Business Better (Season 2, Episode 26): Affordable Housing on the Front Range: Inclusionary Housing Ordinances and the New Middle Income Housing Authority

Speakers: Alejandro Monarez and Jeremy Durham

Steve Burkhart:

Welcome to Business Better, a podcast designed to help businesses navigate the new normal. I'm your host, Steve Burkhart. After a long career at global consumer products company BIC – where I served as Vice President of Administration, General Counsel, and Secretary – I'm now Of Counsel in the Litigation Department at Ballard Spahr, a law firm with clients across industries and throughout the country. In today's episode, we're joined by special guest Jeremy Durham. Jeremy is the Executive Director of Boulder Housing Partners. BHP builds, owns, and manages affordable housing for low and moderate income residents. Speaking with Mr. Durham is my Ballard Spahr colleague, Alejandro Monarez, an Associate in our Denver office. So now join Alejandro, and his guest Jeremy Durham.

Alejandro Monarez:

Hi, and thank you for tuning into this special episode. My name is Alejandro Monarez, and I'm an associate in the Denver office visiting our Boulder office to discuss some housing topics with my guest, the executive director of Boulder Housing Partners, Jeremy Durham. Jeremy and I connected over the Colorado Bar Association's mentor program, since he is also a licensed Colorado attorney, and we have stayed connected throughout the years. He has deep, innovative and collaborative experience developing and creating and preserving affordable communities throughout Colorado. Thank you for joining us. How's it been?

Jeremy Durham:

It's been good. First of all, thanks for having me today. It's a pleasure to do this with you and it's great to see you.

Alejandro Monarez:

Yeah, it's good to see you too. Let me first start out by saying that the topic of housing really has picked up over the past, I don't know, five years or so, definitely on the state and national level, hasn't it?

Jeremy Durham:

Absolutely. I think that state level, national level, locally, so many different communities are now struggling with housing affordability that perhaps weren't before, or communities that have historically had challenges with that are seeing new challenges that are on unprecedented levels. That has brought struggle to the working class, and I think it's brought a lack of balance to communities and employers, as they try to run a business in a community where the workforce cannot be stably housed through the market conditions.

Alejandro Monarez:

Yeah, and that's a critical component. The market conditions themselves aren't really addressing the needs of the population, right?

Jeremy Durham:

Yeah, that's right.

Alejandro Monarez:

First I'd like to dive into what has been on everybody's mind in Denver, not necessarily Boulder, but the expanding affordable housing ordinance that created that mandatory affordable housing article within Denver's code of ordinances. This is Denver's latest iteration of inclusionary zoning or inclusionary ordinance that we've seen more and more be passed across the nation. But first, if you don't mind sharing, what is an inclusionary zoning or an inclusionary housing ordinance?

Jeremy Durham:

Yeah, it's a broad term, but in my mind, an inclusionary housing ordinance or inclusionary zoning ordinance is a requirement within a municipality's code that any developer building a certain number of units either needs to build a certain portion of them as affordable, where affordable is usually defined in the ordinance as perhaps under 60% of the area median income or to be affordable to somebody who's earning at or below 60% of the area median income, but those definitions vary, some ordinances go to 80% and so on and so forth. The developer, under such an ordinance, would either need to build that and restrict the units and manage them to that level of affordability and qualify tenants to that level of income, or they would need to provide some other commensurate benefit to the city, typically a cash-in-lieu type payment or a land dedication or something like that, or perhaps, in Boulder, for example, will allow developers to build affordable housing offsite to meet that requirement. It's a broad term that encompasses trying to capture value at the development stage to ensure affordability within a community.

Alejandro Monarez:

Right, because absent that ordinance it's likely that the opportunity to create such units wouldn't exist, but for this ordinance. That alludes to what we were discussing earlier, which is the need and lack of response from the market has now created this regulation response.

Jeremy Durham:

Yeah, that's right.

Alejandro Monarez:

You alluded to Boulder having one, right?

Jeremy Durham:

Yeah.

Alejandro Monarez:

In your personal view, has it been successful? Obviously this isn't the view of Boulder Housing Partners, but yeah.

Jeremy Durham:

Yeah, I actually think that this could be my personal view or the view of Boulder Housing Partners.

Alejandro Monarez:

I see.

Jeremy Durham:

I think it's unquestionably been successful here in Boulder. When I look at the last five-plus years at Boulder Housing Partners, we have launched into a period of tremendous growth. Without exception, that growth has been funded through funds from the city that were generated through the city's inclusionary housing ordinance.

Alejandro Monarez:

I see.

Jeremy Durham:

We've added over 500 units in the last five years of affordable housing here in Boulder, where it's historically hard to do that, and every one of those units has been touched in a substantial way by city of Boulder inclusionary housing funding that was paid for by developers as part of their inclusionary housing obligation. Especially in a high cost, difficult to develop community like Boulder, using the traditional sources of low-income housing tax credits, whether they're the more generous competitive variety or the more modest non-competitive variety, layered with the typical state resources like home funds and CDBG funds is just not even close to enough to get you to the level of sources needed to put an affordable unit online in Boulder. To have this source to come in and plug that gap has been essential to how we've been able to do what we've been able to do.

Alejandro Monarez:

That's good perspective, because I know at least in the Denver market, the reaction to the newest ordinance in Denver has been not as rosy, I should say, in the for-profit market, but we can get to that in a moment.

Taking a look at Boulder's inclusionary ordinance, it looks like it's pretty straightforward, in that there are clear expectations and there's also a savings clause that no taking will occur without just compensation. Denver's ordinance doesn't currently have that. Also, Denver's ordinance appears to have more requirements and bells and whistles meant to entice developers to build more onsite, as opposed to those alternatives that you mentioned with the raising of the in-lieu payment fee schedules across the board for certain property types in Denver. It sounds like the funding is really where the bread and butter is in terms of plugging that gap, at least from your organization's perspective.

Jeremy Durham:

Yeah, I think that's right. I was not part of, but based on my experience here in Boulder, I can certainly imagine the kinds of conversations that were being had in Denver amongst stakeholders that would lead to an ordinance that is perhaps a bit more complicated and that is geared towards trying to get onsite affordability as opposed to what is often viewed as the lesser option of a cash-in-lieu payment or something like that, because we've had those conversations here in Boulder as well. In fact, they resurface every political cycle.

I think that certainly onsite affordable housing is great when you're able to get it, it's very rare though. There have been efforts in Boulder, perhaps less through the inclusionary housing ordinance but more through things in the zoning code to give density bonuses and extra story, that type of thing, to try to steer developers towards building their affordable onsite, as opposed to paying the cash-in-lieu fees. Despite good efforts and good intentions that just really hasn't come to pass.

But my perspective, and again, the perspective of I think the organization, is that isn't necessarily the worst thing, because ultimately when a cash-in-lieu fee is able to be paid, then it's going to go towards a project that is of sufficient scale and size to leverage other resources.

Alejandro Monarez:

I see, yeah.

Jeremy Durham:

Which means more affordability. When you look at onsite affordability, for example, suppose it's a range of 10% or something, even in a 150-unit development, that's 15 units. With 15 units, there's no way that you're going to be going to get tax credits or private activity bonds, you're probably not even going to be getting Community Development Block Grant funds or home funds or anything like that. You're just going to get what you're going to get.

When we take cash-in-lieu money that is funneled through the city of Boulder, that gets leveraged up and compounded with state of Colorado tax credits, federal low income tax credits, private activity bonds, other sources like that, project-based vouchers that push more units at more affordability than would otherwise be possible through onsite affordable housing. Then we're also able to ensure that the housing is managed by an organization whose mission is the service of low-income members of our community, which is really fundamentally important because of incentive structures. Our incentive is not to maximize revenue, but our incentive is to house. That makes a big difference over a long run and with a big scale, in terms of what are the outcomes that we see from the outputs of affordable housing that we get through our policies.

Alejandro Monarez:

That's a good point. I'm glad you touched on the expertise that housing authorities bring to the table in terms of developing and maintaining these units for the life of their affordability period, because oftentimes there isn't that 30-year, 40-year perspective for traditional developers who may not be looking at that point, but having a trusted partner, such as Boulder Housing Partners, be a part of the deal or lead the deal can yield more stability within the results versus publicly subsidized units going by the wayside due to oversight or mismanagement or other types of market conditions that generate that out of cycling of those units from these programs. Whereas, the incentive for Boulder Housing Partners truly is housing people. That's good perspective. I think just in general, in terms of these ordinances, what is the outcome? What is the desired outcome? Because I think most people would agree that the desired outcome is more affordable units for as long as possible. Now, it sounds like you're saying, and I don't want to put words in your mouth, that the inclusionary ordinances may lose sight of that at times.

Jeremy Durham:

Yeah. I think maybe it's less that they lose sight of that, because I think that it's been such a strong outcome from ordinances and I think that a lot of the conversations around ordinances tend to steer back to a perhaps idealized notion that in any 100-unit development, 10 or 20% of the units should just be affordable and it should be just as simple as that. I don't think it's that simple, and I think that there's opportunities that get left on the table to do more, to do more affordability, to build communities, which is another really big part of it.

Certainly, there is a place for mixed-income housing, and we've developed recently a number of mixed-income communities. We also hear from a lot of our residents that they really enjoy living with other people that are from the same economic demographic as them. It works really well to build community in those places and that they do a phenomenal job of building community in those areas.

Alejandro Monarez:

Yeah. That makes sense. Going back to the housing ordinance specifically, do you think that developers had viewed Boulder as less desirable and left, or do you think it was a lot of discussions and threats, whether or not they were carried out or not, from the for-profit development community?

Jeremy Durham:

Yeah. I wasn't here when Boulder's inclusionary housing ordinance was first developed. I can imagine that certainly that rhetoric existed prior to the ordinance being adopted, because I know that rhetoric existed just a couple years ago when the commercial linkage fee was proposed. Ultimately, it's going to be trial and error. I think communities are irresponsible if they don't see what's happening, in terms of free market housing economics, and try to implement inclusionary housing ordinances.

When you do so though, you do take that risk that there are unintended consequences and that perhaps an ordinance will need to be refined. It may be the case that Denver's ordinance, for example, is refined in a number of years, once there's data on the outcomes and feedback on the impact. Boulder's has not been refined in substantial ways, so that tells me it's worked pretty well. Boulder does a good job of reengaging with economic experts on a routine basis to evaluate things such as what is the price of that cash-in-lieu so that it's finely tuned as best as can be to ensure that it's not merely a deterrent to development, but it's actually maximizing the affordable housing benefit that the city can get through development that will still be economically profitable from developers that will still be motivated to build here.

Every community is going to be different because every market is different. In places like Boulder and Denver, there is tremendous demand for housing, which I think will drive certainly more elasticity of supply for developers that are interested in developing here. I'm going to guess that they can probably tolerate more than they'll let on.

Alejandro Monarez:

Right. You talked a little bit about the upside for housing authorities in terms of these inclusionary ordinances, have you seen a market uptick or at least a stabilization of partnering with some for-profit developers? Does BHP do that, or is it primarily BHP wants to develop as much as possible and therefore doesn't partner with for-profit developers that are subject to this ordinance?

Jeremy Durham:

Yes, we have partnered with a couple of for-profit developers. We have one partnership right now that is in its early stages, where developer is redeveloping a substantial parcel in Boulder. This is where a number of different city ordinances and policies come together, I think, to facilitate what will hopefully be a pretty good outcome, but they're required to either build affordable housing on site or pay their cash-in-lieu. That's one thing that's working there. They also were able to, in virtue of having a community benefit of affordable housing onsite, get some land use concessions in terms of open space requirements, density, that type of thing.

Those two things together drove them to partnering with us to provide the affordable housing onsite as part of that development. I think that's going to be a really productive partnership that will help generate a mixed-income community, a mixed-income redevelopment, of which BHP will own a portion and the private developer will develop and either own or sell off a portion.

We've also had other developers build offsite affordable housing and dedicate it to BHP, which is great. There's a number of reasons why a developer might do that as opposed to owning it themselves, but that does give you a little window into the mind of at least some private developers, in terms of the challenges of managing and remaining compliant with affordable housing. Which is one of the reasons I think we see so many developers opt to pay the cash-in-lieu as opposed to building onsite, because in this instance the developer actually went and built and made a dedication to us. Those are some of the partnerships that we've had in recent years.

Alejandro Monarez:

I definitely think having options helps, especially when affordability is largely due to the lack of supply, and so how to balance that line of overregulation, which will inhibit supply production, versus under regulation, which will also inhibit supply production as it relates to affordable unites.

Jeremy Durham:

Right, yep.

Alejandro Monarez:

That takes us into our next topic, which is that there's a lot of innovations happening across the state, and some may say innovation, some may say overregulation, depending on your perspective, but Senate Bill 232 this year created a new state housing authority known as the Middle Income Housing Authority. Seasoned professionals like ourselves know that housing is a broader continuum and that there's certain income levels based on how much money a person can make, what type of affordable unit they can have and how that leads them up into what our society views as the golden ideal, which is home ownership. But can you talk a little bit about what is middle income housing and is it affordable housing?

Jeremy Durham:

Yeah, I think to some degree that's just semantics, but the way I use the terms, I would define affordable housing as 60% of the area median income and below.

Alejandro Monarez:

Which is what the IRS and federal government…

Jeremy Durham:

Yep, that's why I would define it that way, because I think that really separating that term from its funding streams is impractical. It just starts to become a term that's less useful in our vernacular as we try to actually accomplish things. If we were to talk about affordable housing and incidentally use the term in a way where there isn't an available funding stream to accomplish what it is that we're talking about, then we're probably wasting our time. When I use the term affordable housing, I talk about 60% area median income housing and below. When I use the term middle income housing, that's a term that's I think in the process of being developed, because it's a relatively new need.

Alejandro Monarez:

Right, and it's been called workforce housing, for instance.

Jeremy Durham:

Workforce housing. I think about 80 to 120% AMI. I also tend to think about it in terms of home ownership, although that isn't exclusively the case, but the reason I tend to think of it in those terms is that the free market, even in places like Boulder, is still providing relatively affordable housing options, where affordable is defined as a third of your income for folks earning between 80 and 120% of the area median income. In terms of where a government intervention is or a market intervention may be necessary, less so I think on the rental side. On the home ownership side, certainly the market in Boulder is not providing any housing for folks to own between 80 and 120% AMI, that's just not happening.

Alejandro Monarez:

Yeah.

Jeremy Durham:

Yeah.

Alejandro Monarez:

Yeah, that's the skyrocketing price of homes. I think sometime before the pandemic, the average medium price in Boulder reached a million dollars, which is one of the hottest markets, if not the hottest markets at that time. It's not surprising to think, in terms of how we categorize housing in general, it's very important that we be intentional in our language. From my perspective, I agree with you, it's 80 to 120% AMI. Is it attainable to those individuals? I think for high cost living areas where wages haven't kept up, I think there's a strong argument to be made that it is affordable or attainable housing, but in terms of being mindful of using language that is attached to the subsidies, I think that's important too. With this new Middle Income Housing Authority, well let me back up and say, has BHP explored or completed any developments that contemplate serving the needs of this sector of the population?

Jeremy Durham:

Mm-hmm.

Alejandro Monarez:

If yes, how did it go, and if not, why not?

Jeremy Durham:

Yeah. We have explored and contemplated it, and we continue to do so on a semi-regular basis. When we've looked at the amount of subsidy required in Boulder to build and put online a middle income for-sale unit, it just gets to be astronomically high. It's very difficult for us to justify allocating perhaps twice as many local resources to providing a home ownership opportunity for somebody earning a 100% AMI, or 85% AMI say, as somebody earning 50 or 60% AMI to have a rental opportunity.

Alejandro Monarez:

Is that because there's more subsidies available for that lower income bracket?

Jeremy Durham:

That's right.

Alejandro Monarez:

Okay.

Jeremy Durham:

Yeah, that's exactly right. There's more subsidies available because there's state tax credits, there's federal tax credits. That is, I think, the biggest driver, is those sources that are available, which then produce an outcome where we would need to invest more of our organization's resource to house somebody at a higher income bracket. Part of it also though is that, as a housing authority, our mission is in part to house those with the greatest need. As we continue to drive in that direction, with a certain level of focus, it would be great if there was somebody else that could look at tackling these other challenges that are coming about, because for us, that prioritization, it's difficult to imagine a scenario where we're going to want to prioritize serving folks with higher income to own a home, because the real argument there is generational wealth, it's equity that that individual or family would gain over time, it's wealth building, which is certainly a need, it's extremely important.

Through the lens of a housing authority and the housing authority's priorities, it is likely not as high of a priority as ensuring that there is a roof over the head of somebody that may otherwise not have that, or that a family is housed in a way that is stable, for them to meet that fundamental human need for shelter as they go about living and working in this community, performing jobs that this community needs them to provide.

Alejandro Monarez:

Yes, critical jobs.

Jeremy Durham:

I think that where things have landed for us. We continue to look at it as something that could a development slot in five or six units of for sale middle income housing and it's something that we'll probably continue to look at on each development that might make sense for.

Alejandro Monarez:

That makes sense. From a mission perspective, perhaps the generation of more middle income housing units, whether they be for sale or rental, allows for upward mobility as people earn more and cycle out of the lower income programs, they typically find themselves facing a gulf in terms of their attainable housing that they can afford at that time. The production of middle income housing units might actually increase the availability of affordable housing, which is BHP's bread and butter and mission objective, as you mentioned.

This Middle Income Housing Authority was created in the Senate, passed. I think there were 52, or more than 50, amendments to the bill, so it was hotly contested or at least amended. Let me do a little overview of what the Middle Income Housing Authority is. It's a newly created special purpose authority that has brought tax exemption rights, or abilities I should say, and the ability to issue bonds. These bonds will be exempt from Colorado taxes. Really, it's purposes to purchase and use of property for the benefit of the authority and maintain it in perpetuity while partnering with local for-profit, nonprofit, housing authority, municipalities, to create this housing and develop it.

Housing authorities, local governments and developers may apply for project proposals with the authority. There is a limitation on private development fees, private sector development fees. I think the board is scheduled to be set as of September 1st, I think it's the deadline, but that board will be reviewing applications shortly thereafter because the bill calls for a pilot phase and that pilot phase is going to be actively seeking developments that it can really propose as flagships for the authority moving forward.

I think housing authorities may be uniquely positioned in that they do have that aligned vision, and expertise, I should say, in creating affordable units in that traditional sense, maybe some of that expertise can be transitioned since it isn't quite as regulated as we currently see for the affordable space, as it relates to middle income housing. What are your thoughts on that? I know that many housing authorities also have specific missions that limit them in their ability to serve certain populations. I don't know if Boulder Housing Partners has such limitations, but in the event that you don't, does this sound like something that you'd be interested in applying for?

Jeremy Durham:

Yeah, for us, we don't have that limitation, formally. I think that we do to some degree, historically. And in terms of the unstated implications of our mission. That said, I think that there's flexibility there. I think based on the conversations we've had with our board of directors, there's flexibility there. I think that the devil would be in the details. I'd be really curious to see what kinds of proposals they're looking for, ways in which this could play out, because like I said, when we look at new developments, we are routinely looking at whether it could make sense to do a portion as middle income. If there are new benefits that would get us closer to having that pencil out as a result of a partnership with the Middle Income Housing Authority, that would certainly be worth exploring. As a housing authority, we already have tax exemption so that obviously is not a benefit that would be worthwhile to convey to us. Although, I'd be really curious to see what other funding and partnership mechanisms could be set up.

Alejandro Monarez:

Yeah, yeah. I think they have broad bonding authorities, so being able to access that funding mechanism might be that untapped source that you referenced earlier as it relates to-

Jeremy Durham:

Certainly, yeah.

Alejandro Monarez:

There's a huge gap within middle income housing that just doesn't justify the expenditure of these more fungible funds, for lack of a better term. I would like to also highlight that the Middle Income Housing Authority also will be creating rules related to priorities of certain tenants and fleshing that process out. I know one of them is given to those who work in the area where the project is located. I think that's a critical need, especially in our mountain communities here. Boulder isn't necessarily a mountain community, it is closer to the mountains than Denver is.

I'm curious how this is going to play out across the state now that it's a state housing. Maybe it'll be such that most of the work will be in the mountains versus the metro areas, where it's already being served by, for instance, affordable units who are cycling out of the program for whatever reason and are higher than affordable rents now, but still below market rents.

Jeremy Durham:

I think those are really good insights. There are really key, fundamental differences between our mountain communities and our front range communities. An argument could be made that Boulder has tons of middle income housing, it's just in Westminster.

Alejandro Monarez:

Got it.

Jeremy Durham:

Or a little further down the road. These communities obviously have also seen housing increases as well, but there is at least the option for somebody who works in Boulder to own a home that's affordable to them within what would be considered for a lot of the country a very modest commute. Now, for me, I don't want to drive from Dacano to Boulder every morning, but by national standards that's not really a bad commute. There is that lifeline on the front range still, and that will eventually probably evaporate. There isn't that lifeline in the mountains, depending on the town.

And certainly not to the same degree. The need to house the workforce there, I think, is particularly acute. On the front range, it's acute as well, driven largely towards outcomes surrounding transportation, traffic and the environment, as well as community equity, where we don't have pockets of wealth and further away pockets of folks that don't have wealth. Those are all very important, but in the mountain communities it's just so particularly acute, because you can imagine a scenario where they have these great little towns and there's no one to work in any of the places because there's nowhere within an hour-and-a-half drive for them to actually live.

Alejandro Monarez:

Right, and even if they are within an hour and a half, each subsidy dollar provided within that housing unit is further limited by that commute time and the out-of-pocket expenses that that person experiences on gas, especially as that continues to rise.

Jeremy Durham:

Absolutely, yes.

Alejandro Monarez:

But to avoid this becoming a larger economic discussion on the state of our nation currently, I did want to also offer some time to ... I've been watching your career and I've been really excited and in awe of what you've been able to accomplish and wanted to see if there's any exciting new developments coming down your pipeline and that you'd like to share.

Jeremy Durham:

Thank you. Yeah, absolutely. We're rocking and rolling. We have a pretty healthy pipeline here in Boulder. We have actually our next eight projects lined up, which we had planned to sequence over approximately the next eight years, to grow another approximately 800 units or so in that timeframe. With the economic conditions that we're seeing now, that may or may not be possible. It'll certainly be possible to build out that pipeline and to achieve those objectives. It's our intent to try to do it as quickly as possible because the need is now, but we continue to see tremendous increases in construction costs. Increase in interest rates are really impactful to affordable housing developments. On a typical 60-unit project, a 1% increase in the interest rate is going to create a $700,000 gap that we need to fill. Then we continue to see construction prices increasing around 1.5 To 1.75% per month. That's something that we hope will come down or at least slow down in coming months.

Nonetheless, we're excited about what we have in the pipeline. We're going to be breaking ground this fall on a new affordable senior development in South Boulder at the former site of the Mount Cavalry Lutheran Church at approximately the corner of Broadway and Foothills. Beautiful Flatiron views, 60 units of pretty deeply affordable housing. We're getting down to a lot of 50% AMI units, 40% AMI units, some 30% AMI units, and a full fourth of the building will be for folks exiting homelessness, which is really great. Also, a lot of times people don't think about seniors as folks experiencing homelessness, but in actuality, in our permanently supportive housing communities, the majority of folks qualify for senior housing. It is a tremendous need and we're excited to be bringing that online shortly.

Alejandro Monarez:

Yeah. Will there be supportive services offered as part of that transition back?

Jeremy Durham:

Yeah, there will back. We'll be partnering with the Boulder Shelter For the Homeless, who's a phenomenal partner, and they'll help out with those supportive services as we move forward. We've geared a lot of our development strategy towards infill redevelopment in recent years. We acquired, a couple of years ago now, the RallySport gym here in Boulder, which was, I think, an institutional mainstay for a very long time, but they were closing their doors and we were able to jump on the opportunity to negotiate a sale there, off market, which we were really happy with. That will be next in our pipeline. We've applied to CHFA for competitive credits on that and are expecting to hear this September whether or not we're awarded that. That'll be 100 units affordable housing coming to the central Boulder corridor, which is a phenomenal scale for us.

Alejandro Monarez:

That's incredible.

Jeremy Durham:

It's the first time actually we've ever, by our own means, acquired a property we can build 100 units on, so that's a big deal for us. That's one that will be also serving a number of folks who have exited homelessness. We are targeting around 10 units there for those special populations. Again, able to reach down into area median incomes below the standard 60% AMI, so we're pretty excited about that as well.

Alejandro Monarez:

That's incredible.

Jeremy Durham:

Yeah.

Alejandro Monarez:

As they come online, have you found any innovative ways to reduce the uncertainty that rising interest rates face? Are you able to find a lender to give you a bridge, holding that rate at the current rate for however many months to account for a potential delay or something like that?

Jeremy Durham:

Yeah, so on something like Rally, which we're still in the phase of applying for tax credits, I don't know of a lender that would lock our rate this far in advance, but we were able to lock our rate on our Mount Cavalry development well, well in advance and that was tremendously beneficial for us.

Alejandro Monarez:

Huge, yeah.

Jeremy Durham:

That's helpful. We're just going to have to continue to work with our general contractors on the most creative ways we can to keep costs down. Then, as an organization, anything we can do to keep our operational costs down also has a positive impact, because every dollar that we don't spend on operations is a dollar that we can spend on debt service, which means that we can borrow more. Right now, we're looking at an environment where third-party contract labor has become astronomically expensive. We're looking at bringing in more workforce housing to Boulder Housing Partners, where we would do more and more work with our own employees. We hope and think that we can keep our operational costs low or lower them further. Those can be ways that can help us not only financially solidify our organization, but get more housing done because we're able to borrow more on each potential deal.

Alejandro Monarez:

That makes a lot of sense, yeah. Well, I really appreciate the time that you gave myself and our listeners today. We applaud the work that you do, and we're thankful that you were able to share some of your insights.

Jeremy Durham:

I really appreciate it, thank you.

Alejandro Monarez:

Yeah, thank you.

Steve Burkhart:

Thanks again to Alejandro Monarez and Jeremy Durham. Make sure to visit our website, www.ballardspahr.com where you can find the latest news and guidance from our attorneys. Subscribe to the show in Apple Podcasts, Google Play, Spotify, or your favorite podcast platform. If you have any questions or suggestions for the show, please email podcast@ballardspahr.com. Stay tuned for a new episode coming soon. Thank you for listening.