:29:26: Would you mind sharing a little bit about the changes
00:29:26 --> 00:29:30: in underwriting that have taken place since the new administration
00:29:30 --> 00:29:31: has taken office?
00:29:32 --> 00:29:33: Sure, there's two slides.
00:29:33 --> 00:29:35: I don't know if you can put those up.
00:29:35 --> 00:29:37: Oh yeah, I've been going back and forth between the
00:29:37 --> 00:29:37: two.
00:29:38 --> 00:29:38: OK.
00:29:39 --> 00:29:39: So which would you like?
00:29:39 --> 00:29:40: First or second?
00:29:40 --> 00:29:40: The Yeah.
00:29:43 --> 00:29:49: The, the other one, the prior one, there you go.
00:29:50 --> 00:29:54: So you know, with every administration change, there's good things
00:29:55 --> 00:29:56: and bad things, right?
00:29:56 --> 00:30:00: So on the way out, the Biden administration, they released
00:30:00 --> 00:30:03: two mortgage letters that were really helpful to us.
00:30:03 --> 00:30:07: And what they did was one of them, the 2025
00:30:07 --> 00:30:11: O3, we refer to it as the rollback to 2010
00:30:11 --> 00:30:12: risk mitigation.
00:30:13 --> 00:30:17: So in, in 2010, the market was, you know what
00:30:17 --> 00:30:19: it was, it was a bit of a mess.
00:30:19 --> 00:30:23: So they tied to the underwriting parameters and which resulted
00:30:23 --> 00:30:25: in less proceeds, of course.
00:30:26 --> 00:30:28: So now HUD really wants to be a part of
00:30:28 --> 00:30:31: helping to solve the housing problem that we have, the
00:30:31 --> 00:30:32: crisis that's out there.
00:30:33 --> 00:30:36: So they've rolled back the underwriting parameters.
00:30:37 --> 00:30:41: The first one is just the rollback of 2010.
00:30:41 --> 00:30:45: So you can take a look there, the 90% subsidized
00:30:45 --> 00:30:49: that didn't change, but the second and the third those
00:30:49 --> 00:30:53: changed so that we can start underwriting to those lower
00:30:53 --> 00:30:55: underwriting parameters.
00:30:56 --> 00:31:00: 90%, I guess I can't see that far a 111
00:31:00 --> 00:31:04: deck cover taking it back to there and 90% loan
00:31:04 --> 00:31:09: to cost, it's allowable cost in the HUD space on
00:31:09 --> 00:31:14: the the and that's on affordables, on market rate, it's
00:31:14 --> 00:31:18: 87% loan to cost or A115 deck cover.

00:31:19 --> 00:31:22: Those are big changes that can help generate higher proceeds,
00:31:22 --> 00:31:25: especially right now where interest rates are higher, we get
00:31:25 --> 00:31:28: a little improvement in the interest rates and of course
00:31:28 --> 00:31:29: you have a whole new deal.
00:31:29 --> 00:31:32: So I think it's, it's going to truly help us
00:31:32 --> 00:31:34: this year to get some deals closed.
00:31:35 --> 00:31:39: The second which is really exciting and it was to
00:31:39 --> 00:31:43: address the middle income that's been you know ignored I
00:31:43 --> 00:31:47: think in great part it wasn't hard anyway.
00:31:47 --> 00:31:51: And so the commitment there is that you lease at
00:31:51 --> 00:31:55: least 50% of the units at 120 of AMI.
00:31:56 --> 00:31:58: The requirement is for a period of 10 years.
00:31:59 --> 00:32:01: There is waiver ability if you wanted less than 10
00:32:02 --> 00:32:04: years, but you would have to make a larger commitment
00:32:04 --> 00:32:05: than the 50%.
00:32:06 --> 00:32:11: The there would be a land use restriction required and
00:32:11 --> 00:32:15: gosh, what was the other annual monitoring by a state
00:32:15 --> 00:32:16: or local entity.
00:32:17 --> 00:32:19: So that would be a requirement.
00:32:19 --> 00:32:21: I'm sure we can find plenty of entities out there
00:32:21 --> 00:32:23: willing to just do that monitoring it.
00:32:23 --> 00:32:25: It's once a year, it's not throughout the year.
00:32:26 --> 00:32:28: Or the other thing we're talking about is maybe having
00:32:28 --> 00:32:31: it part of the annual financial audit that's done at
00:32:31 --> 00:32:32: the end of the year.
00:32:32 --> 00:32:33: So that might be another option.
00:32:33 --> 00:32:37: But that's really exciting change that was introduced and and
00:32:37 --> 00:32:40: of course, it is, you know, an effort to try
00:32:40 --> 00:32:43: to be able to close more loans and help solve
00:32:43 --> 00:32:44: the housing crisis.
00:32:45 --> 00:32:49: Excellent questions from the audience.
00:32:49 --> 00:32:54: Is there anyone who has something pressing that they would
00:32:54 --> 00:32:56: like to ask our participants?
00:33:02 --> 00:33:02: Hi.
00:33:02 --> 00:33:05: Just a follow up on what Caroline was.
00:33:05 --> 00:33:12: Caroline was just describing what specific loan product had the
00:33:12 --> 00:33:15: up to 120% AMI allowance.
00:33:15 --> 00:33:17: For affordability, is it the D4?
00:33:18 --> 00:33:21: The yes, the 221 D 4 so new construction.
00:33:21 --> 00:33:23: OK, and they you know what I'm not clear if
00:33:23 --> 00:33:25: they can do it on sub rehab or not.

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

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

00:37:13 --> 00:37:15: of the automation that's in the works.
00:37:15 --> 00:37:16: It's in pilot testing.
00:37:16 --> 00:37:18: So I think that we'll see some changes there.
00:37:18 --> 00:37:20: So I think we have the staff to do it
00:37:20 --> 00:37:20: this year.
00:37:21 --> 00:37:24: If rates do go down, could be a little bit
00:37:24 --> 00:37:26: of a a time crunch.
00:37:27 --> 00:37:27: Excellent.
00:37:29 --> 00:37:29: Yes.
00:37:30 --> 00:37:33: Are you seeing any or have you done any loans
00:37:33 --> 00:37:37: relative to modular, partial modular, printed multifamily?
00:37:37 --> 00:37:42: And if so, any guidelines or suggestions for working with
00:37:42 --> 00:37:44: that product type?
00:37:44 --> 00:37:48: Let me piggyback on that also from a cost perspective,
00:37:48 --> 00:37:52: TJ and Carmen, have you all considered those as construction
00:37:52 --> 00:37:55: alternatives from a cost perspective also?
00:37:58 --> 00:38:01: Well, let's let's go with the original question first, Carolyn.
00:38:03 --> 00:38:06: I'm sorry, repeat the original, the O modular.
00:38:07 --> 00:38:13: So we, we have not, we have met with a
00:38:13 --> 00:38:18: number of the modular facilities.
00:38:18 --> 00:38:21: The issue there has been and, and there are discussions
00:38:21 --> 00:38:24: where it sounds like we might be, you know, getting
00:38:24 --> 00:38:26: to a resolution I think, but the issue is there
00:38:26 --> 00:38:28: that the upfront deposit is huge.
00:38:29 --> 00:38:32: So that just doesn't really fit within the HUD program.
00:38:32 --> 00:38:34: But we're we're trying to find some workarounds.
00:38:34 --> 00:38:38: And that is the deposit before the actual drawings are
00:38:38 --> 00:38:41: completed and the work begins on, right?
00:38:41 --> 00:38:41: OK.
00:38:43 --> 00:38:47: Have you guys considered or looked at modular construction from
00:38:47 --> 00:38:50: a cost perspective and delivering units?
00:38:50 --> 00:38:51: We have not recently, no.
00:38:51 --> 00:38:52: OK, I.
00:38:53 --> 00:38:56: Mean we've, we've spent a little time on it, but
00:38:56 --> 00:38:59: I'd say it not any serious consideration, no.
00:38:59 --> 00:38:59: Got it.
00:39:00 --> 00:39:01: And I'm not surprised by that.
00:39:01 --> 00:39:04: I mean the the operations that they both run are
00:39:04 --> 00:39:07: extremely efficient and I would say almost take a cutter
00:39:07 --> 00:39:10: from the perspective of you know the model is going,

00:39:10 --> 00:39:12: you got it down, so you just move forward with
00:39:12 --> 00:39:12: it.
00:39:14 --> 00:39:14: I.
00:39:15 --> 00:39:18: Mean, I think that our model in theory would work
00:39:18 --> 00:39:21: well with modular because it is cookie cutter of a
00:39:21 --> 00:39:25: one bedroom unit and Florida has the same design, same
00:39:25 --> 00:39:29: everything as it is in Phoenix or Texas or Colorado.
00:39:29 --> 00:39:33: But having a modular it's where's the production facility and
00:39:33 --> 00:39:36: what's the cost to get it around, you know those
00:39:36 --> 00:39:40: units around the country and right now I think there's
00:39:40 --> 00:39:42: just a handful of them that I know of one
00:39:42 --> 00:39:45: in California, there is one in Minnesota.
00:39:45 --> 00:39:49: I'm sure there's others, but it's not, it's not set
00:39:49 --> 00:39:52: up where you've got one in Dallas, one in Phoenix,
00:39:52 --> 00:39:55: one in Denver, one in that it's very small.
00:39:55 --> 00:39:56: Yeah.
00:39:56 --> 00:39:58: And it's it's just hard to take what we do
00:39:58 --> 00:40:01: on a national model and use that production, you know
00:40:01 --> 00:40:02: that construction South.
00:40:07 --> 00:40:08: Next question.
00:40:09 --> 00:40:09: Hey, Sir.
00:40:10 --> 00:40:11: Warren from Charlotte.
00:40:11 --> 00:40:14: Thank you all, very insightful.
00:40:14 --> 00:40:15: I have two questions.
00:40:16 --> 00:40:16: I have a.
00:40:16 --> 00:40:19: A light tech question and a non light tech question.
00:40:19 --> 00:40:22: The light tech question is I've seen lots of applications
00:40:22 --> 00:40:26: coming in from development partners and their equity pricing is
00:40:26 --> 00:40:29: a wider spread between from developer developer than I've ever
00:40:29 --> 00:40:30: seen in the past.
00:40:30 --> 00:40:34: Do you have any insight on what's going on around
00:40:34 --> 00:40:35: future pricing of equity?
00:40:36 --> 00:40:38: And my second non light tech question is.
00:40:39 --> 00:40:42: Have you seen any funding strategies or capital stacks that
00:40:42 --> 00:40:44: are particularly compelling?
00:40:44 --> 00:40:47: Litec is a really crucial tool, but it's not the
00:40:47 --> 00:40:48: only way to get things done.
00:40:49 --> 00:40:51: What it What have you all seen that you are
00:40:51 --> 00:40:52: particularly attracted to?
00:40:53 --> 00:40:55: I'll start first with the pricing.
00:40:55 --> 00:41:02: We are seeing pricing changes around 15% decrease in

pricing.
00:41:02 --> 00:41:06: We have some partners that have held their pricing on
00:41:06 --> 00:41:07: deals.
00:41:07 --> 00:41:09: So it's a little above where we could get a
00:41:10 --> 00:41:10: deal right now.
00:41:11 --> 00:41:13: We see that CRA plays a big part in it.
00:41:14 --> 00:41:16: We're in the third year of the CRA cycle.
00:41:16 --> 00:41:19: So anybody whose bucket isn't full, they're a little more
00:41:19 --> 00:41:19: aggressive.
00:41:20 --> 00:41:23: Others are saying if this could be in 2026, we
00:41:23 --> 00:41:24: would be interested in it.
00:41:24 --> 00:41:27: So I think that's where it's important to have those
00:41:27 --> 00:41:28: strong relationships.
00:41:28 --> 00:41:32: We are seeing better pricing with with entities that we
00:41:32 --> 00:41:34: have stronger relationships with.
00:41:34 --> 00:41:37: But it also reminds you that you have to have
00:41:37 --> 00:41:41: many relationships because if somebody's bucket is full, like one
00:41:42 --> 00:41:45: of our state syndicator partners is already full for 2025.
00:41:45 --> 00:41:48: So you know you have to have those options.
00:41:48 --> 00:41:51: But we are seeing about a 15% reduction in equity
00:41:51 --> 00:41:52: pricing.
00:41:54 --> 00:41:56: Yeah, I'd, I'd say similar.
00:41:56 --> 00:41:59: And, and what I've heard is it's the, the energy
00:41:59 --> 00:42:02: tax credit, it's a lot of groups have shifted their
00:42:02 --> 00:42:06: allocations from the LITEC investing to, I don't even know
00:42:06 --> 00:42:09: what it's called, but the yeah, you know, it's, it's,
00:42:09 --> 00:42:13: it's energy credits and it's taken a huge chunk of
00:42:13 --> 00:42:16: the dollars out of the market and it's decreased pricing.
00:42:16 --> 00:42:19: So it's the CRA cycle, it's the energy credit and
00:42:19 --> 00:42:21: other other things have dropped pricing.
00:42:22 --> 00:42:25: And we'll probably see it more if tax rates go
00:42:25 --> 00:42:29: down or the perception of tax rates are is that
00:42:29 --> 00:42:33: they will be reduced and people will have less appetite,
00:42:33 --> 00:42:36: which will drive the price further down.
00:42:39 --> 00:42:39: Thank you.
00:42:40 --> 00:42:42: I have the microphone, any other question?
00:42:48 --> 00:42:52: Carmen or TJ could address the previous question around other
00:42:52 --> 00:42:55: non lie tech models that you've investigated.
00:42:56 --> 00:42:59: Yeah, that there's always new creativity coming into the, the
00:42:59 --> 00:43:03: lie tech market, affordable housing, because deals can get really

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

someone on
00:44:59 --> 00:45:03: their team to lead a similar effort, probably modeled after
00:45:03 --> 00:45:05: what Atlanta is doing with the AUD.
00:45:05 --> 00:45:10: So tax exemption subsidy, you know, wrapping it with market
00:45:10 --> 00:45:11: rate units.
00:45:12 --> 00:45:15: We're going to be doing at least 7 phases of
00:45:15 --> 00:45:17: development in Chattanooga.
00:45:17 --> 00:45:21: Our first phase, which is closing in April, we did
00:45:21 --> 00:45:24: a twinning model with 4% and 9% credits in AQCT,
00:45:25 --> 00:45:27: so that works really well there.
00:45:27 --> 00:45:28: We're doing a second phase.
00:45:29 --> 00:45:31: Hopefully we get awarded this year and close by the
00:45:31 --> 00:45:34: end of the year, a year, but the pace that
00:45:34 --> 00:45:36: we have to deliver in Chattanooga is going to require
00:45:36 --> 00:45:38: us to do something different.
00:45:38 --> 00:45:43: So we will absolutely be exploring that model in Atlanta
00:45:43 --> 00:45:44: and in Chattanooga.
00:45:45 --> 00:45:46: That's excellent news.
00:45:48 --> 00:45:48: Thank you, Thurston.
00:45:50 --> 00:45:51: Any who's?
00:45:51 --> 00:45:53: Next, can I ask, can I ask a question?
00:45:53 --> 00:45:54: Absolutely sure.
00:45:54 --> 00:45:57: I'd say 14 years ago, I was a, A student
00:45:57 --> 00:45:59: getting my MBA and I went to my first ULI
00:45:59 --> 00:46:02: conference and I was sitting in the front row with
00:46:02 --> 00:46:04: a notepad taking notes and everything.
00:46:05 --> 00:46:08: And Ron Twilliger was on stage, you know, talking about
00:46:08 --> 00:46:09: housing.
00:46:09 --> 00:46:11: And, you know, I didn't even, I was just learning
00:46:11 --> 00:46:12: about real estate.
00:46:13 --> 00:46:16: And Ron gave me some advice that really led me
00:46:16 --> 00:46:18: to be up here today.
00:46:18 --> 00:46:21: So it's pretty, it's surreal that you're, you're sitting in
00:46:21 --> 00:46:22: the front row right now, Ron.
00:46:22 --> 00:46:24: And I don't know if you have any other advice
00:46:24 --> 00:46:26: for me and the others in the room and what's
00:46:26 --> 00:46:27: coming 15 years from now.
00:46:27 --> 00:46:31: You know, you talked about housing and you know multi
00:46:31 --> 00:46:32: family housing and.
00:46:33 --> 00:46:34: You know what, TJ?
00:46:34 --> 00:46:35: Thank you for that.
00:46:35 --> 00:46:36: I greatly appreciate it.

00:46:39 --> 00:46:43: Well, I'm, I'm glad it led to some success here.
00:46:43 --> 00:46:46: You know, it's, it's been my career for 45 years
00:46:46 --> 00:46:48: and it's always been cyclical.
00:46:48 --> 00:46:51: In fact, one of my finance guys reminded me other
00:46:51 --> 00:46:53: day said somebody said you only make money in two
00:46:53 --> 00:46:55: out of 10 years in multifamily.
00:46:55 --> 00:46:56: I said, who was that?
00:46:56 --> 00:46:56: And he said it was you.
00:46:57 --> 00:47:00: So you know, it's hard going through these cycles.
00:47:01 --> 00:47:02: Sadly.
00:47:02 --> 00:47:06: We went through an enormous challenge in 21.
00:47:06 --> 00:47:09: Rents went up in the Southeast 20% and then everybody
00:47:09 --> 00:47:10: became a developer.
00:47:11 --> 00:47:13: So we're kind of working through that now as that
00:47:13 --> 00:47:15: presentation for you all who saw it earlier.
00:47:15 --> 00:47:19: But you know, I'm 51 years now at ULI.
00:47:19 --> 00:47:22: I love being a part of ULI and I, you
00:47:22 --> 00:47:26: know, my, I made so much money building 300,000 apartments.
00:47:26 --> 00:47:29: I'm giving it all back now mostly in housing but
00:47:29 --> 00:47:30: some in education.
00:47:30 --> 00:47:32: So thank you all for being here today.
00:47:33 --> 00:47:35: So Ron, let me let me piggyback off of the
00:47:35 --> 00:47:39: question and you mentioned also cycles because cycles is one
00:47:39 --> 00:47:41: of the things that we talked about in planning for
00:47:41 --> 00:47:42: the session.
00:47:43 --> 00:47:46: It it seems as if we are currently off of
00:47:46 --> 00:47:49: what might be considered a normal cycle of, you know,
00:47:49 --> 00:47:50: 7:00 and 3:00.
00:47:51 --> 00:47:54: I mean, do you ever think at some point in
00:47:54 --> 00:47:56: time we will get back to that or will it
00:47:56 --> 00:48:00: just continue to be somewhat, somewhat splintered with intervention here
00:48:00 --> 00:48:03: and there and and just figuring things out as we
00:48:03 --> 00:48:04: go forward?
00:48:05 --> 00:48:07: Yeah, it, you know, it's hard to know as as
00:48:07 --> 00:48:10: Ken said today, this new administration is really a wild
00:48:10 --> 00:48:10: card here.
00:48:11 --> 00:48:14: We, we, we had zero interest rates for so long.
00:48:14 --> 00:48:16: I think they held them down too long.
00:48:17 --> 00:48:18: Everything adjusts to it.
00:48:18 --> 00:48:22: You know, you start building to A5 yield because your

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

00:50:17 --> 00:50:21: Island Plantation, went to Hilton Hill Plantation, borrowed 100%, including
00:50:21 --> 00:50:23: two or three years worth of overhead and interest.
00:50:24 --> 00:50:27: And then 1974, five came, Prime went to 12 1/2.
00:50:28 --> 00:50:29: The economy went into the tank.
00:50:29 --> 00:50:31: Every one of our companies was broke.
00:50:32 --> 00:50:34: So I went to Dallas then and became the CFO
00:50:34 --> 00:50:37: of a construction company and it was a little boring
00:50:38 --> 00:50:41: after running these resort companies, but it was a living
00:50:41 --> 00:50:43: and I was making 100 grand a year.
00:50:44 --> 00:50:45: All kinds of Benny's.
00:50:45 --> 00:50:48: You know, we flew first class, we went to places,
00:50:48 --> 00:50:51: we had Country Club, city club, cars, and I actually
00:50:51 --> 00:50:53: went to talk to Trammell Crow.
00:50:53 --> 00:50:56: Hopefully most of you all know that name because I
00:50:57 --> 00:51:00: had a friend who started TGI Friday's and I wanted
00:51:00 --> 00:51:03: to expand the franchise and he said no, we have
00:51:03 --> 00:51:04: a different idea for you.
00:51:04 --> 00:51:06: Why don't you go to Atlanta?
00:51:07 --> 00:51:09: We'll pay you $60,000 a year.
00:51:09 --> 00:51:12: And I had two young girls at the time and
00:51:12 --> 00:51:13: no net worth $60,000 a year.
00:51:13 --> 00:51:14: I was making 100.
00:51:14 --> 00:51:17: But we'll let you own 40% of your company, which
00:51:18 --> 00:51:19: was a figure it out company.
00:51:19 --> 00:51:22: But they were going to lend me $500,000 and put
00:51:22 --> 00:51:24: their financial net worth behind it.
00:51:24 --> 00:51:26: So that gave me a start.
00:51:26 --> 00:51:30: Now I'm 300,000 apartments later and three housing centers.
00:51:30 --> 00:51:33: So you never know, you just sometimes have to take
00:51:33 --> 00:51:33: a risk.
00:51:34 --> 00:51:35: It's the nature of the beast.
00:51:35 --> 00:51:37: That's how we started the conversation with risk.
00:51:39 --> 00:51:40: Are there any other?
00:51:40 --> 00:51:41: Thank you very much.
00:51:43 --> 00:51:44: Any other questions?
00:51:44 --> 00:51:48: Darren, can I add one thing in terms of making
00:51:48 --> 00:51:48: deals work?
00:51:49 --> 00:51:53: If there's anyone here from, you know, municipality, whether state
00:51:54 --> 00:51:58: or local municipality, if you're working on developing plans, whether
00:51:58 --> 00:52:01: it's, you know, tax exemption options or what have you

00:52:01 --> 00:52:05: to help make housing work in your community, be thoughtful
00:52:05 --> 00:52:06: about it.
00:52:06 --> 00:52:09: If you would reach out to some of the different
00:52:09 --> 00:52:13: lending entities, whether it's HUD, whether it's Fannie, Freddie, banks,
00:52:13 --> 00:52:16: learn what they need in the structure to make it
00:52:16 --> 00:52:19: work so that we can get the most benefit of
00:52:19 --> 00:52:19: it.
00:52:19 --> 00:52:22: Because in Florida they were, you know, you know, very
00:52:22 --> 00:52:26: thoughtful and coming up with the Florida live local plan.
00:52:27 --> 00:52:30: It helps on the owner side, you get the tax
00:52:30 --> 00:52:31: exemption.
00:52:31 --> 00:52:33: It helps with with density, it helps with other, you
00:52:33 --> 00:52:35: know, in terms of zoning where you can build and
00:52:35 --> 00:52:36: things like that.
00:52:37 --> 00:52:40: But the way it's currently structured, we cannot include it
00:52:40 --> 00:52:43: in our underwriting, at least with HUD, Fannie or Freddie.
00:52:44 --> 00:52:46: And it's because it's not a reliable source.
00:52:47 --> 00:52:49: The counties can opt in and out, the owner can
00:52:49 --> 00:52:50: opt in and out.
00:52:50 --> 00:52:53: So, you know, for underwriting purposes to be able to,
00:52:53 --> 00:52:56: to increase the debt based on that benefit, we need
00:52:56 --> 00:52:58: to have something we can count on, you know, for
00:52:58 --> 00:53:00: I would say at least 15 years, maybe with A5
00:53:00 --> 00:53:02: year extension, something like that.
00:53:02 --> 00:53:05: But I encourage you, you know, if you're part of
00:53:05 --> 00:53:07: that or, or if you're part of discussions with your
00:53:07 --> 00:53:10: municipality, encourage them to reach out and make sure that
00:53:10 --> 00:53:13: they're all structuring it so you get the most benefit.
00:53:14 --> 00:53:14: Thank you, Carla.
00:53:14 --> 00:53:16: I think you know housing you.
00:53:16 --> 00:53:20: We're very aware of the federal conversation right now, but
00:53:20 --> 00:53:22: housing is a very localized action.
00:53:24 --> 00:53:25: Next question.
00:53:26 --> 00:53:27: I have a question.
00:53:27 --> 00:53:27: Yes.
00:53:27 --> 00:53:30: I'm curious to know if any of you have any
00:53:30 --> 00:53:33: advice for young real estate students who are hoping to
00:53:33 --> 00:53:36: enter the space but have very little tolerance or capacity
00:53:36 --> 00:53:38: for significant amounts of risk and and.
00:53:39 --> 00:53:40: Very little information.

00:53:40 --> 00:53:42: About how this actually works in practice.
00:53:44 --> 00:53:48: Find the largest, most profitable company you can work for.
00:53:49 --> 00:53:51: Get on board, put your head down and stay as
00:53:52 --> 00:53:54: long as you can and get as much experience as
00:53:54 --> 00:53:55: you can.
00:53:57 --> 00:53:59: I would add to that, like if you get an
00:53:59 --> 00:54:02: opportunity to join a company, large or small, to just
00:54:02 --> 00:54:06: take advantage of every opportunity that exists there.
00:54:06 --> 00:54:09: I know, you know, staying late and having a conversation
00:54:09 --> 00:54:12: with someone so you can get into their head about
00:54:12 --> 00:54:15: what the challenges they face that day, how they solved
00:54:16 --> 00:54:16: them.
00:54:16 --> 00:54:18: See if people will let you sit in on meetings
00:54:18 --> 00:54:22: that maybe you can't necessarily contribute to at first, but
00:54:22 --> 00:54:23: you can learn from.
00:54:23 --> 00:54:27: But you have to make yourself very available to learn.
00:54:27 --> 00:54:30: And if you do that, I think you know, you
00:54:30 --> 00:54:32: expand your opportunities to grow.
00:54:33 --> 00:54:36: People will perceive you as a learner and someone who
00:54:36 --> 00:54:39: can hopefully, with that knowledge, get things done.
00:54:40 --> 00:54:42: Don't consider a job you know beneath you as you're
00:54:43 --> 00:54:45: learning, because you can learn from everything.
00:54:45 --> 00:54:48: That's what I talked to our young associates about when
00:54:48 --> 00:54:49: they joined.
00:54:50 --> 00:54:51: Learn from everything.
00:54:52 --> 00:54:52: Agree.
00:54:52 --> 00:54:54: Make yourself irreplaceable.
00:54:54 --> 00:54:55: Yeah, I did.
00:54:56 --> 00:54:58: I just echo that that the advice Ron at I
00:54:59 --> 00:55:02: was 28 changing careers and I joined Dominium as an
00:55:02 --> 00:55:03: intern.
00:55:03 --> 00:55:06: I still remember when the 21 and 2 year old
00:55:06 --> 00:55:08: Zacks me found out I was to 29, you know,
00:55:08 --> 00:55:10: because it was my birthday and their jaws at the
00:55:10 --> 00:55:11: floor.
00:55:11 --> 00:55:13: But you just put your head down and work, be
00:55:13 --> 00:55:17: there, be available and, you know, find some mentors that
00:55:17 --> 00:55:18: that you can go to for advice.
00:55:19 --> 00:55:23: And I think, you know, it's, it's not rocket science.
00:55:23 --> 00:55:24: That's not at all.
00:55:24 --> 00:55:28: That's it's math and it's it's algebra, no calculus.
00:55:28 --> 00:55:30: It's not nothing too crazy.

00:55:30 --> 00:55:32: So I wouldn't be here if it was.
00:55:33 --> 00:55:36: Agree with all of that and just, you know, real
00:55:36 --> 00:55:36: simple.
00:55:36 --> 00:55:37: Make your light shine.
00:55:37 --> 00:55:40: Set yourself apart from everyone else so they see something
00:55:40 --> 00:55:40: in you.
00:55:42 --> 00:55:44: So before we end, because we're coming up on time,
00:55:44 --> 00:55:46: I see Fabiola is about to cut us off.
00:55:46 --> 00:55:47: I just wanted to say a couple of things.
00:55:47 --> 00:55:52: First, thank you to the panelists for being here.
00:55:52 --> 00:55:56: Carmen is with Columbia Residential, which is a company that
00:55:57 --> 00:56:00: is woven into the fabric of the city of Atlanta,
00:56:00 --> 00:56:03: has mission, as she pointed out, at its core, and
00:56:03 --> 00:56:06: has produced projects based on that.
00:56:07 --> 00:56:10: I would encourage you to go to the website, take
00:56:10 --> 00:56:13: a look, find ways to get involved with them, find
00:56:13 --> 00:56:15: ways to do business with them.
00:56:16 --> 00:56:18: That company is an asset and one that I think
00:56:18 --> 00:56:21: is going to be around for a very long time
00:56:21 --> 00:56:25: because it is mission based and is the very definition
00:56:25 --> 00:56:28: of how's the saying go doing well by doing good.
00:56:28 --> 00:56:31: Is that it, TJ?
00:56:31 --> 00:56:34: Great friend and you know, I've learned so much from
00:56:34 --> 00:56:37: him about the housing business and I enjoy having capital
00:56:38 --> 00:56:40: and capital formation conversations with him as well.
00:56:41 --> 00:56:42: Extremely part smart person.
00:56:43 --> 00:56:48: Dominium has, you know, their process down to a science
00:56:48 --> 00:56:53: and I would say soon probably will be if you
00:56:53 --> 00:56:58: know seven to what, first, second, third at some point
00:56:58 --> 00:57:00: in time real soon.
00:57:02 --> 00:57:05: In terms of rankings on the list or what?
00:57:06 --> 00:57:06: All of it.
00:57:06 --> 00:57:07: Volume, activity, everything.
00:57:07 --> 00:57:11: Else we're not, we're we're trying to produce new housing
00:57:11 --> 00:57:13: and we just see the need.
00:57:13 --> 00:57:17: We, we open 304 hundred unit buildings, family buildings or
00:57:17 --> 00:57:19: senior and they lease up in 40 days.
00:57:20 --> 00:57:22: And like I said it, it's so we believe in
00:57:22 --> 00:57:24: the mission we believe in.
00:57:24 --> 00:57:27: We say our, our tenants are customers and that's who
00:57:27 --> 00:57:27: we're serving.

00:57:27 --> 00:57:31: And and so we're not really focused on being number
00:57:31 --> 00:57:32: one or anything.
00:57:32 --> 00:57:35: It's, you know, just trying to build more, more housing
00:57:35 --> 00:57:36: for the country.
00:57:36 --> 00:57:39: Very serious and very aggressive about it.
00:57:39 --> 00:57:42: And Carolyn, I had always heard about and I see
00:57:42 --> 00:57:45: her name and you know, see her in reference to
00:57:45 --> 00:57:49: projects that are getting done and being delivered.
00:57:50 --> 00:57:51: Thank you very much for being here.
00:57:51 --> 00:57:53: But what you do also for the industry as well
00:57:53 --> 00:57:57: and being passionate about your work, we are greatly appreciative
00:57:57 --> 00:57:57: of it.
00:57:57 --> 00:57:59: And I'm pretty sure you'll get a lot of phone
00:57:59 --> 00:58:02: calls and emails as a result of this session as
00:58:02 --> 00:58:03: well, having said that.
00:58:06 --> 00:58:08: Thank you all and thank you, Ron.
00:58:08 --> 00:58:10: I and we couldn't have planned it better, I guess,
00:58:10 --> 00:58:10: Ron.
00:58:11 --> 00:58:13: So yes, I hope you enjoy your next session and
00:58:13 --> 00:58:15: thank you for joining us for this one.
00:58:16 --> 00:58:16: Thank you.
00:58:16 --> 00:58:17: Thank you.
