



Summary of Proceedings

International Housing Partnership Exchange Washington, DC USA October 10-14, 2011

Executive Summary and Meeting Highlights

The International Housing Partnership (IHP) convened in Washington, DC, the week of October 10-14, 2011. More than 70 chief executive officers of nonprofit social housing organizations in Australia, Canada, the United Kingdom, and the United States came together for a week of meetings, peer exchanges, and other events to share insights into the practice of affordable housing in the four countries.

The overall focus of the meeting was on business transformation. All the nonprofit organizations in attendance are working in an environment of rapidly changing policy and market conditions. In most instances, traditional business models are under significant stress and many CEOs are looking at ways to expand their access to capital, develop new sources of revenues, and create efficiencies in their organizations to squeeze greater productivity out of their current business lines while maintaining their social ethos. IHP leaders explored models for raising new capital, ranging from issuing bonds, to aligning with social impact investors, to looking at the U.S. system of specialized Community Development Financial Institutions (CDFIs). The group also spent considerable time comparing notes on strategies for scaling up their institutions to take advantage of the economies that can come with size and exploring innovative ideas for expanding their organization's revenue base.

This year's meeting included sessions open to a broader public as well as more private peer exchanges among the nonprofit CEOs. The public sessions included policymakers and opinion leaders from the United States who contributed to the conversation and to the international guests' understanding of the U.S. policy environment, of the barriers to efficient social enterprise management embedded in the current delivery system, and of the looming inflection point in government support for the sector given harsh fiscal realities.

The interaction with U.S. policymakers also sparked conversation among the nonprofit leaders around how to become "policy makers" rather than "policy takers," as well as how to leverage the overall international exchange to increase our influence with our governments in our own countries. Among the policy trends and ideas that got considerable play over the week were the stock transfers that had occurred in the U.K. and in Australia. The transfer of the public housing assets in each of these countries to nongovernmental nonprofit institutions was a tangible investment in the social housing sector, but also served as a metaphor for these two

governments' commitment to strong partners that were mission-oriented social enterprises – with important advantages and skills in housing development and management, along with access to market sources of funding not available to public sector entities.

There were also significant discussions on the foreclosure crisis in the United States and the U.S. government's efforts to find solutions to real estate owned (REO) portfolios accumulating on its books, as well as on the books of Fannie Mae, Freddie Mac, and other private financial institutions. U.S. policymakers are considering strategies for converting this inventory into rental housing, but with great trepidation given limited experience in the U.S. with single-family scattered site rental housing management models. In a meeting with the senior leadership from the Department of Housing and Urban Development (HUD), nonprofit leaders from Canada, Australia, and the U.K. were able to talk about how organizations in each of these countries have successfully managed large-scale platforms with this type of stock as social housing, often over many decades.

The week was bookended by a meeting on Monday at the exclusive Cosmos Club, which was hosted by investment bankers from the U.K. and the U.S. with experience in raising capital for U.K. housing associations through private placements with investors, and by a meeting on Friday at the World Bank, where senior economists painted a sobering picture of current international economic conditions, the fragility of world markets, and the potential impact on the world economy—especially in developing countries—from continued instability in Europe and the U.S.

In addition to the thoughtful presentations by nonprofit CEOs and others, and the rich dialogue in the formal meetings, the international leaders had numerous informal opportunities to enrich the understanding of one another's businesses and deepen their friendships through a variety of social interactions, including a Washington Capitals-Tampa Bay Lightning hockey game, a tour of affordable housing properties in the Washington, DC, area hosted by the Community Preservation and Development Corporation (CPDC) and the National Housing Trust (NHT), receptions at the Canadian Embassy and the Australian Embassy, and later evenings in the iconic Dubliner Pub on the ground floor of the Phoenix Park hotel.

Monday, October 10th Pre-Meeting Activities

Private Placement Investments in Social Housing. On Monday afternoon, more than 40 nonprofits leaders attended a briefing led by partners of the investment banking firm SPP Capital Partners, LLC, at the exclusive Cosmos Club. The presentation focused on SPP Capital Partners' work with several housing associations in the U.K. that had raised capital through the private placement of bonds with U.S. investors. The transactions described drew significant interest from the organizations in the room, both for the amount of capital raised and for the favorable terms and rates quoted for that capital. A representative from the MassMutual Insurance Company and the Babson Funds – one of the investors in these privately placed

securities – offered his perspective on what makes these investments attractive and what investors were looking for in an issuance. In particular, he highlighted how important it was for his company to understand the risks and strengths of the British social housing funding model, which he described as a well-regulated utility with relatively secure funding streams. Typically, he noted, his firm is looking for investment opportunities of at least \$25 million. Among the issues left for further exploration were the benefits and challenges of getting a public rating for our types of organizations.

Tuesday, October 11, 2011

Pre-Meeting Activities

Affordable Housing Property Tours in Southwest Washington, DC. Approximately 50 leaders visiting from overseas participated in a tour of two properties in DC owned by members of the Housing Partnership Network (Network). The two properties were *The Overlook at Oxon Run*, which is owned and managed by the Community Preservation and Development Corporation (CPDC), and *Galen Terrace*, which is owned and managed by the National Housing Trust (NHT). Both properties are located in one of the poorest sections of Washington. Each enterprise confronts the challenges of owning and managing a property in a very low-income market. Both also offered very contrasting styles and approaches.

The Overlook at Oxon Run is a high-rise building notable for its great views from the upper floors and by the large perimeter fence encircling the property. CPDC redeveloped an existing property through substantial rehabilitation using as its core capital resource Low-Income Housing Tax Credits (LIHTC). Under U.S. laws, rents on tax credit units are limited to 60 percent of area median incomes. Many of the units in the building also had Section 8 rental assistance subsidies attached, which allowed the units to rent to very low-income households who in turn pay 30 percent of household income for rent. With the building's modern look and amenities, CPDC was able to market some of its units to young professionals who met the higher income limits used in the housing credit program. The building design included separate floors and access to apartments for seniors and separate floors and access to apartments for families. Property managers experimented with strategies to mingle the two populations where desirable, but also worked to keep them separate when appropriate. In the basement of the building, CPDC leased space to a partner social service organization, Academy of Hope, which focuses on helping young adults complete their high school education and obtain a graduate equivalency degree.

Galen Terrace reflected an entirely different challenge. NHT acquired a troubled, occupied property from the Department of Housing and Urban Development (HUD) following the default of the previous owner. When acquired, the property was in very poor condition in a very distressed community; the police reported that they received as many as 100 calls per month from the property. The property served a very low-income population; 100 percent of the units in the building had Section 8 rental subsidies attached to them. After purchasing it NHT made significant renovations using LIHTC equity as well as tax-exempt debt issued by the District of

Columbia. The renovations helped to increase the security on the property and added basic amenities like air conditioning – which actually qualifies as a necessity in the heat and humidity of Washington DC summers. The property was also a good example of the developer employing a green strategy during rehabilitation; NHT deployed investments in energy conservation with a 10-year or less payback. An important part of the presentation to the international visitors focused on the services provided to the large number of kids who live at Galen Terrace. Many of the children hail from single-parent households and are performing below grade level at school. The NHT resident services program is providing tutoring and other educational supports and has had significant success in helping many of the children catch up to the educational development standards for their age groups.

Tuesday, October 11, 2011

The International Housing Symposium, Day 1

The International Housing Symposium. The formal program for the week opened on Tuesday afternoon with an International Housing Symposium that included both the CEOs from the international nonprofits as well as U.S. policymakers and opinion leaders. The two-day series of panel discussions was sponsored by the International Housing Partnership (IHP), the U.S. Department of Housing and Urban Development (HUD), and the MacArthur Foundation. The first day's panels took place at the Embassy of Canada. Day two was held at the headquarters hotel for the IHP meetings, the Phoenix Park.

Welcome and Opening: Tom Bledsoe. As the host for the meeting, the President and CEO of the Housing Partnership Network, Tom Bledsoe, provided some welcoming remarks to set the tone for the convening. Bledsoe described the organizations involved in IHP as complex and entrepreneurial companies, and set up the business transformation theme for the meetings. He observed that each country's organizations bring different skills and perspectives and that the goal of the meetings was to learn from each other about how to adapt to constantly changing market conditions.

Housing Policy Challenges and Innovations in IHP Countries. The first panel, moderated by HPN's Board Chairman, Larry Swanson of ACTION-Housing in Pittsburgh, Pennsylvania (US), focused on the comparative policy environments in each of the four countries. In his introductory remarks, Swanson welcomed the audience to the U.S., but then corrected himself to note that since we were in the Canadian Embassy we were technically in Canada. He described the market environment facing all of our organizations as one of constant and accelerating change, and pointed to artificial intelligence and globalization as drivers of change in the world.

Panelist Rob Young of Helena Partnerships in St. Helens, Merseyside (UK) spoke of the significant changes over time in the social housing sector in the U.K. and noted that with the relatively recent election of the Coalition government, the sector had moved from a policy environment that was once benign to one with "gusto." Social housing in the U.K. does not

enjoy a great reputation, he said. It is viewed by many as housing that removes the aspirations from its residents. Further, social housing in the U.K. has been buffeted by the economic climate and cutbacks in government support for the sector but also by significant changes in education, health, and spatial planning policies. Among the recent innovations and changes facing the sector – both positive and negative – are increased flexibility in the service plans; reduced grants for homebuilding; and a changing distribution of housing benefits from direct to operators to direct to residents. Young went on to say that for social housing organizations in the U.K., the populations that they house are changing and the changes in housing supports were making it more difficult to address important challenges, like the aging population and the re-housing of released prisoners. Finally, Young identified two prominent challenges for organizations like his: 1) governance and the ability of boards to respond to change; and 2) property management and the ability to manage assets.

Greg Budworth of Compass Housing, Hamilton, New South Wales (Australia) shared an overview of the Australian housing picture. He reported that the Australian economy is going well currently.

Australia is a country of 22 million people and 9 million households. Seventy percent of the households own their own homes while 30 percent rent. Of the rental stock, approximately 5 percent is social housing and 0.5 percent is nonprofit affordable housing. There is currently a supply crisis for affordable housing in Australia with estimates of a 400,000 unit shortfall. Housing prices have risen dramatically. The cost of buying a home was once 3-4 times wages; it is now 7-8 times wages. Rent prices have risen faster than CPI. Over time, the government encouraged publicly-owned large housing operators, but this model is broken. There is not enough money to maintain the properties. Budworth estimated that some 330,000 units were in this category. In response, the Australian government has encouraged the transfer of properties to the nonprofit sector. Budworth described the process as organizations like his “taking lazy assets and putting them to work.” Among the innovations Budworth highlighted were national affordability standards, incentives for mom and pops to invest in community housing, and the creation of a national regulation system similar to that in England.

In talking about the Canada housing policy landscape, Jim Steele of Windsor Essex Community Housing Corporation, Windsor, Ontario (Canada), summed it up as “challenging times.” In Canada, he said, the affordable housing sector suffers from an absence of policy. Buildings were developed under policies that were created long ago but now operate in a policy environment that has changed considerably over the 50-60 years the units have been in service. Buildings have no operating income. The policy landscape is a patchwork quilt. Rent-geared income is not sustainable under the old system. There is now no one to pick up the difference between revenues and costs when resident incomes go down.

Social housing in Canada includes both publicly-owned and nonprofit-owned housing. In some areas, the municipalities are shareholders of the housing organizations. Twenty six percent of the total stock is rental housing. Six percent of the stock is social housing. Among the biggest

challenges for Canada is an income gap that is growing faster than the U.S. and a housing stock that is deteriorating.

Paul Weech from the Housing Partnership Network in Boston, Massachusetts (US) gave an overview of housing policy in the United States. He described broad U.S. government support for the housing sector, with approximately \$45 billion appropriated each year for housing and community development programs and an additional \$160 billion provided in tax subsidies – mostly through the deductibility of mortgage interest from taxable income. Affordable housing is also supported in the tax code through the Low-Income Housing Tax Credit (LIHTC) – the principal program used by for profit and not-for-profit developers to produce and preserve affordable housing. In addition, the government guarantees approximately \$6 trillion in residential mortgages either directly through its Federal Housing Administration (FHA) and the Veterans Administration (VA) or indirectly through federally-chartered government sponsored enterprises. Added to this framework is a system of supportive and unsupportive regulations. For the affordable housing sector, the most important is the Community Reinvestment Act (CRA) which directs investments in communities by federally regulated financial institutions.

Weech told the audience that despite the very large level of public intervention and investment in the housing markets, the outcomes were lousy. The U.S. government encourages homeownership, but the country has experienced more than 4.5 million foreclosures over the last several years, and there is a significant gap between the homeownership rates for minority households (under 50 percent) and the homeownership rates for white, non-Hispanic households which is close to 70 percent. As many as 800,000 individuals are living on the streets every night and homelessness is rising. Another 7 million very low-income households pay more than 50 percent of their limited incomes for rent. The public housing stock of about 1 million units is deteriorating and has an estimated backlog of unmet capital needs close to \$26 billion.

U.S. housing policy is at a major inflection point. Congress has already begun to cut back appropriations for housing programs. The future of the housing finance system is uncertain as the regulators implement hundreds of new regulations coming out of financial service reform legislation and as two of the principal government sponsored enterprises – Fannie Mae and Freddie Mac – are in government conservatorship. And, increasingly policymakers are talking about a major overhaul of the U.S. tax code that could mean changes to the mortgage interest deduction, the Low-Income Housing Tax Credit, and other tax-based supports for housing and community development.

While this is clearly a moment of great risk for affordable housing providers in the United States, Weech also described it as a moment of opportunity. With the changes to come, policymakers have a chance to rebalance federal policy with support for both rental housing and homeownership. It also represents a moment to simplify an overly complex array of programs, and to re-examine the delivery system to place a greater emphasis on the provision of housing resources through strong, capable nonprofits.

Some of the areas of innovation in the U.S. at this time include potential new sources of capital for housing through the implementation of a new federal guarantee on up to \$1 billion in long-term debt issued annually by Community Development Financial Institutions (CDFIs) and increased linkages between CDFIs and another of the U.S. government sponsored enterprises, the Federal Home Loan Bank System. The Federal Home Loan Banks have a lower cost of capital because of their implied government backing.

Swanson asked the panelists: If you were to pick one policy change that would bring major change in your country, what would it be? Young responded that he would focus on welfare reform and its impact on individuals and neighborhoods. Budworth would look to policymakers to do more to help build the delivery system in Australia. Steele wanted policymakers to give providers the freedom to create their own programs. And, Weech thought that the most important policy change in the U.S. would be a reliable, predictable, long-term funding source to support services for residents in affordable housing properties.

Among the topics covered in the discussion with the larger group was the idea of creating financial institutions dedicated to support the affordable housing and community development sector similar to the roles of CDFIs in the U.S. In Australia, credit unions have a capacity similar to that of the CDFIs. Housing organizations in the U.K. in particular were interested in understanding how a CDFI might be helpful in their environment.

Mike Blaschuk from BC Housing in Vancouver, British Columbia (Canada) explored the response to homelessness in each of the countries. How is the housing sector responding to this challenge? For the U.K., the answer was that there were service level agreements and that local authorities keep a housing register for homeless transition. But there are different pressures in the different regions. Nan Roman from the National Alliance to End Homelessness in the U.S. talked of her work with organizations in all of the countries represented at the meeting around the theme of ending homelessness. She noted many overlaps including a common interest in service to single adults with disabilities through a “housing first” model and in services to families, the corrections re-entry population, and youth. In Canada, they were anticipating a new housing act next year that would require each municipality to come up with a plan to address homelessness. Social housing will have to take a part. Yet, in Canada, according to one speaker from the floor, policy is not clear on the connection between housing and homelessness. There is competition for dollars between the housing sector and the social services sector to address these needs. Ken Marchingo from Haven in Bendigo, Victoria (Australia) described his organization as a homelessness agency masked as a housing organization with a very conscious strategy to allocate dollars not according to highest need, but by the ability to leverage other resources. His approach is to use properties serving better off populations to cross-subsidize his organization’s work to serve homeless residents.

The conversation stirred up additional comments from the floor. One Canadian commentator queried: Have we lived up to the intent of social housing? It is not about those on the wait list but how have we served those in the housing. We have built systems like the creation of housing authority police that are not about what we do but instead have served to brand the

work we do and how we are perceived. Another Canadian spoke to his view of how the emotional piece of the homelessness issue has actually worked to the detriment of the housing issue. In British Columbia, the focus has shifted to housing homeless individuals and policy has lost sight of the need for affordable housing for the general population. He called for housing providers to get back on track, prove the business case for affordable housing, and then take that case to the business community – not the politicians.

Tom Bledsoe of the Housing Partnership Network (U.S.) shifted the conversation to the challenge of undercapitalized public housing in the United States. How has the transfer of the public housing stock to nonprofit ownership worked in these other countries? For the United Kingdom, new investment has improved the stock, but it was done without addressing the adaptability of housing or environment. The transfer did enable social housing providers to invest in community development work. In Australia, the transfer has allowed them to attract more money into the system. Under nonprofit management, the housing is managed more like a business. They operate under a totally new paradigm. Approximately 2 million units of housing were transferred to the nonprofits in the U.K and approximately 30,000 units of public housing have been transferred in Australia.

A speaker from the U.K. commented that there was a growing need to serve the elderly and asked if this is an issue in the other three countries. All three countries responded in the affirmative. Larry Swanson from ACTION-Housing noted that in the U.S. senior housing is one of our better products and enjoys good political support. Jim Steele said that in Canada housing for seniors and disabled are the two biggest funding sources and there is no wait for this type of housing. Paul Weech noted that the challenge is that we created housing for seniors and made it available to them at one age, but they are now aging in place and their service needs grow as they get older. The policy and business challenge in the U.S. is to do a better job of linking the funding for health care with housing to provide for both the operating costs and services for properties serving this aging, frail elderly population.

Derek Ballantyne from Canada asked the panel to describe the market and policy failures. How much can you solve the problems of low-income communities through housing supply? Is increasing supply the answer to our problems? Budworth responded that flexibility in policy and markets is what we need. The economy is very fluid. Steele remarked that it was very clear that we have seen that social housing will solve the issues; we need to just get it built. Weech commented that in the U.S. context, a pure market approach cannot serve the poorest of the poor. There is a huge gap between the income these families can devote to rent and the operating costs of rental housing. Young noted that in England demand for social housing has grown and, by implication, the need for public sector subsidy and intervention remains.

Innovations in Accessing Capital for Affordable Housing. The second panel addressed innovations in accessing capital for affordable housing in an international context. Tom Bledsoe introduced the topic and turned the panel over to Debra Schwartz from the MacArthur Foundation in Chicago, Illinois (U.S.) to serve as moderator. Also on the panel were Annie Donovan from NCB Capital Impact in Arlington, Virginia (U.S.), Lisa Hall from the Calvert

Foundation in Bethesda, Maryland (U.S.), Mark Rogers from Circle in London, England (UK), and Cynthia Parker from BRIDGE Housing, San Francisco, California (U.S.). Schwartz adopted a question and answer format to tee up the topic.

Q: Mark and Cynthia: Are you an owner or developer first?

A: Mark Rogers: We raise capital for development, but our mission is operating social housing. In fact, if we were not building new homes, Circle would be better off financially.

Cynthia Parker: We develop housing because that is our mission. We focus on both the quantity of the affordable housing we produce and the quality of that housing. BRIDGE raises capital for development and operations.

Q: Developers, what changes are you seeing in accessing capital?

A: Mark Rogers: We use our balance sheet, cash flows, and security of properties to access capital. Most of our capital came from 8-10 banks, 20-23 basis points above LIBOR for 30 years, but when the financial crisis hit, the banks began to re-price and the available new money is just 5-year, short-term capital. There is longer-term money out there; we just needed to figure out a way to get it.

Cynthia Parker: Financing has changed. With the meltdown of capital markets, investors in Low Income Housing Tax Credits disappeared. The government enacted the Tax Credit Exchange Program (TCEP) which allowed developers to exchange tax credit allocations for cash. The world has changed again and LIHTC investment in our markets is back. Now we are in a high-demand CRA geography and we can sell \$1.00 of tax credits for \$1.13. Admittedly, not all areas of the country are seeing this level of investor interest. Another problem we see is dislocation of state and local government participation in affordable housing. The Tax Increment Financing (TIF) program in California used to provide \$1 billion per year for affordable housing in California. The future of this funding stream is up in the air as the state wrestles with significant budget shortfalls.

Q: Lenders, how has the access to capital question shifted for you?

A: Annie Donovan: NCB Capital Impact is a CDFI. CDFIs are united by primary mission to serve low- and moderate-income communities, but they have at least five different financing models. The policy framework for CDFIs has been changing since the first CDFIs were created in the 1980s. An agency at the U.S. Department of the Treasury, the CDFI Fund, provides grants to capitalize CDFIs that the entities, in turn, use to leverage other private capital. The New Markets Tax Credit – that provides investors with a credit against investments in support of economic development in low-income communities – has also been an important tool for CDFIs. The health of the CDFI industry goes up and down with the roller coaster nature of the market. Federal

stimulus funds kept the CDFIs afloat during bad times. Now there is guilt money available to CDFIs from banks to help ease bank reputations. This may pass. As a CDFI, we're concerned about the next phase.

Lisa Hall: We are in the midst of a period marked by constant change and volatility. Concepts of risk and return have been turned upside down. Calvert raises capital from individuals through social investment notes. It then takes that money and invests in the U.S. and abroad. Calvert's investors are looking for financial and social returns (impact investing). We provide capital to developers and CDFIs, and dedicate 20 percent of our portfolio to affordable housing in the form of unsecured enterprise loans. We do this with good success: Less than one percent losses on portfolio.

Calvert has actually seen positive changes in the investor perspective: A two percent rate of return looks really good to investors right now. Likewise, competition in the impact investing market has been a big recent change.

Q: Mark, Circle went through the process of getting rated. Tell us about your experience: Why good, bad, and ugly?

A: Mark Rogers: We did it because bank capital was decreasing. We also felt the pressure to diversify our source of funds leading us to go to the bond market. To do this, Circle needed to get rated to AA-2 or AA-3, levels that indicate financial strength stronger than most banks and many countries. Getting a rating opens doors to investors and changes organizational operations. It creates greater transparency and creates a closer link between financial planning and operational sharpness. Before the meltdown, cheap capital kept Circle a little complacent. But it is not just about the rating. One can get hung up on the rating, but with it we can move forward and achieve mission. Once the door is open, who cares if you have AA-3 or AA-2?

Q: Does the fact that you are working in social housing matter to investors?

A: Mark Rogers: Not at all. They may like it, but at the end of the day it is about the return on investment they can get. Banks were more interested in what our business was. The private placement investors look at strength of the executive teams. That is the nature of the relationship and we have got to understand that.

Q: Thoughts on this experience, Cynthia?

A: Cynthia Parker: It makes sense to put your balance sheet on the line and there are benefits to going through the rating process. BRIDGE has a healthy and conservative balance sheet, but our business is tied to our environment. BRIDGE gets nicked for being in California, a market that is very volatile right now. In the U.S., project-level finance is why we are still a boutique industry. Issuing debt at the enterprise level is an important part of going to scale.

Q: Can you tell us about the role of pension funds, Cynthia?

A: Cynthia Parker: Most large retirement funds have a real estate arm. The California Public Employees Retirement System (CALPERS) made a \$175 million investment in real estate and BRIDGE created a for-profit arm to evaluate real-estate funds. It's pretty expensive money, so BRIDGE uses it to do mixed-income housing.

Q: Lisa: What about social impact bonds?

A: Lisa Hall: Social Finance in U.K. has launched a pay for performance bond. Calvert is intrigued by this model and we are watching this trend closely.

The discussion then moved to the audience. Hunter Johnson from LINC Housing Corporation in Long Beach, California (U.S.) rose to talk about the private placement investment meeting he held on Monday. Johnson said that U.S. pension funds and other investors invest in social housing in U.K. because it is a well regulated sector and there is a guaranteed source of income to back the bond. Getting rating opens the door to this kind of money. One of his take-aways from the private placement meeting is that if direct rent payment goes away in the U.K. (that is, the government distributes rent subsidies directly to the tenant rather than the landlord) social housing organizations in U.K. could pay a 100 basis point premium on capital. He concluded that the desire to access the private placement market is a trade-off -- more capital, but also more regulation. U.S. housing organizations could tolerate stronger regulation as long as it is handled in the right way by skilled regulators.

Ethan Handelman from the National Housing Conference (U.S.) asked Mark Rogers if he had received political support from Circle's investors. Do the investors work with the government to preserve the housing subsidy resources to help secure their investments? Rogers responded that last year the U.K. government went through a comprehensive spending review. British housing associations went to policymakers and told them that the government could bring in more money to the economy in return for relaxed regulations, and now 450,000 units will be built in 4 years. They were able to convince Treasury that public investment drives economic return. Cynthia Parker added that many investors would not necessarily leap to stand up as our allies, but they do approach investing in affordable housing to both earn money and support social good. They have a double bottom line.

Annie Donovan spoke to the issue of investor interest in our work. CDFIs are vulnerable if the New Markets Tax Credit (NMTC) goes away. For investors, the NMTC has generated a great deal of equity and fee income. Likewise the CDFIs and the housing developers have delivered value as private investors looked for places to put their money and meet their CRA goals. If CRA went away, it would be a different day.

Shekar Narasimhan of Beekman Advisors in McLean, Virginia (U.S.) asked if the motivation of investors is going to shift, and, if so, how do you manage risk in a volatile portfolio? Lisa Hall responded that Calvert is a balance sheet lender, but is also looking at asset quality, with an eye

for the tradeoffs that may come with an organization's mission focus. Calvert looks at risks and if they encounter declining credit quality, they begin to ask for collateral. Annie Donovan added that the CDFIs are very well capitalized at 37 percent, 3 times capital rather than 30 times of capital as is the banking industry. In the CDFI industry, there has been only one major casualty – Shorebank. CDFIs are concerned about the long run for the sector, but in the short run CDFIs are well capitalized.

Cynthia Parker was then asked to talk about a Housing Partnership Network initiative called the Multifamily Stabilization Trust or MuST. Parker explained the need for nonprofits in the U.S. to find a mechanism to aggregate capital in order to move quickly when they have the opportunity in to purchase a property. Nonprofits compete against private REITs in the U.S. that are awash in capital and able to move in the market very quickly. So, HPN has assembled a group of members who are organizing a trust with upper tier capital to play an acquisition role for the members.

Asked to explain the New Markets Tax Credit, Donovan said that each year the government allocates approximately \$3.8 billion in available tax credits. Entities apply for an allocation and then sell the credits to investors who, in return, provide equity investments in community development projects serving low-income communities. Investors get a credit worth 39 percent of their investment and the equity is left in the project.

Cynthia Parker commented that LIHTC is just as complex and terribly inefficient. Paul Tennant from the Orbit Group, based in Coventry (UK), pushed back on why the U.S. does it this way. Isn't this just a grant? It seems as if the U.S. makes the project sponsors work too hard for their money. Helen Dunlap, a U.S. housing consultant, defended the tax by explaining that the government does not really want to pay for this activity. The tax credit is a way to encourage others to pay and share risk. In fact, LIHTC has actually smoothed out the process.

Carol Lamberg of the Settlement Housing Fund in New York, New York (US) reported that she just closed a deal with 15 entities involved. There has to be a better way. Annie Donovan affirmed the complexity of the system but argued that other systems would not have moved so much investment into the community development space as quickly.

The question was raised: Where will the money come from next? Mark Rogers responded that retail bonds are more expensive, but a very interesting area of growth. Can we offer a tax break on a retail bond?

Asked what role Calvert plays in a deal, Lisa Hall said that Calvert is in the bottom tranche, providing pre-development, gap, and construction funding, but not permanent debt. A Canadian guest asked: In Ontario we have small providers--where do small guys who cannot expect to qualify for a private placement transaction go? Hall commiserated, noting that smaller developers struggle in this environment. The smaller borrowers are very difficult to lend to. But, at the same time, it is part of Calvert's mission to serve them. Annie Donovan also commented that is harder and harder to be small. Cynthia Parker said that BRIDGE partners

with smaller organizations in transactions where the smaller organizations use BRIDGE's credit. This relationship is particularly important for service providers, organizations that do not know how to develop affordable housing. At the same time, we will probably see more mergers and consolidations.

Reception at the Embassy of Canada. Following the afternoon sessions, guests took the elevator up to the rooftop area of the Embassy for food and libations. The space was exceptional with an unmatched view of the U.S. Capitol dome. Guests heard warm remarks from Canadian Deputy Chief of Mission Deborah Lyons, Harvey Dickerson representing reception sponsor Yardi, and Debra Schwartz of the MacArthur Foundation, which sponsored the overall event.

Wednesday, October 12, 2011 (Morning) The International Housing Symposium, Day 2

Opening Comments and Reflections. The Wednesday morning session opened with various participants reflecting on the learnings from the day before. Ken Walker from the U.K. began the discussion. He commented that the policy debate was of a high quality but still reactionary and critical. He urged us to lift our tails a little. We represent a large constituency. We should talk about the policy changes we would like to see and try to get heard. Walker went on to reflect that in the U.K. they feel passionately about aging in place no matter what an individual's economic position. If policy does not allow that to happen, we should work to change it. Accessing capital? Things are changing rapidly and there is immense opportunity. Let us change our attitude and become more aggressive vis-à-vis policy makers.

Tom Bledsoe commented that the Housing Partnership Network board feels the same as Walker: The organization is moving forward on offense and focusing less on defense in a difficult budget environment.

Larry O'Brien from PowerHousing Australia in Bendigo, Victoria (Australia) also agreed with Walker's assessment. We should move from "policy takers" to "policy makers." He reflected on the Monday meeting with the private investors in social housing paper commenting that it was a great experience to be in a room where the people with money were pitching to us. Twenty year money at four percent was a real eye opener. Finally he reflected that broken systems are an opportunity for transition to something (e.g., public housing transfer to nonprofits).

Greg Budworth would add later that after experiencing Monday's event he would like to "do business with you people" and figure out a way to aggregate our power and purchase from each other. Tom Bledsoe endorsed this idea.

Annie Donovan shared information on NCB Capital Impact's work on an aging in community initiative. They have partnered with Beacon Village to build a platform for a national network

that helps communities organize to support each other in the aging process. She reports that the movement is gaining steam.

Jo-Anne Poirier from Ottawa Community Housing in Ottawa (Canada) urged the group to consider partnerships with other sectors, especially the health care sector, with the goal of pulling together a holistic system.

Paul Tennant from the Orbit Group saw three essential questions that are the keys to moving forward: 1) How we improve the sector? 2) How do we develop a profile? and 3) How do we present the message that we are valuable to the economy?

Derek Ballantyne said that Canadian organizations struggle with changing policy to find their own voice because the organizations were created by government. Now we need to emerge as private enterprises. Canadian organizations are all looking at leveraging assets. At the same time, Ballantyne cautioned not to let the goal of leverage drive the enterprise.

Tom Bledsoe commented that in the U.S., the strong nonprofits of HPN have always been independent from the government and are now seeking to have the government view us as an important part of the delivery system, different from a public sector approach in the flexibility and freedom of action we bring and different from the for-profit sector which sometimes is misaligned with the goals of the public sector.

Mwarigha from Peel Housing Corporation from Brampton, Ontario (Canada) reflected that his organization is on a journey in the housing silo. For his organization the municipal level is the most important level of policy making. Policy at the municipal level has made a big difference in his organization's ability to sit at the same table with the other human service sectors and work together to figure the best values for constituents. The even better news is that the municipality has begun to commit more resources to these aims.

Paul Weech from HPN added that in the U.S., it is about recalibrating our organizations' positions vis-à-vis the public sector. The spectrum in the U.S. runs from fully public to fully private to hybrid nonprofit social enterprises.

Mark Rogers from Circle (UK) commented that "it's not about us, it is about our customers." It is about influencing governments. Simplicity of language is a key. We all speak complex, but different languages. Rogers urged the group to talk about how to break down silos and provide case studies around how we are doing it. More importantly: How can we bring our energy to scale?

Ken Marchingo from Haven (Australia) made a comment about the importance of ties to the community. "Localism is where the rubber hits the road and service delivery transformation occurs." He noted that we are housing organizations and talk mostly to housing departments. This is fine, but we are talking to the wrong people and speaking the wrong language to the Treasury Department. To talk with Treasury, housing organizations should talk about social

return on investment (SROI) and project direct 2:1 cost savings for the government. Marchingo urged the group to collaborate on quantifying the savings to government.

Kate Monter Durban from the Cleveland Housing Network in Cleveland, Ohio (U.S.) addressed the issue of looking at trends at the ground level. Things are not the same in all communities in the U.S. Cleveland, especially, is suffering from homelessness due to recession. The biggest challenge for providers seeking to address homelessness is serving people with no income. Where is the model for that? LIHTC and below market rate debt does not cut it. Can we as housing providers monetize the savings to society that family housing provides relative to the costs of providing for families that do not have stable housing? And, even if we can demonstrate savings, how do we capture these resources?

Tom Deyo from NeighborWorks America in Washington, DC (U.S.) warned that there are risks in the U.S. context from the transfer of public housing to nonprofits. In particular, nonprofits will require subsidy to cover the capital needs of a distressed inventory and will require ongoing subsidies to serve the very low-income populations currently served by this housing stock. If private debt is used to recapitalize this stock, nonprofit organizations will have to address private capital's reluctance to participate with longer-term debt if Congress must appropriate funds annually for the operating subsidy. Who takes the risk that Congress will fail to act or fail to provide sufficient funds?

Carol Lamberg from the Settlement Housing Fund in New York, New York (U.S.) noted that conservatives in the U.S. see money squandered, but the fallacy in their thinking is that the amount of money provided for affordable housing in U.S. has never been enough to fix the problems. Perhaps we as a sector overpromise to access available resources and then under deliver. We need to demonstrate effective activities. And, we need to figure out how much money it would take to actually take deliver promises.

Mervyn Jones of Yorkshire Housing in Heslington, York (UK) said that one potentially uniting trend is the high level of effort put into homeownership. Yet, the housing boom was an illusion of wealth. In the U.K., the model contains two the essential values of homeownership and rental solutions. He committed to advocate for the dual solution. Tom Bledsoe reflected that this may be a place where the U.K. has gotten it right because the tenure options are truly customer driven. It would be good for the U.S. to figure out how to do that better.

Jones added that transferring failed public housing to strong nonprofits with a good business plan can transform communities from scary to thriving. Mixed tenure is a key. He urged the U.S. to study it and try it. Kathy Laborde from the Gulf Coast Housing Partnership in New Orleans, Louisiana (U.S.) cautioned that governance is also a key to the transfer of public housing in the U.S. context. We need to talk more about changes in governance needed for transferring stock.

Senator Robert Casey. The group was then joined by United States Senator Robert Casey from Pennsylvania. Larry Swanson, who also hails from Pennsylvania, introduced the Senator and

praised him for his humility and for his advocacy of long-term policies to support job creation in the state. Swanson then said that after jobs, housing was Casey's biggest issue. Casey has been closely associated with Pennsylvania's innovative homeowners' emergency mortgage assistance program for 25 years.

Casey provided a somewhat sobering perspective on the challenges in the current U.S. political system, noting the frustration he has felt in trying to craft bipartisan agreements to address the nation's high unemployment rate and the fiscal imbalances.

In response to a question from Tom Bledsoe asking the Senator how we make the case that we are huge contributor to the economy, the Senator responded that the problem is not that you are not making your case, but that the Congress is not together to move the agenda forward. In the past, Congress would ask of staff: Did you get it worked out yet? Now certain Senators ask: Did you stop them from moving forward?

Paul Weech let the Senator know that the IHP would have a meeting with HUD and Treasury official later in the week about scattered site rental housing strategies and noted that the international colleagues at the meeting are huge innovators in this field. The Senator responded favorably: We need a lot of ideas and you should get them to us. Report back to me on your meeting with HUD.

Mike Blaschuk from BC Housing in Vancouver, British Columbia (Canada) commented that in Canada the federal government sees social housing as public infrastructure and, in response to the recent downturn, funded it with stimulus. Senator Casey responded sympathetically, pointing out that the Senate would have a vote on an infrastructure stimulus in the near future. He urged us to think about how we connect this to housing.

Linda Mandolini from Eden Housing in Hayward, California (US) provided some insights on her experience with public housing transfers in California and asked the Senator how we can demonstrate with small and medium public housing agencies (PHAs) that this is a way to leverage private capital at the portfolio level. Casey responded that he doubted this was a legislative problem and urged us to check in with HUD.

Transforming Business Practices. Following the remarks from the Senator, the symposium continued with a panel focusing on business transformation from the operations side. Ken Marchingo from Haven (Australia) led off. He commented that Australia has an immature housing system. In the beginning nonprofits did not own the buildings and have the essential client focus. Housing nonprofits were tenant managers. With a shift in government policy, housing nonprofits had a pile of money thrown at them to build and benefitted from the stock transfers. The infrastructure for this was a huge undertaking. The organizations managed to deliver on time and under budget – and impress the government.

Dee Walsh from REACH Community Development, Inc. in Portland, Oregon (U.S.) indicated that she recently co-authored a paper about how to collaborate for greater efficiency and impact.

She reflected on how federal funding encouraged and incentivized collaborations that worked across silos, including transportation, housing, and the environment. The paper identified three primary models for collaboration: 1) Hub and spoke; 2) Cross-sector collaboration; and 3) Sector specialization (e.g., the Federation of Appalachian Housing Enterprise). Walsh's goal in writing the paper was to provide positive examples of collaborative efforts that others, as well herself, could apply to their work. The paper identified several keys for successful collaboration, including the importance of a common vision that is performance-driven and ongoing communication that defines clear roles and goals. Furthermore, everyone needs to be a winner, everyone has to have a financial stake, and every collaboration needs a champion.

Mike Blaschuk from BC Housing in Vancouver, British Columbia (Canada) described his organization as a hybrid organization. They are a private developer, but also administer a government voucher program. In his role, he has looked at his organization and concluded that it was not flexible enough to look at new models. In response, they set up a separate line of business to leverage physical and other assets. They looked at how they could serve the government and advance the government's agenda. They pitched capital projects as job creation and it worked. The government came back and asked if it could increase the investment and see even more jobs. The government was interested in private-public partnerships in housing rehabilitation. The government liked their plan and threw money at it to renovate public housing.

Paul Tennant from the Orbit Group in the U.K. summarized his business. Orbit is an owner and a developer. His group raises money by selling some stock. They provide incentives to staff to produce. Efficiency is a key. Housing groups need to share costs and generate income by selling services to other organizations. His observations: Innovation is important. The sector needs to kick start the desire to change and commit to a cultural shift. Responding to Dee Walsh's remarks, he added that mergers are but one form of collaboration.

Tennant then posed several questions to the panel:

Q: How do you lead change?

A: Ken Marchingo: Leadership is difficult in Australia because the system is ossified. Leadership is about change in the tough times. It is the simple things. Lead that change and be that change. Be part of the change and put the ego aside for a collective purpose.

Dee Walsh: At REACH, the senior and mid-management teams read *How the Mighty Fall* by Jim Collins and then identified where the organization needed to focus its energy to weather the financial downturn. Staff also worked on strategies to spread the organization's geographic reach and to use partnerships to pursue larger developments and share risk. REACH's board performed worst-case scenario planning on each of the organization's business lines. This exercise led them to create a new reserve account.

Mike Blaschuk: BC Housing agreed on a common direction and made the argument to move away from the status quo. People do not like to be changed, but they like to be part of change. He got staff to read *Six Thinking Hats* by Edward de Bono. The organization also developed “pathfinder” projects and initiatives, pilot-like projects that blaze a trail and mark the path for bigger implementation.

Paul Tennant: *Good to Great* by Jim Collins is the Orbit Group’s bible. You are either on the bus or you are not. Sharing the book helped his organization to develop a common language around change.

Wayne Morris of the Spectrum Housing Group in Christchurch, Dorset (UK) questioned if the support of customers gives us legitimacy or is just nice to have? He posited that we do not talk about the need to discuss reasons for change with our residents who ultimately fund this change. Walsh responded that the residents do not necessarily see the change financially (few rent increases); however, one thing REACH did do that affected the residents was to implement a no-smoking rule. To lead this change, REACH created a survey and addressed needs for smoking alcoves with the residents, and people have adapted. Ken Marchingo added that he thought it was very powerful to get the input of their stakeholders, but if the board wants to bet the farm, his organization is not likely to go and get the tenants’ permission. Boards take their role as stewards of the real estate seriously. A speaker from the U.K. pushed back and argued that it is quite important to understand who your customers are beyond tenants, government, and neighbors. Tenant engagement is a key to moving forward on issues like remodeling. Likewise, mainstreaming supportive housing tenants has been successful only because of existing tenant engagement strategies. Another speaker from the U.K. added that our tenants are the majority of stakeholders so their buy-in is a key and that is where their legitimacy comes for business transformation. In order to get their buy-in, we need to articulate what we mean by business transformation and why it matters.

Jo-Anne Poirier from Ottawa Community Housing (Canada) asked how organizations use technology to enable business transformation. Ken Marchingo reflected that it is difficult to bring technology to Australia because of import costs. They still use basic, readily available technologies like Microsoft Excel.

Greg Budworth from Compass (Australia) asked if there is research on economies of scale in our sector and, in particular, if the research addresses when economies of scale turn into economies of complexity.

Michelle Chivunga from the Chartered Institute for Housing in the U.K. raised issues of communications in the context of business transformation. Communication challenges are rampant. Are we effective at communicating? In the U.K. one challenge is not sharing information because organizations are competing with each other. Resident communications are tough because many of the residents are not yet digital. Personal communication takes time.

Tom Bledsoe shifted the conversation to one of how we scale up to create increased efficiency. Specifically, he addressed the U.K. groups, to ask how those organizations take advantage of scale. Mark Rogers provided his view that complex organizations cannot scale up. The group structure in U.K. is parent companies with subsidiaries providing services locally (hub and spoke), with no disproportionate power within the system. Rogers argued that an organization needed to get to 20,000 units to achieve real economies of scale. Each organization in the group operates with individual brands. Groups exist for the benefit of the partners not just growth but increased opportunities. Neil Hadden of Genesis in London (U.K.) added that the group structure for him was inefficient with three subsidiaries. His organization collapsed the group structure and is now saving millions of pounds per year. Another voice from the U.K. added that collaboration within the group and shared joint management works for her with separate local boards.

Stewart Fergusson of Orbit Heart of England in Coventry (UK) identified innovation as our uniqueness and what actually sets us apart from other organizations. There is a culture in how we work to want to try new things and lead innovation for reasons beyond the metrics of market share and efficiency that for-profits look toward. In this spirit, he urged the group to stop talking about the risk map and create an opportunity map.

Paul Tennant wrapped up the panel identifying the follow ups as focusing on driving innovation and pursuing economies of scale.

Transforming the Housing Delivery System. The second panel on Wednesday morning convened to provide insights into how each country was thinking about the need to transform the delivery system for affordable housing resources. HUD Assistant Secretary for Community Planning and Development Mercedes Marquez moderated the session.

In her opening remarks, Marquez noted how important this time was for us. She had just come from a meeting at the White House focused on HUD's budget and the challenges it was facing in competing with other departments for its share of federal resources. She said that the U.S. policy approach is characterized by a tension between local control and national expertise. Who gets to decide where we put money and how we use it? At HUD, leaders must ask what it is that only the federal government can do?

Marquez also highlighted the important role of leverage – using federal dollars to leverage private dollars through the HOME program, which she manages, and the housing tax credits. She also spoke of a new HUD approach to neighborhood stabilization noting that President Obama has included \$15 billion for it a jobs bill that has been sent to the U.S. Congress.

Leesa Croke from the Australian government described the workings of the Australian delivery system. The landscape has changed from a prior emphasis on public housing. With the decline of public housing, the 35 community housing organizations have grown 17 percent. Among recent activities is a national affordable rentability scheme with \$4.0 billion provided to build 50,000 units and a \$5.6 billion stimulus social housing initiative. The government is looking to

attract capital from the private sector; both of these efforts create opportunity to access capital by the nonprofit sector.

Geraldine Howley from Incommunities in Bradford (UK) indicated that in her market, there had been a stock transfer of 27,000 units of council housing. The asset transfer allowed her organization to borrow in the private markets to rehabilitate that stock. Incommunities delivers the housing jointly with the councils. And with these, the U.K. can now make sure rental dollars are spent on housing and not capital projects. More recently, the Coalition government has turned everything on its head, with welfare reform looming as the biggest challenge for social housing providers. Specifically, under welfare reform, rent subsidies will be paid directly to tenants, not to operators, raising the likelihood of operators experiencing rental arrears. Another change with important implications is that the government will base payment standards on the family and not on the unit.

Don McBain from Ontario Aboriginal Housing in Sault Ste. Marie, Ontario (Canada) noted that operating agreements and subsidies are expiring. The subsidy will go away such that in 25 years the Canadian federal government will have no role in affordable housing. In the three-tiered Canadian delivery system, the federal government is pushing for greater local control and devolution of responsibility. The country has lost sight of national requirements. Devolution has fragmented the affordable housing sector, so one of the challenges is to better organize the sector and try to develop a national strategy, while at the same time looking at provincial centralization. Like those in Australia, Canadian organizations benefited from stimulus money to help on rehabilitation projects. The question remains what will happen after that? The federal government is only committing capital dollars for 80 percent AMI projects, but no operating money. With the post-subsidy world in sight, McBain wondered what will happen to deep subsidy units.

Mike Pitchford from Community Preservation and Development Corporation (CPDC) in Washington, DC (U.S.) spoke to delivery system issues in the United States. The economic crunch that the U.S. faced in 2008 has brought substantially new cachet to multifamily rental housing. In the market, we are headed to a rental housing shortage at a point in time where we have fewer tools, especially at the local level. For example, one of the core programs available to housing developers is the Community Development Block Grant (CDBG) program, but the program is currently besieged with significant budget pressures.

On this point, Assistant Secretary Marquez noted that in the U.S., 1,200 communities receive CDBG funds, but only about 1/3 of these have real mapping and data capacity to show the impact of their work. The federal government is focusing on creating this capacity and on the digital dissemination of data. She predicts a huge national policy change in the next 18 months when this new system goes live.

Q: Mercedes Marquez: What do you think governments should be doing (besides new additional dollars) to make affordable housing easier for you?

A: Leesa Croke: In Australia there is a new Minister of Housing who wants to change the relationship between levels of government and provider agreements – and put the nonprofit sector at the table in these discussions. This means creating a new advisory committee for the next National Affordable Housing Agreement (NAHA). This is creating consternation at state and local government levels. The nonprofit sector has proved that it can grow to scale and perform. In Australia, the nonprofit sector has put itself on the map.

Q: Mercedes Marquez: Is it possible nonprofits will see a direct funding stream?

A: Leesa Croke: Minister Habib has put that out there. The nonprofits have built up the data to help make the case.

Q: Mercedes Marquez: The U.S. also has *per capita* and competitive pools of money for homelessness. How does one mimic the success of competitive grants in the block grant system?

A: Geraldine Howley: Government could help with funding formulas that reflect regional differences. Other ideas that government could implement include waiving the affordability gap. The U.K. has a right-to-buy law which has decreased the rental stock. There is now a mismatch of units and funding. If government could find another way to encourage homeownership, it would be helpful.

Don McBain: Governments should consider reinvesting the cost savings they obtain from current activities. Policymakers need to pay attention to the economics of investment and how these drive the economy, as well as listen to long-term strategies for building communities rather than focus on short-term political cycles.

Mike Pitchford: Privatize the public housing stock. Mixed-income housing is the way to go, but the current tools provide incentives for concentration. Applaud any government policies that encourage scale and move toward an enterprise level finance system. Finally, focus on ways in which to reduce legal costs. These are huge for each project.

Mercedes Marquez responded to the last comment by talking about a U.S. program called the Neighborhood Stabilization Program (NSP). In round two of the NSP program, HUD funded consortia to test enterprise-level investment. She said that Congress did not like it. One also needs to understand that the U.S. talks more about specific programs rather than the entire scheme. Instead of focusing on the quality of the delivery system, state and local governments fret over losing their administrative fees. The U.S. also struggles with the issue of public versus private ownership. Public housing stock transfers in this country would raise questions about what the affordability requirements are.

Geraldine Howley noted that not everyone was supportive of the stock transfers. It took some time to satisfy the council and residents. Each local area had to do an options appraisal. Now,

some that could not complete an initial transfer are now going ahead with it. The biggest motivating factor for doing the stock transfers was the opportunity to improve the units. Governance allowed some councilors to join the board which also put residents at ease. And, ongoing regulation has been another key.

Marquez then asked if social housing organizations have a perpetual affordability requirement following transfer. Howley said they do. Transfers require various maintenance standards, tenant rights, and land rights. Partnership with the councils is important.

Mwarigha from Peel Living near Toronto (Canada) pointed out that the rules established at devolution have been weakened by systematic layoffs. Ability to do these changes successfully and continuing to meet needs required transactions without a ton of rules. To this, another Canadian added that nonprofit housing entities there act like private companies but with a social mission. That is how these organizations want to label themselves to the government.

Rob Young of Helena Partnerships in the U.K. said it is not about stock transfer, it is about new homes – irrespective of tenure.

Closing Remarks from HUD Assistant Secretary for Housing Carol Galante. Carol Galante, a former CEO of HPN member BRIDGE Housing in San Francisco, California (U.S.), and currently Assistant Secretary for Housing and Commissioner of the Federal Housing Administration (FHA) provided some closing remarks for the public session. Galante opened by asking: How do we take advantage of international dialogue and move forward while we defend what we have? The current mess in the U.S. housing sector was spurred by an unregulated lending system that was out of control. A frontal attack on changing HUD programs is not worth the effort given the difficulties in making legislative changes in this country, but providing new models to address current challenges is a good entrée for change. Finding strategies to manage single-family real estate owned (REO) by the government or owned by private financial institutions as scattered site rental is one example. A crisis generates opportunities. At present, the FHA owns about 40,000 REO properties and is acquiring approximately 5,000 new units a month. In addition, there are 250,000 units of REO at Fannie Mae and Freddie Mac, two government sponsored enterprises under government conservatorship. How do we deal with this overhang? How do we finance entities and test new models?

Ken Marchingo of Haven (Australia) made the case for the nonprofit sector: In Australia nonprofits have shown 30 percent efficiency over the public housing agencies there. Galante responded that part of U.S. culture is that nonprofits are not central and core to housing production. Sharing international examples with policy makers in the U.S. is important. Tom Bledsoe added that part of the success in Australia was investment by its federal government. Galante said that one way in which to get the nonprofit sector to scale would be through strategies that worked to consolidate properties that are currently owned by small nonprofit developers as one-offs.

Ken Walker of Housing Partnership UK commented that the strength of social housing is the equity that was built up in the social housing enterprises, but the U.K. organizations did not get there without public investment. In the case of the U.K., the subsidy did not last forever, but it created a platform for the sustainability of the social enterprises.

Lindsey Reed of the Social Housing Services Corporation in Toronto, Ontario (Canada) commented: We have the innovation but we do not have the sector strength anymore and we are suffering for it. Devolution stripped social housing organizational capacity such that the sector now needs help gluing its story together.

Galante closed by acknowledging that each system has strength and how important it is to use evidence to make the case to policymakers.

The portion of the meetings to which members of the public were invited to participate closed at this time.

Wednesday, October 12, 2011 (Afternoon) The International Housing Partnership Exchange

Debrief on Morning Policy Exchange. The nonprofit CEOs and their guests from the four countries reconvened after lunch to debrief on the symposium and how we felt about the participation of people who were not from the nonprofits participating in the multi-national exchange.

Q: How do we feel about public presence at the meeting?

A: Having roundtable format at the end works. Panels are fine, but different, so it is nice to have both.

Panels are good as a kickoff, but when the audience chimes in to help answer a question or comment on a point, the energy gets kicked up.

Q: Was it useful to attendees who were not from the nonprofit sector and/or involved in the exchange?

A: Depends on the subject matter. The panel on capital was great.

The policy panel was pretty U.S.-centric, but it was important to take on the role as policy makers, not policy takers.

The more we can extend the interactive conversation the better.

As panels go, the non-PowerPoint model with strong moderators was great.

One thing that would be helpful would be spending time on context and definitions and terminology. A matrix of terms would be nice.

Concern is that when good points are made, how do we capture them but keep moving.

Graphic representation of ideas could be a good project in the future.

What should the U.S. do with all these ideas (e.g., public housing privatization)? Can we find new partners like the National Housing Conference or Fannie Mae to do research and quantify benefit to move the policy forward?

Q: Can we dedicate staff capacity to keep the International Housing Partnership (IHP) moving forward?

A: Tough to find the resources. The IHP website can be an interim step. It can serve as a repository for documents. Through a common website, each country can link to one another.

Q: What about work exchanges?

A: The IHP steering group discussed it, but there does not seem to be interest beyond the U.K. Participants who are interested were urged to just do it.

Other Comments:

Central theme of business transformation worked well.

More information and data on impact would be highly useful. How many human beings benefit? How can we put a human face on what we do?

Powerful convening in that there is no single bullet, but insight comes about over time. Participants begin to see things from a different perspective as they understand the structure of the work of our peers.

It was great to get materials in advance and biographies for all the participants. It is meaningful to visit the websites of the international peers. In Canada organizations are starting to benchmark based on how our peers address similar issues.

We need to find a way to go deeper into practice in between these meetings.

Q: What were the big ideas that require more work?

- Governance.
- Mergers and acquisitions and the “rationalization of the system”
- Scaling up our enterprises
- Advocacy and messaging: Social Return on Investment
- Capital, leverage, CDFIs
- Specific demographics: Homeless, Seniors, Families
- Recapitalizing organizations

Q: What is the vision for our organizations? Why do we exist and where are we moving to?

A: Non-traditional partnerships required, linked to an efficiency agenda. Partners could even include corporations on initiatives like job-creation for residents. At the same time we need to get rid of dysfunctional partnerships.

Q: We need to reduce barriers to creating good mixed-income communities. What can we do without government to generate the capacity to cross-subsidize?

A: Market-led activity rather than subsidy-led activity. For example, using third party management or using an IT framework to match private market tenants to properties

Q: How can we help create a more sophisticated private rental market?

We will always have different systems, but one thing we share is who we house. This implies that we always need a vote of confidence from residents.

Q: What policies do we want to make for our governments?

A: Write-off of debt or release of loan debt would be helpful.

Commission some research, generate templates, put out topics, and cobble something together with university students to expand capacity through community university partnerships.

The real question about influencing politicians is one of influencing right wing politicians. The idea is to go through business sector champions who can present our business case.

U.S. Policy: What is our follow-up and leverage? For the U.S. participants, there is an enormous opportunity to leverage this meeting as a branding and relationship-building opportunity. And, the meeting provided an opportunity to have policymakers call us to help with their problems. Scattered site rental got additional traction.

Business opportunities: Mostly in the areas of private placement bonds. This is a group of innovators, aggregators (slip: “aggravators”) of resources and integrators.

We need to be more than just housing organizations to serve the needs of communities. Community developers, housing developers, homelessness providers, health providers, social service providers. Housing connects with so many sectors. We need to strengthen links. Politicians are receptive to change, as long as they change does not mean a future for every organization.

Operators are needed, but it could be argued in the U.K. that the private sector could take care of building new housing.

In Australia, in contrast, the nonprofits can build 25 percent cheaper, because they can manage risks rather than eliminate risk like the public sector.

Q: Why aren’t residents referred to as *customers* in the U.S.? Are our subsidies too deep?

A: To serve a wider range, you need to treat people as customers.

Dee Walsh: In the U.S. there is not much choice, but we are so focused on the deal, we do not have energy or time allocation for the customer.

Linda Mandolini: in California, we have shifted to a customer service model in our relationships to municipalities and residents. It has an operational advantage. It reduces expensive turnovers. It is a shift, but there is a bottom line.

Jo-Anne Poirier: In Canada, customers revolted and the mayor fired the executive. Today’s customers are media and technology savvy. Satisfied customers are grateful. Unsatisfied customers get even.

Mike Mullin of Nevada HAND in Las Vegas, Nevada (U.S.): In Las Vegas there was overwhelming demand for housing, but then market rents dropped below tax credit rents and it exposed HAND as a not very good manager. The residents had other options. We now are re-organizing around a customer service model. We should have paid more attention to customer satisfaction.

In the U.K., the average private developer creates lousy housing. For the enlightened developer, the view is customer service. The front line staff is critically important. Organizations recruit people who buy into that view. We want a higher standard than the private, for-profit sector.

We should not kid ourselves that we can do it better than the private sector and we should learn from them.

Carol Lamberg (U.S.): Where we get caught up is in tenant selection. The people are so desperate, that they will lie, cheat, and steal to access to affordable housing and the staff risks getting cynical, and we have to manage that.

Nancy Rase (U.S.): The difference between the U.S. and others is the business cycle stage. We are newer at this. Also, portfolio size and impact defines your position in the market. The term “customers” signals an important and valuable attitude toward the people we serve.

Cath Purdy (UK): In the U.K. we talk up and empower our customers, but then we get scared when the government wants to pay tenants directly. We should ask ourselves why we are pursuing all these sexy things if not for the benefit of our tenants. Our tenants know more about the value of a pound more than we do. What gets measured gets done. Resident satisfaction surveys lead to improvement and staff incentives.

Mike Hynes of the Housing Partnership, Inc. in Louisville, Kentucky (U.S.): I measure the pulse of my properties by physical presence, attending resident meetings and talking to the people we serve.

Mwarigha from Peel Living (Canada): We do surveys, but we also went out to private sector and sought out certification by grading properties. We earned top standards. It cost money but it validated the quality of our properties. Interestingly, the survey came back begging for help with recycling – surprising and exciting – it was the number one concern of residents.

Cynthia Parker from BRIDGE Housing (U.S.): Yelp has a digital rating system for everything and provides BRIDGE with unsolicited feedback. The amount of customer service required to serve high-income properties is immensely greater than affordable properties. Let us keep in mind the balance and give the same standard of care regardless of income. Children are trapped in poverty. The human potential of tenants is a resource that can help advance mission. BRIDGE expects volunteerism.

Paul Tennant: We are all at different stages. How do we pull together two or three issues we can all relate to and move forward. What do we do to close the gap between perception and expectation? Measure experience at service, not once per year.

Orlando Cabrera of National Community Renaissance (U.S.): I read our survey results carefully. After asking residents how well we serve them, we talk to property manager and maintenance staff. They have their fingers on the pulse and on different aspects of the property.

Tom Bledsoe (U.S.): In the U.K. they measure standards developed with customers; we measure financing in the U.S. It would do a lot for our brand to move customer service forward.

Reception at the Australian Embassy. Guests traveled by bus from the IHP headquarters hotel to the Australian Embassy for more food and libations. Those in attendance were treated to addresses by the Australian Ambassador to the United States Kim Beazley and by HUD Secretary Shaun Donovan. Donovan's remarks were particularly poignant, addressing directly the value of international exchange and the work of the "Third Sector" organizations like the nonprofits in the room that were neither government nor for-profits, but mission-oriented social entrepreneurs. Thanks to the efforts and talents of Mick Leggett of Cross Key Homes in Peterborough ("The Pearl of the East") (UK) we have a video of Donovan's remarks. To view, click on or type in the following link: <http://www.youtube.com/watch?v=I20n3Mskh6g>

Thursday, October 13, 2011

International Housing Partnership Exchange

Business Transformation Plenary. Outgoing IHP Steering Committee Chairman, Tony Cotter of Gallions Housing in East London (UK) made some opening remarks reflecting on his tenure as Chairman and then passed the baton to Jim Steele of Windsor Essex Community Housing Corporation, Windsor, Ontario (Canada), the incoming Chair. Cotter noted we are four nations divided by a common language: we say complicated, you say 501(c)(3); we say negotiate, you say invade...

Paul Tennant, from the Orbit Group opened the session with some highlights from the work that the four countries had done on "business transformation" over the year leading up to the meeting. Key highlights for him were that the nonprofit social enterprises involved in the IHP should:

- Become commercial and/or diversify operations further
- Extract greater financial and social return from their operations
- Become more aware of risk and do more to mitigate that risk
- Not only talk change, but actually do it
- Combat the stigmatization of social housing
- Confront key business drivers: understand government, articulate value to society, and embrace new business models.

Tennant said that the work undertaken by each country not only had been a useful exercise in and of itself, but also served as effective intelligence. The exercise elaborated on the spectrum of culture, approach, aspiration represented by nonprofits in the four countries. But it also served to set the table -- people are starting to use the phrase "business transformation" and speak the business transformation language.

The agenda for the international exchange is the imperative for change. We have to adapt as organizations. And the future includes collaboration among IHP members to measure social return, share knowledge to develop strategies, and engage in peer learning. It is up to the IHP

participants to decide how to move forward. We require a vision. IHP is the platform to develop that vision.

Tennant then reviewed the U.K. perspective on business transformation. In the U.K., “customers” and “government” were identified as the key constituencies. Most people in the U.K. do not aspire to be in social housing. It is the landlord of last resort. Regulation is needed to enforce standards and weed out crooked organizations. Organizations are working with a government that sees homeownership as a goal. The current government is not convinced we are the answer and, in fact, we are seen as soft and not an agent of change.

As part of our business transformation, we need to convince customers and government of the validity of our purpose and competency. To get there, social housing organizations in the U.K. need to adopt and adapt management techniques for a new customer base in the private market. Residents want a stake in the business and the decision making. And if we end up with a whole new pool of shareholders through private placement bonds, it will change what we do and how we do it.

The work through the International Housing Partnership has helped the U.K. work with the IPD benchmarking tool to look at financial and social return of the properties. Identifying a social return on investment is an important component of moving forward.

Greg Bounds of the Capital Region Housing Corporation (CRHP) in Edmonton, Alberta (Canada) presented the Canadian perspective on business transformation. For Bounds, the exercise provided opportunity for dialogue with peers. His own organization underwent a transformation. In 2003, CRHP was a housing authority. Then, the organization was pushed into transformation away from government. The new entity adopted a mission statement and recruited members from the private sector. Today, it sees itself as a nonprofit non-governmental organization (NGO). CRHP has reconfirmed its mission statement, expanded and balanced its board, created a new board committee focused on client tenant services, and developed a key performance indicator dashboard for the executive staff and board. CRHP is refining those indicators with Canadian peers to also measure image, customer satisfaction, and environmental impact. The board is very serious about fiduciary duties; the executive must prove financial stability every month.

The key drivers of change in Edmonton are: a new minister in Alberta and a new open regulatory environment that provides great latitude in how they deliver services. CRHP is also being scrutinized from the outside. CRHP administers voucher rent supplements and leverages services to other organizations. Tenants are more sophisticated and more culturally diverse than before. Employee job satisfaction is high even though wages are low. A KPMG audit found that they are 20 years behind. Management used this finding to light a fire under the staff and the board for change.

In the future, CRHP looking to refine its performance indicators, prepare a white paper in advance of legislative review, become aggressive about additional units and financing, review

voucher program targets, client supports, facility indicators, upgrade property maintenance, and upgrade IT systems.

Dee Walsh of REACH Housing from Portland, Oregon (U.S.) then tackled the U.S. perspective on business transformation. The U.S. preparation for the exchange had identified 11 business transformation items:

1. Re-engineer business models to create efficiency and cut costs
2. Increase net income from existing businesses
3. Exit certain business or devolve to partners in relation to mission
4. Expand geographically
5. Grow through mergers and acquisitions
6. Identify new source of subsidy (e.g. utilities green work, healthcare system for services)
7. Fundraising
8. Find new capital sources (e.g., CDFI bond guarantee, Federal Home Loan Bank membership)
9. Develop new business partnerships (e.g., MuST, MRF, CSFP)
10. Focus on organization issues and build strong management
11. Support policy changes that support the sector

Ken Marchingo of Haven (Australia) then presented a view from Down Under on the business transformation challenge. Housing organizations in Australia face NIMBY (not in my backyard), BANANA (build absolutely nothing anywhere near anything), and NOTE (not over there, either).

Australian social housing associations are examining where they are going and what they need to get there. They are looking into real estate investment trusts (REITs), for example. Transformation creates a cultural cringe in Australia because there is an embedded notion that everyone everywhere does it better. Australians slavishly follow others' models. They follow American entrepreneurial spirit.

Banks love affordable housing in Australia and are providing financing at the same rates as homeowners. They love the government regulation because it allows them to see social housing nonprofits as utilities. The moment represents an opportunity to find new financing sources, but with open eyes.

A government report found that most Australians are well housed, perhaps over housed. Twenty two in 100 Aussies are landlords; this is a result of the taxation system. There is no housing without subsidy no matter what. There is an interesting suburban structural under-supply. And, public housing is flawed and furthers stereotype of despair and inefficiency.

Business transformation in Australia does not require extra steps, just a re-visioning of values and mission. It means that organizations must regularly renew boards and management teams and executives. Customer service starts at the top in U.K. In the U.S. deals are driven by the CEOs. Australians need to identify what the most important thing is at the top. As of now, the Australians are in the middle.

Facilitator Paul Tennant summarized the key points of the discussion:

- No complacency;
- Embark on a journey of change;
- Adopt a strategy to transform;
- Blend solutions; and
- Remember that success depends on leadership.

Paul Weech from the Housing Partnership Network said that in theory there is a wide range of revenue sources as we move away from developer fees and asked: How do you think about the diversification of revenue and how far away do you go from housing?

Kate Monter Durban of the Cleveland Housing Network from Cleveland, Ohio (U.S.) answered that the Cleveland Housing Network (CHN) is a diverse organization. Each business line has a different geography. CHN is asking if in the future it can take its weatherization and energy programs to the middle market where the customer can pay for the services (as opposed to relying on subsidies to serve lower income households). Many things, like marketing skills, come into play as CHN thinks about this question. For CHN, although their revenue streams are diversified, many current business rely on public sources in an environment where all public funding is under pressures given fiscal challenges at all levels of government. What is the path not just to survive, but to thrive?

Jo-Anne Poirier from Canada said the key is remaining nimble to changes in the environment. She also expressed that incremental change is valuable to keep an organization from having to undergo major change every 10 or whatever years.

Larry Swanson of ACTION-Housing in Pittsburgh, Pennsylvania (U.S.) shared that his organization manages 32 product lines, all developed to be responsive to community needs. ACTION's biggest challenge is acting on the cut-loss proposition. It's very hard to let business lines go. Swanson suggested that the IHP participants use the new website under development to share simplified business models with each other to help rationalize business management at each enterprise.

Dave Eddy of the Vancouver Native Housing Society (VNHS) in Vancouver, British Columbia (Canada) said his organization is hoping to diversify its revenue base by including a fair trade art gallery in its new building. VNHS houses aboriginal people with strong cultural traditions and also houses recovering artists. VNHS provides financial literacy and business training to artists. Art is community development with social and financial return. He candidly admitted that VNHS will make mistakes along the way. His advice: Find a niche.

Linda Mandolini of Eden Housing in Hayward, California (U.S.) shared that she's a huge believer in the "hedgehog" concept from business consultant/business writer Jim Collins' work. Business transformation for Eden is embedded in the need to acknowledge what we do and do it well. Her mantra is to stay in the core mission and push back on mission creep.

Roger Maloney, Board Chair from the Social Housing Services Corporation (SHSC) in Toronto, Ontario (Canada) told a positive anecdote from his organization's story. In the 1990's, SHSC ran a residential property management company. They evolved, approached the municipality that is their parent, and expanded what they do well to other sectors. They now do property management for museums and other municipality properties. An entrepreneurial organization sees a void and tries to fill it using existing expertise.

Mark Rogers of Circle (UK) described his organization as looking at alternative sources of income, but only settles on interesting things and only those opportunities that Circle could do at scale. Circle is looking at one thing that will not make money – a house exchange program. At the same time, Rogers thinks the program will make a big difference to people and it does meet their criteria as something they can do at scale. For Circle, it is about separating the link between reliance on public sector funding and transferring the organization's focus to learning how to sell "things" to private market.

Bill Perkins of the Wisconsin Partnership for Housing Development in Madison, Wisconsin (US) contributed that part of sustainability and diversification is building quality housing for people who cannot afford housing. In the U.S., the middle class get screwed and now their housing options are very limited. Social housing organizations should build products of choice and not of just necessity. The IHP organizations are capable of being housing providers of choice.

Mick Leggett of Cross Key Homes in Peterborough ("The Pearl of the East") (UK) added that social housing organizations should consider large companies' corporate social responsibility budgets as another opportunity. Social responsibility teams are uniting to invest locally with impact, providing not just their money but their people to help the cause.

Ken Marchingo of Haven (Australia) described his organization's transformation. They began with a bankrupt organization and now manage private rental housing. Every new thing they get into reluctantly, but they build big and sell to others. Marchingo cautioned that people become seduced by dollars and forget mission. He added colorfully that within opportunities are schools of sharks.

The group then spent time in small working groups on the topic of *business organization and business diversification* collecting and categorizing various ideas on this topic. Among the collective contributions:

- Motivations
 - Lower costs
 - Make money
- Potential new business lines
 - Consulting
 - Setting up foundations

- Launching social enterprises
 - Adding solar panels
 - Adding excess amenities: Roofs, parking, movie shoots
 - Take services to the general market like property and asset management
 - Integrate the supply chain vertically
 - Building for-profits that fuel the non-profit: Alarm companies, cleaning, laundry, Energy Service Companies (ESCOs), renter insurance
 - Investing as a micro-lender to tenant businesses
- Thoughts on the topic
 - Why do we want to diversify?
 - Organizations can get into businesses that appear closely related and get into a lot of trouble (example of building storm windows).
 - Are we doing this on a cost return basis? Or do we get something else?
 - Look for board composition with business expertise
 - Examine the supply chain
 - Strength/opportunity test: What do you do really well?
 - Hire outside consultants from private sector to see where the profit centers lie
 - What rate of return do you need to invest in building a business?
- Risks
 - Financial, reputation, mission creep, legal and tax implications,
 - Difficult to price because of the heavy overhead social housing organizations carry
 - How much are you willing to risk? Do you ever put your core business at risk?
 - Appetite for risk is based on leadership, skills, capacity
 - We tend to say a prayer and hope for the best as we jump right in to new businesses
- Identify the boundaries
 - Require a business case
 - Capitalization
 - Human capacity
- Evolution vs. revolution of business transformation
 - How radical do we need to be?
 - Evolutionary because of conservative lenders
- How much money does your organization want to make? What does success look like?
 - Grow the income stream and retain 100 percent of it
 - Reason of going into the business drives rate of return
 - Breaking even is actually making money

Closing Comments

- All the business transformation topics from today are linked. They come back to the vision (as traditional, progressive, or radical organization) to serve the customers, build products, and/or provide services
- Do we drive business transformation within our current organizational structure or do we create new organizations/committees? Carving out time for this activity is very important.
- An organization must have its finger on the pulse of change or it will just be forced to react to it.
- How do we keep this knowledge transfer going? Through affinity groups and peer exchange based on common business lines.
- All of this is do-able, but it also seems pretty marginal. Social housing organizations need to fill gap of retreating public sector. Anything worthwhile creates a risk. There is very little research and development (R&D) in this field. Go big or go home.
- Mark Rogers of Circle covered risk of for sale development by investing in rental property in Germany. We should really run as a business then think like a business person.
- Most innovations have come out of requests from outsiders (e.g. passive hoU.S.es in Canada). Being entrepreneurial and innovative in areas you don't expect.

Closing Session and Summary. The group then gathered for the final wrap up of the meeting. Among the next steps and take-aways suggested:

One hot topic was measurement with an interest across all the countries on measuring social return on investment or SROI. SROI is murkiest and yet most fundamental thing to measure.

Larry O'Brien of PowerHousing Australia spoke of the value of communication and branding. He reflected on the tremendous coverage the previous night with the U.S. HUD Secretary. He proposed that we announce IHP far in advance for next year to increase the possibility that policy makers will join us.

Larry also announced that an IHP website will be up by the end of the year. The U.K. group will also go live with their Housing Partnership UK website in the next few months. Canada is working on one as well. The IHP website should also be a portal for internal communication among us.

He urged us to think that in five years the IHP should be an organization that policy makers and governments go to for information and that, by then, we will have launched global enterprises through partnerships among one another.

We should brand each of our letterheads with IHP logo and tagline stating that we are a worldwide network of social enterprises managing 1 million units of social housing. How about a global press release?

Chuck Wehrwein then collected ideas for next steps. Members suggested topics for additional work including governance and new sources of capital and CDFIs. In addition, the group proposed creating or resuming cross-national working groups on these potential topics:

- managing scattered site rental housing
- senior housing
- green
- resident services
- customer satisfaction management and measurement,
- homelessness
- housing counseling
- policy and advocacy
- research

Vancouver 2012. The next IHP meeting will take place in Vancouver, British Columbia, Canada in October 2012. Chuck Wehrwein led a discussion on topics and work streams to undertake leading up to that meeting:

- BC's number one issue is homelessness
- Green
- Link to business transformation, measurement, structural approach to delivery
- IPD project demonstration
- Frame housing as human service framework
- Solve for the knowledge gap
- Provide a glossary of terms on website
- Go deep rather than go broadly
- Innovators, aggregators, aggravators
- Capital, SROI, customers
- Have countries bring issues/challenges for brainstorming and discussion IHP CEOs

Friday, October 14, 2011
Post-Meeting Activities

World Bank Economists. A delegation of IHP participants still in town traveled down to the World Bank for a presentation by World Bank economist on the global economic outlook. The economists painted a very sobering picture of current international economic conditions, the fragility of the world markets, and the potential impact of the world economy – especially in developing countries – from continued instability in Europe and the U.S.

Scattered Site Rental Housing. Another delegation of the international group left the World Bank to go over to the Department of Housing and Urban Development to meet with senior government officials from HUD and from the White House Domestic Policy Council to discuss the management of portfolios of scattered site, single family homes as rental housing.

Leading the meeting for the U.S. were HUD Assistant Secretary for Housing Carole Galante and Deputy Assistant Secretary for Policy Development and Research Erika Poethig.

The IHP group made significant contributions to the U.S. government's thinking around how to deal with the growing real estate owned (REO) portfolios accumulating on the federal government's books as well as on the books of Fannie Mae, Freddie Mac, and other private financial institutions. U.S. policymakers would like to adopt strategies that would convert this REO affordable rental housing. Yet, there is significant trepidation about this given limited experience in U.S. country with the large scale management of single-family scattered site rental housing. Leaders from Canada, Australia, and the U.K. were able to talk about how organizations in each of these countries have successfully managed large-scale platforms with this type of stock as social housing.