2022 Outlook: Industry Leaders Share Their Predictions and Priorities

Tiena Johnson Hall, David Brickman, Scott Hoekman, Daryl Carter, Emily Cadik, and Buzz Roberts look at the year ahead.

By Donna Kimura, Affordable Housing Finance, February 2, 2022

Affordable Housing Finance asked six industry veterans to share their thoughts about the year ahead. They discuss the importance of preserving existing affordable housing as well as the need for new policy solutions.


Tiena Johnson Hall

Tiena Johnson Hall, Executive Director, California Housing Finance Agency

Looking to 2022, I see a growing need for California's affordable housing industry to focus on preservation of existing affordable housing units. Resource availability to fund capital improvements and to ensure ongoing affordability in older units has been scarce over the past three years. In 2022, we can change that by being innovative in financing preservation. As an industry, we must find ways to fund preservation while relying less on the scarce annual allocation of tax-exempt bonds and 4% tax credits. Along with this, our focus on climate goals must be a priority. With that in mind, combining housing and energy retrofit resources to ensure that the existing affordable housing stock meets those climate goals is vital to creating a more sustainable future for California.

David Brickman

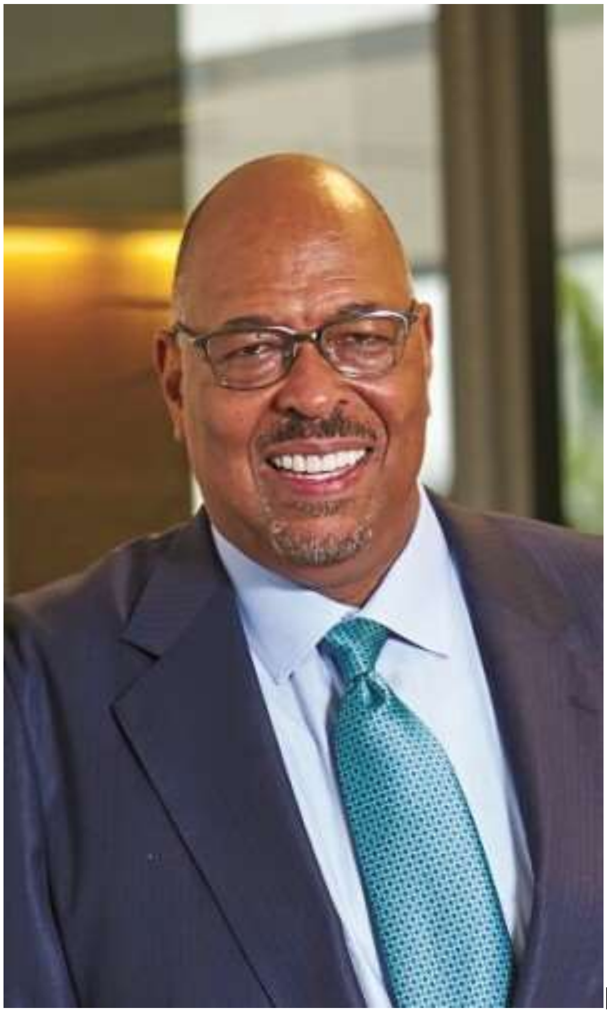
David Brickman, CEO, NewPoint Real Estate Capital

The tragedies associated with COVID are innumerable, but the virus appears to have had a positive effect in at least one regard—it has heightened awareness and focus on the urgent need to address this country's affordable housing crises. The importance of affordable and accessible housing has never been greater, and the recognition that more needs to be done to address the needs of renters and owners alike has grown. While it would be premature to say the battle is over, as we head into 2022 there does seem to be much greater willingness to consider new and expanded policy solutions to the issues of affordability, equity, supply, and access. And underneath almost all of these issues is the need to drive more capital and investment into the creation of new and the preservation of existing affordable housing. This creates opportunities—opportunities to identify the most-effective mechanisms to attract more private investment into affordable rental housing while most effectively leveraging the existing and hopefully new government and government-sponsored subsidy and finance programs we will see in the future.

Scott Hoekman

Scott Hoekman, President, Enterprise Community Partners' housing credit investments business

2022 could bring important changes to the affordable housing industry. A recent survey by Enterprise Community Partners and The NHP Foundation found that affordable housing stakeholders viewed programs that provided capital to grow the supply of affordable homes as among the most effective housing policies of the last decade. Bipartisan support for the low-income housing tax credit (LIHTC), our most effective tool for creating and preserving affordable homes, has grown in Congress in recent years, and an expansion of the program would have a major impact on developers and residents alike. The pandemic spotlighted and exacerbated our nation's housing affordability challenges, particularly in communities of color, and investors are motivated to play a role in addressing the crisis. If and when the politics align, we could significantly increase both new development and preservation activities.


Daryl Carter

Daryl Carter, Chairman and CEO, Avanath Capital Management

Our outlook for 2022 remains positive. There is continued and growing demand for affordable housing from both prospective residents and investors. Demand continues to rapidly outpace supply. As a result, we are likely to see increased capital flows to affordable and workforce housing this year, including both domestic and foreign investors. Federal, state, and local governments continue to make housing affordability a priority. Although one of the results of this is increased calls for rent control, we see that rental assistance—via the Section 8 program and state/local rental assistance programs—is increasing. Also, we will likely see more corporate entities like Amazon, Google, Kaiser, and Microsoft play a role in investing in affordable housing. Beyond this, we believe that we will see more multifamily investment growth in non-gateway markets this year. Work-from-home is shifting the demographic landscape of America. While cities such as New York, Washington, D.C., Los Angeles, and San Francisco will continue to be a major focus for investors and developers, other cities are becoming more attractive. Markets that are affordable and have progressive development policies such as Detroit and Raleigh-Durham, North Carolina, will continue to see growth. These are two markets where we are extremely bullish and plan to expand in these regions.


Emily Cadik

Emily Cadik, Executive Director, Affordable Housing Tax Credit Coalition

In 2022, we will work to leverage the support we have built to include housing credit production proposals in any legislation that advances in the new year. In 2021, affordable housing advocates built a broad coalition backing a historic expansion of the housing credit, and ultimately secured its inclusion in the most recent version of Build Back Better. Though Congress and the White House were not able to pass Build Back Better in its current form and the legislative outlook for 2022 is murky, our top priorities remain: increasing the allocation, lowering the bond threshold test, and enabling the housing credit to better serve hard-to-reach populations and communities—which would together finance 820,000 additional affordable homes. We will also continue to work with the Biden administration on regulations to support effective program operation and robust investment.


Buzz Roberts

Buzz Roberts, President and CEO, National Association of Affordable Housing Lenders

The first part of 2022 will be critical to the future of affordable housing. (1) If Democrats can revise the Build Back Better bill to Sen. Joe Manchin's satisfaction, the bill could greatly expand LIHTC resources, create the Neighborhood Homes Investment Act, and recapitalize public housing. (2) The three federal banking agencies will probably propose the most significant revisions to the Community Reinvestment Act since 1995, potentially providing the greater flexibility and clarity needed to grow bank investment and lending. (3) Persistent inflation could drive up interest rates, construction costs, market rents, and real estate prices, making it harder to make deals pencil out and encouraging LIHTC investment aggregators to prematurely terminate affordability. (4) Racial equity could get more tangible support from policymakers and practitioners, but a combination of polarization and short attention spans could blunt long-deferred progress.