

100: Advice from a centenarian

"How does it feel to be 100?"

"Beats the alternative."

— George Burns, on the occasion of his centenary

Today the Guru turns 100.

Having started my illustrious career as a temporary secretary scarcely removed from the Mad Men era, I've embraced the authenticity of learning through continuous observation, continuous experimentation and continuous writing. Having discovered and comprehended our industry by typing private placement offering memoranda (no computer word processors back then) and ranting at the stilted legalese, I've developed the knack for writing fast. Be clear, be blunt, don't hedge, because writing is thinking just as reading is thinking.

In that spirit, I launched the *Guru* monthly columns with a self-imposed mandate to "focus exclusively forward – what we think will happen, what ought to happen, what may happen and what needs to be avoided. Its orientation will be information you can use." Facing forward relentlessly compels urgency, optimism and creativity, because the future is made by those who imagine it first, and in writing these columns, my working principles have been these:

1. **Affordable housing does not exist in urban economic nature.** Loss of affordability is the inevitable and unintended byproduct of growing population, rising economy and technological innovation.

This means that housing unaffordability isn't a discrete condition of market failure to be solved by a one-and-done overhaul; rather, housing unaffordability is the chronic condition, and delivering requires continuous and continuously adapting constructive intervention. As each of these urbanization ecosystemic processes speeds up, the socioeconomic gaps between housing-haves and housing-have-nots rapidly widen even as the geographical distances between them shrink. Our work is never done, it just gets more complex to solve and more rewarding when we do.

2. **Housing is where jobs go to sleep at night.** For more than a decade-and-a-half I've been mining this phrase coined by Allan Kingston, then of Century



David A. Smith

Housing. Affordable housing is where foundational jobs go to sleep at night, and the city does not exist that has no poor people and no foundational jobs in it. Urban affordable housing is thus essential to economic development, genuine green sustainability, labor mobility and equality of economic and social upward mobility.

3. **America's future is urban.** While this country is blessed with abundant natural resources and wide open spaces, our innovative information economy thrives on the urban bustle. Job growth, city growth and affordable housing growth are thus inextricably intertwined.

Production or preservation are not islands of output but vessels that can carry people's lives and prospects to better futures.

4. **See the whole ecosystem.** This quote I've adapted from the brilliant Peter Senge. To make effective change, either of the policy/program environment or of your own organization within it,

evaluate the system not by what it intended to do, but by what it is doing. Then find the improvement with the biggest ecosystem benefit per quantum of change required, as judged not by what you hope but by what you can rationally simulate. This is not easy and it's often dispiriting

5. **Always orient to what the system should be used for.** Industries are machines of companies, people, products and commercial transactions. Because these vast machines develop an unstated but inherent logic of their own, when one enters the industry one

unconsciously absorbs that implicit value system, takes it for granted and assumes it immutable. It isn't. Someone needs to change it, and to quote Pogo, we have met the enemy, and he is us.

6. **The solution is its salesware.** The biggest obstacle to innovation in our astonishingly hidebound industry is lack of articulated paradigms that people can examine both for their outcome desirability and for their delivery feasibility. Don't expect policymakers, resource allocators or capital providers to be mad scientists; invent the breakthroughs and they will authorize, subsidize or capitalize their going to scale.
7. **Investment tax credits are a better kind of money.** Compared with grants, loans or any appropriated program, investment tax credits (those that are generally sold by a sponsor to an investor) are a species of resource better than all those our government has seen fit to legislate. Among risk transfer (pay after completion), outcome compliance (pay based on observable results, not the process used to create them), and collectible recapture (hit the investor, leave the property and residents unaffected), the LIHTC system outsources compliance, harnesses natural market tension between capital consumers and capital providers, and competes them. The 1986 LIHTC framers wrought better than they knew, and three decades later America is the better for it.
8. **QAP is DNA.** What is written today becomes market-selected reality in 2.5 years. And with 50-plus allocating jurisdictions and annual funding-and-feedback cycles, we have intelligent-design evolution on fast forward. That ups the ante on us to be ever-better solutions-salesware designers.
9. **Pioneering occurs beyond current resource boundaries.** LIHTC's virtual monopoly on federal housing resources has created a mental glare so that we who are experts inside the system can be blind to the urgent challenges beyond LIHTC's reach, the resources available to solve those challenges or the potential for creating products, programs and whole industries entirely free of LIHTC. Money doesn't create successful programs; successful programs create money. Pioneers wanted.

10. **Housing touches everything.** This resonated with me the moment I heard my friend Michelle Norris of NCR voice it on a panel. Though housing may not be the solution to every social ill, there is no social ill that can be solved without addressing housing. Production or preservation are not islands of output but vessels that can carry people's lives and prospects to better futures.

11. **Housing is worthy.** Worthiness gives meaning. Meaning creates profit.

Eight years' worth of monthly *Guru* columns haven't exhausted either my interest in the subject, river of ideas for how to better it or energy in pursuit of both.

One day there will be published the last *Guru* column. Happily, that is not today. **TCA**

Once you've reached 100, the odds of dying are low, because very few people die after the age of 100

— George Burns

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