

SNCC 60TH ANNIVERSARY CONFERENCE, 2021

Affordable Housing

Speaker 1 (00:00:55):

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Speaker 3 (00:04:58):

Good afternoon and welcome to the SNCC affordable housing panel. My name is Merick Malone. I am a real estate developer, transactional attorney, and a public, a former public official that worked on urban, uh, real estate development as a consultant, as a developer and as a cabinet member serving in the cabinet of mayor's Marion Barry, Sharon, Brad Kelly, and, um, culminate young in Detroit. Uh, we welcome you this afternoon to discuss a very, probably 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. Uh, so this is a very timely subject. Um, there have been, uh, events that have, uh, only served to exacerbate the urgency of trying to come through with resolutions for this particular, for this issue, the end of the, um, moratorium on evictions, the increasing land prices that have, have escalated pressures on housing, um, the escalation and increasing of homelessness.

Speaker 3 (00:06:20):

And, uh, so there are so many of these things that are coming together. And the night today, we wanna talk about those issues, but we also wanna talk about how we address those issues and hopefully improve them and, and, and make it, uh, uh, better. Uh, I am joined by three excellent panelists. And these are panelists who actually are practitioners who do actually provide preservation of affordable housing as well as production of affordable housing, as well as financing for the, for affordable housing. And they will share with you at the, as a, as a panel, their perspectives on the issues of affordable housing. And I'd like to begin by introducing our

SNCC 60TH ANNIVERSARY CONFERENCE, 2021

Affordable Housing

first, uh, panelists, who is Chris Smith, who is a president and CEO of the Williams C Smith company, uh, is a, a urban or national development company, uh, who does many things. And I'll let Chris speak to those things briefly.

Speaker 4 (00:07:33):

Good afternoon. Thanks Merrick. And thanks for inviting me to be on the panel. Yeah. 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. Uh, we're most active here in the district of Columbia and, uh, currently have about six projects under, under development and, uh, happy to be on the panel.

Speaker 3 (00:08:04):

Thank you, Chris. The next panelist is Adrian Washington, who is the founder. He is he's he's the founder, as well as the CEO of the neighborhood development company. Uh, what you need to know about Adrian is that, and I talk about practitioners. Adrian has throughout the, the years has developed over a billion square feet of real estate in the district of Columbia with a billion more in, uh, the pipeline. So Adrian,

Speaker 5 (00:08:43):

Um, uh, hello everyone. And, and thank you very much. That's a great pleasure to be in this panel, particularly with people who are friends and colleagues of many years, Eric, for most of my number and Merrick, I think he read my bio wrong.

Speaker 3 (00:08:56):

It's no, it's a million. I it's

Speaker 5 (00:08:58):

A million, a billion. I thought, you know, my team had really done a great job, uh, in between when I put out the bio and when we started, but now it is a million I'm still very proud of that. Uh, so it, uh, you know, we are practitioners, as Merrick said of affordable housing, we are based in Washington D DC. Uh, we've done, you know, projects in a number of different ways. I mean, there are many ways to skin cat and affordable housing. We've done several, we've done a traditional, uh, use of what's called the lower income housing tax credit. We've also done, uh, which is a, a program for rental properties. We've also done, uh, home ownership. Uh, we've done work with cooperatives, working with existing residents in their buildings, help them purchase and maintain. And we've done, uh, you know, affordable housing without really subsidy. We've worked in neighborhoods that were, you know, not that, not that desirable. And we've built this horrible housing and we're able to sell at a lower price. So we've been around the block in, in different ways, providing affordable housing and, and happy to, you know, talk more in this panel, answering questions that our, our visitors have.

Speaker 3 (00:10:03):

Thank you, Ari, our next panel panelist. And this is where I got the billion dollar from AFE. Has he? 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, and, uh, so welcome Abram,

SNCC 60TH ANNIVERSARY CONFERENCE, 2021

Affordable Housing

Speaker 6 (00:10:35):

Thank you for having me on the panel. Uh, it really is, uh, exciting to be here. Um, I've grown up in the SNCC alumni community and it is kind of, um, you gotta pinch yourself to realize this really is 60 plus years. Um, and we've come a long way, but obviously as this panel shows, there's a lot more to be done, especially in the economic empowerment areas of where SNCC was working so many years ago and continues to work on today. Uh, equity pluses was mentioned, 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. Uh, 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 own name. Um, so with that, thank you.

Speaker 3 (00:11:29):

Thank you. So you can see, we have a stellar panel to talk about a very important issue, and I'd like to, to, to start off the panel by, you know, getting them per their perspective to send it you've. There are numerous, I've read numerous, um, headlines and the headlines read census shows us housing crisis is worsening as search for fixes grows more desperate. The next headline I read is that this is this just isn't sustainable. The housing affordability crisis accelerating. And finally, an article that I read last week, the Biden administration pushes the cities to get serious about homelessness and affordable housing.

Speaker 3 (00:12:18):

And this is through the housing initiative that they will provide billions of dollars from the, from the American rescue plan to local and state governments for the creation and preservation of affordable housing. The goal is to house a hundred thousand, uh, uh, and then add a minimum of 20,000 new affordable units. So the question that I'm going to pose to do 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, with a member of the, of, with the mayor or governor of a state and an advocate and a housing advocate. What are your suggestions as to how we may solve or manage the, the challenge of affordable housing in this country? And I'll start with you, Chris.

Speaker 4 (00:13:27):

Okay. Um, I think I would discuss with the president that, that I think we not only do we need the affordable housing, we need a two-prong approach. We also need an equal amount of, of, um, uh, support in mental health. And, you know, we drive around, uh, DC and it's like most cities around the country and we see the tent cities. And so, um, 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, um, in order to support individuals, not only to get housed, but also to, to reconnect with society. And I think that will keep them, uh, and help ensure that they don't end up back out on the street. Um, you know, I, I think as a country, we have the capacity to build, and I think we've shown it a lot of affordable housing. Um, I think that we need jurisdictions to look at ways to get their land out to the affordable housing developers, uh, in a, um, a more streamlined, less cumbersome way. Um, and I think that can also help ensure, um, um, more production.

Speaker 3 (00:15:03):

SNCC 60TH ANNIVERSARY CONFERENCE, 2021

Affordable Housing

So, Adrian, I ask you the, the question, the similar question, and you remember now you've got the federal, you've got the, the president as well as the local and state officials in that room. What do you say what's worked and what hasn't

Speaker 5 (00:15:20):

Well, that, that would be quite a meeting. I would just probably be so stunned to be in a meeting with the, that crowd that I, I wouldn't say anything intelligent, but now that I have time to think about it, I can prepare some notes. I, I, I love Chris common about support for mental health. I think that, you know, one of the issues we see, uh, in affordable housing is there, it, it, it tends to solve problems that there are so many, uh, other things in our society and that housing along can provide. So, Chris, I think that was a great comment, but you know, what's working and not just working. I think that clearly, uh, isn't sound like a simple answer, but more money is needed. I mean, housing is probably the largest, uh, factor in largest segment of our economy. Uh, and it is such an important aspect of, of, of people's wellbeing.

Speaker 5 (00:16:04):

I mean, you know, you want, you know, the, the comfort of being in, in safe, decent affordable housing, I mean, this goes back, you know, to the 60 years of, of SNS founding that that was a challenge and some challenge now. So with needed, certainly is more funding. Uh, everything is more expensive. Now, construction costs have gone up, the land costs have gone up, uh, the dollars needed to solve the problem are, uh, are just bigger now. And so the America's budget, you know, needs to increase and more resources need to be put into that. I would also say, um, particularly with the, the more the state and local, um, people that there needs to be simplification, there needs to be a, a, a, a spirit of partnership between the regulatory authorities. So I understand they have a, a challenge in terms of building inspection to make things safe and that number one mission, but to really, to view us as partners, not view us as folks, that you can just sort of come and nitpick and gotcha. Because that's what you think your mission is. Mission should be one of partnership to produce more housing in a safe way, but in a more straightforward way, which will reduce cost and, and increase speed to market

Speaker 3 (00:17:12):

Abra.

Speaker 6 (00:17:13):

Uh, thank you. I, I think I'd add to this by delineating which affordable housing challenge you're trying to solve, because when people hear the words affordable housing, it means different things to different people. Um, so I, I try to differentiate between workforce housing, which is now a part of the affordable housing challenge and what maybe other folks could think of more as traditional affordable housing. And what I mean by that, we have an affordable housing challenge for folks that have full-time jobs. There are many, many parts of this country that we work with at equity plus that you could have two people working full time at an Amazon distribution center, and they still can't afford to live within an hour where they're working and they're both working full time. So on the workforce side, for folks that are capable of getting a good job and working 40 hours a week, the challenge there, isn't so much a housing issue as it's almost an income issue.

Speaker 6 (00:18:11):

SNCC 60TH ANNIVERSARY CONFERENCE, 2021

Affordable Housing

If you look at what, what housing costs today relative to the average income and what it costs the 1950s and sixties, relative to the average income, there's a reason why the challenge is so much greater today than before, for folks who are working full time, your income just doesn't go as far, cuz hasn't kept up. I mean, if you think about the, one of the largest affordable housing and wealth creation programs that the government has ever run was the GI bill to allow all those people coming back from world war II, to actually buy an affordable home and serve, building the ladder and go into at that time, good jobs that you didn't need a college degree, that you could support a nice life on. Those are gone today in a way they weren't there before. So you, you have to holistically address, not just what we all think of as affordable housing, but also the workforce housing challenge that now does need help.

Speaker 6 (00:19:02):

You did not need a government subsidized project 30 to 40 years ago deliver an apartment that was affordable to a starting teacher in DC. Well, now you do land costs are so high construction costs are so high. The market is not even capable of creating that unit anywhere near where that teacher is working. So we've, so that I think is an important thing to recognize the affordable housing challenge. Isn't just mental health and folks that just aren't capable of holding down a full-time job or don't have, you know, a high school diploma, which where most people, I think, think of when they hear the words affordable housing, it is a much broader challenge now that is having down range effects and all kinds of other problems like traffic and pollution and quality of life. And can you have someone, a parent at home to be there with the kids where they get home from school, all those issues are impacted now by this broader workforce slash affordable housing challenge and to, to what, to what Adrian said, it costs money, but where you spend that money and how you spend it should be targeted by what problem you're trying to solve.

Speaker 6 (00:20:17):

So

Speaker 3 (00:20:18):

I I'm actually glad you raised that issue because when you talk about the definition of affordable housing, it means so different things. And part of, of, of the, that definition has also created, uh, impediments to our ability to create it. I'll just, just point out when you say affordable housing, uh, and I'll use the term in the city of Alexandria. There was a, a Virginia where I lived, there was a out, there was a, a, the NIMBY came out and, and at the end of the day, at the end of the day, it was really, uh, mixed used income. But because of the, because of the, the, uh, the challenges and the misunderstanding or what affordable meant, it ended up costing an affordable project, an additional, almost \$2 million more than it should have based on the amount of time it took to get through entitlement.

Speaker 3 (00:21:14):

So this is, and that gets back to, to Adrian's point about it becomes more expensive and, and, and you looking at the, the public sector as a partner versus, um, a got you impediment. So, um, I, I wanna wanna ask about that if the Biden administration is talking about, um, uh, ING, these funds through state and local government, how do we, how do we approach state and local government to get them to understand how important it is to streamline this process so that the money can get to the preservation and production? Because we are running out of time, uh, Chris,

SNCC 60TH ANNIVERSARY CONFERENCE, 2021

Affordable Housing

Speaker 4 (00:22:00):

Well, you know, here in the district of Columbia, we have mandatory inclusionary zoning. And, um, I think the report card would probably score somewhere between a, a D or D plus, um, uh, early on it didn't produce many units and now at productions up, um, we really don't have a, uh, well oiled machine in terms of delivering residents to the development. Uh, it's very bureaucratic. And so my message to anyone who has this type of program, uh, you really need to, to fine tune it. And, and I think that's why Litech works so well because you have to self certify, you know, um, that treasury, federal government holds it, uh, a big bat over your head if you don't, um, uh, comply. Um, and I think at least our jurisdiction here in the district, um, should take some, uh, pages out of that playbook.

Speaker 3 (00:23:06):

Any other wanna comment?

Speaker 5 (00:23:10):

I mean, I'll, I'll kind of pivot off something actually Mary mentioned touched on is, is OUS that even though those dunno the, um, the acronym, it's not, it stands for not in my backyard and, and what we found. And I'm sure Chris shared as well as developers is that as a societal level, at a big level, people are supportive of affordable housing and places for people to live. But when you want to build it anywhere, close to them, then they suddenly find, you know, five different reasons of why it's a good idea. None of them will come out public and say, we don't want those people living next to us, but it's usually we don't want those people living next to us. And that's a tough uphill climb. I mean, I, I would apply and, and it's a tough uphill climb. Typical for politicians. I think that we're appreciate a local level where you' campaign fund comes from.

Speaker 5 (00:24:04):

You support the people who vote. They're generally, you know, upscale people and the people who, you know, need affordable housing generally don't vote. And so it takes a, you know, pretty courageous politician to, but those trends, particularly if you're in office for only a few years and these projects, the approval process is going for years and years. So, uh, I, I applaud princess in our city. Um, I, I applaud mayor, mayor Bowser. She has made a, a concert push to distribute the affordable housing throughout all eight awards of the city, you know, and it's not something that's gonna, you know, help her get votes. I mean, it's put in something Ruth votes, but it has to take a very committed, you know, political leadership to, to say this is important and I'm gonna push it. And I'm going to, you know, take a few arrows in that process.

Speaker 3 (00:24:52):

So I think that, I, I think that one, I would love to hear the, as we talk about, and I talked about the urgency, the timing, I know that in some areas that, uh, of, of, of cities across the country, that once were affordable are no longer affordable. And what has happened is that, that, that opportunity to create more affordable housing constricts with the, with the increased pressures of land costs. And, and so one of the things that I I'd like to hear you all talk about is what are some of the, the strategies that the, the government or public sector could use to help support the production and preservation of, of, uh, affordable housing that they might not be doing now?

Speaker 6 (00:25:49):

SNCC 60TH ANNIVERSARY CONFERENCE, 2021

Affordable Housing

I think it's a great question. Um, I mean, I, if you live in any major metropolitan area over the last 20 years, uh, there, there's not a small chance that the house that you grew up in 30 years ago is a house that your kid could no longer afford if they had the exact same job your parents had when you had it. Um, and that's a land cost problem across the country, uh, where, and when you look at what is the people, I think most people outside of the affordable housing workforce housing industry, don't understand. And, and Chris alluded to this, the single largest current subsidy for building new, affordable housing and preserving existing call it, um, nationally occurring. Affordable housing is a federal tax credit program called the low income housing tax credit, which almost no one outside of the industry knows what it is or how it works.

Speaker 6 (00:26:40):

The label isn't even right in my mind, it's called a low income housing tax unit, but it's out, you can benefit from the program and move into a unit. If you are a Amazon fulfillment worker, if you are a full-time grocery store employee, if you are a starting government employee at any level, the salaries you are earning are low enough that you qualify to be in a quote unquote, low income housing tax rate rental, um, and tax policy. And Chris and Adrian will laugh at this too, because we've watched it the last 10 years, because it's a tax rate program. Your ability to produce the units is directly tied to an investor demand for the credits. It's actually not tied to, Hey, if you build it, will someone wanna move in at a, at a rent they can afford? Well, of course they will. They can't find anybody else demand.

Speaker 6 (00:27:31):

Isn't the issue. If there's not enough federal investors willing to buy the credit, then the whole assembly line shuts down. So when corporate tax rates go up, there's more money pouring into the affordable and workforce housing community. Cause there's more people willing to buy the credits. Same thing if they go down, if you looked at the last 10 years in this tax rate market, the biggest volatility in the periods of time where literally production practically stopped was when there was uncertainty related to tax reform. So I know it sounds insane to the, the folks watching right now, but right now the single biggest determinant on how fast a project can move forward is where they can find a federal tax credit investor and having some certainty demand for the credits. And if Adrian, Chris, I now I'm kind of going down on a limb and push the envelope a little. So if you disagree, I'd love to have that discussion, but that's what I've been seeing the last couple years.

Speaker 4 (00:28:28):

I'm agree totally with you Abram. Um, you know, we've seen the pricing on credits, what decreased anywhere from, uh, 10 to, uh, high teens percent. And that's clearly had an impact on, uh, getting projects off the ground or the amount of production you can accomplish.

Speaker 6 (00:28:48):

And just to expand on that for the folks that might not know the jargon as well. So when, when we produce housing, that is I'll call it workforce over affordable. Cause I said, it's got this wide range of folks that qualify. It has to be rental I'll note. There's no major federal subsidy program that exists anymore for producing home ownership, affordable home ownership. Um, so it's all rental. Uh, if I am building a project and my project will qualify for 10 million with of FA tax credits over 10 years, I unfortunately can't use those credits. So don't earn enough wish I did. I wouldn't be on this call. Just kidding. Um, so I go to a bank or an insurance company and I sell

SNCC 60TH ANNIVERSARY CONFERENCE, 2021

Affordable Housing

that stream of credits for say \$9 million 90 cents on the dollar. So as long as I keep those units affordable, I don't have to pay the 9 million back.

Speaker 6 (00:29:36):

But so what Chris talks about that 10 to 15 cent or credit swing? Well, if the pricing was at 90, I got \$9 million and it drops at 80. Well now only have 8 million projects still cost the same, if not even more as an inflation, but going rampant. So how do you feel that million dollar hole? Well, in many jurisdictions that aren't like DC or major metropolitan areas like Boston or New York or even Portland, they don't have big housing production trust funds. So if you're in a secondary market or tertiary market or in rural America, there is absolutely no other source to subsidize the production of that unit besides attachment. So the attachment price drops your project, your project probably no longer balances.

Speaker 3 (00:30:19):

So that's a, that's an excellent point. Uh, Adrian talked about having, being able to do affordable projects without, in some cases without subsidy. Um, I like to say that, uh, I'd like to say that, you know, there's no such thing as an affordable brick or a market rate brick, it's just the cost of bricks. And when a market project of a development will yield and the market says, I can sell this project for, or this unit for \$400,000, but you are trying to put a person in it that can only afford \$200,000. Where does that gap come from? Because in our world, that means that deal does not pencil. It doesn't work. So the question is generally that money has to come from the public sector in some way, shape or fashion. So I was really interested in, in, in when Adrian said he was able to do that without not, uh, some subsidy, uh, and I'd like for you to kinda walk us through or for the people, how you were able to do that. And

Speaker 5 (00:31:35):

So, I mean, I think let me sort of separate it into two areas. Um, one way to, um, to do a non subsidy is just reduce cost, uh, so that you are producing housing that that's available, not to sort of the course of the poor, but you know what we, we call an industry sort of a middle market and you do that in various ways. Um, you go to locations that, you know, aren't desirable, so you're not going the hottest neighborhood in town, perhaps you're going to least hot, uh, neighborhood. Uh, certainly doing, uh, rehab is, is one way to cut down cost that that's been less possible in DC lately when I started my career there go around and there were plenty of vacant buildings and you could buy them fairly cheaply and you can rehab and drill them cheaply a lot more tougher now, particularly on sort of larger multifamily, but there still are areas there, uh, another way, and this is not sort of completely without sort of subsidy, but it's without sort of the complex subsidy that, that, that Aman and Chris, uh, and I were discussing we're essentially there are what still people are probably familiar with those sort of section eight, uh, vouchers.

Speaker 5 (00:32:43):

Um, there are still, there's a still vari variation of that, uh, produced by HUD and administered locally called a housing choice voucher program. Um, we have not done a project business, but I, I know one developer's building a project now and his focus is just on, he's going to rent exclusively to those folks. Uh, sometimes you can get a, a what's called a project based, uh, vouchers. Other times you can just advertise yourself and set your, set yourself up for those. So that is indirectly subsidized, but to, you know, his sort of strategy is not using some of the more complex kind of strategies that we talk about in this call, sort of a single source of revenue and everything else is actually system. And that's the way, and then, you know, going into other areas

SNCC 60TH ANNIVERSARY CONFERENCE, 2021

Affordable Housing

and something we really didn't touch much on this panel is that, is that the cost of the land is going up.

Speaker 5 (00:33:33):

That's true, but the cost of construction is going up even more in time, takes construction more. And so this is something that I think the government can help, but really what a private sector has to lead the way and finding more innovative ways to, uh, to produce. And you're talking about producing new housing, more innovative ways to build. I mean, if you look the techniques, I'm trying to look at my window, man, I'm seeing <inaudible> construction. I mean, the techniques that those guys are using are almost exactly the same techniques that, you know, people were using 50 years ago, a hundred years ago, the materials a little different, but essentially they're still sort of building things almost piece by piece, almost bespoke, if you will. And so looking at, you know, areas, you know, like more, um, uh, you know, manufactured housing, uh, more innovative things. And so one of the things that I've done that I've started a company called platform, which is going to introduce some of those innovative building techniques. So we've got to get the, the building of housing done cheaper and done and cheaper, better to get it done faster. We got it done better with higher quality. And so that's one of the things I'm working on as a side, uh, interest for my main development company.

Speaker 4 (00:34:40):

Chris, you'd like to, you know, I, from a policy standpoint, I think there's a number of things that, uh, local jurisdictions can look at, um, you know, here in the district, um, um, uh, a group that I'm involved with, um, made a proposal to the mayor and actually became legislation. And that is in order to, um, support more, uh, workforce housing. Um, the council passed a, uh, a bill that allows for tax abatement, um, to help, uh, support and provide that subsidy that's needed, even when you're trying to reach those at 80% AMI. And that's 80% of area median income. And so, uh, and for all the reasons we've already set the high cost of land, the high cost of construction, um, you know, for years, the focus was always, uh, for individuals who were at 60% of area meeting income and less. Um, but as was spoken about earlier, uh, now that need really goes up to those at 80% and you can make an argument at a hundred percent. Um, I think jurisdictions again from policy standpoint, need to look at excess land, um, and, and look at how, um, they can make it create an efficient disposition process. Um, uh, we have seen at times where it gets too bureaucratic, it, 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.

Speaker 6 (00:36:26):

The, the couple things I would just add, um, is permanent. Uh, one thing that we've seen happen in a lot of jurisdictions, they, they pump a lot of resources into creating affordable housing. Uh, but they put a 15 year covenant on it, a 20 year covenant on it. And 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, cuz that way the unit you create now is actually still affordable to your kid when they're ready, 25, 30 years down the road. And the core area to that is, is what Chris was talking about.

Speaker 6 (00:37:22):

SNCC 60TH ANNIVERSARY CONFERENCE, 2021

Affordable Housing

And, and 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, 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. Cause if you, if you, cause 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 eight 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.

Speaker 6 (00:38:17):

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 eight vouchers, 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, 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.

Speaker 3 (00:39:18):

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, uh, mitigate that. There are a number of areas in, in that are, are properties where people have raised their families have, you know, 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. And some of them have stayed in these areas when there was disinvestment and now cannot be around, cannot stay put with the, with now, with the development and the redevelopment of the neighborhood. And, and, and I, 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.

Speaker 5 (00:41:04):

I mean, me, I mean, I'm a hundred percent on board with that. I think that, you know, and that's funny, I was listening to, um, uh, Mr. Adams, uh, I can't remember his first name, the, uh, future, you know, upcoming mayor of New York talking about the same thing and, and, you know, talking very frankly about gentrification and, and I agree, uh, what, what he said. I mean, you know, when you bring new people into a, a neighborhood and, and there's no sort of right, you can't like bar people from coming neighborhood. So when people come into a neighborhood and

SNCC 60TH ANNIVERSARY CONFERENCE, 2021

Affordable Housing

they participate in the existing fabric and, and they bring with them some money and, and provide new services and they join in and they do it, I mean, you know, 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, you know, they only serve to, to really kind of come in and occupy, I think that's bad.

Speaker 5 (00:41:57):

So really, you know, so that's kind of my sort of commentary for today, but, you know, directly to your point, you know, a hundred percent agree that, you know, programs that, uh, either freezes or mitigate the property tax impact or rising neighborhoods is just a key public policy that, that, that I'm a hundred percent support. And I, I know it's tough discipline in some cities. I think this city is one who can afford it. And it just, it's just, it's a crime when you've got people who have, you know, been in, in the trenches and been in neighborhoods, have gone through tough times. And finally those neighborhoods are coming around and they gotta move because of taxes door. They don't wanna move because they've got roots. They, they, they might have grown up in that house. They raised children, they raised grandchildren. They, they know, you know, the, the couple down the street and that's what makes a neighborhood really exciting. And that's what, what we really want. We want to blend in old with the new, but with respect, what's there. So a policy like that and other policies that can help people maintain, uh, so that they're not taking advantage of. So they're not forced to sell out. So they have a way to, you know, fix up their houses and, and help with that. I, I think is, is a public policy that we should all be beyond everyone, Chris.

Speaker 4 (00:43:13):

Well, I would add in that, I think it needs to be a balanced approach because, um, and I agree like here in the district with, um, um, homestead exemption that, um, um, um, you can help mitigate the cost of rising taxes. Um, but what I get concerned about is, um, this may not be a popular, popular view among some affordable housing advocates is, is in order to ensure this long term affordability have looked to, uh, limited equity co-ops, um, and other programs to restrict appreciation. And, um, uh, I best example I have is we built the 210 town home, uh, townhouse community in, in ward eight, the, the, the, the poorest of the eight wards of the district of Columbia. And, um, um, and we, we were encouraged to look at at different ways to restrict appreciation, but in the end, uh, we resisted and 60% of the buyers came out of ward eight. Um, I credit our home buyers club, uh, for, for that success. And, um, and today the homeowners who bought 15 years ago at a hundred thousand, a town home are reselling at three 50 and, and they were able to create a wealth. And if we had had a restrictive program, which in the eyes of some would help with, um, um, the concern about appreciation and pricing people out. But the opposite to that argument, I think, is losing out on the ability to, uh, to build wealth.

Speaker 6 (00:45:10):

I, 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 two or 3% a year as your social security or pension goes up, then, all right, your taxes will go up two or 3% a year, cuz that's normal. And we have similar thing in rent control, right? That's a failure of political leadership

SNCC 60TH ANNIVERSARY CONFERENCE, 2021

Affordable Housing

when that does not happen. But I know look at the conference, we're all participating in a panel on part of that. Failure is us.

Speaker 6 (00:46:04):

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 meaning, and you look at what's driving out lots of people for, or against something, it's usually not this, DC's an exception of that. I think DC's the three panelists of four panelists on this panel right now. We're all TC centered, cuz we're all natives or from nearby. Uh, 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?

Speaker 6 (00:46:54):

No. When there's a hearing to discuss the workforce housing project down the street that's being proposed, it would enable that teacher to live there. Are they coming out in support? No. No, because they got 10,000 other things on their plate and there is 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 a common, more common than you'd think sentiment about what America's talking about. No grandparents should be forced to sell their house. Cuz property taxes went up too much when they've delivered that same house for 40 years. I once again, I don't think that's a controversial statement and I don't think that's something 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. And, and, and 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 that do agree, but don't act on it cuz they don't think they need to, or aren't motivated to need to.

Speaker 3 (00:48:01):

Well, I think that, I think that those are, that's an excellent point. And a lot of times what I've always said about affordability and the creating of affordable housing is that it has to be intentional. It's not, if it's not, if the policies either regulatory or fiscally don't line up to create that, that, that preservation or the production. And if it's not, you know, I always say, if you wanna look at a city's priorities, look at his budget and where it spends its money and while you and, and Adrian made the point, there are, people will tell you all day that there are four, there are four 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, uh, uh, procedures, it doesn't reflect that that is important. And to your point, a room of, of, of individuals who, while we know this is a crisis, you don't see the, the kind of urgency which really there needs to be because we talk about proliferation of tent cities. We talk about, you know, a number of these issues that we're seeing right now, uh, is a reflection of, of our, uh, lack of, or if you will, on us, our responsibility to make sure that we do make that a priority.

Speaker 3 (00:49:27):

So I, I think that, I think you've all made excellent points. I see we have current, we have three questions ready for Q and a. And um, I think that let's see are they can, I are read. Okay. Um, I was okay. Uh, let me, let me see here. One of the questions, question one, what do you think

SNCC 60TH ANNIVERSARY CONFERENCE, 2021

Affordable Housing

about the bring America home act and how do you see organizations or groups working to get this passed and how will it help your work? Uh, and more importantly, how will it help to meet people's needs, who you wanna take that

Speaker 3 (00:50:28):

Any members wanna wanna panel members wanna take that? I mean, 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, of the housing. Uh, and, uh, we know about bureaucratic impediments. We know about, you know, the constraints of procurement. And so these things take such a long time. So I'd be interested in hearing from, from any member of the panel that wants to take that question.

Speaker 6 (00:51:18):

You know, I'll, 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 cuz there's a bunch of them floating around. So I I'm not admit, I don't know what the exact bring America home act is compared to the three or four other proposals. Honestly, I 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, in our community, in the affordable housing community development community, uh, it's clear, we're not gonna get everything that was in the original 3.5 trillion plan. Uh, it's clear that some housing measures will pass cuz it's just, but at the same time that's, if anything passes, uh, 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.

Speaker 6 (00:52:16):

You one would think you think Democrats eventually unified, but no one thought it would take this long. So, uh, that, that being said, I mean, I think you've, you've heard us all talk about already about the tax rep programs that need enhancement and, and all the things we've talked about. And I think we've already seen a 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, a seemingly arcane measure passes Congress in 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 by surprise.

Speaker 6 (00:53:11):

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. And then, oh, we're gonna get it this year. And then we didn't get, and then last year outta the blue, almost it happened. And we have seen across the country, I know we've been seeing it in the DC area too, a 30 to 50% increase, you know? 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

SNCC 60TH ANNIVERSARY CONFERENCE, 2021

Affordable Housing

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.

Speaker 3 (00:54:01):

Any other Adrian you wanna weigh in or Chris?

Speaker 5 (00:54:05):

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.

Speaker 3 (00:54:35):

So one of the question questions that has come up is, uh, 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, socialized housing. There are, uh, and, and, and, and those are the things that, um, uh, there are a lot of organizing around this going on around the country. You see particularly a lot of discussion on, on community land trust, like to get, get your, your, your thinking on those. Uh, maybe Chris,

Speaker 4 (00:55:17):

Well, I, I think I already put a, a, a, a bullseye on my head. Um, <laugh> that I'm not a big advocate of, um, of limited equity co-ops um, I'm, I'm, I, I see, uh, some of the value in land trust. Um, I just think that we have to look at whatever programs we Institute that we can maintain the property long term, as Abram said, you know, um, um, um, long term controls on the rents, but we also have to be able to recapitalize these projects, you know, 15, 30 years out. And that's what we have seen here in the district of Columbia, at least with some of the limited equity co-ops is that the co-ops ultimately found that they didn't have the financial resources. Now, maybe they should have been structured in a better way, um, um, had better capital reserve, um, et cetera, and maybe they wouldn't have gotten that trouble, but we saw a lot, a number of good housing developments, um, uh, that ultimately, um, ceased to exist, um, because they didn't have the financial wherewithal.

Speaker 6 (00:56:40):

I think I, I just responding to the specific question cause we, we got three and we're answering the second one. Now, you know, 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. It, it is rare to find it across the country. DC is one of the earliest adopters and has been, has been in place the longest here, practically anywhere else. And what that basically does is let a tenant group, if they want to, uh, let's say, uh, Chris wants to sell me a building just as one example. And we, we enter our purchase and sale agreement and there's a price set I'm supposed to buy the building. Um, it allows the tenants to organize and try to step into that contract and buy it for themselves.

Speaker 6 (00:57:30):

Um, and 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

SNCC 60TH ANNIVERSARY CONFERENCE, 2021

Affordable Housing

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. And 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 'em and get those long term restrictions.

Speaker 6 (00:58:17):

And 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 to fill that gap, make these renovations happen and create a truly long term workforce or affordable housing project. And we've seen, I, I, 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, a community of programs correctly, you 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. And 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, 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.

Speaker 4 (00:59:21):

Ari. I think you hit the nail on the head that you have to make sure you properly set up the program because you, you pointed out really good positive aspects of the TOPA program from my vantage point, um, we have seen few case in few cases where the residents properly organized and properly negotiated. So clearly there's more, uh, 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, you know, gets the windfall and takes away that affordability because of rent control for future generations. And 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.

Speaker 3 (01:00:40):

I, I, I think that one of the reasons I mentioned as is my hypothetical that you would have, uh, 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, it actually chills. We talked about mandatory inclusionary zoning. I mean, it was supposed to help with, 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. And 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.

Speaker 3 (01:01:31):

So there was this notion that we were going to, 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

SNCC 60TH ANNIVERSARY CONFERENCE, 2021

Affordable Housing

in the room to talk about those things and Chris, I won't leave you out there, uh, by yourself, unlimited equity co-ops I, I, as, as one has had to deal with them, deal with them. Um, I didn't feel that they, they, they, they accomplished what we were, what, what they were trying to do. And I think it, again, I go back to, uh, some of these strategies, um, sometimes, um, really have an effect that is antithetical or what they're trying, what, 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? And I think meaning strategy in terms of more affordable units for cities like Alexandria 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

Speaker 6 (01:02:42):

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. Cuz what, 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, cuz 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, you know, 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, uh, effects in your jurisdiction on this issue, cuz housing happens over long periods of time and there are lots of play that are beyond

Speaker 5 (01:03:58):

Organization and policies of exclusion, uh, hurt. So many other things besides just pure housing policy. You look at transportation and the folks who, um, are these essential workers, your teacher, your, your firemen, your, you work at the grocery store. I mean, 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, look at health outcomes where you can almost track on a, a census block or even like a lower level block, bad health outcome outcomes that come from living in over crowded conditions or older facilities that have left pain and things like that. Their health outcomes, there are, uh, other energy concerns, uh, you know, sustainability around older housing. That's not energy efficient waste of energy. So housing is just core disseminate of the good outcomes and, and having a, a more thought about that and more shifting in resources to those and the educational system of, 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.

Speaker 3 (01:05:13):

I, I think Adrian, you make a valid point. I, I, in, um, even in, in Alexandria where I live, when we start to talk about affordability, uh, and you start to look at workforce housing and I told, I had, I said to, 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, three firefighters live in the city. And what I tell them, if you just break it down by economics, just think about all

SNCC 60TH ANNIVERSARY CONFERENCE, 2021

Affordable Housing

the tax revenue that's leaving. The city that's been generated by you by, 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, very, uh, appropriate. Uh, it, it just, it, it, it crosses all aspects of, of, of, of life in, in terms of, of that. So, yeah, I think that's an excellent point, Chris. Well, we have about 10 minutes of remaining in this session. Um, and I was wondering, uh, for closing comments, do you, you have closing comments about affordable housing and, and, and, and, and in the future and what we need to do?

Speaker 4 (01:06:43):

Well, I, I would add in, I, I, 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 cost, it, it does not make good housing, uh, policy with rent control, because as we saw in the district of Columbia, uh, what a chilling effect that had for many, many years on new housing production. And finally, when they exempted new construction, then we saw that's begin to build. And I don't think that restrictive policies, um, are the answer. I think what we need to do. And I think cities and, and not give DC mayor Bowser are credit for encouraging and setting the goal of 36,000 new units. Um, one is, you know, if you encourage and, and help, um, uh, more market rate housing, um, cities should keep in mind that one they're picking up the real estate tax revenue. They're also picking up the, uh, income tax revenue from all those market rate residents. Then they can take that money in the city coffers and decide how to best use it to support affordable housing and the residents in those homes. And so, uh, um, when we come up with restrictive policies, um, I think that just leads to, uh, the

Speaker 6 (01:08:15):

Hire costs.

Speaker 5 (01:08:18):

Well, I'll go back to the, I guess, for the reason we're here, I mean, we're celebrating SNCC founded 60 years ago. And if you look at the energy, that was, that was among so many movements back then. And, and SNCC certainly, you know, being, 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, 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, and we knew that 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, you know, 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, in not just electoral politics, which happened every couple of years, every four years, but grassroots things.

Speaker 5 (01:09:14):

And I am seeing a lot of energy. I am seeing a lot of young people who are coming into the field of, of real estate development. And when they, they come to me and, you know, they see me as someone who's been, you know, around and, and 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, they ask me and they are, are enthused about the things that we're doing for community development, helping community. So I encourage more young people to come into that. I think it's an exciting field. I think the Skys, the limit in terms of new ways that we can organize new ways, that we can build new ways, that we can be more inclusive. And I look forward to seeing young people join the movement and helping us move forward.

SNCC 60TH ANNIVERSARY CONFERENCE, 2021

Affordable Housing

Speaker 6 (01:10:04):

Uh, I think it's, it is, uh, 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, we haven'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, your health conditions, your school quality, all those things. But I, I think there, there's not been a broader realization even within the activist community at large, that housing is fundamental to all these other issues. And it takes years of, 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 accuracy group.

Speaker 6 (01:11:15):

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, I know I'm repeating myself, but 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.

Speaker 3 (01:12:07):

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