NOAH Preservation with Ascent Housing

Duration	00:34:58
Speakers	Corey Aber, Vice President of Mission, Policy & Strategy, Freddie Mac Multifamily Sara Hoffmann, Senior Director, Multifamily Research Mark Ethridge, Managing Principal, Ascent Housing

Corey Aber [00:00:00] You know what makes me happy?

Sara Hoffmann [00:00:02] Well, Corey, that's a very open-ended question.

Corey Aber [00:00:04] Inspiration. You know, the housing market in this country is vast. So many cities, towns, hamlets, rural areas, you know, so many communities and so many unique challenges. But with that vastness and diversity also comes a surprising amount of small-world connections, right. People drawing inspiration from each other.

Sara Hoffmann [00:00:22] That makes sense. I can see why that makes you happy.

Corey Aber [00:00:24] Yeah, and it makes me even happier when we can see that on the podcast. And today's guest and today's discussion on naturally occurring affordable housing [NOAH] preservation has a really great connection to one of our first episodes ever back in 2019. And it's great to see how far NOAH preservation has spread.

Sara Hoffmann [00:00:47] Hello and welcome to this episode of the Freddie Mac Multifamily Podcast. I'm Sara Hoffmann.

Corey Aber [00:00:52] And I'm Corey Aber. Today on the show, we're going to dig into the preservation of naturally occurring affordable housing, also known as NOAH. This is an idea that really gained attention in the middle of the last decade, and it's spread from there. And we're joined today by Mark Ethridge, who is the managing principal at Ascent Housing. The firm has been a leader in Charlotte, North Carolina's response to the affordable housing crisis, leveraging over $225 million to preserve 1,800 units of naturally occurring affordable housing since 2019. Ascent is the co-founder and operating partner for Housing Impact Fund, responsible for the identification, deal structuring, acquisition, renovation and operation of prospective investments. And Mark, it's really great to have you on today. So, thanks so much for being here.

Mark Ethridge [00:01:37] Yeah, thank you for having me. It's a pleasure to be here and look forward to the conversation.

Corey Aber [00:01:42] All right. So, before we get into some of this, I'd like to just go over a little bit of background on Ascent.

Mark Ethridge [00:01:49] Sure. So we, you know, started this platform five years ago, really dedicated to finding creative solutions to the housing affordability challenges we have here locally. And so far, you know, what our bread and butter has been has been the preservation of naturally occurring affordable housing. You know, it was a topic that I personally was interested in dating back to 2016, and just thinking about what was going to happen to all of the older multifamily communities in our market and making the connection that those older multifamily communities are where the vast majority of low- and moderate-income households live. And so, we tried really hard and and learned from a lot of folks. I think you mentioned one at the introduction to this podcast, which was the NOAH Impact Fund up in Minneapolis and really took cues from some groups doing amazing work across the country, and finally did our first deal in 2019. And since then, things have grown from there, especially with the advent of Housing Impact Fund and our second fund that we raised last year.

Corey Aber [00:02:53] It's really great. And, you know, you all are based in Charlotte. So, Sara, I know we've done work through our Affordability Curve. You know, looking at different markets. What does that say about Charlotte?

Sara Hoffmann [00:03:03] So, Corey, we pulled out the Charlotte MSA [metropolitan statistical area] for the Affordability Curve. And again, this curve tells us, based on income distribution and rent distribution, what affordable units are available by the MSA. I say available but affordable, what units are affordable at each of the income distribution buckets. And what this can tell us is the intersection point and where there's the greatest gap. The intersection point, which is when there is more than enough units at certain income levels — and we use the area median income [AMI] level as 60% AMI in Charlotte — but really, what's telling is that disparity gap or that biggest, shortage of housing comes in at the 30% AMI. So maybe Mark, maybe we get started, like what, what have you seen in Charlotte regarding those numbers and those levels of income?

Mark Ethridge [00:03:54] That's really interesting data. And, in some ways it corroborates a lot of what we've done with Housing Impact Fund and even our predecessor deals. I think, you know, close to a decade ago, it seemed implicit to me that the risk we were facing in Charlotte was that we were losing rents that were largely affordable to 60% AMI below households. As you know, new investment development changed the face of our 1960s and 70s and 80s vintage multifamily stock. And so, if you rewind back to 2016 and 2017, there's a whole seedbed of older apartment communities about a mile from where I live, just a couple miles east of downtown Charlotte. And, you know, about a mile from where a lot of new development on the luxury side is happening, and they had rents that were uniformly below $1,000 a month. This is the place where most of our first- and second-generation immigrants came. It's a place where refugees came, it’s a place where senior citizens on a fixed income live. It's a place where people just starting out and getting into the workforce were living. And I think the writing was on the wall back then that, when you're a mile away from, you know, rents in the 2000s and new construction and some of the single-family pricing that occurs in neighborhoods like mine, that those apartments were probably going to be vulnerable to a lot of change. And that's essentially what's happened in the years since. And so, we kind of wanted to be an intervention to be able to retain households at those income tiers, to be able to continue to enjoy the the increasing benefits of of these neighborhoods as we go through urbanization in Charlotte.

And also, with Housing Impact Fund, you know, one of the first challenges that my two fund managers, Erskine Bowles and Nelson Schwab, gave me was to figure out how to address 30% AMI and below households. That is the biggest deficit. You know, the statistics we had back when we started this in in 2020 was that we had about 29,000 households in Mecklenburg County at 30% AMI and below. And we're a county that only has about 6,000 tenant-based vouchers. And so, you've got a deficit of 23,000 households that don't have access to rental subsidies or vouchers. The rent that they can afford to pay is in the $3[50] to $450 a month range. The average rent in Charlotte right now is somewhere around $1,4[00] or $1,500 bucks. And so, you really don't stand a chance unless you come up with some creative solutions. So, one of the things we did with Housing Impact Fund was to set aside 30% of our units to 30% AMI and below households. Half of those are allocated for people with existing vouchers and subsidies, which is great because we're getting families into higher opportunity areas than they're often relegated just based on the challenges we have and having widespread landlord acceptance of tenant-based vouchers.

And the other half is really important, and probably the favorite piece of this work that we do, which is half of our 30% AMI units go to folks without vouchers or rental subsidies. And we're able to do that because we've struck a really creative partnership with our county and our city. We pay property taxes on all of our deals, despite the fact that they're, you know, very mission-oriented and have recorded deed restrictions on them. But in exchange for that, the county and the city actually allocate 100% of our property taxes to a local nonprofit, who then administers them into rental subsidies that serve 15% of the units of each of our properties. And so those property taxes essentially get recycled and are able to subsidize rents down into that $300 and $400 month range, which is allowing a lot of families who wouldn’t otherwise have the opportunity to live in our communities at a rent that they can afford. And that program has been really powerful for us over the last few years.

Corey Aber [00:07:37] That's an incredible innovation. And, you know, maybe, maybe less than five years from now, we carry this theme on, on the podcast, seeing that kind of picked up elsewhere around the country. But how do you all come up with that idea?

Mark Ethridge [00:07:49] It was really the simple math of we we determined that if we did not pay property taxes, we could afford to set aside that many units at rents at those levels. And if we did, we were going to have to find a way to subsidize those rents to levels that were more consistent with what we would expect 60% AMI household to pay. And so, in North Carolina, we have some funny rules on who in affordable housing qualifies for a property tax exemption. We're a donor state, and so those are things that are often governed by our state government, not decisions we can make at the local level. And so, without wanting to either wait for statutory reform in Raleigh or to go through the process of setting ourselves up as a 501(c)(3) and restructuring the idea of what we thought this social impact fund would be, we decided we can move faster if we partner with the city and the county and kind of gave them a common-sense solution.

And I think what they like about it is, you know, they're collecting their property taxes then they’re allocating them to really the most vulnerable households we have in our community. They get the oversight and sort of the trust factor built in from a nonprofit who's been doing housing coordination work in this community for a very long time. And, what we like is that they gave us this kind of flexible source of of a rental subsidy pool. We can capture a large part of the 30% AMI and below market folks that are often always experiencing some form of homelessness. I think about half of the households in that program are coming out of the shelter. The others are coming out of sleeping in their cars or in someone's living room. You know, they often have eviction on, on their records. And so, they're a very difficult population for the market-rate, you know, housing world to to accept. And they need rents, like I said that at 30% of their income, which doesn't amount to a lot. And this makes all that possible.

And being able to kind of design that program and figure out the kinks with the county and the city and our housing rental subsidy administrator, has been a really interesting process. But I'd say, really after the first year we've seen a lot of success. I think we have something like over 90% retention and residents in that rental subsidy program. And at this point, we're moving in somewhere around eight or nine households a month in that rental subsidy program across the eight properties we have that are subscribed to it. And some of the stories we get out of those ranging from, like, you know, 19-year-olds aging out of foster care who are vulnerable to homelessness, to someone who's worked their entire life but gets a, a cancer diagnosis and can no longer work full time, to kind of everything in between has been really special for us and something that we really enjoy doing.

Sara Hoffmann [00:10:31] Mark, you make that sound so easy, but I'm sure throughout the process you were met with several other challenges or financing considerations that you needed to, to get past. What are some of those challenges that presented itself, and how did you guys work through them?

Mark Ethridge [00:10:47] Well, you know, we're really lucky to have really strong, local government leadership here. And so, I mean, that rental subsidy program wouldn't exist without the leadership of our county manager, the chair of the board of commissioners, our mayor, our key city council members, etc. And so, from that perspective, you know, the kind of local government partnerships that we've been able to cultivate over the last few years have really been nothing short of spectacular and has made all this possible. Doing this, you know, NOAH preservation is still kind of in a nascent place, right? I think, you know, maybe a, a decade kind of of track record across the country with outfits like ours. I always point to Minneapolis and Austin, Texas, and even took some cues from the folks up at JBG SMITH with the, the impactful and the NOAH preservation work they're doing in the D.C. [District of Columbia] metro area.

And everybody's got different resources in their market. And there's kind of a loose definition of what social impact capital is. Folks have different perspectives on what, you know, is appropriate for a length of affordability covenants and AMI targets and all sorts of things. So, I think trying to find one, a prescription that we thought would have real intervention in our local housing market that served the AMIs that were the most vulnerable. Something that could still, you know, resemble the parts of social impact capital that has market-ready elements and discipline to it. And then also trying to sell this idea to investors, were all things that weren't necessarily easy. You know, I mean, the cash-on-cash return expectations for our fund is 6%. And I think what's even more outstanding than that is our funds are 20-year funds. And so, while you know the cost of capital being at 6% as compared to market-rate real estate private equity is, is really, you know, wonderful for us to have. But I think what's even more surprising sometimes is that we can have these 20-year fund vehicles, which is much longer than your average real estate fund life.

And that's what we thought was important with this whole concept that we wanted to own these properties for a generation. Lock them in with 20-year deed restrictions, lock in 20-year financing, lock in 20-year rental subsidy programs, everything kind of wanted to be synced up with that 20-year period. And so, I'm really grateful, you know, after a couple of years of asking for money, talking to folks, exploring ideas, really within months of meeting Erskine and Nelson and having them take leadership to raise this fund. And after we got Truist in as our lead investor and Housing Impact Fund One, making a huge leap of faith and and commitment to us. Really things have gotten easier, but it certainly took a lot of blood, sweat and tears to get there.

Corey Aber [00:13:36] One of the things that's that's really fascinating about this, too, is that you brought a lot of public organizations in, public capital and also private in some really innovative ways. And you mentioned sort of, you know, looking at what was done in Minneapolis, what's been done in Texas and, and D.C. area. Tell me a little bit some of the lessons you learned from each of those and how you brought some of that together here.

Mark Ethridge [00:14:58] You know, what was, I was thinking about this in, like I said, 2016, 2017, 2018. I felt like I was almost moonlighting as a NOAH preservation scholar. And, you know, I mean, what occurred to me was, you know, it's a private-sector-driven approach. And so, you have to have, you know, elements of the private sector that are organized, they’re coalesced, and they're educated about the mission. You have to find the wells of capital that are not only tolerant, but excited by social impact type returns, right. And so, some people say, you know, there's tax benefits touting real estate. And here's what we can do in this structure. And so, you can make this argument about pre-tax and after-tax return expectations. There's this other idea about looking at things like mission-related investments out of tax advantaged or philanthropic kind of forms of capital. And so, we're really unlocking, you know, dollars that are currently sitting in foundations or donor-advised funds that, you know, are meant to earn a return, but also have pressure on them to do more work in the community. And so that's one piece. The other pieces, you know, with the banks and the, the mandates, they have to put out dollars towards their CRA [Community Reinvestment Act] allocations. And so, I think kind of finding all of the pieces out there that each one of those funds had harnessed was a really good lesson.

Some of the other things that I really liked about some of those models were this concept of, you know, when the fund is over or when the property is sold, having some hurdle that above which, you know, any profits above it might go back into the purpose of affordable housing. And so, something that, we borrowed from the D.C. model, and potentially others, was that actually the majority or 60% of any returns we earn at the fund after the 20-year period is over, have to go back into affordable housing in Charlotte.

And so, we wanted to design something that wasn't doing right by our residents and doing right by the community for 20 years, and then having this liquidity windfall in 20 years where we weren't quite sure what might happen to the dollars that went in or the properties that we've been stewards of. We wanted to give ourselves some economic tools where we might be able to either incentivize a mission-oriented sponsor to take us out of these deals in 20 years, or at least be able to perpetuate this mission of serving, you know, thousands of households in Charlotte in quality housing with a lot of capital down the road. And so those are kind of lessons that we had picked up on from those models incorporated into ours and have felt like, have provided a really good blueprint for us over the last few years.

Sara Hoffmann [00:16:41] So it sounds really innovative how you were able to take all those different pieces to work together. What are some examples of some of the projects that the firms funded over the past few years?

Mark Ethridge [00:16:50] Sure. Yeah. So, we've, you know, we really have done 10 properties, and the first was a pilot of sorts, and the second was a, actually a really innovative partnership with a nonprofit where we are doing NOAH preservation but also embedding about 20% of the units with permanent supportive housing for folks exiting chronic homelessness. And that was an aspirational idea and also was happening as the pandemic was unfolding in, in the early and middle parts of 2020, and something that, you know, I think will kind of stand the test of time as a really out-there idea that's been working well for us, has produced some really great housing results.

But, you know, within Housing Impact Fund, you know, it really felt like as interest rates were changing in 2022, we sort of got an evolution into the marketplace we are today, which is we saw the ability for us to go out and kind of compete on widely marketed, institutionally owned properties that traditionally would have been out of reach for a group like us. Just because the market was so hot back in, you know, 3% interest rate world. And so, you know, actually the the first, deal that we financed with Freddie Mac was this property called Peppertree, which is 292 units on Central Avenue, which really is the corridor of NOAH in Charlotte. It's near where I live. It's the — has the most bus, you know, bus activity of any corridor in Charlotte. It really is the kind of place where everything happens. And that's basically where all the developers build all the apartment communities back in the 70s and 80s. And Peppertree was this really nice asset that I've seen over the years. I'd wanted to buy it forever. The ownership before us, they had painted it. They had obviously kind of seen the changes in the neighborhood. They were getting higher and higher rents, and it came to market. And I remember seeing the offering memorandum come out. And I was like, gosh, here it is. It's finally for sale, and I'm not gonna be able to buy it because the rents have gotten too high.

And, you know, what I learned was, you know, it really wasn't about where the asking rents were — it was about where the average rents were at the property, because the property was a tale of two tenant bases. One was a base of tenants that lived there for a decade, but still had rents in the nine hundreds and a thousands. And the other was a tale of a, of a resident base who had moved in the last couple of years paying in the 14's [1,400] and 15's [1,500]. And so, when you average those out, that actually meant that the rents were affordable generally around those 60% AMI levels, something that we could underwrite. And we kind of took a leap of faith and were able to get that property under contract and close it.

And that's the property today that not only has 292 units, it’s on this kind of marquee location on Central Avenue that's near a whole host of resources, but it's a place where we've piloted the first community-based virtual clinic in a multifamily community in North Carolina. And so, we actually in our clubhouse, we have a virtual clinic where any of our residents can go and see a primary care physician virtually, within a day or two of booking an appointment. And they can bill through any form of insurance, not including Medicaid. It's a place where we are about to get a electric car-sharing program for our residents with some EV [electric vehicle] stations. And so, our residents that don't have a vehicle, or maybe share one vehicle with a family of four or five are able to rent an electric vehicle for an hour or two to, you know, do daily essentials like heading to the grocery store or picking up their child from daycare or what have you.

And so, it's a place that we were kind of seeing a lot of the experimentation and innovation on our wraparound services come to fruition as well. And something that I'm really excited about.

And then more recently, about a year ago, we bought a property called Charlotte Woods, which was this really interesting early 1970s era deal that was built, that's 266 units, and it's one of the few properties in, in Charlotte that has, you know, boilers and chillers and cooling towers. And so, it's not a garden-style deal. The exterior breezeways, it's got these interior hallways and elevators, and this kind of antiquated air conditioning system. You know, we're able to buy that property and execute about a $5.5 million renovation, slowly peeling units off of that old, centralized HVAC system and putting individual heat pumps for every unit. Also rewiring the property as we go because it has aluminum and we want it to be copper. And, and that's something that, you know, took some creativity on the underwriting side to figure out kind of, what does it look like after these renovations? What did it look like before in terms of recurring repairs and maintenance and utility bills and, all of that. But something that we're able to get creative with, with you all on, got really creative with the county and the city on. Our investors got comfortable with and really is a marquee asset, because it's zoned for one of our best public high schools, that's a half mile from a major shopping center where it's kind of the nexus for a lot of where the affluent parts of Charlotte live, work and play. And it's something that is really been a neighborhood that's been out of reach for 60% AMI households for a long time. So, we're really excited to both modernize this property and also bring opportunities for low- and moderate-income folks to be in, in a rich, resource-rich area like this.

Corey Aber [00:22:12] Mark you really, as, as we've talked on, on this conversation, it's really clear that you've taken some of those original ideas of NOAH preservation back from, you know, the last decade and really taking it many steps further, probably than beyond anything that was contemplated 10 years ago. And it's really incredible what you all have done. You know, you've mentioned several of the services that you have at the properties. You know, how do you evaluate what each property needs in terms of services, and what do you do yourselves versus where do you bring in other partners?

Mark Ethridge [00:22:42] Yeah, it’s a, it's a great question, and one that we're kind of constantly evaluating. I think is kind of something I'm excited about exploring with, you know, folks across the country is, as we all kind of endeavor to do more, more, work in the impact space, in the multifamily industry. But, you know, the backbone of this is really that one of our key investors in both Housing Impact Funds is Atrium, who's our major health care system. And they were willing to forego earning a return on their investment dollars, and instead were able to allocate the distributions we should be paying them on a quarterly basis. And we placed that into a, a bucket of money, which essentially serves as the payroll for us to have something called a community health worker embedded at our properties. And, you know, we call them community health workers because that's Atrium's term for them. I think a lot of folks would call them, you know, resident services coordinators or life navigators or things of that nature. And so, they're the person who's on-site 40 hours a week, really there to meet with residents, you know, do counseling, connect them, make referrals to kind of one-time needs and services, and also kind of build long-term plans for upward mobility.

And so, when we buy a property and we get one of those community health workers in place, we conduct these Resident Needs Assessments that really try to inventory what the needs of that specific community are, whether it be food and security or access to transit or early childhood education or workforce development or financial wellness. And, you know, the survey results we got back on the first couple of properties really surprised me because in the top two, the first three was food insecurity. And that's not something that I would have predicted when we started this back in 2020, but it was something that was kind of showing up uniformly in our resident responses. And so, you know, in response to that, we've been able to structure some really unique partnerships. You know, we're now launching this new initiative with a local nonprofit called The Bulb that's going to show up and set up basically mobile farmers markets that offers free, fresh local produce from local farms on a once or twice a month basis, free of cost to our residents at our properties. And trying to kind of close some of the needs there.

We have been lucky in that just by having these affordable communities, by knowing our residents, and by having a community health worker who's built a lot of rapport, we're able to attract a lot of nonprofits to come and do their programs or provide their services at no cost to us or to our residents. But what we have learned really, in the last, I'd say, 12 to 18 months, is that there's still some programs out there that we need to pay for, for us to really meet the needs that are being identified in those resident-centered assessments. And so, this year we actually went through a little bit of a fundraising campaign raising just pure philanthropy, philanthropic grants to really arm ourselves for the next, the next decade to have enough funding to pay for the programs that we thought would meet those needs. We're fortunate that Charlotte's a very general, generous place and so, we've been successful in that and are now enrolling kind of a number of programs across our properties, ranging from workforce development to financial wellness to mental and physical health, education and things like food insecurity. And so, we're much better equipped now to handle all the needs that we've been hearing about for the last couple of years with that additional funding. But the backbone of it and why it's all possible and why we can get this data, and why we’ve been able to have some success already in our wraparound service platform is is really thanks to that partnership with Atrium.

Sara Hoffmann [00:26:29] Mark, I mean, that all makes sense for why you have such a great high retention rate, about 90%, for all those services that are offered and provided, and just how much care you take into knowing all the properties and the tenants there. What I think we would like to learn a little bit more about is how can we maybe think about scaling this? You know the Charlotte market so well and you know the ins and outs of, you know, the recipes kind of for the success for the NOAH product there. But what can you think about taking this outside Charlotte? And, you know, where do some of those ingredients work, or where do you see that you might need to tweak some of the ingredients for it to be able to work in different localities?

Mark Ethridge [00:27:03] It's a really interesting question, and one that we kind of ask ourselves or get asked of us pretty often. You know, we were kind of surprised to get a lot of attention back in 2021 after we raised the first Housing Impact Fund in some national publications. And I would say like in the six months after that, I heard from folks from all over the country, whether they be city governments or nonprofits or, you know, housing operators or other folks kind of interested in the issue. And, you know, there's no secrets, really, in affordable housing in some ways, like you need less expensive cost of capital to pass through lower rents that are affordable to folks. That's that's kind of the basic, you know, ones and twos of it.

But to your point, there are a lot of special things that have made Housing Impact Fund and our work at Ascent click in Charlotte that I could go on for a long-time listing. And so, replicating this in other markets, I think has a lot of potential and also has some learning curves. You know, when we talk to other county and city governments in North Carolina and tell them about this rental subsidy program for 30% AMI, they love it. And I think if there were operators who are willing to make the sort of commitments and enter into those partnerships, they'd be all for it, because once you see the proof of concept and you frankly measure the political viability of a program like that, it can make a lot of sense.

I think one thing that I like about our model is that if you look at some of our investors and our funds, especially from the corporate perspective, most of them have footprints that extend well beyond Charlotte. And whether they're a bank that's going to have CRA allocations in multiple markets, either on a regional or national basis, or a corporation that maybe has a foundation that really wants to serve some key markets where they have a lot of employees. There's interest there in replicating this work even outside of our, of our city and county. I think the supportive service element is something that you really do have to measure on a market-by-market basis and really assess where the resources and the leadership is. About 18 months ago, I hired a woman who was the chief operating officer for our local United Way chapter and asked her to come work here. And today, she's our director of impact. And, you know, we've had, success kind of beyond our wildest expectations because of the network and the relationships she had coming from that former role, in addition to the, you know, reputation and pedigree of our, of our fund managers.

And so, we know we've built something special in Charlotte and have some things that maybe can't always be replicated, but at the same time, in the conversations that we're currently having with groups and cities across the Carolinas, they all have a special something, too. And there's a place where thought leadership or political leadership or, you know, kind of best practices and philanthropy is housed, and embracing that and kind of letting it filter into this model, I think has a lot of potential. And so, you know, we've explored some different ways to do that, whether you need to find, you know, folks who are ready to, to be operators like us on the ground, whether you could come in from another market, whether you could set up a fund that has a more regional scale, whether you kind of look at and measure it more by like, what's the public-sector support look like? And those are the way that you filter opportunities. But I think any way you cut of, once you kind of find something to embrace and build a story around, I think the ingredients can be there. And frankly, as the years go on and groups like NOAH Impact Fund and Affordable Central Texas and Washington Housing Conservancy and us, you know, have more units, have more success, have more stories, have more wins, it makes the next NOAH preservation initiative easier. Like, the proof of concept is very important, and we certainly saw fundraising in our second fund was much easier than the first. I'd expect that fund three, you know, we'll, we'll have a similar story. If we're not trying to prove to people how it works or why it works, it's more about already catching them at the right place and time. And I think some of that can be translated to some, to some different markets as well.

Corey Aber [00:31:45] Mark, that's really fantastic. You know, thinking around around different markets. And, you know, since, since this effort has in some ways been 10 years in the making, right? What's the next ten years look like? What do you want to see in the NOAH preservation space across the country 10 years from now?

Mark Ethridge [00:31:59] Well, I'd love for us to all be talking to each other. So, you know, we don't have a lot of conferences or forums kind of dedicated to us in the, in the NOAH preservation space. You know, I've recently talked to some groups that are trying to build sort of a national database of, of initiatives and come up with some common definitions and, you know, get the vernacular of NOAH preservation down. So, it's kind of more widespread and, and more kind of accessible to folks in different places across the country. So I think that'd be a great step, just because we don't have, you know, the same kind of set of rules that you have, folks, you know, who use LIHTC [Low-Income Housing Tax Credits] might have or some other, you know, kind of long-existing federal or state government initiated programs.

I think the other thing I'd like to look at is kind of with that, more nationalization of all these ideas and concepts and best practices. Hopefully we're attracting wells of capital that are more national and reach. You know, something that's been really inspiring to me to watch over the last year or two is a group called Community Solutions raising a $130 million fund for NOAH preservation that is active in 15 markets across the country that has an emphasis on housing veterans experiencing homelessness. And so, you know, that's kind of one of the first instances I've seen in a really mission-rich NOAH preservation sense that their investors were not necessarily investing because they cared about an individual market, but more about they cared about this issue, and they kind of cared about a specific vulnerable population.

And so, I think if you kind of take that precedent and you extrapolate it forward, hopefully in 10 years, we're at a point where places like endowments and national foundations and other large sources of capital that are kind of prone to looking in the social impact space can support this idea and unlock the, the, you know, give the tools for operators to do things on a, on a grander scale.

Corey Aber [00:34:02] Well, Mark, this has been such a fantastic, conversation. And you know, when we when we did the the intro, we talked about inspiration is the thing that made me happy. I didn't know that we were going to end up here in, in this conversation, sort of ending the call feeling more inspired than, than when we started. So, thank you so much for being with us today. This has been fantastic.

Mark Ethridge [00:34:20] Yeah. Thank you. It's always a welcome opportunity to talk about NOAH preservation and was wonderful spending this hour together. So, thank you again.

Corey Aber [00:34:33] The Freddie Mac Multifamily Podcast is produced and supported by a team of our Freddie Mac colleagues, including our production lead, Jenny Nguyen, and our audio producer, Jackson Carmichael. To listen to more and keep up with the latest episodes, be sure to subscribe wherever you get your podcasts and check out our website mf.freddiemac.com/research for the full catalog of podcast episodes and original Freddie Mac research.