



# Event Session

## 2022 ULI Housing Opportunity Conference???Opening Keynote: State of the U.S. Housing Market

Date: March 08, 2022

00:00:04 --> 00:00:08: Thank you for joining us for the 2022 Virtual Housing  
00:00:08 --> 00:00:09: Opportunity Conference.  
00:00:09 --> 00:00:14: Please be aware that today's session is being recorded.  
00:00:14 --> 00:00:16: We welcome your questions during the session.  
00:00:16 --> 00:00:19: Please use the Q&A function which you will find to  
00:00:19 --> 00:00:21: the right of the chat function,  
00:00:21 --> 00:00:23: which is to the right of your screen.  
00:00:23 --> 00:00:27: To register your questions again throughout Adams  
presentation,  
00:00:27 --> 00:00:30: we invite you to enter your questions in the Q&A  
00:00:30 --> 00:00:30: function,  
00:00:30 --> 00:00:33: which is to the right of the chat function to  
00:00:33 --> 00:00:35: the right of your screen.  
00:00:35 --> 00:00:38: Thanks again for joining us today and now it's my  
00:00:38 --> 00:00:41: pleasure to welcome the CEO of RCCL Co and a  
00:00:41 --> 00:00:44: member of ULI Twilligear Center for Housing.  
00:00:44 --> 00:00:47: Board Adam Ducker, Adam.  
00:00:50 --> 00:00:53: Thanks Chris. It is a delight to be here.  
00:00:53 --> 00:00:57: Thanks to everybody for joining and I hope this is  
00:00:57 --> 00:01:02: really a great kickoff to what should be a terrific  
00:01:02 --> 00:01:05: couple of days of discussion around housing.  
00:01:05 --> 00:01:09: I really struggled with how to use this time and  
00:01:09 --> 00:01:13: how to frame this conversation at one time.  
00:01:13 --> 00:01:16: This presentation had a title of what the heck is  
00:01:16 --> 00:01:17: going on with housing,  
00:01:17 --> 00:01:21: and there was a less PG version of that too.  
00:01:21 --> 00:01:25: And. One of the themes that will grapple a little  
00:01:25 --> 00:01:26: bit today,  
00:01:26 --> 00:01:31: and I suspect over the next couple of days,  
00:01:31 --> 00:01:34: is. What what, what does it mean to be a  
00:01:34 --> 00:01:38: participant in housing in this condition of just dramatic growth

00:01:38 --> 00:01:39: and prices,

00:01:39 --> 00:01:43: dramatic growth, and rents dramatic growth and cost such a

00:01:43 --> 00:01:48: challenging time to be in the position of producing housing

00:01:48 --> 00:01:50: or preserving housing and,

00:01:50 --> 00:01:54: and in particular, I thought about framing this as.

00:01:54 --> 00:01:58: Is this still a business where people can can do

00:01:58 --> 00:02:00: good and do well,

00:02:00 --> 00:02:02: which I think is one of the the themes that

00:02:02 --> 00:02:06: the Housing Opportunity Conference has grappled with

00:02:06 --> 00:02:09: anyway,

00:02:09 --> 00:02:12: I decided to to leave the the the the title

00:02:12 --> 00:02:14: of state of the housing market,

00:02:14 --> 00:02:17: but I I hope it's OK.

00:02:17 --> 00:02:20: I do plan to spend a little bit less time

00:02:20 --> 00:02:23: just on what's what do the market statistics tell us

00:02:23 --> 00:02:27: a little bit more time on on what might be

00:02:27 --> 00:02:28: kind of driving. Changes in the housing market and then

00:02:28 --> 00:02:32: maybe most importantly,

00:02:32 --> 00:02:38: I'm going to spend a little time going into.

00:02:38 --> 00:02:42: Investment dynamics around housing and a particular

00:02:42 --> 00:02:46: investment dynamics driving

00:02:46 --> 00:02:49: the affordable and workforce housing sectors of the business

00:02:49 --> 00:02:53: and

00:02:53 --> 00:02:57: how?

00:02:57 --> 00:03:00: There's a very very dynamic and exciting but but also

00:03:00 --> 00:03:03: scary market environment might might change.

00:03:03 --> 00:03:06: That might prevent risks, but also might prevent presents

00:03:06 --> 00:03:07: some

00:03:07 --> 00:03:10: opportunity.

00:03:10 --> 00:03:12: So that's the agenda for today.

00:03:12 --> 00:03:18: I think we will spend the next you know,

00:03:18 --> 00:03:20: or else spend the next 3540 minutes kind of sharing

00:03:20 --> 00:03:22: some thoughts and some observations and some

00:03:22 --> 00:03:25: information.

00:03:25 --> 00:03:30: A will as Chris said,

00:03:30 --> 00:03:32: try to keep an eye on the question so we

00:03:32 --> 00:03:34: can perhaps take some of those as we go,

00:03:34 --> 00:03:36: but certainly. Leave a little bit of time at the

00:03:36 --> 00:03:38: end for questions,

00:03:38 --> 00:03:40: maybe even a lot of time.

00:03:40 --> 00:03:42: Before we do, I do want to thank the team

00:03:42 --> 00:03:44: at the Willigar Pappas for Joe's generously sponsoring the

00:03:44 --> 00:03:46: session.

00:03:30 --> 00:03:35: The whole team are are really kind of great advocates  
00:03:35 --> 00:03:35: for.  
00:03:35 --> 00:03:40: The the Center for the work of ULI and.  
00:03:40 --> 00:03:41: You know, for housing across the country,  
00:03:41 --> 00:03:44: so thank you to to twilligear center.  
00:03:44 --> 00:03:48: The the sponsor of the session today.  
00:03:48 --> 00:03:54: So a framework right? We find ourselves in a very  
00:03:54 --> 00:03:55: unusual.  
00:03:55 --> 00:04:00: Situation right? We have just passed through this economic  
recession  
00:04:00 --> 00:04:04: which was not caused by housing like thank God right?  
00:04:04 --> 00:04:07: We don't have that on our conscience,  
00:04:07 --> 00:04:13: but also not resulting in the kind of prolonged interruption  
00:04:13 --> 00:04:14: of demand.  
00:04:14 --> 00:04:17: Resetting of prices that you know we have come to  
00:04:18 --> 00:04:20: associate with economic cycles of the past,  
00:04:20 --> 00:04:23: right? They have almost become hand in hand.  
00:04:23 --> 00:04:24: And I think of our own work.  
00:04:24 --> 00:04:27: And you know. We spent so much time talking about  
00:04:27 --> 00:04:31: the real estate cycle almost this is like teleological,  
00:04:31 --> 00:04:34: unavoidable. You know process of the market gets better and  
00:04:34 --> 00:04:36: the market gets worth.  
00:04:36 --> 00:04:39: And and we really have not.  
00:04:39 --> 00:04:41: Sort of seen that over the last two years,  
00:04:41 --> 00:04:44: which is not to say that there weren't some scary  
00:04:44 --> 00:04:45: moments during COVID,  
00:04:45 --> 00:04:51: and people whose business has struggled but.  
00:04:51 --> 00:04:55: The the This is nothing like the way we have  
00:04:55 --> 00:05:00: historically described the housing recovery after a period of  
economic  
00:05:00 --> 00:05:01: contraction.  
00:05:01 --> 00:05:06: And you know one framework for thinking about.  
00:05:06 --> 00:05:09: What we maybe should process a bit on today is  
00:05:09 --> 00:05:12: you know some things that are really good,  
00:05:12 --> 00:05:14: right? Like I think there's an argument.  
00:05:14 --> 00:05:17: That there is an argument.  
00:05:17 --> 00:05:20: It's a fact that there's a lot of investment in  
00:05:20 --> 00:05:23: housing and I'm going to make the argument that we  
00:05:23 --> 00:05:25: may just be seeing the tip of the iceberg,  
00:05:25 --> 00:05:28: right. There is innovation in housing.  
00:05:28 --> 00:05:32: In fact, I think there's more innovation in housing happening  
00:05:32 --> 00:05:33: right now.  
00:05:33 --> 00:05:38: Never before maybe because necessity is the the the mother

00:05:38 --> 00:05:39: of invention,  
00:05:39 --> 00:05:41: or maybe for a variety of other reasons,  
00:05:41 --> 00:05:43: which we'll talk some about today.  
00:05:43 --> 00:05:47: And I process in. We have the luxury of being  
00:05:47 --> 00:05:51: able to sit at a lot of different kinds of  
00:05:51 --> 00:05:52: tables.  
00:05:52 --> 00:05:56: And. I have the benefit of.  
00:05:56 --> 00:06:01: Really. Like seeing a lot of interest and thought around.  
00:06:04 --> 00:06:09: People thinking about equity people thinking about the ability  
to  
00:06:09 --> 00:06:10: kind of,  
00:06:10 --> 00:06:12: you know, create some social goods as the delivery of  
00:06:12 --> 00:06:12: housing.  
00:06:12 --> 00:06:14: So we'll talk a little about that today.  
00:06:14 --> 00:06:16: So let me get going.  
00:06:20 --> 00:06:24: I'm going to start with the complicated right.  
00:06:24 --> 00:06:26: And you know the headline of the year,  
00:06:26 --> 00:06:31: of course, is that you know we're in this condition  
00:06:31 --> 00:06:32: of.  
00:06:32 --> 00:06:35: Runaway price growth runaway might be too strong,  
00:06:35 --> 00:06:40: but unprecedented levels of sustained price growth.  
00:06:40 --> 00:06:45: This these charts show rent growth both rents in you  
00:06:45 --> 00:06:45: know,  
00:06:45 --> 00:06:49: Class A multifamily properties and Class B.  
00:06:49 --> 00:06:50: You can see they're very,  
00:06:50 --> 00:06:54: very similar. You know Class C properties tend to be  
00:06:54 --> 00:06:55: a little bit.  
00:06:55 --> 00:06:58: More squiggly, I'm being told that the slides are not  
00:06:58 --> 00:06:58: up.  
00:06:58 --> 00:07:00: Let me let me do that.  
00:07:00 --> 00:07:02: I'm going to put up these slides.  
00:07:02 --> 00:07:05: Sorry about that, Rosie, if that's not.  
00:07:05 --> 00:07:06: Showing properly, let me know.  
00:07:09 --> 00:07:11: What a couple slides on the screen here.  
00:07:11 --> 00:07:15: Looking at Class A market trends on the left and  
00:07:15 --> 00:07:18: and be on the right and you can see that  
00:07:18 --> 00:07:22: blue line just dramatic rent growth in all property types  
00:07:22 --> 00:07:24: and really in all markets.  
00:07:24 --> 00:07:31: In 2021, we expect that that will taper off,  
00:07:31 --> 00:07:34: but but taper off slowly.  
00:07:34 --> 00:07:38: And you know, continued tight market conditions.  
00:07:38 --> 00:07:43: The bars look at, you know deliveries compared to

absorption,  
00:07:43 --> 00:07:47: right absorption in the dark bar and deliveries in the  
00:07:47 --> 00:07:47: light bar.  
00:07:47 --> 00:07:51: And you know, for almost 10 years the the multifamily  
00:07:51 --> 00:07:55: housing markets were in pretty close balance,  
00:07:55 --> 00:07:59: right? What got built got absorbed and in 2021 right  
00:07:59 --> 00:08:03: again still a recovery year from this recession.  
00:08:03 --> 00:08:05: In both wars you'll see this.  
00:08:05 --> 00:08:08: Huge spike in the dark net absorption bar,  
00:08:08 --> 00:08:12: right? So lots of moving into housing moving into housing  
00:08:13 --> 00:08:14: of all kinds.  
00:08:14 --> 00:08:17: We we we, we have spent a lot of time  
00:08:17 --> 00:08:19: really trying to kind of unpack.  
00:08:19 --> 00:08:21: What might be, you know,  
00:08:21 --> 00:08:26: behind this, truly, you know truly unprecedented surge in  
housing  
00:08:26 --> 00:08:27: at the moment.  
00:08:27 --> 00:08:30: And we're going to get into those in in just  
00:08:30 --> 00:08:30: a minute.  
00:08:30 --> 00:08:35: By the way, I should say the other thing that's.  
00:08:35 --> 00:08:38: You know, notable as you know,  
00:08:38 --> 00:08:40: there were a lot of.  
00:08:40 --> 00:08:41: There was a lot of theorizing,  
00:08:41 --> 00:08:46: a lot of discussion around how housing would change and  
00:08:46 --> 00:08:49: how like impactful COVID might be.  
00:08:49 --> 00:08:54: And driving you know behavior modification in the housing  
space.  
00:08:54 --> 00:08:57: And you know here early in 2022.  
00:08:57 --> 00:08:59: You know the answer is the jury.  
00:08:59 --> 00:09:01: The jury is still out in a lot of ways  
00:09:01 --> 00:09:02: right?  
00:09:02 --> 00:09:06: One of those trends that that people talked about was  
00:09:06 --> 00:09:11: the flight from suburban or urban markets to to suburban  
00:09:11 --> 00:09:12: markets,  
00:09:12 --> 00:09:14: and that we did see some of that right.  
00:09:14 --> 00:09:18: If you sort of look carefully the the rent growth  
00:09:18 --> 00:09:20: picked up earlier in suburban markets.  
00:09:20 --> 00:09:21: That chart on the right.  
00:09:21 --> 00:09:23: If you look at the blue line,  
00:09:23 --> 00:09:24: then it did in urban markets.  
00:09:24 --> 00:09:29: But really this this. Sort of very,  
00:09:29 --> 00:09:33: very strong market condition and housing is.  
00:09:33 --> 00:09:36: Across geographies across property types,

00:09:36 --> 00:09:39: you know, in both urban and suburban markets,  
 00:09:39 --> 00:09:43: in both high growth markets and in more modest growth  
 00:09:43 --> 00:09:44: markets,  
 00:09:44 --> 00:09:47: and it is very, very broadly felt.  
 00:09:49 --> 00:09:52: In including in the 4 sale market,  
 00:09:52 --> 00:09:55: will probably spend a little bit more time talking today  
 00:09:55 --> 00:09:57: about rental housing than for sale housing,  
 00:09:57 --> 00:10:01: but the the the the,  
 00:10:01 --> 00:10:06: the growth in demand, the reduction in available supply has  
 00:10:06 --> 00:10:11: been as pervasive in for sale housing as as ever.  
 00:10:11 --> 00:10:15: This chart actually looks at the share of prices with  
 00:10:15 --> 00:10:19: share of new single family home sales by price range.  
 00:10:19 --> 00:10:21: Kind of going back a couple of centuries.  
 00:10:21 --> 00:10:24: I'm sorry a couple of decades and of course,  
 00:10:24 --> 00:10:27: there's there's two years of appreciation in here,  
 00:10:27 --> 00:10:29: so we shouldn't miss that.  
 00:10:29 --> 00:10:33: But if we look back to as recently as 2012,  
 00:10:33 --> 00:10:37: you know 2/3 of. The new homes sold in the  
 00:10:37 --> 00:10:41: United States were priced less than \$300,000 and.  
 00:10:41 --> 00:10:46: Fast forward to to to 2020 and that is,  
 00:10:46 --> 00:10:50: you know today less than 1/3 almost no sales under  
 00:10:50 --> 00:10:51: 200,000,  
 00:10:51 --> 00:10:55: maybe that's. No longer reasonable to expect but but but  
 00:10:55 --> 00:10:59: really no growth in the 200,000 and almost all of  
 00:10:59 --> 00:11:02: the growth in the luxury price points,  
 00:11:02 --> 00:11:05: and so that again this is not because of COVID.  
 00:11:05 --> 00:11:07: I think COVID has accelerated.  
 00:11:07 --> 00:11:10: To some degree, the movement to for sale housing and  
 00:11:10 --> 00:11:13: probably is encourage people to sort of buy off,  
 00:11:13 --> 00:11:15: maybe out of their schedule.  
 00:11:15 --> 00:11:19: So this is a trend that really is a structural  
 00:11:19 --> 00:11:21: and long lasting trend,  
 00:11:21 --> 00:11:25: but. But the market dynamics has changed and such that  
 00:11:26 --> 00:11:28: for sale housing particularly.  
 00:11:28 --> 00:11:34: Low low low density for sale housing really is serving,  
 00:11:34 --> 00:11:39: you know, a largely like upper or market or luxury  
 00:11:39 --> 00:11:40: customer.  
 00:11:40 --> 00:11:41: So what's going on right?  
 00:11:41 --> 00:11:44: What how do we explain?  
 00:11:44 --> 00:11:49: This this, this, this, this kind of quirky market condition  
 00:11:49 --> 00:11:52: and you know the question we always get is is  
 00:11:52 --> 00:11:53: it as simple as?

00:11:53 --> 00:11:58: The markets are just undersupplied are we really not delivering

00:11:58 --> 00:12:01: enough housing and you know the answer to that is

00:12:02 --> 00:12:02: largely yes.

00:12:02 --> 00:12:08: It's not that simple. But it really is true that

00:12:08 --> 00:12:13: the housing production mechanism never recovered.

00:12:13 --> 00:12:16: In the United States, following the gross financial crisis,

00:12:16 --> 00:12:20: great financial crisis. This is some analysis that the Urban

00:12:21 --> 00:12:22: Institute does if people.

00:12:22 --> 00:12:26: Like don't know about their housing data book.

00:12:26 --> 00:12:28: I'm forgetting the exact name of it.

00:12:28 --> 00:12:32: It's really a document for spending some time with,

00:12:32 --> 00:12:36: but they they they do a very interesting analysis,

00:12:36 --> 00:12:39: which is to to adjust.

00:12:39 --> 00:12:43: Housing production for the size of the population right?

00:12:43 --> 00:12:47: When we look back 50 years or more here,

00:12:47 --> 00:12:50: right? We were talking about a country that was much

00:12:50 --> 00:12:51: smaller.

00:12:51 --> 00:12:55: A housing stock that was much more limited.

00:12:55 --> 00:12:59: And So what? The The Urban Institute does is they

00:12:59 --> 00:13:04: look at housing production per 1000 households in the United

00:13:04 --> 00:13:07: States and when you do that you can see we're

00:13:07 --> 00:13:09: at a production rate of.

00:13:09 --> 00:13:15: Less than five households per thousand and less than half.

00:13:15 --> 00:13:18: And you know, in some periods of time,

00:13:18 --> 00:13:22: almost only 30 or 40%.

00:13:22 --> 00:13:26: Of the rate of production that you know,

00:13:26 --> 00:13:29: we we we had in the United States in the

00:13:29 --> 00:13:31: 60s seventies.

00:13:31 --> 00:13:33: And 80s and 90s. And interestingly,

00:13:33 --> 00:13:35: the colors denote the product type,

00:13:35 --> 00:13:38: but one of the product types that I.

00:13:38 --> 00:13:42: I just think it's so interesting is look at the

00:13:42 --> 00:13:47: black line that's manufactured homes or shipments of

00:13:47 --> 00:13:51: manufactured homes.

00:13:47 --> 00:13:51: And. We that used to be a meaningful share of

00:13:52 --> 00:13:57: new housing delivered and it's almost nonexistent today.

00:13:57 --> 00:14:01: Similarly, you know, we, we think of the 2000 Tens.

00:14:01 --> 00:14:05: As you know, the great boom years for rental apartments,

00:14:05 --> 00:14:10: but in fact. The production of rental apartments was of

00:14:10 --> 00:14:15: much smaller share of the existing housing stock or the

00:14:15 --> 00:14:20: existing population compared to the 1970s and the 1980s,

00:14:20 --> 00:14:22: so actually entered. That's an interesting point of comparison,

00:14:22 --> 00:14:26: right? Because to some degree in the 2010 we were

00:14:26 --> 00:14:28: building apartments to.

00:14:28 --> 00:14:33: To to house the the millennial population boom.

00:14:33 --> 00:14:39: A population boom that was bigger than the.

00:14:39 --> 00:14:43: Then the the the the the baby boom capital B.

00:14:43 --> 00:14:45: Which really came of age in the 70s and 80s,

00:14:45 --> 00:14:48: and in fact you know we delivered on a per

00:14:48 --> 00:14:49: capita basis,

00:14:49 --> 00:14:55: really less than half. Of the new apartment inventory,

00:14:55 --> 00:14:56: you know over the last decade or so,

00:14:56 --> 00:14:59: so I think it really is true that we are

00:14:59 --> 00:15:04: under building housing we we are under building it to

00:15:04 --> 00:15:06: a significant degree and.

00:15:06 --> 00:15:11: I think you know the primary explanation for you know

00:15:11 --> 00:15:13: 2021 right?

00:15:13 --> 00:15:16: A year in which people were moving into the housing

00:15:16 --> 00:15:20: market back into the housing market and significant numbers really

00:15:20 --> 00:15:23: does sort of point to just a lack of product.

00:15:23 --> 00:15:26: To accommodate the the population in America,

00:15:26 --> 00:15:31: and you know the the result is that housing is

00:15:31 --> 00:15:33: getting expensive,

00:15:33 --> 00:15:34: expensive in every way, right?

00:15:34 --> 00:15:38: Expensive to buy the chart on the left looks at.

00:15:41 --> 00:15:45: The cost per multifamily unit in the United States cost

00:15:46 --> 00:15:48: to build right housing costs.

00:15:48 --> 00:15:51: Particular materials are moving at a much,

00:15:51 --> 00:15:55: much higher rate than just the the.

00:15:55 --> 00:15:59: The increase in pricing in in goods and services across

00:15:59 --> 00:16:00: the United States,

00:16:00 --> 00:16:04: which is itself. Significant on a on a call this

00:16:04 --> 00:16:04: morning,

00:16:04 --> 00:16:08: one of the center board members was describing.

00:16:10 --> 00:16:13: The challenge of how do you deliver affordable housing when

00:16:14 --> 00:16:15: in in the state of California?

00:16:15 --> 00:16:18: When building it costs \$800,000 unit,

00:16:18 --> 00:16:22: you know staggering numbers. But really,

00:16:22 --> 00:16:27: a dramatic challenge, right? So further pressure on the ability

00:16:27 --> 00:16:30: to produce housing and effect it.

00:16:30 --> 00:16:34: It does seem likely that housing production will continue to

00:16:34 --> 00:16:35: to trickle down,

00:16:35 --> 00:16:38: not just be constrained, but trickle trickle down.

00:16:38 --> 00:16:41: I'm not going to spend a lot of time today

00:16:41 --> 00:16:42: sort of looking at.

00:16:44 --> 00:16:48: You know the degree to which you know the customer

00:16:48 --> 00:16:50: is really bearing the burden,

00:16:50 --> 00:16:55: particularly the moderate and and and low income customer is

00:16:55 --> 00:16:58: bearing the burden of housing,

00:16:58 --> 00:17:00: but it really is true like this.

00:17:00 --> 00:17:02: This data that probably a lot of people are familiar

00:17:02 --> 00:17:03: with.

00:17:03 --> 00:17:06: On the left, that's what it looks at the percentage

00:17:06 --> 00:17:10: of renters cost burdened or severely cost burdened the the

00:17:10 --> 00:17:13: the label has fallen off of this,

00:17:13 --> 00:17:15: but the green or the bottom bar is.

00:17:15 --> 00:17:19: Severely cost burdened and and cost burdened.

00:17:19 --> 00:17:24: That that that that those percentages didn't increase dramatically between

00:17:24 --> 00:17:25: 2010 and 2019,

00:17:26 --> 00:17:29: right? But when the next round of this data is

00:17:29 --> 00:17:30: available,

00:17:30 --> 00:17:36: it will show even greater price and pressure on renters.

00:17:36 --> 00:17:40: In particular, you know, as prices have moved up so

00:17:40 --> 00:17:43: dramatically in in 2021 and years to come.

00:17:43 --> 00:17:46: It it is worth sort of taking a minute,

00:17:46 --> 00:17:48: I'm always fascinated by this,

00:17:48 --> 00:17:53: but we should acknowledge that housing is is still relatively

00:17:53 --> 00:17:58: affordable in America compared to other parts of the world.

00:17:58 --> 00:18:01: But these are a couple of different metrics in which

00:18:01 --> 00:18:04: people look at affordability in different countries.

00:18:04 --> 00:18:06: the United States is actually one of the more affordable

00:18:06 --> 00:18:07: countries,

00:18:07 --> 00:18:11: so our our crisis is is very real.

00:18:11 --> 00:18:16: Relative to. Are our history,

00:18:16 --> 00:18:18: but there are many, many parts of the world.

00:18:18 --> 00:18:22: In fact, most parts of the world where housing is

00:18:22 --> 00:18:26: is even more expensive or even more burdensome to its

00:18:26 --> 00:18:27: population.

00:18:27 --> 00:18:30: In the United States and I and I bring this

00:18:30 --> 00:18:31: up to say,

00:18:31 --> 00:18:34: you know. I think we we bring this framework of

00:18:34 --> 00:18:35: saying,

00:18:35 --> 00:18:39: oh, you know eventually. Housing has to stop getting more  
00:18:39 --> 00:18:41: expensive eventually.  
00:18:41 --> 00:18:43: You know there's a cap on what people can pay,  
00:18:43 --> 00:18:47: and you know that. That may be true.  
00:18:47 --> 00:18:51: But unfortunately, the experience around the world suggests  
that you  
00:18:51 --> 00:18:52: know,  
00:18:52 --> 00:18:57: economies change to. Reflect the realities of what it costs  
00:18:57 --> 00:19:01: to build a home and what people and how people  
00:19:01 --> 00:19:04: can pay for right in many parts of the world,  
00:19:04 --> 00:19:07: housing is a multi generational investment right.  
00:19:07 --> 00:19:12: Families help family members afford housing and I don't want  
00:19:12 --> 00:19:14: that to be our future right.  
00:19:14 --> 00:19:17: I hope that is not our future but but we  
00:19:17 --> 00:19:18: do need to.  
00:19:18 --> 00:19:20: To kind of not get into the like.  
00:19:20 --> 00:19:25: Well, housing's gotten expensive, so eventually something  
will change.  
00:19:25 --> 00:19:27: Right, I think we we,  
00:19:27 --> 00:19:29: as a community of Hausers,  
00:19:29 --> 00:19:33: need to grapple with as as challenging as things seem  
00:19:33 --> 00:19:34: today.  
00:19:34 --> 00:19:37: It is not simply going to be the case that  
00:19:37 --> 00:19:39: the market cycle will shift.  
00:19:39 --> 00:19:43: Things will get easier for people trying to attain housing  
00:19:43 --> 00:19:47: or easier for people trying to understand how we can  
00:19:47 --> 00:19:49: in a cost effective way,  
00:19:49 --> 00:19:54: deliver housing. I think the other thing that's both complicated  
00:19:54 --> 00:19:59: and curious right is that you know people seem to.  
00:19:59 --> 00:20:01: At the moment, I think because of COVID,  
00:20:01 --> 00:20:03: but I think it's a longer.  
00:20:03 --> 00:20:07: Trajectory to that really be valuing housing.  
00:20:07 --> 00:20:12: I made these infographics small because I'm not sure that  
00:20:12 --> 00:20:16: any of them really tell the story accurately or I'm  
00:20:16 --> 00:20:19: not sure that we know the story yet,  
00:20:19 --> 00:20:23: but there does seem to be a strong willingness in  
00:20:23 --> 00:20:25: in the United States.  
00:20:25 --> 00:20:28: I suspect around the world to spend money on housing,  
00:20:28 --> 00:20:32: right? People have had this experience of home really is  
00:20:32 --> 00:20:34: the most important.  
00:20:34 --> 00:20:37: Driver of quality of life and so even in a  
00:20:37 --> 00:20:42: context in which we describe people as cost burdened  
significantly

00:20:42 --> 00:20:43: cost burdened.

00:20:43 --> 00:20:46: People seem to have at this moment in time,

00:20:46 --> 00:20:51: like a strong appetite to devote their income towards improving

00:20:51 --> 00:20:52: their housing,

00:20:52 --> 00:20:54: and that's why we think back to some of those

00:20:54 --> 00:20:55: earlier slides,

00:20:55 --> 00:20:58: right? This protein of prices moving up,

00:20:58 --> 00:21:03: absorption outpacing historical norms is true in every segment of

00:21:03 --> 00:21:04: the housing market.

00:21:04 --> 00:21:08: The for sale segments, the luxury and more workforce oriented

00:21:08 --> 00:21:12: housing segments and and even the affordable housing segments,

00:21:12 --> 00:21:15: which we'll talk about. In a minute.

00:21:15 --> 00:21:17: And you know they're they're.

00:21:17 --> 00:21:21: We also are in a position in which.

00:21:21 --> 00:21:26: Americans have. Finally, right after several decades,

00:21:26 --> 00:21:28: or at least through 2000s,

00:21:28 --> 00:21:31: have not really having a lot of income growth or

00:21:32 --> 00:21:35: having or experiencing real income growth,

00:21:35 --> 00:21:38: and not just among the most affluent by the chart

00:21:38 --> 00:21:39: at the left.

00:21:39 --> 00:21:44: Looks at. Real after tax income by quintile of the

00:21:44 --> 00:21:46: population.

00:21:46 --> 00:21:49: And you can see throughout the income segments,

00:21:49 --> 00:21:53: there is finally in the second half of the 2000s

00:21:53 --> 00:21:58: real income growth and it's even trickled up a little

00:21:58 --> 00:21:58: bit.

00:21:58 --> 00:22:01: And and in 1819 and 20,

00:22:01 --> 00:22:02: right there was, of course,

00:22:02 --> 00:22:09: income interruption for many Americans in 2020 and 2021.

00:22:10 --> 00:22:15: But there's. Real income growth and there's also been real.

00:22:15 --> 00:22:19: Savings growth during COVID. That's actually not unusual.

00:22:19 --> 00:22:23: You sort of see that through other periods of economic

00:22:23 --> 00:22:25: contraction that people save a little money,

00:22:25 --> 00:22:29: but but one of the answer to the questions is

00:22:29 --> 00:22:33: how can people afford to keep paying the rent when

00:22:33 --> 00:22:37: the renewal notices arrive with such big increases is,

00:22:37 --> 00:22:41: you know, a lot of renters are feeling somewhat more

00:22:41 --> 00:22:43: economically secure at the moment.

00:22:43 --> 00:22:45: It it does seem counterintuitive.

00:22:45 --> 00:22:47: That coming out of a recession,  
 00:22:47 --> 00:22:52: but but that does seem to be happening in housing  
 00:22:52 --> 00:22:52: and,  
 00:22:52 --> 00:22:54: and even if it's not true,  
 00:22:54 --> 00:22:59: long term income security, it's a sense of that money  
 00:22:59 --> 00:23:02: spent on housing is perhaps money well spent,  
 00:23:02 --> 00:23:07: right? And so everybody is making incremental moves,  
 00:23:07 --> 00:23:10: you know to to better housing to more spacious housing  
 00:23:10 --> 00:23:12: to a different kinds of housing.  
 00:23:12 --> 00:23:16: And it's. It's it's it's,  
 00:23:16 --> 00:23:19: you know, created a condition in which you know people  
 00:23:19 --> 00:23:21: are in a position of affording a label.  
 00:23:21 --> 00:23:23: It the good it's it's it.  
 00:23:23 --> 00:23:27: It has ramifications that are complicated but.  
 00:23:27 --> 00:23:30: It is the good I think the other good.  
 00:23:30 --> 00:23:35: Is you know the investment markets are very,  
 00:23:35 --> 00:23:37: very active right? They don't need to.  
 00:23:37 --> 00:23:38: To tell this story again,  
 00:23:38 --> 00:23:43: there's a lot of equity that has been.  
 00:23:43 --> 00:23:46: Amassed for investment in real estate,  
 00:23:46 --> 00:23:48: US real estate in particular,  
 00:23:48 --> 00:23:52: but a lot, but maybe for for this discussion.  
 00:23:52 --> 00:23:56: What's even more important is how much of that.  
 00:23:56 --> 00:24:01: That equity and other types of investment has really sort  
 00:24:01 --> 00:24:04: of gravitated towards the housing sector.  
 00:24:04 --> 00:24:08: The chart on the right looks at just transactions as  
 00:24:08 --> 00:24:11: a proxy for how investment capital is being spent.  
 00:24:11 --> 00:24:13: This looks at just apartments,  
 00:24:13 --> 00:24:18: but but really there is much more capital amassed around  
 00:24:18 --> 00:24:20: investing in for sale,  
 00:24:20 --> 00:24:25: housing, seniors, housing. Housing of almost all types than  
 00:24:25 --> 00:24:27: we've  
 00:24:27 --> 00:24:30: seen in some time,  
 00:24:30 --> 00:24:34: right? So so a lot of capital.  
 00:24:34 --> 00:24:34: And the question is like can it be used for  
 00:24:34 --> 00:24:36: good?  
 00:24:36 --> 00:24:41: I'm going to make the argument that.  
 00:24:41 --> 00:24:44: A lot of that capital does seem to be.  
 00:24:44 --> 00:24:45: Focused on this question of,  
 00:24:45 --> 00:24:48: you know, as I said earlier,  
 00:24:48 --> 00:24:49: is housing a business in which we can do well  
 00:24:49 --> 00:24:49: and do good.

00:24:49 --> 00:24:54: And you know, we've seen the the evolution of you

00:24:54 --> 00:24:57: know the impact or or EG or or just socially

00:24:57 --> 00:25:03: conscious investing in housing change so rapidly really kind of

00:25:03 --> 00:25:07: driven by these economic interruptions that we've had over the

00:25:07 --> 00:25:08: last 20 years,

00:25:08 --> 00:25:11: right following the great financial crisis.

00:25:11 --> 00:25:16: Would I sometimes crawl as this first phase of impact

00:25:16 --> 00:25:20: housing where capital began to flow into the market?

00:25:22 --> 00:25:27: More more rapidly, the actual you know fund environment made

00:25:27 --> 00:25:32: institutional investing in the space a little bit.

00:25:32 --> 00:25:37: More common, the the the the range of investments increased

00:25:38 --> 00:25:40: to include housing preservation,

00:25:40 --> 00:25:46: opportunity zone legislation kind of contributed towards changing.

00:25:46 --> 00:25:49: The dynamics and then today we have.

00:25:49 --> 00:25:51: We are really in the.

00:25:51 --> 00:25:55: What I'm kind of calling the now mature phase of

00:25:55 --> 00:25:58: at the moment people are using the term EG maybe

00:25:58 --> 00:26:01: a little bit more more often than impact,

00:26:01 --> 00:26:04: but we're now in a in a in a really

00:26:05 --> 00:26:09: exciting and anomic phase in which there really is a

00:26:09 --> 00:26:14: lot of capital that is looking at housing investment that.

00:26:14 --> 00:26:18: Meets a social need. Does a social good.

00:26:18 --> 00:26:23: People are actually measuring the impact that housing.

00:26:23 --> 00:26:28: Investment is making and and impact our SG.

00:26:28 --> 00:26:33: Motivated housing investment is also grappling with questions of resiliency

00:26:33 --> 00:26:36: and how it ties to climate change.

00:26:36 --> 00:26:38: So we're in this, you know,

00:26:39 --> 00:26:43: very exciting phase as as recently as two or three

00:26:43 --> 00:26:44: years ago,

00:26:44 --> 00:26:49: you know a capital markets player looking for impact oriented

00:26:49 --> 00:26:49: housing.

00:26:49 --> 00:26:55: Investments would have relatively limited choice and you know today

00:26:55 --> 00:27:00: the market is increasing in choice at a very very

00:27:00 --> 00:27:01: high rate.

00:27:01 --> 00:27:05: You know, I think this will continue to to mature

00:27:05 --> 00:27:09: and it will be kind of fascinating to think about

00:27:09 --> 00:27:13: what drives the changes and and then you know how

00:27:13 --> 00:27:18: the opportunities to invest in housing with a goal of

00:27:18 --> 00:27:19: really,

00:27:19 --> 00:27:24: you know, helping catalyze social change will happen as well.

00:27:24 --> 00:27:27: And then I guess the last piece of the good

00:27:27 --> 00:27:30: that is maybe worth spending a little bit of time

00:27:30 --> 00:27:31: on is.

00:27:31 --> 00:27:35: You know there's there's even what we what we are

00:27:35 --> 00:27:40: talking about when we describe housing is so much more

00:27:40 --> 00:27:42: varied than it was.

00:27:42 --> 00:27:44: You know 1010 or 20 or 30 years ago,

00:27:44 --> 00:27:49: right? The number of asset types that the specificity of

00:27:49 --> 00:27:54: housing that is available to the housing investor is dramatic.

00:27:54 --> 00:27:57: One of one of our friends and former partners,

00:27:57 --> 00:28:01: Chris Leinberger, wrote this great article which I'd go back

00:28:01 --> 00:28:02: to every so often.

00:28:02 --> 00:28:04: By the way, I thought it was written in the

00:28:04 --> 00:28:05: 1990s.

00:28:05 --> 00:28:07: I actually just looked at it again yesterday.

00:28:07 --> 00:28:11: Chris wrote in the in the in the two thousand

00:28:11 --> 00:28:12: 2005.

00:28:12 --> 00:28:16: Really, this great article where he described the 17 product

00:28:16 --> 00:28:21: types that were investable in America and not more than

00:28:21 --> 00:28:21: that right?

00:28:21 --> 00:28:25: You know, there were three flavors of housing that you

00:28:25 --> 00:28:27: know could attract you know,

00:28:27 --> 00:28:32: institutional investment capital. And today there's 17 types of

00:28:32 --> 00:28:33: income

00:28:32 --> 00:28:33: producing housing,

00:28:33 --> 00:28:37: each of which in an institutional investors.

00:28:37 --> 00:28:42: Kind of, you know, framework or Nexus of housing

00:28:42 --> 00:28:43: investments

00:28:42 --> 00:28:43: might have its own.

00:28:43 --> 00:28:47: Allocation and strategy. And so I described this bit of

00:28:47 --> 00:28:52: time as rich in housing innovation rich in housing diversity

00:28:52 --> 00:28:54: as a really good thing,

00:28:54 --> 00:28:58: right? This gives people an ability to understand the return

00:28:58 --> 00:28:59: dynamics,

00:28:59 --> 00:29:02: understand the risk dynamics, pick a space,

00:29:02 --> 00:29:04: think about impact, allocate capital,

00:29:04 --> 00:29:06: and I hope what I hope it does.

00:29:06 --> 00:29:08: And this is what we're going to turn to in

00:29:08 --> 00:29:09: a minute.

00:29:09 --> 00:29:11: Is create a condition in which.

00:29:13 --> 00:29:16: An increasing share of that dry powder that we just

00:29:17 --> 00:29:20: talked about a minute ago goes towards housing.

00:29:20 --> 00:29:23: So before we go, it's you know we should pause,

00:29:23 --> 00:29:26: right headwinds? You know are.

00:29:26 --> 00:29:29: Are there demographic headwinds there is?

00:29:29 --> 00:29:31: You know a school of thought that.

00:29:33 --> 00:29:37: You know we will see challenge to housing demand in

00:29:37 --> 00:29:38: the future.

00:29:38 --> 00:29:41: People live very smart people have sort of looked at

00:29:42 --> 00:29:44: the level of household formation,

00:29:44 --> 00:29:48: right? It is true at least through COVID that the

00:29:48 --> 00:29:52: number of new households kind of formed in America has

00:29:52 --> 00:29:55: slowed over the the long term that might.

00:29:56 --> 00:29:58: Serve as a headwind to housing,

00:29:58 --> 00:30:03: but it's it's too soon to say that's true a.

00:30:03 --> 00:30:06: You know we don't really know what household formation

00:30:06 --> 00:30:07: would

00:30:07 --> 00:30:11: be.

00:30:11 --> 00:30:15: Maybe most importantly like. You know what will happen with

00:30:15 --> 00:30:17: immigration to the United States will play a role in

00:30:17 --> 00:30:20: future demand for housing.

00:30:20 --> 00:30:24: You know, in in the era of a shrinking workforce,

00:30:24 --> 00:30:27: it seems. Unlikely that immigration is constrained to the

00:30:27 --> 00:30:31: greed

00:30:31 --> 00:30:34: it's been over the last several years,

00:30:34 --> 00:30:36: but that's something that hausers should keep an eye on.

00:30:36 --> 00:30:39: Right? Immigration has always drove demand for housing in

00:30:39 --> 00:30:44: the

00:30:44 --> 00:30:48: United States and.

00:30:48 --> 00:30:53: Which one? There's a lot of writing and talk about

00:30:53 --> 00:30:56: transients and do people you know stop transacting with

00:30:56 --> 00:30:58: housing

00:30:58 --> 00:31:03: in the same way because the workforce becomes so

00:31:03 --> 00:31:04: transient

00:31:04 --> 00:31:07: and maybe as the the workforce becomes increasingly

00:31:07 --> 00:31:12: detached from

00:31:12 --> 00:31:15: where their work happens physically.

00:31:15 --> 00:31:18: There will be a change in housing,

00:31:18 --> 00:31:21: but it it it doesn't seem like that's a plan

00:31:21 --> 00:31:24: out today.

00:31:24 --> 00:31:27: You know, people do kind of continue to ask the

00:31:27 --> 00:31:30: question about post behavior post pandemic behavior

change if that's  
00:31:12 --> 00:31:13: a real thing,  
00:31:13 --> 00:31:16: how it's changed housing we should think about that.  
00:31:16 --> 00:31:21: And you know similarly the topic for another day is.  
00:31:21 --> 00:31:25: Is the relationship between interest rates and housing,  
00:31:25 --> 00:31:29: but it it it? It does not seem likely,  
00:31:29 --> 00:31:32: nor do previous real estate cycles in the United States.  
00:31:32 --> 00:31:35: Suggest that if interest rates trickle up over the next  
00:31:36 --> 00:31:36: year or two,  
00:31:36 --> 00:31:37: which they're likely to do,  
00:31:37 --> 00:31:41: there'll be a dramatic change in the economics of housing  
00:31:41 --> 00:31:43: or the production of housing.  
00:31:43 --> 00:31:47: You know this this week people are asking what impact  
00:31:47 --> 00:31:48: you know,  
00:31:48 --> 00:31:52: the activities or the crisis in Ukraine.  
00:31:52 --> 00:31:55: Or other parts of the world might have on housing  
00:31:55 --> 00:31:55: it.  
00:31:55 --> 00:31:59: You know it. In American history there is not.  
00:31:59 --> 00:32:02: Been a strong relationship between.  
00:32:02 --> 00:32:09: Housing. Between housing production and you know,  
00:32:09 --> 00:32:15: international kind of politics or conflicts until it's become,  
00:32:15 --> 00:32:18: you know, the scale of a truly kind of global  
00:32:19 --> 00:32:19: crisis.  
00:32:19 --> 00:32:20: And so we'll watch that now.  
00:32:20 --> 00:32:21: Of course, like you know,  
00:32:21 --> 00:32:25: housing climate changes is something that will.  
00:32:25 --> 00:32:26: I think not so much.  
00:32:26 --> 00:32:30: Change the need the appetite for housing,  
00:32:30 --> 00:32:32: but will will. In fact,  
00:32:32 --> 00:32:36: Dr Warehousing is delivered and where housing is invested  
in.  
00:32:36 --> 00:32:41: And. We should keep an eye on that,  
00:32:41 --> 00:32:43: so I'll pause for a second.  
00:32:43 --> 00:32:47: We're going to. We're going to transition into a discussion  
00:32:47 --> 00:32:47: around.  
00:32:47 --> 00:32:51: What I highlighted earlier, the affordable housing space and  
the  
00:32:51 --> 00:32:53: workforce housing space and.  
00:32:53 --> 00:32:55: What I'm hoping to do is kind of make the  
00:32:55 --> 00:32:56: case that.  
00:32:58 --> 00:33:03: That degree to which we better understand those sectors as  
00:33:03 --> 00:33:04: investment opportunity.  
00:33:04 --> 00:33:09: The more information we kind of you know are able

00:33:09 --> 00:33:13: to amass and and share in the investment community,  
00:33:13 --> 00:33:17: the more of the allocation of capital that those sectors  
00:33:17 --> 00:33:17: might get.  
00:33:17 --> 00:33:20: So I'm going to start with affordable housing.  
00:33:23 --> 00:33:26: And this is an update that we've done to some  
00:33:26 --> 00:33:30: work we did with the Terwilliger Center a couple of  
00:33:30 --> 00:33:31: years ago,  
00:33:31 --> 00:33:35: and actually a special thanks to the Jonathan Rose Company  
00:33:35 --> 00:33:37: who funded some of this research at that time,  
00:33:37 --> 00:33:41: we're going to share this later this spring,  
00:33:41 --> 00:33:45: but. I'm going to talk a little bit about.  
00:33:45 --> 00:33:49: You know the share of rental housing?  
00:33:49 --> 00:33:51: That is, you know affordable,  
00:33:51 --> 00:33:55: either affordable by law or affordable by.  
00:33:55 --> 00:33:59: By by by its market positioning.  
00:33:59 --> 00:34:04: And you know, we we describe the affordable housing sector  
00:34:04 --> 00:34:06: as roughly 25%  
00:34:06 --> 00:34:09: of rental housing in the United States,  
00:34:09 --> 00:34:11: right? So when we? We look at,  
00:34:11 --> 00:34:14: by the way, and half of the rental housing line  
00:34:14 --> 00:34:16: states is single family homes,  
00:34:16 --> 00:34:18: which is also a topic for another day.  
00:34:18 --> 00:34:20: But when we look at,  
00:34:20 --> 00:34:27: you know, multifamily housing. It it breaks down into roughly,  
00:34:27 --> 00:34:30: you know, 40% market rate again,  
00:34:30 --> 00:34:35: roughly. Roughly 40% or 35 to 40%  
00:34:35 --> 00:34:41: naturally occurring. Affordable housing, meaning it's it's  
00:34:41 --> 00:34:46: be affordable to people but but without subsidies or just  
00:34:46 --> 00:34:48: they're affordable to the.  
00:34:48 --> 00:34:51: To the below 60% of median income and then you  
00:34:52 --> 00:34:54: know roughly 1/4 is subsidized.  
00:34:54 --> 00:34:58: You know housing it has subsidies associated with it and  
00:34:58 --> 00:35:00: you can see those programs.  
00:35:00 --> 00:35:07: Highlighted in the column at the right public housing LHC  
00:35:07 --> 00:35:08: Section 8.  
00:35:08 --> 00:35:13: And I'm. It's it's interesting,  
00:35:13 --> 00:35:18: right? We are the non luxury housing is shrinking as  
00:35:18 --> 00:35:19: a share of.  
00:35:19 --> 00:35:21: Of housing as the United States.  
00:35:21 --> 00:35:24: It's always difficult to sort of like try to apply.  
00:35:24 --> 00:35:28: You know some of the existing labels but but but

00:35:28 --> 00:35:32: using Class C housing for for the time being as  
 00:35:32 --> 00:35:34: a as a proxy for housing,  
 00:35:34 --> 00:35:39: that's that's affordable. You can see in the charts that  
 00:35:39 --> 00:35:43: you know it is declining as a share of market  
 00:35:43 --> 00:35:43: rate,  
 00:35:43 --> 00:35:48: but relatively stable in terms of affordable housing,  
 00:35:48 --> 00:35:51: right? It sort of has gone from,  
 00:35:51 --> 00:35:53: you know, less than 1%  
 00:35:53 --> 00:35:57: to 6. Percent I'm looking at the red bar at  
 00:35:57 --> 00:35:59: the bottom of the bar chart.  
 00:35:59 --> 00:36:03: This is the share of Class A housing that is  
 00:36:03 --> 00:36:05: affordable.  
 00:36:05 --> 00:36:09: And when we look at affordable and rent subsidized again,  
 00:36:09 --> 00:36:11: it's still a tiny share,  
 00:36:11 --> 00:36:12: right? It's less than 2%,  
 00:36:12 --> 00:36:16: but even when we look at the Class A housing.  
 00:36:16 --> 00:36:21: You know, across the United States that that little red  
 00:36:21 --> 00:36:22: bar is.  
 00:36:22 --> 00:36:23: Almost 2% right? It is up.  
 00:36:23 --> 00:36:26: We are not producing affordable housing.  
 00:36:26 --> 00:36:29: Perhaps at the level that we need it,  
 00:36:29 --> 00:36:33: but it is important to note that we are producing  
 00:36:34 --> 00:36:34: it.  
 00:36:34 --> 00:36:37: And you know the share of new housing,  
 00:36:37 --> 00:36:40: the chair of high quality housing that is in a  
 00:36:40 --> 00:36:45: position of being rent stabilized or preserved as a valuable  
 00:36:45 --> 00:36:46: housing for the long term,  
 00:36:46 --> 00:36:49: is increasing right going from .2%  
 00:36:50 --> 00:36:52: to 1.8% might be the tip of the iceberg.  
 00:36:52 --> 00:36:56: But but but it is a trajectory that,  
 00:36:56 --> 00:36:59: you know, it's something to work on.  
 00:36:59 --> 00:37:04: And it's it's a few charts to sort of describe  
 00:37:04 --> 00:37:06: a little bit about,  
 00:37:06 --> 00:37:10: you know what, what, what types of housing are being  
 00:37:10 --> 00:37:12: built as affordable,  
 00:37:12 --> 00:37:14: and where it's being built.  
 00:37:14 --> 00:37:18: And those charts on the left kind of point out  
 00:37:18 --> 00:37:23: that really mostly what's being built in the United States.  
 00:37:23 --> 00:37:25: As affordable, in other words,  
 00:37:25 --> 00:37:28: the the the the greatest number of units is really  
 00:37:28 --> 00:37:30: in garden style housing.  
 00:37:30 --> 00:37:34: You know in workforce suburban locations,

00:37:34 --> 00:37:38: right? We think about affordable housing as an urban product type.

00:37:38 --> 00:37:38: I think sometimes Axiometrics, Axia,

00:37:38 --> 00:37:41: and metrically we, we, we,

00:37:41 --> 00:37:43: we, we, we we sort of focus on,

00:37:43 --> 00:37:46: you know inclusionary housing or high cost urban markets where

00:37:46 --> 00:37:52: where affordable housing is mandated but in reality the growth

00:37:52 --> 00:37:57: in housing is.

00:37:57 --> 00:37:58: Is in suburban markets and mostly using,

00:37:58 --> 00:38:03: you know, tax credits and other tools to make it

00:38:03 --> 00:38:06: economically feasible,

00:38:06 --> 00:38:07: right? It takes advantage of the lower construction costs and

00:38:07 --> 00:38:11: lower land prices.

00:38:12 --> 00:38:13: The maps at the right are a little bit hard

00:38:13 --> 00:38:17: to process,

00:38:17 --> 00:38:18: but but one of the things that the dots do,

00:38:18 --> 00:38:21: which shows the average age of affordable rental homes.

00:38:21 --> 00:38:27: Across the United States, as you can sort of see

00:38:27 --> 00:38:30: some of the lighter dots.

00:38:30 --> 00:38:32: In the affordable housing map on the left in kind

00:38:32 --> 00:38:36: of sunbelt,

00:38:36 --> 00:38:37: higher growth markets and some of the darker dots in

00:38:37 --> 00:38:40: sort of,

00:38:40 --> 00:38:41: you know, legacy cities around the United States and I

00:38:41 --> 00:38:44: think that also shows an interesting similarity between where

00:38:44 --> 00:38:49: and

00:38:49 --> 00:38:52: how affordable housing is getting built in the United States.

00:38:52 --> 00:38:56: It it mirrors the production of market rate housing in

00:38:56 --> 00:39:00: so many ways right with the newest the lightest dots

00:39:00 --> 00:39:03: being in the southeast and the Intermountain.

00:39:03 --> 00:39:06: Past where the affordable housing industry is newer,

00:39:06 --> 00:39:10: where the production of affordable housing is kind of ramping

00:39:10 --> 00:39:11: up with the need again,

00:39:11 --> 00:39:15: there is a green shoot of something to be encouraged

00:39:15 --> 00:39:15: by.

00:39:16 --> 00:39:19: Of course you know older housing that needs to be

00:39:19 --> 00:39:23: invested in but but but there is some sense of

00:39:23 --> 00:39:29: democratization or moving around of affordable housing

00:39:29 --> 00:39:34: production which is

00:39:29 --> 00:39:34: encouraging right? Which I think it does speak to.

00:39:34 --> 00:39:39: This opportunity and the investment community that you

00:39:39 --> 00:39:42: know we  
 00:39:43 --> 00:39:45: want to kind of communicate here who who owns who  
 00:39:45 --> 00:39:48: develops affordable housing right?  
 00:39:48 --> 00:39:51: And the answer is, you know,  
 00:39:51 --> 00:39:52: lots of different types of firms right from for profit  
 00:39:52 --> 00:39:55: firms,  
 00:39:55 --> 00:40:01: not for profit firms, institutional firms,  
 00:40:01 --> 00:40:03: the the landscape of ownership and investment in affordable  
 00:40:03 --> 00:40:07: housing  
 00:40:07 --> 00:40:09: continues to to grow.  
 00:40:09 --> 00:40:11: More complex and more nuanced.  
 00:40:11 --> 00:40:16: You know, every time it may be sort of focusing  
 00:40:16 --> 00:40:18: for a minute on this floor on the left,  
 00:40:18 --> 00:40:19: right? You know almost a 5050 split between for profit  
 00:40:19 --> 00:40:25: and not for profit.  
 00:40:25 --> 00:40:30: Owners of affordable housing in the United States,  
 00:40:30 --> 00:40:31: right? So again, another sign of the maturity of this  
 00:40:31 --> 00:40:34: business as a as an asset class on its own  
 00:40:34 --> 00:40:38: respect.  
 00:40:38 --> 00:40:41: So I I made the case earlier,  
 00:40:41 --> 00:40:45: or at least I made the suggestion that.  
 00:40:45 --> 00:40:49: You know, institutional investment in.  
 00:40:49 --> 00:40:52: In affordable or subsidized housing was as,  
 00:40:52 --> 00:40:54: as was almost nonexistent as long as ten years ago,  
 00:40:54 --> 00:40:57: and. And saw this recent spike,  
 00:40:57 --> 00:41:00: including sort of coming out of.  
 00:41:00 --> 00:41:01: You know the the COVID slash,  
 00:41:01 --> 00:41:05: you know racial justice. Concerns we had over the last  
 00:41:05 --> 00:41:09: couple of years.  
 00:41:09 --> 00:41:10: This chart shows the the value of.  
 00:41:10 --> 00:41:14: Assets bought in the green compared to the value of  
 00:41:14 --> 00:41:15: assets sold right?  
 00:41:15 --> 00:41:18: So I think in terms of creating an investable asset  
 00:41:18 --> 00:41:22: class,  
 00:41:22 --> 00:41:25: just having the transaction volume is good.  
 00:41:25 --> 00:41:31: It facilitates the activity. And in this case you can  
 00:41:31 --> 00:41:33: see just how much more buying there has been than  
 00:41:33 --> 00:41:36: selling,  
 00:41:36 --> 00:41:40: right? So there is really strong net positive impact in  
 00:41:40 --> 00:41:43: investing in this.  
 00:41:43 --> 00:41:46: Umm? By the way, there's a question here that I  
 00:41:46 --> 00:41:49: probably should to the I'm using the term affordable and

00:41:40 --> 00:41:44: subsidized a little bit interchangeably in these drugs.

00:41:44 --> 00:41:48: When we say affordable, we really are using that term

00:41:48 --> 00:41:49: to describe,

00:41:49 --> 00:41:52: you know housing assets that have a permanent protection of

00:41:52 --> 00:41:55: affordability guaranteed by subsidies.

00:41:55 --> 00:41:59: And there's another category of maybe naturally occurring or non

00:41:59 --> 00:42:04: subsidized housing that that's a different a different classification so.

00:42:04 --> 00:42:06: In this chart and other charts by affordable,

00:42:06 --> 00:42:13: we really mean subsidized. The other thing that has changed

00:42:13 --> 00:42:20: dramatically is the brokerage community has organized around and with

00:42:20 --> 00:42:25: think really are this playing a significant role in.

00:42:25 --> 00:42:30: Facilitating a transaction market for subsidized housing properties in the

00:42:30 --> 00:42:31: United States,

00:42:31 --> 00:42:34: right? The chart on the right looks at the amount

00:42:34 --> 00:42:35: of transaction volume.

00:42:38 --> 00:42:41: That you know brokerage firms participated in and you can

00:42:41 --> 00:42:43: see there's this dramatic increase.

00:42:43 --> 00:42:47: Again, we think that goes towards market efficiency that that

00:42:48 --> 00:42:51: will help the flow of housing into maybe not just

00:42:51 --> 00:42:55: the buying and selling of of subsidized housing assets,

00:42:55 --> 00:43:02: but but other ways of funding the development of.

00:43:02 --> 00:43:06: Subsidized housing and you know I I talked about this

00:43:06 --> 00:43:09: earlier in some of those maps,

00:43:09 --> 00:43:13: right? A lot of the inventory is still.

00:43:13 --> 00:43:17: Clustered in some of the high cost markets like New

00:43:17 --> 00:43:18: York,

00:43:18 --> 00:43:20: the size of the bubble.

00:43:20 --> 00:43:24: In this chart, represents the number of units and the

00:43:24 --> 00:43:24: price,

00:43:24 --> 00:43:28: but but, but you know almost every state in the

00:43:28 --> 00:43:33: United States now has like a growing and investable.

00:43:33 --> 00:43:37: Inventory of. Of a. Of of subsets housing and you

00:43:37 --> 00:43:41: can see sort of some smaller markets.

00:43:41 --> 00:43:45: Relatively smaller markets, Utah, Nevada you know Colorado with a

00:43:45 --> 00:43:48: significant investment opportunity.

00:43:48 --> 00:43:51: So again this sort of,

00:43:51 --> 00:43:54: you know, broadening out this this this this larger national

00:43:54 --> 00:43:59: picture of where affordable housing exists where people can invest

00:43:59 --> 00:44:01: should help increase the flow of capital.

00:44:01 --> 00:44:05: It's is not just kind of a high cost market

00:44:05 --> 00:44:05: asset,

00:44:05 --> 00:44:08: it is no longer just a legacy.

00:44:08 --> 00:44:11: Asset you know of of product delivered a long time

00:44:11 --> 00:44:12: ago.

00:44:12 --> 00:44:14: In the high cost markets.

00:44:14 --> 00:44:18: You know, interestingly, we we we tend to think of,

00:44:18 --> 00:44:23: you know, demand for affordable housing being unlimited and.

00:44:23 --> 00:44:28: That you know every project gets leased from a lottery,

00:44:28 --> 00:44:29: and that's not true, right?

00:44:29 --> 00:44:32: There is a a pattern of,

00:44:32 --> 00:44:34: you know, deliveries and absorption.

00:44:34 --> 00:44:38: That's that's regular and I I brought this chart just

00:44:38 --> 00:44:42: to sort of tie it back to our earlier discussion

00:44:42 --> 00:44:44: around that peak in in absorption,

00:44:44 --> 00:44:47: and in 2021, and we see it in the affordable

00:44:47 --> 00:44:48: housing space too,

00:44:48 --> 00:44:51: right? You know there was so little vacancy,

00:44:51 --> 00:44:55: but there is vacancy. Right in 2021,

00:44:55 --> 00:44:57: saw sort of a spike in Movens,

00:44:57 --> 00:45:01: which again moved up and down the price spectrum in

00:45:01 --> 00:45:04: all property types in the United States.

00:45:04 --> 00:45:07: But one of the reasons that.

00:45:07 --> 00:45:12: Investors like this space is because of its stability.

00:45:12 --> 00:45:17: This chart looks at. Occupancy on the left the solid

00:45:17 --> 00:45:18: bars are,

00:45:18 --> 00:45:20: you know, subsidized housing compared to market rate.

00:45:20 --> 00:45:24: Housing in the dishes and you can see the stability

00:45:24 --> 00:45:24: in.

00:45:24 --> 00:45:29: Occupancy pattern right? They just don't have the impact.

00:45:29 --> 00:45:32: There was a little bit of a COVID dip you

00:45:32 --> 00:45:35: can sort of see it in those solid lines but

00:45:35 --> 00:45:39: but but overall an asset type that is much more

00:45:39 --> 00:45:43: solid. And the chart on the right looks at turnover

00:45:43 --> 00:45:43: rates.

00:45:43 --> 00:45:47: Meaningfully less turnover, right? This is a.

00:45:47 --> 00:45:50: This is a customer that you know by,

00:45:50 --> 00:45:54: by, by need, or by desire moves less or stays

00:45:54 --> 00:45:55: more frequently,

00:45:55 --> 00:46:00: and it it it changes the the operational dynamics in  
00:46:00 --> 00:46:03: a in a helpful way for owners.  
00:46:03 --> 00:46:09: And similarly the the. The property type doesn't have the  
00:46:09 --> 00:46:14: cyclicity of income that that market rate housing does it.  
00:46:14 --> 00:46:19: It has some cyclicity, but you know you can see  
00:46:19 --> 00:46:22: this much more steady line of.  
00:46:22 --> 00:46:24: You know, Renfro interestingly in.  
00:46:24 --> 00:46:30: In 2022-2023, which will be the most inflationary environment  
we've  
00:46:30 --> 00:46:33: had in the United States in a long time we  
00:46:33 --> 00:46:38: will see more rent growth in subsidized property simply  
because  
00:46:38 --> 00:46:41: landlords will be able to increase the rents more.  
00:46:41 --> 00:46:44: But you know, not not the same.  
00:46:44 --> 00:46:46: Sort of, you know spike that we see in market  
00:46:46 --> 00:46:48: rate housing or that we've seen in that product type  
00:46:48 --> 00:46:49: overtime.  
00:46:51 --> 00:46:56: And just one or two last thoughts about affordable housing.  
00:46:56 --> 00:47:00: It is important to note that you know the cost  
00:47:00 --> 00:47:05: pressure that owners of housing are experiencing are.  
00:47:05 --> 00:47:10: Are are are doubly burdensome to owners of affordable  
properties,  
00:47:10 --> 00:47:13: right? So the chart that's on the right look at  
00:47:13 --> 00:47:17: the change in operating expenses by category and you can  
00:47:17 --> 00:47:20: see that you know the the prices have moved up  
00:47:20 --> 00:47:22: even more that cost of operations,  
00:47:22 --> 00:47:26: I should say have moved up even more dramatically in  
00:47:26 --> 00:47:30: the subsidized space then then in the market rate space.  
00:47:30 --> 00:47:34: And that's just simply because.  
00:47:34 --> 00:47:35: You know the cost of Labor,  
00:47:35 --> 00:47:40: the cost of materials, the cost of taking care of  
00:47:40 --> 00:47:41: real estate is.  
00:47:41 --> 00:47:44: Is is is independent of?  
00:47:44 --> 00:47:48: Kind of the the nature of the the customer that's  
00:47:48 --> 00:47:49: occupying it.  
00:47:49 --> 00:47:51: I'm gonna maybe leave it there,  
00:47:51 --> 00:47:55: skip a few of these slides and transition for sort  
00:47:55 --> 00:47:58: of a last module and just spend maybe 5 minutes  
00:47:58 --> 00:48:00: in workforce housing.  
00:48:00 --> 00:48:03: By the way, there's no great definition of workforce housing  
00:48:03 --> 00:48:06: the United States by workforce housing.  
00:48:06 --> 00:48:09: We tend to use it to describe or RCL go,  
00:48:09 --> 00:48:12: and I think the industry tends to use it to

00:48:12 --> 00:48:17: describe housing that serves really the middle income Americans,

00:48:17 --> 00:48:21: but, but does it? Either without subsidy or or with

00:48:21 --> 00:48:23: very limited subsidy,

00:48:23 --> 00:48:27: right? So this is kind of like literally the middle

00:48:27 --> 00:48:30: third or the middle class of the United States.

00:48:30 --> 00:48:34: You know and and a group that's mixed owners and

00:48:34 --> 00:48:35: renters.

00:48:35 --> 00:48:39: Although ownership is trickling down and this is only 2019,

00:48:39 --> 00:48:43: data will continue to trickle down as this cohort is

00:48:43 --> 00:48:47: priced out of the the force of housing market.

00:48:47 --> 00:48:49: By the way. It's also I'm going a little quickly

00:48:49 --> 00:48:50: just looking at the clock.

00:48:50 --> 00:48:55: It's also a group that disproportionately includes families,

00:48:55 --> 00:49:00: right? That sort of looks at kind of growth in.

00:49:00 --> 00:49:01: Households in the United States.

00:49:01 --> 00:49:04: By by life stage and you can see that a

00:49:04 --> 00:49:08: lot of the growth in the next 10 years,

00:49:08 --> 00:49:11: 2020 2030 is really going to be in family age

00:49:11 --> 00:49:12: households.

00:49:12 --> 00:49:16: So when we talk about workforce housing and workforce

00:49:16 --> 00:49:17: renters

00:49:17 --> 00:49:21: in particular,

00:49:21 --> 00:49:24: we really are talking to some degree about families.

00:49:24 --> 00:49:29: And we we do. We do build housing.

00:49:29 --> 00:49:35: We are able to build non subsidized housing for you

00:49:35 --> 00:49:39: know workforce households who make you know roughly to

00:49:39 --> 00:49:44: 80%

00:49:44 --> 00:49:45: to 100% of the AMI like that tends to be

00:49:45 --> 00:49:50: housing that's that's one cycle old or it's housing that

00:49:50 --> 00:49:51: is,

00:49:51 --> 00:49:53: you know delivered as non luxury housing and and

00:49:53 --> 00:49:59: oftentimes

00:49:59 --> 00:50:01: lower density.

00:50:01 --> 00:50:03: You just spend a minute sort of looking at.

00:50:03 --> 00:50:09: Where where workforce? Housing households live in the

00:50:09 --> 00:50:14: United States

00:50:14 --> 00:50:17: and they made the case earlier.

00:50:17 --> 00:50:21: A lot of this cohort,

00:50:21 --> 00:50:27: particularly the family cohort, lives in single family detached

00:50:27 --> 00:50:31: housing

00:50:31 --> 00:50:35: and one of the the interesting phenomenon that either

00:50:35 --> 00:50:39: COVID

00:50:14 --> 00:50:16: catalyzed or accelerated,  
00:50:16 --> 00:50:18: or maybe it was just.  
00:50:18 --> 00:50:21: Kind of created a breathing room for.  
00:50:21 --> 00:50:24: For the housing community to think of is lower density  
00:50:24 --> 00:50:24: rentals,  
00:50:24 --> 00:50:26: single family rentals in particular,  
00:50:26 --> 00:50:30: but but lower density rentals in some respect,  
00:50:30 --> 00:50:33: and that's that's to some degree driven by an awareness  
00:50:33 --> 00:50:36: of family renters do in fact need that kind of  
00:50:36 --> 00:50:37: space.  
00:50:40 --> 00:50:45: Today in. The United States again,  
00:50:45 --> 00:50:48: very much like we saw in the affordable sector,  
00:50:48 --> 00:50:51: largely concentrated in where we look at where the inventory  
00:50:51 --> 00:50:52: exists.  
00:50:52 --> 00:50:56: It is largely garden style or or even lower density  
00:50:56 --> 00:50:57: housing,  
00:50:57 --> 00:51:02: particularly non subsidized product, serving these income  
ranges.  
00:51:02 --> 00:51:06: And I'll maybe end with this last slide,  
00:51:06 --> 00:51:11: which I think is is is is maybe a  
00:51:11 --> 00:51:14: good place to to leave it.  
00:51:14 --> 00:51:17: This kind of looks at the inventory of,  
00:51:17 --> 00:51:23: you know, rental housing. In metropolitan areas,  
00:51:23 --> 00:51:27: so leaving rural areas aside by kind of place type  
00:51:27 --> 00:51:31: and I think it describes what we intuitively know happened  
00:51:31 --> 00:51:32: in the last.  
00:51:32 --> 00:51:37: Decade it was that that much more housing production  
happened  
00:51:37 --> 00:51:38: in,  
00:51:38 --> 00:51:41: you know, high cost locations and you know the economic  
00:51:41 --> 00:51:42: centers and the like.  
00:51:42 --> 00:51:46: And it's only was at the end of the decade  
00:51:46 --> 00:51:50: that that we began to sort of refocus on.  
00:51:50 --> 00:51:54: You know stable neighborhoods or even economically  
challenged neighborhoods,  
00:51:54 --> 00:51:56: but but this is a change,  
00:51:56 --> 00:51:59: right? There is a large share of you know housing  
00:51:59 --> 00:52:03: inventory in the United States that that has that has  
00:52:03 --> 00:52:07: been built that has been successful in stable and even  
00:52:07 --> 00:52:10: economically challenged neighborhoods. We have.  
00:52:10 --> 00:52:13: We have. We've done so little building in those places  
00:52:13 --> 00:52:14: over the last.  
00:52:14 --> 00:52:16: Decade that they've shrunk as a share,

00:52:16 --> 00:52:21: but as as capital kind of continues to to be  
00:52:21 --> 00:52:25: deployed in mission driven investments.  
00:52:25 --> 00:52:28: I I do hope that in the next decade we  
00:52:28 --> 00:52:31: begin to see a little bit more sort of a  
00:52:31 --> 00:52:32: balanced.  
00:52:32 --> 00:52:36: Pattern of behavior. I will leave it there for the  
00:52:36 --> 00:52:37: moment.  
00:52:37 --> 00:52:40: And. First member will open it up to kind of  
00:52:40 --> 00:52:42: questions or discussion.  
00:52:49 --> 00:52:55: Thanks very much, Adam. Really great insights there and.  
00:52:55 --> 00:52:59: Fantastic data and and slides that you shared,  
00:52:59 --> 00:53:00: so thank you for that.  
00:53:00 --> 00:53:03: A couple of. A couple of questions that have been  
00:53:03 --> 00:53:03: asked.  
00:53:03 --> 00:53:10: One is dealing with. With PESG fund housing investment  
specifically,  
00:53:10 --> 00:53:15: and. I guess how do biobase,  
00:53:15 --> 00:53:19: timber, etcetera housing become key to the E of the  
00:53:19 --> 00:53:19: ESG?  
00:53:19 --> 00:53:23: And I guess how does housing have a greater role  
00:53:23 --> 00:53:25: in in in ESG overall?  
00:53:27 --> 00:53:28: Well, that's a good question.  
00:53:28 --> 00:53:33: I think it's only recently that we've begun to tie  
00:53:33 --> 00:53:36: those things together,  
00:53:36 --> 00:53:41: right? Either the specific like question around you know  
timber,  
00:53:41 --> 00:53:44: but maybe just a broader question around.  
00:53:44 --> 00:53:49: Construction technology and you know the durability of  
housing you  
00:53:49 --> 00:53:51: know which is everything from,  
00:53:51 --> 00:53:54: you know, climate change risks to just the the,  
00:53:54 --> 00:53:59: the the you know. Moving towards a more durable  
construction  
00:53:59 --> 00:54:00: type so.  
00:54:00 --> 00:54:05: That's relatively new in the in the materials that that.  
00:54:05 --> 00:54:09: That we read from from people raising money to invest  
00:54:09 --> 00:54:11: in mission driven housing.  
00:54:11 --> 00:54:15: I I still think that's like page page 17.  
00:54:15 --> 00:54:17: Meaning it's it's there we know we need to grapple  
00:54:17 --> 00:54:19: with it as an industry.  
00:54:19 --> 00:54:22: We're still trying to figure out what it means.  
00:54:22 --> 00:54:28: You know? Building an America is also still so inflexible,  
00:54:28 --> 00:54:30: right? I think it's hard for people to at this

00:54:30 --> 00:54:31: moment in time,  
 00:54:31 --> 00:54:37: really like design, A strategy that relies on innovation in  
 00:54:37 --> 00:54:38: construction,  
 00:54:38 --> 00:54:40: or the durability, or the cost of housing.  
 00:54:40 --> 00:54:44: But I think I I maybe earlier described as that.  
 00:54:44 --> 00:54:47: That will be one of the elements of the next  
 00:54:47 --> 00:54:47: phase,  
 00:54:47 --> 00:54:49: right? People will begin to do this.  
 00:54:49 --> 00:54:52: By the way, I think there's an interesting phenomenon too,  
 00:54:52 --> 00:54:57: where. You know it used to be that as hausers.  
 00:54:57 --> 00:55:01: We bragged about the customization and the uniqueness of every  
 00:55:01 --> 00:55:03: project that we work on,  
 00:55:03 --> 00:55:06: and I think there's some awareness that that's that.  
 00:55:06 --> 00:55:10: Makes for great places, but has also been a constraint.  
 00:55:10 --> 00:55:13: The need to for every project to be to be  
 00:55:13 --> 00:55:16: spoke and to respond to local guidelines,  
 00:55:16 --> 00:55:19: and so I actually think that there is that there's  
 00:55:19 --> 00:55:22: energy amassing around the idea of replicability.  
 00:55:22 --> 00:55:26: You know, managing the cost through codifying some  
 elements of  
 00:55:26 --> 00:55:27: the product?  
 00:55:27 --> 00:55:28: I think that's a good thing.  
 00:55:28 --> 00:55:31: I think that will the the capital markets can help  
 00:55:31 --> 00:55:34: drive that as a way of of managing cost and  
 00:55:34 --> 00:55:35: increasing production.  
 00:55:35 --> 00:55:37: So there's an interesting subtle change there.  
 00:55:40 --> 00:55:43: Thanks for that. There are a couple of questions Adam  
 00:55:43 --> 00:55:47: that are around investment and sometimes characterize the  
 speculation,  
 00:55:47 --> 00:55:51: particularly in in single family in the single family markets  
 00:55:52 --> 00:55:54: and the impact that has on on price.  
 00:55:54 --> 00:55:57: Can you comment a little bit about about that and  
 00:55:57 --> 00:56:00: what the what is the role of investment in that?  
 00:56:00 --> 00:56:02: What's the role of overall supply?  
 00:56:02 --> 00:56:03: What do you see as a real  
 00:56:03 --> 00:56:08: driver? You know, I think it's it's a.  
 00:56:08 --> 00:56:11: It's a good and a complicated question,  
 00:56:11 --> 00:56:14: right? My my view or our view is that I  
 00:56:14 --> 00:56:20: think I think private and institutional investment in housing,  
 00:56:20 --> 00:56:22: particularly in in in you know,  
 00:56:22 --> 00:56:25: moderate income neighborhood. Housing has become a little  
 bit of

00:56:25 --> 00:56:26: a whipping boy,  
00:56:26 --> 00:56:29: meaning like. That's an easy.  
00:56:29 --> 00:56:33: That's an easy victim. You know the big huge corporations  
00:56:33 --> 00:56:34: are gobbling up housing.  
00:56:34 --> 00:56:38: It and the reality is that you know.  
00:56:38 --> 00:56:41: You know low density housing rental housing that people  
00:56:41 --> 00:56:43: have  
00:56:41 --> 00:56:43: lived in has been owned by so-called investors for a  
00:56:43 --> 00:56:44: long time.  
00:56:44 --> 00:56:46: They just were mom and pop.  
00:56:46 --> 00:56:47: Investors are not institutions, right?  
00:56:47 --> 00:56:51: The fact that you know a larger company owns them  
00:56:51 --> 00:56:53: doesn't really change.  
00:56:53 --> 00:56:54: The supply and demand dynamics.  
00:56:54 --> 00:56:58: It doesn't really change some of argued.  
00:56:58 --> 00:57:02: The quality of housing and responsiveness and the humanity  
00:57:02 --> 00:57:04: of  
00:57:02 --> 00:57:04: the ownership it.  
00:57:04 --> 00:57:06: It may, but it may not.  
00:57:06 --> 00:57:11: I think. Maybe at the moment we're in awkward phase  
00:57:11 --> 00:57:13: where production hasn't.  
00:57:13 --> 00:57:16: Caught up to the greed of which you know housing  
00:57:16 --> 00:57:19: can continue to be like diverse and diversity owned right  
00:57:19 --> 00:57:22: and it seems at the moment like it's being like  
00:57:22 --> 00:57:24: amassed in this in this nefarious way.  
00:57:24 --> 00:57:26: But over the long term,  
00:57:26 --> 00:57:28: I think that will I hope.  
00:57:28 --> 00:57:30: And I think as an industry we should work towards  
00:57:30 --> 00:57:31: this goal.  
00:57:31 --> 00:57:34: Well, we'll really just serve as another way of.  
00:57:34 --> 00:57:37: Funding the construction and expansion of the housing  
00:57:39 --> 00:57:44: supply.  
00:57:39 --> 00:57:44: Great thanks and we'll make this the the last question  
00:57:44 --> 00:57:44: Adam.  
00:57:44 --> 00:57:48: One of our participants has said that regulatory barriers and  
00:57:48 --> 00:57:52: costs are often a part of the barrier or part  
00:57:52 --> 00:57:55: of the problem and a lag that we've seen in  
00:57:55 --> 00:58:00: housing production. Have you seen any kind of impact on  
00:58:00 --> 00:58:03: how local government is approaching?  
00:58:03 --> 00:58:06: The costs that are created locally by regulations and title  
00:58:06 --> 00:58:09: Title 1 processes either as a result of the pandemic  
00:58:09 --> 00:58:10: or more broadly,  
00:58:10 --> 00:58:12: as a result of kind of the economic and housing

00:58:12 --> 00:58:14: situation we find ourselves in.

00:58:15 --> 00:58:16: You know I don't have.

00:58:16 --> 00:58:17: I don't have great news.

00:58:17 --> 00:58:20: It's not like. In my travels,

00:58:20 --> 00:58:24: I think there's this. There's this sea change in.

00:58:24 --> 00:58:28: You know the regulatory environment that's going to make production

00:58:28 --> 00:58:29: of housing.

00:58:29 --> 00:58:33: You know, like dramatically easier over the next few years

00:58:33 --> 00:58:35: with with maybe 2 exceptions.

00:58:35 --> 00:58:37: And by the way, people to give you all that

00:58:37 --> 00:58:41: black people should look at some of the recent Larson

00:58:41 --> 00:58:41: award winners,

00:58:41 --> 00:58:45: right? Putting land back into production.

00:58:45 --> 00:58:47: I think there's a change there.

00:58:47 --> 00:58:50: I think cities really are looking at underutilized land as

00:58:51 --> 00:58:54: a way to participate in the creation of housing.

00:58:54 --> 00:58:56: It's not that the regulatory environment doesn't make that hard

00:58:56 --> 00:58:56: too,

00:58:56 --> 00:59:01: but I think there is a change there that's encouraging.

00:59:01 --> 00:59:05: And I think. Maybe it should have been part of

00:59:05 --> 00:59:07: this earlier discussion.

00:59:07 --> 00:59:13: Just the emergence of a sensitivity around the idea of.

00:59:13 --> 00:59:15: You know mixed income, whole communities,

00:59:15 --> 00:59:20: and there is a change in at least the regulatory

00:59:20 --> 00:59:21: attitude.

00:59:21 --> 00:59:25: Around mixed income housing in the United States that I

00:59:25 --> 00:59:27: think will play a role in.

00:59:27 --> 00:59:31: You know allowing for more production so you know tactically.

00:59:31 --> 00:59:33: I suspect most people aren't feeling that in their daily

00:59:33 --> 00:59:33: lives,

00:59:33 --> 00:59:35: but there are maybe a few green shoots to be

00:59:36 --> 00:59:36: optimistic about.

00:59:38 --> 00:59:40: Fantastic, I said that was the last,

00:59:40 --> 00:59:41: but let me just throw one more out there.

00:59:41 --> 00:59:44: You did touch a little bit on the on on

00:59:44 --> 00:59:45: on the policy side.

00:59:45 --> 00:59:48: Are you seeing other innovations in housing that could really

00:59:48 --> 00:59:51: take hold and make a difference in this production shortfall

00:59:51 --> 00:59:52: that we've seen?

00:59:52 --> 00:59:55: Well, I don't know if this is asking your question

00:59:55 --> 00:59:56: but exactly but.

00:59:58 --> 01:00:01: I think if there is an area.

01:00:01 --> 01:00:05: Where? You know we, we can as an industry move

01:00:05 --> 01:00:08: the needle and we really need to move the needle.

01:00:08 --> 01:00:11: It's it's. It's really around,

01:00:11 --> 01:00:14: you know, just what housing is is legal to build.

01:00:14 --> 01:00:17: You know we have we have this countervailing force that

01:00:17 --> 01:00:19: we talked about this a little bit earlier.

01:00:19 --> 01:00:21: But we want housing to be resilient.

01:00:21 --> 01:00:23: We want housing to be.

01:00:23 --> 01:00:27: You know, strong one to be uniformly high quality.

01:00:27 --> 01:00:32: And yet you know. The regulatory community investment community.

01:00:32 --> 01:00:35: Everybody does have to play a role in,

01:00:35 --> 01:00:39: you know, accelerating the the the the the available to

01:00:40 --> 01:00:46: which new construction technology really contributes to making housing delivery

01:00:46 --> 01:00:47: better,

01:00:47 --> 01:00:50: cheaper, faster, quicker right today,

01:00:50 --> 01:00:54: you know it. There's just too many you know.

01:00:54 --> 01:00:58: Barriers to experimentation right to taking risk around that.

01:00:58 --> 01:01:02: And. You know that that's something that I,

01:01:02 --> 01:01:03: I think, as a community we can.

01:01:03 --> 01:01:05: We can try to have some impact on.

01:01:07 --> 01:01:12: To the well, Adam. Thank you again for your presentation

01:01:13 --> 01:01:13: today.

01:01:13 --> 01:01:18: Very much appreciated. Thanks very much to our our audience

01:01:18 --> 01:01:22: members who have joined us today as well.

01:01:22 --> 01:01:24: We hope that you will stay tuned for the next

01:01:24 --> 01:01:28: two days and participate in all of our Housing opportunity

01:01:28 --> 01:01:31: Conference sessions here and we want to hear from you

01:01:31 --> 01:01:33: as well. So this is an annual conference.

01:01:33 --> 01:01:36: We want to know the subjects and topics you'd like

01:01:36 --> 01:01:38: to be here about next year who you'd like to

01:01:38 --> 01:01:38: see here.

01:01:38 --> 01:01:40: In addition to Adam next year,

01:01:40 --> 01:01:42: so do let us hear from you.

01:01:42 --> 01:01:46: We look forward to your participation and thanks again for

01:01:46 --> 01:01:48: being with us here today.

01:01:48 --> 01:01:49: Have a great day.

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