

**Transcript**

**Code 53**

**The Road Ahead: A Conversation on the State of Multifamily with Sharon Wilson Géno**

**Sharon Wilson Géno:**

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**Alison Johnson:**

Welcome back to Code 53 - The Apartment Podcast. I'm your host, Alison Johnson, with NMHC. On this show, we bring you into conversation with apartment industry executives, leading experts in the multifamily sector, and a diverse group of practitioners, all to help you learn everything it takes to create communities, from business strategy, to design, to finance, and leadership.

Today, on Code 53, we're going to bring you inside NMHC for a chance to meet multi-families newest rising star, Sharon Wilson Géno. Sharon assumed the role of president last month at the National Multifamily Housing Council's annual meeting in Las Vegas. She possesses more than three decades of housing development and advocacy experience, and she's focused on housing policy with a particular emphasis on advocating for the construction of and access to more market rate and affordable housing. Coming up in a minute, she'll share her vision for the future of multifamily and what that means for solving America's affordable housing crisis.

**Announcer:**

The Code 53 podcast is brought to you by NMHC, the National Multifamily Housing Council, the place where the leaders of the apartment industry come together to guide their future success. From owners, to managers and developers. NMHC's members create thriving communities by providing apartment homes for 40 million people, contributing \$3.4 trillion annually to our nation's economy.

**Alison Johnson:**

Sharon Wilson Géno takes the reins at NMHC at a critical moment for the country and our industry. Many legislative, regulatory, and economic hurdles exist in this moment, and they are all set against a backdrop of insufficient market rate and affordable housing supply. Housing access even made it into President Biden's State of the Union address.

**President Biden:**

So let's finish the job and get more families access to affordable quality housing.

**Alison Johnson:**

And we're joined now by NMHC President, Sharon Wilson Géno. Sharon, welcome to Code 53.

**Sharon Wilson Géno:**

Thanks, Alison. It's great to be here.

**Alison Johnson:**

Sharon, what initially made you interested in being involved with housing?

**Sharon Wilson Géno:**

A lot of things, Alison. I've worked in this area for now 30 years, and my background in training really come from two sides of what is the broader housing real estate world. I'm both a lawyer, and I have a degree in planning, so much of my interest comes from the intersection of those two things, which is really fundamental in looking at how communities are built, looking at how people live and interact in those communities, and how we create built environments that support people of all walks of life.

I've worked, both as a lawyer supporting affordable housing primarily, but also market housing interests. I've worked as a consultant, really running programs, operationalizing programs and housing developments, on the ground. Then, I worked most recently as an operator for a large nonprofit housing and senior care provider, operating in 40 some-odd states, as well as I'm running 14 different senior care facilities. I have, I think, a pretty good practical sense of what the various regulatory and legal overlays are in working in various jurisdictions in real estate, in trying to create both housing and healthy housing for people.

**Alison Johnson:**

We just got back from our annual meeting, and that comes after your time over the fall and winter traveling and meeting with NMHC members. What did you take away from those experiences, both in terms of how you view NMHC, but also what members are telling you? How do they feel about the market fundamentals right now, and what's on the top of their mind?

**Sharon Wilson Géno:**

It was really an awesome experience, Alison, I have to say. We had more attendees than ever. We had almost 8,500 people attend that meeting, which is both reflective number one of the diversity of the types of businesses that are involved in the real estate industry. There were developers, owners, operators, capital providers, lenders, debt providers. There were suppliers and a lot of tech folks as well, and really seeing how that industry is now really coming to fruition and connecting all of us in a different way, so just the diversity and the enthusiasm around tackling what is our most fundamental issue, which is housing supply.

We need to create more housing units so everybody in this country has a variety of options at different times of their lives so they can live successfully in the communities of their choice, so that enthusiasm and the diversity was really great. In terms of what's coming up in the market, we really are just coming out of COVID, unlike other industries where the impacts of COVID were a little bit more immediate. In our case, while some of them are immediate, because we have lagging indicators in our industry, we're

really just coming out of some of those; therefore, 2023 is going to be a relatively uncertain year. There are going to be some corrections in the market.

I think people that's pretty clear now, and people understand that, both with rising interest rates as well as some correction in what were some really serious supply demand imbalances early summer that really had caused a spike in rents. A lot of that is already starting to correct itself, and a lot of supply that was delayed, in part due to supply chain issues and other things during COVID, is all coming onto the market at once. So we're going to see some correction there, and 2023 is going to be a little bit of a bumpy year, but all indications are that the demand for housing continues and is as far as the eye can see. I think there's a lot of expectation that, by the end of the year, beginning of 2024 we'll be coming out of that uncertain cycle and have a much greater sense of what happens next.

**Alison Johnson:**

Sharon, I mentioned in the intro that you joined NMHC at a time when it seems like there has never been more focus on housing by lawmakers of both parties and at all levels of government. President Biden spent 14 words in the State of the Union address on a subject you could write volumes about. You've been in the housing space for 30 years now. What do you think the current policy environment looks like? Are there opportunities, like the Biden Housing Supply Action Plan, for example?

**Sharon Wilson Géno:**

Well, the 14 words were more than many presidents have mentioned about housing for many, many years, and as you point out, for years, housing was really a sleeper issue at the federal level and somewhat so at the state and local levels as well. People just expected housing to be available for people and the private market to provide it, and our housing policy has really been little interferences here, certain programs there at different times in different spaces, and we've never had a real cohesive housing policy in our country. I think that's going to have to change moving forward. We've now seen that the policies that we have had in different market conditions do not work collectively well, and we're not providing sufficient housing supply for people that need it.

A couple of things are going on right now. The issue is elevated, and that's exciting. Having it in the State of the Union is exciting, but there's a lot of debate about what to do about it. The White House, to their enormous credit, has taken this issue on, and we've been in dialogue with the White House over probably the last year or so on a variety of different policy interventions. One that they announced last spring, which is very exciting, was the Housing Supply Action Plan, and it really was a litany of opportunities that they see from the federal level to support existing programs and to create new opportunities for the federal government to help increase supply.

Most recently, however, we've seen also a raft of regulatory initiatives coming from the federal government, as well in a variety of different places, not necessarily directly in real estate. We've seen the Waters of the US rule come out, which is going to have an impact on developers trying to access land to develop multifamily housing. We've seen a variety of rules and requirements come out of HUD that could impact some of folks that operate in the HUD programs. We're seeing an overlay of regulation that could undermine the efforts to increase supply, because it adds cost, time, and

complication to the development process. This organization has done a lot of research in that area as well.

The most recent research indicates that the cost of that regulatory scheme at the federal, state, and local level is about 40% of the overall cost of developing a housing unit. That is an astronomical number. If you think about how much more housing could be built, if some of that regulatory cost could be redeployed into sticks and bricks, it really is something we have to continue to work on to make sure that housing is able to operate in the most efficient way possible. The other thing that's been coming out of the White House too, most recently, is that they announced a overall federal effort to gather information from about seven different federal agencies around opportunities, as they put it, to enhance or strengthen tenant rights.

While I think well-intentioned, it really is going to complicate, again, that regulatory structure if we now have the federal government stepping in to the relationship between owners and their residents, when the state and local governments really already have well-established regulatory schemes for that, and certainly if there are housing providers that are not acting according to the law, there are state and local opportunities for them to be taken to task, and they should be taken a task. That's not good for anyone in this industry if people are operating outside of the legal structures that we have in place. But adding a federal layer on top of that is something that is really concerning, and we'll be going through this process for the next six months, responding to some of these regulatory initiatives.

**Alison Johnson:**

So, Sharon, what I'm hearing from you is the greatest opportunity is addressing this cost to build housing, the 40%. The fact that regulations account for 40% of the cost of building housing seems like a first place to start.

**Sharon Wilson Géno:**

I completely agree, Alison, and there's a lot of different things that we need to do to help build the supply that we need, because the amount we need is staggering, but this is an easy place to start. Additional regulatory schemes and structures are costly to set up. They are confusing to people, and frankly, the thing that concerns me the most is, if that number continues to increase, we need access to market capital in order to build the housing we need in this country today. That market capital can invest in any one of a number of different industries.

We've had real success in leveraging market capital over the last several years to start increasing the supply of housing. If the capital markets see the regulatory structures in the multifamily housing industry increasing and growing, creating uncertainty about what's going to happen to their capital in the long term, they're going to look at other industries to make those investments. And so it's very important for us to continue to be vigilant about explaining that to lawmakers and policymakers, and how crucial it is for all of us to work together to be sure we're incenting market capital to come into this sector and not dissuading people from that.

**Alison Johnson:**

I think we can all agree that it is very important to make sure that the investors who are coming into the housing markets are seeing it as a viable investment vehicle for themselves, and so one of the threats that I think is embedded in what you're talking about here is rent control. We did an earlier episode on this topic. How is NMHC continuing to engage on the proliferation of rent control policies popping up all over the place?

**Sharon Wilson Géno:**

Again, you can understand, while we had this really significant rent spike in the spring, and constituents of policymakers on the local, state, and federal level are all hearing from their constituents that rent prices have gone up, so you can understand why politicians are looking for expedient, short-term, political solutions to what they hear from their constituents; however, rent control and rent stabilization policies have been proven time and time again, not only to not necessarily help the people they're designed to help, but actually hurt them long term because of the topic we were talking about earlier.

It dissuades market capital from coming in and building the supply that we need, and if we don't have that supply, we're really just providing an opportunity for current renters and incenting them to stay in the units that they're in, without allowing opportunities for people who have not had access to those neighborhoods to get into those neighborhoods. And so long term, it hurts not just people looking for housing today and can't find it. It hurts people in the future. As we're talking about the regulatory and the time it takes in the development pipeline, we need to start building and building quickly today in order to ensure that Americans 10 years, 20 years, 30 years from now have access to housing. Rent control strategies, they're really going to hurt us long term.

**Alison Johnson:**

I know that NMHC was pleased that the Biden administration resisted calls to issue an executive order or to try to implement a national rent control policy. What is happening with the administration right now, and how is NMHC engaged in that conversation?

**Sharon Wilson Géno:**

This organization and many housing organizations from all different sides of the issues have been talking in dialogue with the White House for over a year now about different housing-related federal actions that could take place. There was a proposal from certain of those groups to create a national tenant bill of rights that, as I was speaking about earlier, would really add another regulatory layer over the state and local laws that govern the relationship between housing providers and their residents. On January 25th, the administration came out with a structure for these various federal agencies to look at opportunities and gather information about what would it look like if various federal regulations, including the CFBP, the Department of Justice, HUD, the FTC, and others, most notably the Federal Housing Finance Agency, were to make changes to their current regulations, that would create more oversight over that landlord tenant relationship.

So that that process is going to take place over the next six months. At the same time, a companion process that we were invited to participate with, and NMHC was pleased to do so, was a challenge, a voluntary challenge to real estate actors and industry groups that represent them, to try to come up

with ways, as an industry, that we can address some of these concerns that have been raised by a variety of groups, that there is an imbalance. It was phrased to us as a quote, "Imbalance of power in the property owner-resident relationship." So NMHC was very pleased to step up to the plate here, along with some other groups, so we're really doing two things. And many of the things that we're looking at and some of the other organizations are, we know that our members are already acting appropriately with their residents, because it's good business. Residential housing management and ownership doesn't exist without customers and satisfied customers.

Many of our members are already engaging in processes, and using really good solid business principles and interacting with their residents, but we're not advertising that. So one of the things we're doing is putting together a set of business principles for members to use as a guideline in their interactions in the relationships with residents. Again, a lot of it is what people are already doing today. We're just not talking about it, and we're not communicating it to our residents, so they may not know that we are truly providing transparent information, helping them with their credit, and doing some other things that are good, solid business practices, regardless. The other thing that we agreed to do, which it really dovetails on some work that was done by this organization, really great work during COVID, to create a website that has a variety of resources for residents in financial distress.

Certainly, there are residents in financial distress, and we want to be a good, solid partner with them in helping them find the resources they need to get over those humps before we have to walk down the road of an eviction or other kinds of action that needs to be taken. Many, many of our members already have been doing that during COVID, providing financial assistance to residents, giving them breaks on payment plans, and working things out with them, in an effort to help us all through the COVID crisis. But in the end, as we return to normalcy, it's important that resources be available for all buildings so we can make the maintenance, investments, and do the operation things that we need to do to ensure these assets are preserved, not just for the people that live in them today, but for people in the future as well.

**Alison Johnson:**

Thank you for that background and the outline of what is happening. If I remember correctly, one of the lessons learned through our rent payment tracker project and process was how attentive owners and operators were to resident needs, but more importantly, how it demonstrated how residents, themselves, were committed to paying that rent tracker.

**Sharon Wilson Géno:**

Exactly. And what we've seen in some communities, unfortunately, that have extended the eviction moratoriums and have extended some of the interference in the relationship already, is that it really hurts residents because they've gotten so far behind in the rent, that it makes it very difficult for them to get out of that transaction and come up with a viable solution, financially and otherwise. So our hope is that, by providing those resources, if a household is in financial distress, we can take care of that quickly, point them in the right direction, resolve those problems so they don't have a much bigger problem later on.

**Alison Johnson:**

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One of the other issues that gained much attention in COVID was the issue of inequity. Sharon, I think your experience, as a planner and a lawyer in the affordable housing space, would really come to bear here. NMHC has a long-standing commitment to informing principled multifamily business practices and access to affordable housing for all, as we just discussed. Can you share with us your thoughts on why a continued dialogue around diversity, equality, and belonging are important to addressing economic and affordable housing concerns?

**Sharon Wilson Géno:**

Thanks for that question, Alison. This is an issue that I feel like I've worked on a little bit, somehow and somehow, my entire career. Unfortunately, due to bad policy choices and systemic racism in this country, for many, many, many years, housing has been used as a vehicle to perpetuate that, and we now finally have some awareness and a moment in time, particularly following the murder of George Floyd and coming out of the COVID crisis, where we have attention on this issue and opportunity to create really important fundamental change and solutions moving forward. One of the things that attracted me to this position was NMHC'S long, really strong commitment to these kinds of issues, helping to elevate best practices, and working with their members to share solutions, and how housing cannot just be a challenge to economic opportunity, but an opportunity for more economic opportunity.

Apartment housing in exclusive communities, to the extent apartment housing has been allowed to be available to some percentage of people, has always been a vehicle for people of more modest means to have access to all the amenities that a more exclusive community provides. So creating more multifamily housing opportunities in those communities, so others can have access to them, is a really important first step. NMHC's done a couple of things that I think are really great. One, we have a very strong DEI initiative to help our own members think through what their challenges and opportunities are to create a more diverse real estate industry as the whole, create that belonging and awareness among people that work in this industry, and attract people of all different walks of life to come and work in multifamily housing.

I can tell you there have been hard days, believe me, but there has never been a day where I have not felt purpose and fulfillment in helping, in some small way, put roofs over people's heads, and so I hope that we're able to attract people of more diverse backgrounds to this really wonderful practice. But secondly, we've also been working on a housing equity guide here, and really elevating best practices and communities across the country so we can share those, not just with our membership, but with developers, community development agencies, policy makers across the country, so they can implement those and really help make change. This does not happen overnight, and I know that's very frustrating for people, because they're looking for easy solutions, but you have to get on the road to it sooner as opposed to later if you definitely want to make change. I'm excited that this organization has put time, effort, and resources behind being part of that solution.

**Alison Johnson:**

Thank you for that, Sharon. As we bring this episode to a close, maybe kind of lighten it up a little bit, how do you keep your focus? What do you do when you have a chance to not think about NMHC, to not think about housing policy in America? What do you do to relax?



**Sharon Wilson Géno:**

That's a great question. Well, I'm a recent empty nester, so I have two daughters that are now both in college, so I now have a little more time to relax than I did over the last 18 to 20 years or so. A number of years ago, I got very interested in the practice of yoga and meditation, so I have a little more time for that. I really enjoy being outside, so I'm a big hiker and we have a little cabin in the mountains, where I have opportunity to do that on a pretty regular basis, and when climate change allows, I love to ski. I'm looking forward to getting a little bit of time on the slopes. Unfortunately, we haven't had much snow in this area this year.

**Alison Johnson:**

What books do you turn to for insight or as a resource?

**Sharon Wilson Géno:**

I love books, so it's almost hard for me to pick ones that I like over others, because I really enjoy reading. I [inaudible 00:22:22] between novels and management books. I like management books a lot and books of inspiration. There are two that I've read fairly recently that I'll point to. One is a book by Cy Wakeman called No Ego, and it's a management book that really talks about personal accountability in the workforce, how you bring your best self to work, and how your accountability to yourself and to the others that you work with is really an important component of helping move an organization forward and of work fulfillment on an individual basis.

There's a lot of conversation in the book about trust, and how you develop trust with coworkers and building those bonds that help organizations be successful, so that's a fairly recent one that I've worked through a little bit. The other inspiration book that I go back to, and I periodically just read passages from it, is The Book of Joy, which was written by Desmond Tutu and the Dalai Lama, and it is just a lovely and lyrical book. It tells a lot of stories, but it's really about finding joy in small things, finding joy in challenges, and really purposefully seeking that out in your life. When I'm down a little bit or when I'm facing something, I try to go back and read that a little bit and be sure I'm trying to do that every day.

**Alison Johnson:**

If there were ever two wonderful, happy, joyful role models. Desmond Tutu and the Dalai Lama are certainly the ones I think of. Well, Sharon, it has been wonderful to have a conversation with you today and introduce you to our audience. Thank you for taking the time to speak with us at Code 53.

**Sharon Wilson Géno:**

Well, thank you, Alison, and thank you for doing this.

**Alison Johnson:**

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