

# Affordable Housing SNCC 60<sup>th</sup> Anniversary Conference October 2021

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## Speakers Include:

**Avram Fechter** - Managing Director at EquityPlus

**Merrick Malone** - President at District of Columbia Housing Enterprises

**Chris Smith**- Chairman and Chief Executive Officer of WC Smith

**Adrian Washington** - CEO & Founder, Neighborhood Development Company

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**This discussion centers around affordable housing, particularly focusing on how to make it more accessible and how to end the moratorium on evictions and reduce homelessness.**

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**Merrick Malone:** Good afternoon, and welcome to the SNCC[Student Nonviolent Coordinating Committee] affordable housing panel. My name is Merrick Malone. I am a real estate developer, transactional attorney, and former public official who worked on urban real estate development as a consultant, developer, and cabinet member serving in the cabinet of mayors [Marion Barry](#), [Sharon Brad Kelly](#), and [Coleman A Young](#) in Detroit.

We welcome you this afternoon to discuss one of the most pressing issues facing the country today and that is the issue of [affordable housing](#) or, perhaps more importantly, the lack of affordable housing. So, this is a very timely subject. There have been events that have only served to exacerbate the urgency of trying to resolve this particular issue.

The end of the moratorium on evictions and the increasing land prices that have have escalated pressures on housing the escalation and increased homelessness. There are so many of these things that are coming together. Today, we wanna talk about those issues, but we also wanna talk about how we address those issues and hopefully improve them and make them better. I am joined by three excellent panelists.

These are panelists who are actually practitioners who provide preservation of affordable housing, as well as the production of affordable housing, and as well as financing for affordable housing. They will share with you on this panel their perspectives on the issues of affordable housing. I'd like to begin by introducing our first panelist, Chris Smith, who is president and CEO of the Williams C Smith company, a urban and national development company that does many things. I'll let Chris speak to those things briefly.

**Chris Smith:** Good afternoon. Thanks, Merrick. And thanks for inviting me to be on the panel. Yeah, [William C Smith Company](#) has been around for 53 years. We have a portfolio of a little

over 11,000 units split evenly between affordable housing and market-rate housing. We're most active here in the District of Columbia and currently have about six projects under development. We are happy to be on the panel.

**Merrick Malone:** Thank you, Chris. The next panelist is Adrian Washington, the founder and CEO of the [Neighborhood Development Company](#). What you need to know about Adrian is that when I talk about practitioners, Adrian has, throughout the years, developed over a billion square feet of real estate in the District of Columbia, with a billion more in the pipeline. So Adrian.

**Adrian Washington:** Hello, everyone, and thank you very much. It's a great pleasure to be on this panel, particularly with people who have been friends and colleagues for many years: Eric, for most of my number, and Merrick. I think he read my bio wrong. It's no billion; it's a million. I thought my team had done a great job between when I put out the bio and when we started, but now it is a million. I'm still very proud of that.

We are practitioners, as Merrick said, of affordable housing; we are based in Washington DC. We've done projects in several different ways. There are many ways to skin a cat and affordable housing. We've done several. We've made a traditional use of what's called the lower-income housing tax credit, a program for rental properties. We've also done home ownership. We've done work with cooperatives, working with existing residents in their buildings, helping them purchase and maintain.

And we've done affordable housing without real subsidy. We've worked in neighborhoods that were not that desirable. We've built desirable housing and we're able to sell at a lower price. So we've been around the block in, different ways, providing affordable housing, and happy to talk more in this panel, answering questions that, our visitors have.

**Merrick Malone:** Thank you, Adrian, our next panel panelist. This is where I got the billion dollars from Avram Fechter, I want you just to know before he tells you he has closed over a billion dollars in new market tax credit, his low-income housing tax credit financing, and he's developed over a thousand units of affordable housing. He is the founder of [Equity Plus](#), so welcome Avram.

**Avram Fechter:** Thank you for having me on the panel. It is exciting to be here. I've grown up in the SNCC alumni community, you have to pinch yourself to realize this is 60-plus years. We've come a long way, but, as this panel shows, there's a lot more to be done, especially in the economic empowerment areas where SNCC was working so many years ago and continues to work on today.

Equity Plus was mentioned, which works with new markets credits, historic credits, and willing income credits to help either others or ourselves, develop either economic development or

workforce slash affordable housing projects. Sometimes we represent banks as they invest in the deals. Sometimes we represent nonprofits as they try to do it for themselves, and sometimes we develop in our name. So, with that, thank you.

**Merrick Malone:** Thank you. So you can see, we have a stellar panel to talk about a very important issue, and I'd like to start the panel by getting their perspective to send it you've. There are numerous; I've read numerous headlines, and the headlines read census shows us the housing crisis is worsening as the search for fixes grows more desperate. The next headline I read is that this just isn't sustainable. The housing affordability crisis is accelerating.

And finally, in an article that I read last week, the Biden administration pushes the cities to get serious about homelessness and affordable housing. This is through the housing initiative that they will provide billions of dollars, from the American rescue plan<sup>1</sup> to local and state governments for the creation and preservation of affordable housing.

The goal is to house a 100,000 and then add a minimum of 20,000 new affordable units. So the question that I'm going to pose to each one of you, as you discuss your perspective on affordable housing. And we know that we've talked about the amount of resources that the president is committing to affordable housing.

Let's for a minute, say that you're in the room with President Biden, with Secretary Fudge [Rep. Marsha Fudge], with the mayor or governor of a state and a housing advocate. What are your suggestions as to how we may solve or manage, the challenge of affordable housing in this country? And I'll start with you, Chris.

**Chris Smith:** Okay. I think I would discuss with the president that I think not only do we need affordable housing, we need a two-pronged approach. We also need an equal amount of support in mental health. We drive around DC and it's like most cities around the country and we see the tent cities. It's extremely important that we build housing for everyone, but I think we're missing the point if we don't couple that with an equal amount of support on mental health, in order to support individuals, not only to get housed but also to reconnect them with society.

I think that will keep them and help ensure that they don't end up back on the street. I think we have the capacity to build as a country, and I think we've shown a lot of affordable housing. I think that we need jurisdictions to look at ways to get their land out to affordable housing developers in a more streamlined, less cumbersome way. I think that can also help ensure more production.

**Merrick Malone:** So, Adrian, I ask you a similar question, and you remember now you've got the federal, you've got the president, and the local and state officials in that room. What do you

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<sup>1</sup> American Rescue Act- A congressional bill passed on March 2021 by President Joe Biden, this bill was intended to provide additional economic and health relief to Americans during the COVID-19 pandemic.

say? What's worked and what hasn't?

**Adrian Washington:** Well, that would certainly be quite a meeting. Honestly, I'd probably be so stunned to be in a room with that crowd that I wouldn't manage to say anything intelligent. But now that I've had time to think about it, I could prepare some notes.

I appreciated Chris's comment about support for mental health. It's such an important issue. One of the issues we see in affordable housing is that it often aims to solve problems that are tied to so many other issues in our society—issues that housing alone can't fully address. So, Chris, I think your point was a great one. As for what's working, and not just working, I think the answer isn't simple, but it's clear: more money is needed. Housing is one of the largest segments of our economy and is an important aspect in people's overall well-being.

The comfort of being in safe, decent, affordable housing. This goes back to the 60 years of SNCC's founding, and that was a challenge, and some challenges are still present. So, what is needed is certainly more funding. Everything is more expensive. Now, construction costs have gone up, and land costs have gone up, so the dollars needed to solve the problem are just bigger now. America's budget needs to increase, and more resources need to be allocated to this area.

I would also add that, particularly at the state and local levels, there needs to be simplification. There has to be a spirit of partnership between regulatory authorities and those working on housing initiatives. I understand that regulatory agencies face challenges, especially in building inspections and ensuring safety—their number-one mission.

But they must start seeing us as partners, not targets to nitpick or catch in a “gotcha” moment. That shouldn't be the mission. The mission should be about partnership—working together to produce more housing in a safe, efficient way. By simplifying processes and fostering collaboration, we can reduce costs and speed up the time it takes to bring housing to market.

**Merrick Malone:** Avram

**Avram Fechter:** I think I'd add to this by delegating which affordable housing challenge you're addressing because when people hear the term "affordable housing," it means different things to different people. I try to differentiate between workforce housing—which is now a significant part of the affordable housing discussion—and what others might think of as more traditional affordable housing.

By workforce housing, I'm referring to the challenges faced by people with full-time jobs. In many parts of the country where we work at Equity Plus, you could have two people working full-time jobs, for example, at an Amazon distribution center, and yet they still can't afford to live within an hour of their workplace. Both are working full-time, yet housing remains out of reach.

On the workforce side, for individuals capable of securing a good job and working 40 hours a week, the problem isn't purely a housing issue—it's almost an income issue. If you compare housing costs today to the average income with what they were in the 1950s and 1960s, it's clear why the challenge is so much greater now. For people working full-time, their income simply doesn't stretch as far because it hasn't kept up with rising costs.

One of the largest affordable housing and wealth-creation programs the government ever ran was the GI Bill, which allowed World War II veterans to buy affordable homes. That program built a pathway to prosperity—providing access to affordable housing, good jobs (many of which didn't require a college degree), and the ability to support a nice life.

Those are gone today in a way that they were not before. To tackle today's challenges, we need to take a holistic approach—not just addressing traditional affordable housing but also recognizing the growing need for support in workforce housing. You didn't need a government-subsidized project 30- 40 years ago to deliver an apartment that was affordable for a starting teacher in DC. But now you do. Land costs are so high, and construction costs are so high. The market simply isn't capable of producing housing anywhere near where that teacher is working.

This is an important point to recognize: the affordable housing challenge isn't just about mental health or individuals who can't hold down a full-time job or don't have a high school diploma—though many people tend to associate affordable housing. It's a much broader issue now.

This broader workforce and affordable housing crisis has ripple effects that impact everything from traffic and pollution to quality of life. Can a parent even be home when their kids get back from school? Issues like these are directly tied to this workforce and affordable housing challenge. As Adrian pointed out, solving this problem costs money, but where and how that money is spent needs to be guided by a clear understanding of which specific problem you're trying to address.

**Merrick Malone:** I'm glad you raised that issue because when you talk about the definition of affordable housing, it means different things to different people. Part of the problem with that definition is that it has also created barriers to our ability to develop affordable housing.

Let me give you an example. In the city of Alexandria, Virginia, where I lived, there was a project labeled as affordable housing, but it was actually mixed-income housing. The NIMBY (Not In My Backyard) crowd came out in full force. Because of the challenges and misunderstandings around what "affordable housing" really means, the project ended up costing almost \$2 million more than it should have. That extra cost was due to the extended time it took to get through the entitlement process.

That gets back to Adrian's point—when the process becomes unnecessarily complex, it drives up costs. It also raises the question of how we view the public sector. Are they a partner in solving this problem, or are they an impediment? So, with the Biden administration pushing these funds

through state and local governments, how do we approach those governments to help them understand the urgency? How do we get them to streamline these processes so the funding can go toward the preservation and production of housing, Because we're running out of time. Chris.

**Chris Smith:** Here in the District of Columbia, we have mandatory inclusionary zoning. If I were to grade it, the program would probably score somewhere between a D and a D-plus. In the early stages, it didn't produce many units, and while production has increased, we still don't have a well-oiled system for delivering residents into these developments. It is very bureaucratic.

My advice to anyone implementing a similar program is to fine-tune it carefully. That's part of why LIHTC (Low-Income Housing Tax Credit) <sup>2</sup> works so well—you have to self-certify, and the federal government, through the Treasury, holds significant accountability measures over your head to ensure compliance. I think our jurisdiction here in the District could learn a lot by taking a few pages from that playbook.

**Merrick Malone:** Any other wanna comment?

**Adrian Washington:** I'll pivot off something Merrick mentioned and what Avram touched on about NIMBYism—Not In My Backyard. What we've found—and I'm sure Chris has seen this as well as a developer—is that, on a societal level, people are generally supportive of affordable housing and providing places for people to live.

But when it comes to building affordable housing anywhere near them, suddenly, they find five different reasons why it's not a good idea. No one will come out and publicly say, "We don't want those people living near us," but that's often what it boils down to. And that makes it a tough, uphill climb. It's particularly challenging at the local level, where politicians are keenly aware of where their campaign funds come from. That's a dynamic that makes progress even more difficult.

Politicians tend to support the people who vote, and those are generally more affluent individuals. On the other hand, the people who need affordable housing often don't vote. So, it takes a courageous politician to go against those trends, especially when you're in office for just a few years, while the approval process for these projects can take years and years.

That's why I applaud Mayor Bowser. She has made a deliberate push to distribute affordable housing across all eight wards of the city. It's not the kind of thing that's going to win her votes—if anything, it may cost her some. But it takes truly committed political leadership to say, "This is important, and I'm going to push for it," even if it means taking a few hits along the way.

**Merrick Malone:** I think I'd love to hear your thoughts as we talk about the urgency and timing of this issue. I know that in many cities across the country, areas that were once affordable are no longer within reach for many people. What's happening is that the opportunity to create more

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<sup>2</sup> Low Income Housing Tax Credit- A federal program in the United States that provides a tax incentives to construct or rehabilitate affordable rental housing for low income housing.

affordable housing is shrinking under the growing pressures of rising land costs. One thing I'd like to hear from you all is this: what strategies could the government or public sector use to support the production and preservation of affordable housing that they might not be doing now?

**Avram Fetchter:** I think that's a great question. If you've lived in any major metropolitan area over the past 20 years, there's a good chance that the house you grew up in 30 years ago is now unaffordable for your kids—even if they had the same job your parents did back then. That's a land cost issue we're seeing across the country.

What most people outside the affordable housing and workforce housing industry don't realize—and Chris touched on this—is that the single largest subsidy for building new affordable housing and preserving existing, naturally occurring affordable housing is a federal tax program. It's called the Low-Income Housing Tax Credit, and almost no one outside the industry knows what it is or how it works.

The label doesn't even seem accurate to me. It's called a Low-Income Housing Tax Credit unit, but you can qualify for the program and live in one of these units if you're an Amazon fulfillment worker, a full-time grocery store employee, or even a starting government employee at any level. The salaries for these jobs are low enough to qualify for what's considered "low-income housing rental."

Now, here's where it gets interesting—and Chris and Adrian will probably laugh because we've seen this over the last decade: since this is a tax credit program, the ability to produce these units is directly tied to investor demand for the credits. It's not tied to, *"Hey if we build this housing, will people want to live here at an affordable rent?"* Of course, they will—there's overwhelming demand because people can't find anything else.

Isn't the real issue that if there aren't enough federal investors willing to buy the credits, the whole assembly line comes to a halt? When corporate tax rates go up, more money flows into the affordable and workforce housing community because more investors are willing to buy the credits. The opposite happens when tax rates go down.

If you look at the last 10 years in this tax credit market, the periods of greatest volatility—when production almost completely stopped—were during times of uncertainty around tax reform. I know this might sound insane to people watching right now. Still, the single biggest factor determining how fast a project can move forward is whether a federal tax credit investor can be found and having some certainty and demand for the credits. Adrian, Chris, I know I'm going out on a limb here and pushing the envelope a bit, so if you disagree, I'd love to discuss it. But this is what I've been observing over the past few years.

**Chris Smith:** I agree with you, Avram. We've seen the pricing on credits, which decreased anywhere from 10 to high teens percent. That's had an impact on getting projects off the ground or the amount of production you can accomplish.

**Avram Fetchter:** Just to expand on that for those who might not be familiar with the jargon.

When we produce housing, I'll call it workforce housing rather than affordable housing because it serves a wide range of people who qualify. Importantly, it must be rental housing—no major federal subsidy program anymore for creating affordable homeownership. It's all focused on rentals.

If I'm building a project, and my project qualifies for \$10 million in tax credits over 10 years, I can't use those credits myself because I don't earn enough—wish I did, but I wouldn't be on this call if I did! (Just kidding.) Instead, I go to a bank or an insurance company and sell that stream of tax credits for, say, \$9 million—90 cents on the dollar. As long as I keep the units affordable, I don't have to pay back that \$9 million back. That's essentially how the system works. So, Chris's mention of that 10—to 15-cent swing in tax credit pricing is a big deal. If the pricing is at 90 cents on the dollar, I'd get \$9 million. But if it drops to 80 cents, I'm only getting \$8 million—even though the project still costs the same, if not more, because of rampant inflation.

So, how do you fill that \$1 million gap? In many places outside of major metropolitan areas like D.C., Boston, New York, or Portland, there aren't big housing production trust funds to bridge the gap. If you're in a secondary or tertiary market or rural America, there's often no other source to subsidize the production of those units. When the tax credit price drops, your project likely no longer works financially—it just doesn't balance anymore.

**Merrick Malone:** That's an excellent point. Adrian mentioned being able to do affordable projects in some cases without subsidy, which is interesting. I like to say there's no “affordable” brick or a “market-rate” brick—just the cost of bricks.

If a market-rate development yields a project where the market says, “I can sell this unit for \$400,000,” but you're trying to make it affordable for someone who can only pay \$200,000, where does that gap come from? In our world, that gap means the deal doesn't pencil—it just doesn't work.

Typically, that money has to come from the public sector in some way, shape, or fashion. So, I was really intrigued when Adrian said he was able to do it without some <sup>3</sup>subsidy. I'd love for you to walk us through how you pulled that off for everyone listening.

**Adrian Washington:** I think it makes sense to break this into two areas. One way to reduce the cost reliance on subsidies is simply to lower costs so that you're producing housing that's available not to the very poor but at what we in the industry call the middle market. You can do this in various ways.

For instance, you might focus on locations that aren't in high demand. Instead of going to the hottest neighborhood in town, you might target less popular areas. Another approach is rehabilitation, which can significantly cut costs. Early in my career in D.C., there were plenty of vacant buildings you could buy and rehab fairly cheaply. That's become much tougher now, especially for larger multifamily projects, but certain areas still offer opportunities.

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<sup>3</sup> Subsidy- a sum of money granted by the government or a public body to assist an industry or business so that the price of a commodity or service may remain low or competitive



Another approach—while not completely subsidy-free—is less reliant on the kind of complex subsidies Avram, Chris, and I have been discussing. For example, you could work with more straightforward programs, like Section 8 vouchers, which many people are already familiar with. There's still a variation of that program administered by HUD[United States Department of Housing and Urban Development] and managed locally called the Housing Choice Voucher Program. While we haven't done a project focused on it in our business, I know of a developer currently building a project where the plan is to rent exclusively to people with these vouchers.

Sometimes, you can secure what's called project-based vouchers, while other times, you can simply advertise and set yourself up to work with individuals who already have vouchers. While this approach is indirectly subsidized, the strategy avoids some of the more complex funding mechanisms we've been discussing on this call. It's essentially a single source of revenue, and the rest of the system operates straightforwardly.

Another factor to consider, which we haven't really touched on during this panel, is the rising cost of land. This has a significant impact on project feasibility and affordability. That's true, but construction costs are rising even faster, and projects are taking longer to complete. While the government can help, I believe the private sector must take the lead in finding more innovative ways to build and produce new housing.

If you look at current construction techniques—just glancing out my window right now—it's striking how similar they are to the methods used 50 or even 100 years ago. Sure, the materials are a little different, but we're still essentially building things almost piece by piece, almost like bespoke projects.

To make meaningful progress, we need to explore more innovative approaches, like manufactured housing and other advanced techniques. That's why I started a company called Platform, which is going to introduce some of those new innovative building techniques. To address the housing crisis, we need to build cheaper, faster, and better—without sacrificing quality. That's a key focus for me alongside my main development work.

**Merrick Malone:** Chris, you'd like to speak from a policy standpoint?

**Chris Smith:** From a policy standpoint I think there's a number of things that local jurisdictions can look at. Here in the district a group that I'm involved with made a proposal to the mayor and actually became legislation; and that is in order to support more workforce housing. The council passed a bill that allows for tax abatement to help support and provide that subsidy that's needed, even when you're trying to reach those at 80% AMI[Area Median Income]<sup>4</sup>. That's 80% of area median income.

For all the reasons we've already set the high cost of land, the high cost of construction. For years, the focus was always for individuals who were at 60% of area meeting income and less. But as was spoken about earlier, uh, now that need really goes up to those at 80% and you can

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<sup>4</sup> AMI- Area Median Income-Area median income — often referred to as simply AMI — is a key metric in affordable housing. Area median income is defined as the midpoint of a specific area's income distribution and is calculated on an annual basis by the Department of Housing and Urban Development.

make an argument at a hundred percent. I think jurisdictions again from policy standpoint, need to look at excess land and look at how they can make it create an efficient disposition process. We have seen at times where it gets too bureaucratic, it raises the price of the land and therefore it's tough to keep it affordable when you add those layer in those additional costs.

**Avram Fechter:** The couple things I would just add is permanence. One thing that we've seen happen in a lot of jurisdictions, they pump a lot of resources into creating affordable housing. But they put a 15 year covenant on it, a 20 year covenant on it. At the time it seems like a long time. Well it's not, so you could spend tens of millions of dollars to create affordable slash workforce housing units, and then they're gone 15 years later and you gotta do it all over again.

So I think a big emphasis going forward at any level federal standard, local is long term darn near permanent affordability. So you're not constantly running on the hamster wheel, because that way the unit you create now is actually still affordable to your kid when they're ready, 25, 30 years down the road. The core area to that is what Chris was talking about.

Adrian to keep you, yes, we need more money to produce more units, but it still has to pass a fiscal smell test. There's not an unlimited amount of money to fund these things. And I think you've gotta work your financing structure to be as efficient as possible. And to me, and I know it's gonna be an unpopular thing to say, but that's on the capital stack side, not on the operating subsidy side. There's two major ways, we subsidize affordable housing right now there's tax credits to lower the cost of production. And there's loan guarantees that lower the cost of production through lower interest rates. And then there's stuff like housing choice vouchers and section 8 and half, which boosts your income. So you can borrow more money, right? But the problem with that in my mind long run is, okay, you've now borrowed this money to build this project.

You always need that level of income to make that debt service payment until you amortize your loan 35 to 40 years later, versus if you have a lower cost capital stack up front through either tax credits or lower rate mortgage financing, it costs less over the long run. If you look at a 30 or 40 50 year window to produce and maintain the affordability of that same unit. Now don't get me wrong, we at Equity Plus use pack program and section 8 voucher <sup>5</sup>, and you gotta use every tool at your disposal cause it is so hard to do. But if you're talking about a long term, thought out strategy of creating and preserving and maintaining a supply of units that are affordable for the workforce as needed for a very long period of time as a government agency, you gotta be able to afford that. And in my mind, it's a better bet to do the tax credits and the lower interest mortgages than it is to subsidized rents over a 20 or 30 year period, so far about market.

**Merrick Malone:** Let me, let me shift gears and, and talk about a phenomena that has been happening over the last 20 years. And I'd like to get your thoughts on how we could mitigate

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<sup>5</sup> Section 8 Vouchers- Vouchers administered by the government to provide rental assistance to low income families.

that. There are a number of areas that are properties where people have raised their families have lived there in that neighborhood for years and years and years, and they have no mortgage. I mean their mortgage is paid and yet they've had to leave because they couldn't pay their tax assessment because of the property, the escalation of property values. Some of them have stayed in these areas when there was disinvestment and now cannot be around, cannot stay put with the development and the redevelopment of the neighborhood.

I will tell you when I was deputy mayor years ago, I actually suggested for those people who had lived in those neighborhoods for a length of time had raised their children there, that their tax assessments were frozen or should be frozen. There was a decision obviously that was made that fiscally, the city could not do that at that time. So I'd like to get your thinking on, I mean, not just the production, but, but the preservation and how do we keep people in their neighborhoods that are gentrifying and keep them there so that they can be part of the Renaissance. Just I'll throw that out to, to all of you and whoever wants to start.

**Adrian Washington:** I'm a hundred percent on board with that. I was listening to, Mr. Adams, I can't remember his first name, the future upcoming mayor of New York talking about the same thing. Talking very frankly about gentrification and I agree what he said. I mean when you bring new people into a neighborhood and there's no sort of right, you can't like bar people from coming to a neighborhood. So when people come into a neighborhood and they participate in the existing fabric and they bring with them some money and provide new services and they join in that's fine by me. I don't see anything wrong, but when people come in and they don't join that existing fabric and they only serve to really kind of come in and occupy, I think that's bad.

So that's kind of my sort of commentary for today. Still, directly to your point, I one hundred percent agree that programs that either freeze or mitigate the property tax impact or rising neighborhoods are just a key public policy that I one hundred percent support. I know it's a tough discipline in some cities. I think this city can afford it. It's just a crime when you've got people who have been in the trenches, in neighborhoods and have gone through tough times. And finally, those neighborhoods are coming around, and they have to move because of taxes.

They don't wanna move because they've got roots. They might have grown up in that house. They raised children; they raised grandchildren. They know the couple down the street, and that's what makes a neighborhood really exciting. And that's what we really want. We want to blend in with the old but with respect for what's there. So, a policy like that and others can help people maintain it so they're not taking advantage of it. So they're not forced to sell out. So they have a way to fix up their houses and help with that. It is a public policy that we should all be beyond everyone, Chris.

**Chris Smith:** Well, I would add that I think it needs to be a balanced approach because, and I

agree, like here in the district with a homestead exemption, that you can help mitigate the cost of rising taxes. But what I am concerned about is that this may not be a popular view among some affordable housing advocates. In order to ensure this long-term affordability, we have looked to limited-equity co-ops and other programs to restrict appreciation. My best example is we built the 210 townhome townhouse community in Ward Eight, the poorest of the eight wards of the District of Columbia.

We were encouraged to look at different ways to restrict appreciation, but in the end, we resisted, and 60% of the buyers came out of ward eight. I credit our home buyers club for that success. Today, the homeowners who bought 15 years ago at a hundred thousand a townhome are reselling at three 50 and were able to create wealth. Suppose we had a restrictive program, which, in the eyes of some, would help with the concern about appreciation and pricing people out. But the opposite to that argument is losing out on the ability to build wealth.

**Avram Fetcher:** I would just say that when you have gentrification that is causing long time residents, either through significant rent increases or tax increases to be forced to sell or leave, uh, that's a failure of political leadership be possible for any jurisdiction experiencing that kind of rapid growth in assessed values to say, Hey, as long as you live in your unit, your annual payment, won't go up by more than the cost of living. So that as your income goes up 2 or 3% a year as your social security or pension goes up, then your taxes will go up two or 3% a year, because that's normal. We have similar thing in rent control, right? That's a failure of political leadership when that does not happen. But I know, look at the conference, we're all participating in a panel on part of that. Part of that Failure is us.

When you look at what local and state political election center around, and you look at what the battle lines are drawn across, it's not this. If you go to any county council hearing or city council hearing or state literal meeting, and you look at what's driving out lots of people for, or against something, it's usually not this. DC's [Washington] an exception of that. I think DC's the three panelists of four panelists on this panel right now.

We're all DC centered, because we're all natives or from nearby. But when I work in other jurisdictions across the country, if you talk to the average person on the street and ask, Hey, should your kids' teacher be able to afford to live down the street? They'd say yes, of course. And they wouldn't be against that. But is that what they're casting their vote on when they go to the polls on election day?

No. When there's a hearing to discuss the proposed workforce housing project down the street, it would enable that teacher to live there. Are they coming out in support? No, because they have 10,000 other things on their plate, and there are not a lot of robust housing advocacy groups beyond the Metro areas that we would normally think about able to tap into what I think is more common than you'd think sentiment about what Merrick was talking about. No grandparents should be forced to sell their house because property taxes went up too much when they've delivered that same house for 40 years.

Once again, I don't think that's a controversial statement, and I don't think that would be a controversial thing to do to Institute real homestead exemptions, but it's on us to organize and get that point across. We've got over a thousand people registered for this conference, which is great, but that word needs to get beyond the thousand people in this conference. We probably all agree on this, that set of it. It's about tapping and mobilizing the folks who do agree but don't act on it because they don't think they need to or aren't motivated to need to.

**Merrick Malone:** Well, I think that's an excellent point. A lot of times what I've always said about affordability and the creating of affordable housing is that it has to be intentional. If the policies either regulatory or fiscally don't line up to create that preservation or the production. And if it's not.....I always say, if you want to look at a city's priorities, look at his budget and where it spends its money. While you and Adrian made the point, there are, people will tell you all day that there are four, they are for affordable housing.

They'll say that, but in the end, the actions, I mean, even politicians say that I'm for, but if you look at the budget or you look at the, the regulatory procedures, it doesn't reflect that that is important. Avram, to your point, a room of individuals who, while we know this is a crisis, you don't see the kind of urgency which really there needs to be because we talk about proliferation of tent cities. We talk about a number of these issues that we're seeing right now, is a reflection of our lack of, or our responsibility to make sure that we do make that a priority.

I think you've all made excellent points. I see we have three questions ready for Q &A. One of the questions, question one, what do you think about the bring America Home Act <sup>6</sup> and how do you see organizations or groups working to get this passed and how will it help your work? More importantly, how will it help to meet people's needs, who you wanna take that

Any members want panel members wanna take that? What do you think about what they're trying to do? And as I talked about it, um, there is gonna be a tremendous infusion of dollars into this program going through the, the local and state jurisdiction. So the question is this is this, uh, is this, um, will this be effective? I know we've all talked about, you need more money, but at the same time, you need to be able to effectively get the money to the producers of the housing. We know about bureaucratic impediments. We know about the constraints of procurement. So these things take such a long time. So I'd be interested in hearing from any member of the panel that wants to take that question.

**Avram Fechter:** I'll admit that while I'm tracking the various legislative proposals that are moving through Congress, as part of the president's proposed stimulus slash reconciliation bill. I, I forget their actual names because there's a bunch of them floating around. So I don't know what the exact Bring America Home Act is compared to the three or four other proposals. Honestly, I

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<sup>6</sup> Bring America Home Act- Bringing America Home Act - Recognizes housing as a basic human right, and declares Congress' goal to end homelessness in the Unites States.

think none of us on this panel or even at this conference can put any money on knowing what is gonna happen over the next two months in our community, in the affordable housing community development community. It's clear, we're not gonna get everything that was in the original 3.5 trillion plan. It's clear that some housing measures will pass because it's just, but at the same time that's, if anything passes. I don't think I'd be willing to bet my mortgage right now, given the state of play in the Senate that anything passes, it's probably more likely than not.

One would think you think Democrats eventually unified, but no one thought it would take this long. So, that being said, I think you've heard us all talk about the tax rep programs that need enhancement and everything we've discussed. I think we've already seen an eight, and all I'll get I'll bait this point that I'll shut up with my panelists, uh, add their, probably better thoughts in mind, but we did see a, a miniature version of what can happen quickly when something like a seemingly arcane measure passes Congress. Late last year, right before Trump left office, Congress boosted the tax program that produces all these rental housings by 30% magically. They literally just waved a magic wall, and then all of a sudden, everyone's projects got 30% more tax credits. They thought they were getting for the federal government, and it was kind of a surprise.

I mean, it had been a push for years to do it. Every single year was like Lucy with the football, oh, we're gonna get it this year and then we didn't get it. We're gonna get it this year. Then we didn't get it, and then last year out of the blue, almost it happened. We have seen across the country, I know we've been seeing it in the DC area too, a 30 to 50% increase? So it's a larger increase than the actual credit put up in the amount of projects now coming out of the ground or about to cover on the ground in the pipeline that was just changing one tax provision. It will undoubtedly create hundreds of thousands of additional units over the next 10 years. So can it be effective and can it bring people home? Yes. We've seen in a recent example of it. Do any of us have any clue what's actually gonna pass the next two months? Nah.

**Merrick Malone:** Any other Adrian you wanna weigh in or Chris?

**Adrian Washington:** No, I don't think I have much to add other than I share. You know, there've been so many floating around. I, I just, my head can't around for, to, to see what I do feel that something will come out and I'm looking forward.

**Merrick Malone:** So one of the question questions that has come up is and a question it talks about and I'm reading this, what about representation of tenant groups and homeowners or efforts at public control of housing? I.E land trusts<sup>7</sup>, socialized housing, there are a lot of organizing around this going on around the country. You see particularly a lot of discussion on community land trust, like to get your thinking on those, maybe Chris.

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<sup>7</sup> Land Trust- A legal entity that takes ownership of or authority over a piece of property at the request at the property owner.

**Chris Smith:** Well, I already put a bullseye on my head. I'm not a big advocate of limited-equity co-ops. I see some of the value in land trust. I just think that we have to look at whatever programs we institute so that we can maintain the property long-term. As Avram said, there are long-term controls on the rents, but we also have to be able to recapitalize these projects 15- 30 years out. That's what we have seen here in the District of Columbia, at least with some of the limited equity co-ops, which is that the co-ops ultimately found that they didn't have the financial resources. Now, maybe they should have been structured better or had better capital reserves, etc. Maybe they wouldn't have gotten that trouble, but we saw a number of good housing developments that ultimately ceased to exist because they didn't have the financial wherewithal.

**Avram Fechter:** I just responded to the specific question because we got three and we're answering the second one. Now what about representation of tenant groups and homeowners? One thing that I think on the whole that has been illustrative to watch work in DC and then not have it not present in other jurisdictions is DC has what's called a tenant opportunity to purchase act <sup>8</sup>. It is rare to find it across the country. DC is one of the earliest adopters and has been in place the longest here, practically anywhere else. What that basically does is let a tenant group, if they want to, let's say Chris wants to sell me a building just as one example. We enter our purchase and sale agreement and there's a price set, I'm supposed to buy the building. It allows the tenants to organize and try to step into that contract and buy it for themselves.

What oftentimes happens is the tenants can't buy it for themselves, but they can assign that contract to a third party like Adrian to come in and execute that contract on their behalf. And what they're able to extract in that negotiation by going to Adrian is say, Hey, we'll sign this contract to you, but we need a certain amount of renovations done because the conditions have slipped. We want long term controls on our rent.

You can negotiate to get some long term affordability. I think there's actually been a really good series of examples in the last 10 years in DC and it's, and that's why some other jurisdictions start to look at what DC's been doing to try and copy it where you've had a pretty good interaction between the tenant group, bringing in a private developer to work with them and get those long term restrictions.

then that developer then comes to the city and says, look, we wanna do this extensive renovation, and we want to keep the rent low, but math is math. Even after tax rate, it's in a mortgage, there's still a little bit of a gap here, DC, can you use your housing production trust fund <sup>9</sup> to fill that gap, make these renovations happen and create a truly long term workforce or affordable housing project. I think it's safe to say dozens of examples in DC over the last decade where that has worked.

So to answer that question specifically, if you structure a community of programs correctly. You

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<sup>8</sup> Tenant Opportunity to Purchase Act (TOPA)- A law that gives tenants in a rental property the right of first refusal to purchase the building when the landlord decides to sell it.

<sup>9</sup> Housing Production Trust Fund- A Revolving loan fund that provides low interest construction loans to subsidize the preservation and construction of affordable housing in Washington DC.

notice I said a lot of different things in that stream that all had to work together for it to actually land the tenant groups, had to organize. They had to pick the right developer, negotiate the right deal with that developer. The developer then knew, had to know how to access a capital stack to pay for those renovations and make it work for the long run. So it is not easy. It takes a village, but there are a lot of examples where having that ecosystem set up can create the right outcome.

**Chris Smith:** Arvam. I think you hit the nail on the head that you have to make sure you properly set up the program. You pointed out really good positive aspects of the TOPA[Tenant Opportunity to Purchase Act] program from my vantage point. We have seen few case where the residents properly organized and properly negotiated. So clearly there's more support that's needed. Now, I think there's more today than there were 10 years ago group supporting tenants.

But what we have witnessed with this program is where residents are enticed to sell their rights anywhere from 10 to \$50,000 per unit, and they are selling away the future affordability. So in this case, one resident gets the windfall and takes away that affordability because of rent control for future generations. I think that's been an unintended consequence of the program. So you don't necessarily have to throw the program out the window, but I think as you say, it needs to be tailored appropriately. So you don't have those unintended consequences.

**Merrick Malone:** I think that one of the reasons I mentioned as is my hypothetical that you would have housing advocates in the room is that it's important to not only hear from them, but also to have the dialogue because certain of the strategies that are being proposed actually have an antithetical effect on what they're trying to accomplish. Sometimes it actually chills. We talked about mandatory inclusionary zoning <sup>10</sup>. It was supposed to help with the production of affordability, but the way it was structured, the way it was done; it actually had a chilling effect and didn't really produce the number of units. Not only that, some of the capital markets when they saw that they moved and took money, other places, because I have this saying that money goes where it's treated best. I know I shouldn't probably say that, but it it's true.

So there was this notion that the exclusionary zoning was gonna help solve some of the problems and it actually ended up. So when I talked about having a advocate in the room to talk about those things and Chris, I won't leave you out there by yourself regarding unlimited equity co-ops. As one has had to deal with them, I didn't feel that they accomplished what we were what they were trying to do. Again I go back to some of these strategies, sometimes really have an effect that is antithetical or what we're trying to do in terms of the production and preservation of housing. I have one more question I think would be really important. The question was asked what would be a recovery strategy? I think meaning strategy in terms of more affordable units for cities like Alexandria[VA] and Washington, DC, how do you organize when so many residents have been displaced and affordability is threatened by demand for the past 50 years, a number of years?

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<sup>10</sup> Mandatory inclusionary zoning- A policy that requires developers to include a certain number of affordable housing units in their new developments.



**Avram Fechter;** Vote and not just vote, you gotta get your neighbors to vote. You gotta get your friends to vote and it's, and, and it's, and, and go to the community meetings. As we talked about earlier, the displacement of long term residents who own their homes due to property tax increases is a political failure. It's not an economic failure, it's a political failure. The jurisdictions where that happens have governments that don't care, because it is certainly from a policy perspective, easy to simply enact a cap on how much your taxes go up every year. If you've lived in your home longer than X years, that's a failure of leadership.

That's a failure of all of us allowing that to happen and having people in office who let that happen. So I mean not to paraphrase one of our political heroes, but the change starts with you. You are the change and now it's a cop out answer, but it's honestly what I believe. If you wanna see long term effects in your jurisdiction on this issue, because housing happens over long periods of time and there are lots of play that are beyond.

**Adrian Washington:** Organization and policies of exclusion. So many other things besides just pure housing policy. You look at transportation and the folks who are these essential workers: your teacher, your firemen, and you work at the grocery store. They're driving now. They can't afford to live anywhere close to these places. They're driving an hour; they're clogging our highways and our transit system from costs.

There, you look at health outcomes where you can almost track on a census block or even like a lower level block, bad health outcome outcomes that come from living in overcrowded conditions or older facilities that have left pain and things like that. Their health outcomes, other energy concerns, and sustainability around older housing. That's not energy efficient waste of energy.

So housing is just the core dissemination of the good outcomes and, having a more thought about that and more shifting in resources to those and the educational system of schools because of over-concentration poverty. So sort of figuring out that housing problem, I think will have benefits in many other areas in many field, it's really a whole government approach that we help solve from.

**Merrick Malone:** I think Adrian, you make a valid point. Even in Alexandria where I live, when we start to talk about affordability and you start to look at workforce housing and I said to the mayor and to the council. You have to understand that 90% of your employees live outside of the city because they can't afford to live in the city, and three firefighters live in the city. What I tell them, if you just break it down by economics, just think about all the tax revenue that's leaving. The city that's been generated by you by the citizens.

I mean, that's tax dollars because you haven't made the investment in workforce housing to be able to keep the very.....and so all of those points you made Adrian are, are very appropriate. It

crosses all aspects of life in terms of, of that. I think that's an excellent point. Well, we have about 10 minutes of remaining in this session. I was wondering for closing comments. Do you, you have closing comments about affordable housing and in the future and what we need to do?

**Chris Smith:** Well, I would add in, I thought there was a comment in a previous question about rent control, and I would just put in my 2 cents on that, that unless you're gonna control all costs, it, it does not make good housing, uh, policy with rent control. As we saw in the District of Columbia, what a chilling effect that had for many years on new housing production. And finally, when they exempted new construction, then we saw that's begin to build. I don't think that restrictive policies are the answer.

I think what we need to do. Cities and DC[Washington] Mayor Bowser are credited for encouraging and setting the goal of 36,000 new units. One is if you encourage and help with more market-rate housing, cities should keep in mind that once they're picking up the real estate tax revenue. They're also picking up the income tax revenue from all those market-rate residents. Then, they can take that money from the city coffers and decide how to best use it to support affordable housing and the residents in those homes. So when we come up with restrictive policies, I think that just leads to higher costs.

**Adrian Washington:** Well, I'll go back to the reason we're here, I mean, we're celebrating SNCC founded 60 years ago. If you look at the energy, that was among so many movements back then. And SNCC certainly, being in the Vanguard of that. I don't think there's that same energy today. I think there's a lot of anger out there. I think there is a lot of things that are churned up by social media and cable news and things like that.

But we need to kind of go back and we knew that sense of purpose, that sense of, yes let's get upset about the conditions are, but let's have that sense of optimism that we had in the sixties that we can do things to change that. So everyone talked about vote. I think that's important, but get involved, I mean, get involved in not just electoral politics, which happened every couple of years, every four years, but grassroots things.

I am seeing a lot of energy. I am seeing a lot of young people coming into the field of real estate development. They come to me, and they see me as someone who's been, you know, around and has seen it all. They don't sort of ask me questions about, you know, bricks and mortar and financing rates and things like that. They ask me, and they are, are enthused about the things that we're doing for community development and helping the community. So I encourage more young people to come into that. I think it's an exciting field. I think the Sky is the limit in terms of new ways that we can organize new ways, build new ways, and be more inclusive. And I look forward to seeing young people join the movement and helping us move forward.

**Avram Fechter:** It is remarkable to note how far the country has come in the last 60 years. It's also remarkable to note how, in some ways, it hasn't changed much on where the socioeconomic conditions have improved and haven't, and this housing discussion is a big part of that. As Adrian noted, housing doesn't just affect where you live. It also affects your commute, health conditions, school quality, and all those things. But I think there's not been a broader realization, even within the activist community at large, that housing is fundamental to all these other issues. It takes years of policy work to improve this situation because unlike something as relatively straightforward as do you have a right to vote or not, housing is driven by market forces that are beyond just government and are beyond just an advocacy group.

So it's a much more complicated, harder nut to crack from a policy perspective. And it takes years of toil and labor on all the little things that the edges that affect it about land use policy, about property tax policy, about all these things. So it, as my leaving thought, I know I'm repeating myself. Still, it's important until housing, uh, hearings that are dedicated to the use of public land for affordable housing or not, or rezoning or all these other issues until they have all of us at them speaking in favor of those policies and getting as much attention as at a, uh, board of education, school, budget debate. Then, this issue will continue to fester.

**Merrick Malone:** I wanna thank all of the panelists for their incredible insight. I would agree that we have a lot of work to do. I agree with Adrian that the energy that propelled SNCC back in the day, that fierce advocacy to make items civil rights important, we have to do the same thing for housing to create affordable housing in this country. Until it becomes that priority that Avram talked about, that energy comes with that energy that Adrian talked about. We will find ourselves confronting a major challenge, and in fact, it could be exacerbated. So I think it's important that in the spirit of SNCC and the fight and the tenacity, I think we need to approach the issue of affordable housing in this country in the same way with the same fierce urgency and advocacy. So, I'd like to thank the panel. I hope it was very useful to our audience. I wanna thank you all for joining us and thank you panelists. Appreciate it. Thank you.