

STUARTxBREE JONES__V1

Stuart Yasgur: Hi, I'm Stuart Yasgur and welcome to Economic Architecture.

For this week's episode, we're stepping away from our recent focus on wildfires and resilience to focus on another very important aspect of housing, specifically the access to affordable housing.

Stuart Yasgur: According to the Joint Center for Housing Studies at Harvard University, 42.9 million households across the United States are cost burdened. That means that more than one out of three households in the United States pay more than 30% of their income just to put a roof over their heads.

At the same time, according to LendingTree, there are nearly 15 million vacant homes in the United States. There's an especially high proportion of vacant buildings in cities like Baltimore, which has around 15,000 vacant buildings.

These buildings are mostly concentrated in historically black neighborhoods across the city, which reflects the legacy of racialized policies, including urban renewal and redlining. At this point, it's a national crisis.

***Bree Jones:** I was like, really? I was resisting it for a long time. Are you sure Bree? Like you have this really great job on Wall Street. Are you sure you want to do this crazy thing?*

Stuart Yasgur: This was a special conversation with Bree this week. Bree Jones, the founder and CEO of Parity homes, is a genuine innovator. She combines the big vision to see solutions with a disciplined focus to create concrete examples of real change. Parity Homes is an organization seeking to spark upfront demand of affordable housing by creating new pathways to greater accessibility. And she's done the hard work to figure out how to do this at scale.

***Bree Jones:** Housing is a universal crisis and it's a universal, right? And I think that is like a way that we can scale our work that's not super capital intensive.*

Affordable housing is not just a matter of the developer making the house affordable because that is a lever, but you also need people to have access to good paying jobs. And to have access to jobs, period.

Stuart Yasgur: Bree was a spotlight innovator from the first valuing homes and black communities' challenge. We ran in partnership with the Brookings Institution, and we've known each other for more than five years now.

In today's conversation, Bree invites us in and she walks us through her own thoughtful and intentional journey, developing an innovative approach that can help address the housing crisis.

Stuart Yasgur: Hello, Bree. It's so good to see you. Thank you for joining us here today.

Bree Jones: Hi, Stuart. Yes, anytime. I love economic architecture. I love the work that you guys are doing, so I'm so honored to be invited, and I'll come back a million times as many times as you need me to.

Stuart Yasgur: That's fantastic. We're definitely inviting you back. Part of our goal today is to understand Parity homes and the work you're doing. Would you be willing to start us off and take us all the way back? Where'd it start? What was the day that you had the idea to start Parity Homes?

Bree Jones: Yeah, so this would take us back to about 2012, 2013. I was a young recent college grad bright-eyed and bushy-tailed ready to start my new life as a young adult life in corporate America. And I was working on Wall Street, doing really well, young 24-something year old, just really excelling and growing and doing really well in that profession.

But around that time, Trayvon Martin was murdered. And for me that was very much so like my George Floyd moment. And it just catalyzed me in so many ways. It opened my eyes to the experience, at least for black Americans that we have in this country--the assumption that we don't belong where we belong.

If folks recall, Trayvon Martin was walking home, he was in his community walking from the corner store back home. And his killer targeted him thinking that he was, I don't know, doing something illegal.

And that kind of just really sat with me because it made me realize that even though I was this like upwardly mobile, young black woman on Wall Street individually making really good money, I saw Trayvon Martin as like my future son or like my little brother.

It doesn't matter if you're economically doing well, if you're still living in a country that by default assumes that you are the enemy or assumes you shouldn't be there. And how important is it that black folks have community and they have access to space that actually was built for them and that wants them to be there and assumes that they shouldn't be there.

Bree Jones: So all of this was going on, and then this dovetails with gentrification that I started to experience in real time in New York. Gentrification had been happening in New York for a long time in Brooklyn and in Harlem, but it took its time to get to the Bronx and Westchester County, which is where all my formative years were.

While I was going through this internal revolution with Trayvon Martin's murder. I was seeing also in real time that like people that I grew up with and neighborhoods, that I had traversed for years people were getting pushed out. The neighborhood was changing and it was gentrifying, and I just felt all of these like feelings all at once and I was just being called or pushed to ask myself: *what can I do about this?*

Bree Jones: I had always wanted to start my own business. I had that entrepreneurial bug since I was a little girl, but I didn't know what I wanted to start a business in or on. And it dawned on me that was what I was being called to do, was to create space where we could do development in another way that didn't push people out. And we could do development in a way that centered the outcomes of residents who were there before, particularly black Americans.

2018 is when I like really decided that I was going to embark on that journey. And January 2020, I incorporated the company--granted, COVID was just a few months away--but I haven't looked back ever since.

Stuart Yasgur: Can you fill in the gap going from New York to Baltimore? 'cause you parity homes is in starts in Baltimore.

Bree Jones: That is, yes, that's correct. So, I got my feet wet by doing my first project in New York. So, I had been saving up to buy. My first home, I had been living with my mom up until 26, 27 years old. Which, "thank you, mom!" because that helped me save and all the good things.

But I decided instead of using my savings to buy my own home, like where I would live, I bought one of the last vacant dilapidated buildings in the community and did a full debt renovation on that building to create. Perpetually

affordable rental apartments for the families that were, of lower incomes that I could see were being pushed out. Drastically.

So, I was able to buy that vacant property for next to nothing because at the time, like gentrification hadn't fully hit. I could see it on the horizon, but it hadn't fully hit. I was able to get that home for just about \$200,000, which in New York is like unheard of and wow. And I was able to pass those savings along to the families who to still to this day, they still live there. I have not raised rents in...it has been eight years.

I tried to go to the next building and within about a year's time the values in the neighborhood had quadrupled. So, it went from a \$200,000 home to the houses in that neighborhood being sold for \$800,000 and up. And I just could not, I was immediately priced out. I just couldn't afford to, be getting into bidding wars with speculators who are paying all cash and paying over asking, and pushed out of New York, essentially.

Bree Jones: I said, okay, where can I do this? Like, where can I do this at scale where I'm not going to be battling people with deeper pockets? And that is what kind of formed my thesis that I actually, to do this work at scale, you have to get ahead of gentrification. You have to get ahead of markets that are already hot and you have to, which means you have to be in markets that are cold and what are markets that are cold markets with high rates of vacancy. And that's where I started. I did some research like top 10 cities with the highest percentage of vacant properties: Chicago, Detroit, St. Louis, Cleveland, Memphis, but Baltimore. The rest is history.

I drove down to Baltimore, and I just remember driving into the city and feeling like I'm home. It reminds me so much of New York, their sister city, they're kindred spirits. We have the brownstone in Baltimore, they have the real home, but it's just so warm. It's a warm city. It's just a warm, resilient, gritty city. But there's also a lot of economic reasons that I made the decision for Baltimore.

Bree Jones: Affordable housing is not just a matter of the developer making the house affordable because that is a lever, but you also need people to have access to good paying jobs. And to have access to jobs, period. And that was the one thing you know about Detroit, which no shade to Detroit. 'cause there's, a lot of great things about Detroit, but with the loss of the car manufacturers just being in like a mono monolithic, like economic producer with cars, it just put the populace in a little bit of limbo. If that leaves, then where do the jobs go? Whereas Baltimore is such a strong economic center.

Stuart Yasgur: I also don't think people understand just what the housing market looks like in Baltimore. 'cause you talk about the housing market in New York and like from one year to the next, price is going up. Four times. Which is insane, but in Baltimore, the market's totally different. Like the number of homes that are available can you help people picture what the housing looks like in Baltimore?

Bree Jones: So, we have 15,000 vacant buildings in Baltimore and 23,000 vacant lots. And they are mostly concentrated in historically black communities. And this is a derivative or a remnant of racialized policies, whether it's redlining, which I would hope everybody who's listening to this knows what redlining is.

Urban renewal, which Robert Moses was like the kind of pioneer of urban renewal in this country and basically gutting black communities and demolishing black communities to make way for highways.

So, in the neighborhood that we're working in, it's dissected or bisected by a highway that Robert Moses helped build. He wasn't just in New York, he did his work across the country eminent domain block busting, and just decimated these communities.

15,000 vacant buildings, 23,000 vacant lots. We're just trying to revitalize, the neighborhood. But hyper vacancy, it's very difficult. It's a very tricky housing stock, but I think we've figured out the pieces of the puzzle to make this work at scale.

Stuart Yasgur: And you've been incredibly powerful at helping people recognize opportunities where they weren't seeing them before, where they were seeing all the problems piling up one after another.

Bree Jones: The first thing I'll share is that I am like really excited about the, about vacants because, nationally, I think we, we have a deficit of about 3 million homes. We need 3 million more homes or more units to meet the housing crisis. But we have 6 million vacant, abandoned properties across the country. So for me, that's okay, like that's an interesting, like phenomenon.

Bree Jones: First picture, like some of the most beautifully built architecturally rich structures in the world. Baltimore was settled by the Dutch in the, early 18 hundreds. And the Dutch were some of the most premier city planners and builders across the world. And then you have all of this beautiful masonry in the form of these rural homes. That is actually the main reason why these homes are

still standing, to the state where the interior is collapsed. And the roofs have caved in, but the brick shells are still standing because they were crafted by the most talented masonry workers probably in the country, if not the world.

So, you have this really interesting juxtaposition of beautiful architecture, but boarded up windows--roofs that have collapsed and debris on the street and trees growing in the houses. We have the homes. If we could just bring those back online, just bring them back to productive use, then we would quickly solve the housing crisis. It's not that we don't have enough land, it's that we are not using the assets we already have. Where some would see vacancy as like a, just tear it down, just get rid of it, I see it as an opportunity for us to do meaningful work and also really meaningful equity work.

And that's the other key is that like working with vacant properties actually gives you an amazing opportunity to ensure that the end outcome of those homes, of the blocks of the neighborhoods where you're doing that vacancy work, you can ensure that it's affordable housing, you can ensure that people aren't being displaced.

Once a neighborhood is already gentrified, then you're just doing like mitigation, you're trying to lessen the harm. Whereas in cities that have hyper vacancy, you have just such an amazing opportunity to proactively get ahead of that harm and ensure that the outcomes are equitable.

Stuart Yasgur: Yes, it's a big idea. It's a re-understanding of something we've been looking at before, but it's seeing that, okay, this is really translating into people moving into homes. And there's an ownership pathway here, not just for individuals, but for entire blocks in communities. And so, I think it's been remarkably powerful and that the impact of your work goes yes, it's individuals, but it goes even more broadly than that.

Stuart Yasgur: I think that's in your work, one of the things you help people see is also the importance of community in dealing with this. So it's not just one home at a time or one family at a time. But rather, how do we start to come together?

Bree Jones: Yes, absolutely. So when I moved to Baltimore and didn't, I didn't know a single soul, but I just knew I'm going to do this and this is like the opportunity of a lifetime. I basically just immediately tried to start raising money to buy some of the buildings and renovate them and sell them, and I went back to all my Wall Street buddies and said, "Hey, can I have a million dollars to do this work?"

And basically, everyone was like no. They told me all the reasons why it wouldn't work, why Baltimore was not viable. And the feedback was like, no one wants to live there. Those were their precise words.

Bree Jones: People are fleeing the population's going down. Everything is a mess. No one wants to live there. And all I could think about was like, I wanna live there. Like I *want* to live there. And there must be at least 20 people like me, if not more. I could see that those investors were thinking with a traditional capitalist, anti-black deficit based mindset and that they had a huge blind spot.

That was the best thing that could have happened to me in my entrepreneurship journey, because it forced me to say, all right. Big capital. If you don't think there's an opportunity here, I'm going to work with people on the ground to prove to you that there is an opportunity here.

And so that's really where our collective was born. I basically talked to anyone who would listen. I gave them a picture of the block and then I had an artist who a rendering of what the block would look like if it was renovated, and I just showed them that picture. I was like, "Hey, if we were able to buy every vacant building on this block, renovate it beautifully, would you want to live here?"

And everyone said yes. And so very quickly we built this collective, which were people who just were basically willing to say, yep, if you can Bree this money so she can renovate this house, I will live here. And that collective, they went with me to meetings with investors. They went with me in meetings with the house of the department at the city.

They were fully bought in, and some of those folks have been with me really since 2020 when I first conceptualized the idea, and now they live in a parity home. And so that. Allowed, demonstrating that market is what kind of got us on the radar of key like philanthropists.

Our first big grant came from JP Morgan Chase in 2022, where they gave us \$2 million. And that was really like the start of our work. I was able to pay myself a salary for the first time. I was able to hire team members. We've since acquired 50 properties and we've completed seven. We're on track to complete 20 this year, and our goal is to continue to grow our output.

Bree Jones: Our big ambitious goal is to do 200 homes per year. Now it's still a drop in the bucket and who knows, maybe we'll, do more, but 200 homes per year. It feels like something I can hang my hat on and I can retire at that point, hopefully just in a few years.

Stuart Yagur: We need a lot more Bree. *[Laughter]* I don't think we're gonna ready for you to retire yet. We like, we're looking for to many more years come. That's an amazing trajectory. So, you completed the first seven homes, and how many of those seven folks are we're with you right from the very beginning?

Bree Jones: Pretty much all of them? And I remember seeing those first homes being completed and people starting to move in. It was amazing. These are gorgeous homes and if people haven't been to Baltimore, if they haven't seen the homes that you've created. They're beautiful. They're row homes. There's like in neighborhoods where the infrastructure is there for public space and for community. Yes. And for community to thrive.

In a way where you think this is contemporary, urban exactly. Living in a way that families can genuinely be there with community. They're amazing. Exactly. I think like everybody went through the homes is this is gorgeous. I would love to live here.

And so going from seven homes to 20 homes. This is big because you're taking homes that you know, really have been underinvested in or disinvested in and for long periods of time. So there's a massive effort and bring together the. People who will eventually own the homes, the financing, the actual work, the redesign, rebuilding of the each of these homes. And so to go from seven to 20 as a brand new startup is a huge step forward.

So yeah, how do we keep going? I cannot speak, enough about the importance of mentorship in this industry. But, so both of my coaches or mentors are in the home building space. And I was meeting with one of them this morning and he said that as a leader you have two directives.

The first is profit protection, he was a for-profit builder we'll cut him some slack, where he might say profit protection. There is something to be said for a nonprofit about stewarding your funds correctly and making sure that you have sustainability to keep. Going so that you can continue to deliver your mission and your impact. So that's one.

The second is developing your people. Those are the only two things as a leader that like you really have to. Concern yourself with. My team has been the hardest thing in the world. I had never managed before. I just did not know how to lead people. I just had an idea, and I just assumed I just hire smart people and they'll figure it out and we'll just get it done. But no, you must nurture people. You must understand their strengths and weaknesses, and you have to help

guide them to be their best selves in purpose of the work or of the mission in service? Of the mission.

So, my growing like over the last few years has been getting myself and my team to this point where I feel like now, we are all rowing the boat in the same direction. And it's just so exciting because I'm seeing in real time how that's resulting in lower construction costs. Quicker construction times and our ability to deliver to our home buyers effectively.

Bree Jones: That's why we're able to go in three years from, seven homes to now 20 in one year. The other thing, again, back to that profit protection is that I'm starting to raise our next round of funds that kind of put us into a more mature stance as an organization, we historically have been entirely reliant on philanthropy. That was great to get us started, but it's not how we're going to be able to scale and continue to do this work.

So we're just now starting to leverage debt and for a long time I was debt averse. I was really afraid of debt. Like I just did not want to be in a place where we wouldn't be able to pay our lenders.

But now, at this point we've leveraged just under a million dollars of debt funding. We're about to close on our next million, and I really am excited about debt because that is how we do more homes at a time. Responsible debt, we're not over leveraging, but that's how we reach scale.

I did a talk yesterday where I was speaking with entrepreneurs who are starting out in a space, and they were like, "How do you keep yourself encouraged? This is such a big challenge. It's so hard."

And my answer to them was like, I'm encouraged because this is a solvable problem and it's a winnable game. I know it seems daunting. And it is, it's a lot, but it's winnable.

Stuart Yagur: And it's commonplace today to talk about the housing crisis. And that housing costs are going through the roof and the people can't afford to purchase a home or have housing security. And these are real problems affecting families across the country and, parity is an example. It brings the bigger vision but also real concrete examples you're also extending an invitation to say, okay, come look, you can do this. It's not easy. There's a lot of hard work. But as this gains more and more attraction and people start to understand it better it also becomes more accessible to people.

Bree Jones: A hundred percent.

Stuart Yasgur: So, creating 200 homes is an incredible achievement. But you also need to be joined by so many others. So how do more people come and join you in this work?

Bree Jones: There are so many ways one, we're hiring, so go look at our website to look at some of our job postings. Great. We'd also love volunteers, particularly people who have a specialized skillset that can help us, on a project basis.

Two, we're always looking for funders, folks who want to be a part of a creative capital stack to do this work at scale. But I think more broadly, I would say that so this like notion of scale, it keeps coming up and, there are pros and cons to scale. I think the cons are that like as a capitalist society, like this push to always scale, do more, I think has great consequences for people and for our planet.

But if we're looking at the positive side of scale, it allows us to deliver more impact, change people's lives, get people into healthy homes so that they can live healthy lives. Of course, there's this future where maybe Parity is in Chicago, Parity is in Detroit. We opened offices there. That seems like a lot of fun, but that's not the only way to scale. Like maybe in the future, we just decide to create like a toolkit and disseminate that toolkit, and then others, apply the toolkit according to their own discretion. But at least we've given we've given the tools.

Another way to think about scale is stories. I think you can scale by changing people's hearts and minds, and you change people's hearts and minds through effective storytelling. I think like development without displacement. Yeah. Was a term that I started using in like 2018, 2019 that we're seeing I think that's, everyone now knows what development without displacement means. I won't take full credit for it

Bree Jones: I'll claim that I contributed to it. And so that's like a small thing where like effective storytelling people now understand, oh, gentrification isn't a good thing because oh, if it's pushing people out, no, we don't want gentrification. Yeah, we want a grocery store, but we don't want to the harm that comes with it.

And so just like changing that shared language and vocabulary I think is powerful. Humanizing. People who need affordable housing, but also

contextualizing, we all need affordable housing. I need affordable housing. You need affordable housing. Like just changing the way that this work is talked about. So, it's not othered like, oh, those people, no, all of us.

Bree Jones: Housing is a universal crisis and it's a universal, right? And I think that is like a way that we can scale our work that's not super capital intensive.

Bree Jones: When you change people's hearts and minds and people make up institutions, people make up systems, then hopefully we'll start to see those systems shift.

Stuart Yasgur: We're huge supporters and fans of you and the work that you're doing at Parity. And having seen it likewise in first person, it's remarkable to see the change you're making and the ripple effects that the story and powerful example are having.

Bree Jones: Thank you so much, Stuart.

Stuart Yasgur: Great. Thank you for taking the time with us today.

Bree Jones: Thank you.

Stuart Yasgur: This was a very meaningful conversation with Bree. Her work stands as a concrete example of the progress we can make to provide affordable home ownership. It also shows us how we can reclaim and reinvigorate the assets and communities that have been disinvested in.

Stuart Yasgur: There are at least two other really important lessons we can take away from Bree today. First, she's keenly aware that growing her organization and increasing the number of homes she's developing is only one of the ways that she can scale her impact.

Stuart Yasgur: She can also scale her impact by sharing the models and tools that she's developed and by spreading the ideas through stories and the power of example.

Stuart Yasgur: And by sharing her own story, Bree is implicitly extending each of us an invitation to take a step forward and act. It's been a privilege to see how Bree's work has grown over the last five years, and I look forward to seeing the impact she'll create in the next five.

Stuart Yasgur: I'm Stuart Yasgur. This is Economic Architecture, the podcast.

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