

Economic Architecture Podcast - Transcript:

The following transcript has been edited for clarity:

Stuart Yasgur: Think for a moment of parents that you know, who bought a house, and they raised their kids in it. Now the kids are grown, and they've moved outta the house. That house is bigger than the parents need for themselves. And over the years, the price of that house has really gone up, and now it represents a big portion of the wealth that they're gonna rely on in retirement.

Stuart Yasgur: But how do they access the capital?

Stuart Yasgur: Well, they could downsize and sell the house, but if they do, they probably have to leave the neighborhood where other homes are just as expensive. And it's not just about changing homes, it's also about leaving a community.

Stuart Yasgur: Starting over in a new community, especially at that age, exacts a real toll.

Stuart Yasgur: So too many people, unfortunately, are starting to feel trapped by the very homes that they work so hard to pay for.

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

Joshua Morrison: Our built environment really affects how we live.

Tamara Knox: You know, I think we're all watching what's happening in this country and trying to figure out what we can do.

Stuart Yasgur: This week, I spoke with Tamara Knox and Josh Morrison. They're the co-founders of an incredible organization called Frolic. Homeowners can work with Frolic to redevelop their property. They can transition from single-family homes to a co-housing community.

Stuart Yasgur: It gives them the opportunity to design and build a new home for themselves in this stage of their life. While also building other homes on that same property for young families, for couples, for young people just starting their professional lives.

Stuart Yasgur: This enables people to stay in their community, access the capital that's tied up in their home, and it creates opportunities for others to become homeowners and live in that community.

Joshua Morrison: When we drive up a driveway, park in a garage, and go inside, we don't get those opportunities to meet our neighbors on a daily basis. Less than 40% of people actually oriented nuclear families. It's a much smaller segment of the population. There's so many people that are single parents, a large home isn't really actually meeting what people are desiring, but it's what so much of the housing stock is.

Tamara Knox: So many people have resources, and I think there's the question of how do we use our resources to make sure that we're gonna be safe ourselves, and not just give them away.

Stuart Yasgur: Single-family home ownership is a cornerstone of our communities, of our housing markets, and our financial markets. But for many people, it's not working.

Stuart Yasgur: Frolic offers people a different choice in redevelopment. The team has done the hard work to make it as easy as possible for existing homeowners, new residents, bankers, and developers. But more important than the design and engineering work that they did to create Frolic, I think is the significance of what they've accomplished.

Stuart Yasgur: Frolic offers a new form of home ownership by introducing a structural innovation. Tamara and Josh have redesigned a core structural element in our markets, our approach to housing, and they've created something that works better for many people in society.

Tamara Knox: There's a lot of people who own a single-family home in a neighborhood, and there can be an incredible amount of development potential where currently there's only one home on the lot, but maybe the city can allow for six, 10, maybe even 20 units on the lot.

Tamara Knox: And a homeowner, they have their equity, and they have their land, and there's all this potential there. And so, what we're doing is

creating a process where they're able to work with a developer and redevelop their land to build a project they're really dreaming of living in.

Joshua Morrison: And we partner with people that live on single-family lots. We redevelop their land with them, working with other partners, and then we create communities that are, think of these small pocket communities, very ground-related, often car-free courtyards and space that kids can run around with community and amenities where people live, and they own their homes.

Joshua Morrison: And we use an ownership structure that allows people to buy the homes for 10 to \$30,000 down payments. So, we're adding density, adding supply, but also creating homes that are accessible and attainable to people who historically have been left out of this market and have been historically renting at a very high level. That's the work that we do.

Tamara Knox: I think one of the problems we're trying to solve is what's the new development that gets created in our neighborhoods and our cities, and how do we shift what is getting built to be able to match what people are really desiring for themselves?

Tamara Knox: There are so many people out there that have really stable incomes, and they can afford mortgages, but they don't have inherited wealth.

Tamara Knox: And they don't have this giant nugget of capital that they could use to buy a home. And so, the market is really just missing that opportunity of recognizing how many people are out there that want to own a home. Again, have stable incomes, but have maybe 10 or \$30,000 for a down payment.

Joshua Morrison: And then at the same time, what we're seeing from a policy kind of shift nationwide, but especially in states like Washington, California, and Oregon, where you're rezoning single-family land for more density, and it's happened the state level, it's happening at the city level.

Joshua Morrison: We have such a huge housing crisis in the country, and at the same time, there's all this potential for new development to happen that's not currently unfolding or happening. Those intersecting pieces, what Tamara shared about people not being able to access

homes and ownership, but also just this potential for redeveloping neighborhoods.

Stuart Yasgur: I wonder if I could share one of the quintessential cases that comes to mind for me, and you can kind of correct me where I'm getting it wrong a little bit. One of my oldest friends is named Ken, and he's thinking about his parents, who have lived in a community. They moved there when they were young.

Stuart Yasgur: They bought a home; they raised their kids. The kids have grown up, there are now grandkids. They're okay financially, but now they live in a house that's way too big for them. In a community that they love, a lot of their wealth is tied up in that home.

Stuart Yasgur: So, they're looking and saying like, well, what choices do we have? If we wanna take some of the wealth outta the house, then we have to leave our community. But if we wanna stay in this community, we have this house that's too big for us, and expenses that we don't need. And we're also a little bit isolated 'cause we're no longer a part of the family with young kids.

Stuart Yasgur: And you know, I think part of the vision of Frolic is that by working in this model, they could live on that same land in a house that they helped design, but with a whole group of different neighbors who may be at different stages. So, there may be a couple of young families, there might be single individuals, there may be people at their same stage of life, where they all have private spaces, but also communal kind of spaces to come together as a community. And they can take some of their wealth off the table. They can still live in their community, they still have ownership of their property. And by doing that, all these other people to also become homeowners and residents in that community as well.

Tamara Knox: I think that's exactly that. When you have new development, you have all this new value that gets created in the process. For them to take what is currently maybe a large single-family home, or maybe it's a modest single-family home, by adding more units on the property, they're actually making a lot of money from that process.

Tamara Knox: So, it's a good financial move for them to redevelop their land. But at the end, the home that they end up with, it'll be paid off. So,

their monthly expenses to owning a home is also reducing. Think about folks that are retiring or close to retiring, and that's a scary kind of proposition. So, you have the ability to really think about the way that you wanna live and who you want to live with, staying in your neighborhood.

Tamara Knox: You have this investment vehicle in your home and you're able to use it to not only invest in something that makes money, but invest in something that you want for yourself and then to the point that you landed on is what you're ending up building can be something that allows all the people in your neighborhood to be able to also buy in.

Tamara Knox: And I think that there's something that, we're constantly having this conversation... I'm just thinking of Mary, one of the homeowners we work with. I think we're all watching what's happening in this country and trying to figure out what we can do. So many people have resources, and I think there's the question of how do we use our resources to make sure that we're gonna be safe ourselves, and not just give them away, but then also layering them in such a way that can help other people feel more stable and protected and envision their future.

Stuart Yasgur: I think that's a really powerful point, especially at this moment. And I think, you know, one of the things that you've both done as kind of co-founders is you've envisioned an entirely new way for people to think about developing homes in this country. Right? Like, and so it takes a little while for people to wrap their heads around it.

Stuart Yasgur: But, it's also one of these unique moments where it's economically better, but it's also reinforcing kind of community bonds and connection.

Tamara Knox: And I think a big piece of our work is the idea of someone just redeveloping their land on their own is terrifying. It's completely confusing, and it's scary, and you're taking your most precious asset of your home, which is your future security.

Tamara Knox: And so, a lot of what our work is kind of helping someone navigate that process, and instead of just being daunted and overwhelmed by it. Being able to really dream of what they want, but have those dreams fit into understanding the systems around them. Understanding, like we're bringing the development expertise, we're helping them partner with developers and also bring their development

expertise and understand how do you get a bank loan, how do you get your project permitted?

Tamara Knox: All these little pieces that are required that often don't have access to. And that learning curve is really giant. But if you can access that expertise, you already have so many resources as a homeowner that a developer is craving and desiring in order to do a project. So, you have a lot of power already from the very beginning.

Joshua Morrison: You know, if people come to our website, they can see project Corvidae Co-op that was finished a little over a year ago now, is 10 homes as a 7,300 square foot lot. There are four structures that the 10 homes are within, two detached larger homes, and then six that are between the other buildings. There's a courtyard between them that's a car-free space where people garden, they have outdoor furniture. One of the ground floors, one of the buildings, is a large kitchen-dining room that the residents have decided to do meals in as a bigger group.

Joshua Morrison: They cook once a month and then two days a week, someone from the community's cooking. There's a shared guest room. It's a mix in ages from like, six months old to mid-seventies. And the kids hang out with all the other adults. The adults hang out with each other. None of them knew each other before moving in, but because of that sort of environment, they slowly started to get to know each other.

Joshua Morrison: You know they park and then walk into the community. And I think they're crossing each other's paths on a daily basis. There's a lot of shared systems that they've developed.

Joshua Morrison: Our built environment really affects how we live. When we drive up a driveway, park in a garage, and go inside, we don't get those opportunities to meet our neighbors on a daily basis. If every street had like a banquet hall at the end of it that people could do big parties in, they might do more big parties, but if that doesn't exist, those things don't happen. And so, by creating these spaces for celebration, for gathering for food between neighbors, it can really create other lifestyles. Also, for people who aren't thinking that they're seeking that, but are drawn to it when it exists.

Tamara Knox: Yeah, Mary, who I was just talking about a couple of minutes ago, I think she's another great example. So, the project that

Josh is talking about is in Seattle. Mary is also in Seattle, so she's living in the Central District. She's lived there for 30 years in her home. And it's a very modest home. She hasn't had money to be able to continue to invest in it. So, there's also something where I think we often think about. When we think about displacement, we're often thinking about renters being displaced from a neighborhood.

Tamara Knox: But there's also a lot of homeowners that have the potential of being displaced. And there is a lot of vulnerability that a homeowner has when you buy a home, and if you don't maintain the asset, it can lose a whole lot of its value. And so, for her, she's redeveloping her land and really thinking about what does she want for the rest of her life?

Tamara Knox: Going from a place of it's hard to pay your big mortgage every month, and that's a really big thing. And thinking about future income. And so, she's coming from a place where by redeveloping her land, she's gonna make some cash in the process, so that her total monthly expenses are gonna drop in half.

Tamara Knox: And then for her, she has like her local community within Seattle that is really interested in buying into the project, but she's also thinking about how does she make sure that it's not just the individual people that she has personal relationships with, but this is her like role and kind of helping her community and I think part of what I'm trying to get to too is that there's this, so much of our work is building out these systems and it's interacting with real estate and it's creating this infrastructure, these processes, but it's also this like preciousness of what happens when creation can exist and when the things that get created are actually reflective of what people are desiring.

Tamara Knox: It can be really beautiful. I mean, what Josh is describing of Corvidae and coming there, we designed a lot of communal space, but a lot of people that moved in weren't imagining necessarily living more communally with other folks, and they were really attracted to the price point of it. But when they moved in, because there's this common house and there's all this like really well-intentionally designed spaces, they're building a relationship. And they're having these meal systems that Josh is talking about.

Tamara Knox: And I think that often when, also we think about affordability and how do we create new asset classes that are

permanently affordable through time and allow for this access of it? We're often just thinking about the home, and we forget about everything else that is connected to it. In Corvidae, people are doing some Costco runs. The simplicity of that and the money that can get saved, and then doing more cooking at home because they have support.

Stuart Yasgur: I do think that it takes a person to hear about some of these remarkable aspects of the change that people are going through. It's a very profound change for somebody to go through. There are a lot of people in this country who are in their home, that they've worked really hard to purchase, but may not be able to afford as homeowner's insurance is increasing, taxes are increasing, and supermarket prices and gas prices, you know, people are getting hit from all different places. It may be difficult to afford their monthly payments, and it may be difficult to afford what they know they ought to do to keep up this place that they've worked so hard for. And to go from that situation where you're struggling to keep things together, or creates a strain to keep things together, to start having the agency of saying what would I want? And then be able to enter a process where you're realistically constructively designing what that future could look like and making it a reality. It's a tremendously profound change that goes on in people's lives.

Tamara Knox: Right now, we're talking about the original homeowner, that's redeveloping their land, but you think about someone who is buying a home, who never thought about owning a home ever before in their lives, and the fear of what the future can be. I think that's a lot of what our work is nestled on. How can you feel safe enough in your financial future and your place in your city, and to build roots in it? And people can move into, let's say, moved into Corvidae. A lot of people bought their homes for five, \$10,000 and their monthly expenses are close to what they're paying in rent.

Tamara Knox: So, with that little nugget, they're able to enter into a situation where they have a very predictable future, monthly expenses. And home ownership is confusing. There's a lot of different pieces of it. The market is complex, but a lot of what we're working on is building out an easier entrance into home ownership, but then also providing the support to projects once they're built, so they're able to maintain their value. They're able to, people can have access to banking and lending, and utilize the systems around them, and have the support of figuring out, like how do you run your home, and have it kind of, again, maintain its value over time?

Joshua Morrison: To that point, one of the owners. You know, she is a massage therapist, has a daughter, is a single mom, and she was able to move into the project like Tamara shared, with \$10,000 down. And her monthly expenses went from \$2,100 as a renter to a little over 1900 as an owner. And we think about like, people like her in 10 years from now would've spent over \$360,000 on rent.

Joshua Morrison: Renters put so much cash out, especially when you look at it over time. And that money just disappears. And as an owner, during this same period of time, she'll have built over a hundred thousand dollars in equity, which like, she's a first-generation owner. She uses this for her daughter's education. If she wants to buy a home outside of this community, then she has that ability. So, it's like, how do we make that jump from renting to owning? And what does that mean now, but also into the future?

Tamara Knox: A lot of what we're talking about is on the user side and what it means and what this potential is. But the way that it works is for us, our belief is to make all of this be able to happen while not asking the systems around to necessarily have to shift. So, all of our projects are built by right, which means you don't need to get any changes for what's allowed to be built.

Tamara Knox: And we're working with very conventional banking products, and we've spent the last couple of years really building out the infrastructure that's needed so that when developers come to us, and they wanna build projects, we can pair them with a landowner that has the land, it has the equity to contribute, and buyers on the backend. So, it's kind of crafting out this whole system for a variety of projects. A lot of our work too, is just building up our interest of homeowners that wanna do projects and buyers that want to then buy homes.

Joshua Morrison: Yeah. Tamara mentioned we have the four projects we're working on. One in California, in East Palo Alto. So, we got a grant from the Chan Zuckerberg Initiative and have been expanding our work to California. Then we have 140 homeowners that wanna do projects on their lots. This is something that emerged organically over the last several years as people kind of got to know the work we were doing and the communities we were in.

Joshua Morrison: You know, we can do only so much development work ourselves when we do develop our own projects, but where we

really see our future and how we feel that we can really have an impact far beyond where we are currently is, creating this system where we have all of these landowners and we have now over a thousand people that have filled out our online form about purchasing homes when they're complete.

Joshua Morrison: And really creating this, beginning state and end state that then we have all these partners that we've been working with, us, our teammates over decades that have so much experience doing development, construction, design, and permitting, and to bring this pipeline to that network of trusted partners, and start to really create a flywheel effect between access to land, which is a huge barrier to development. And then access to buyers, which is the riskiest part of development, so creating a very de-risked process for people within the industry to create far more housing that's accessible and attainable to people who currently can't access ownership.

Stuart Yasgur: Josh, I'd love to just pick that apart for a second, just to get the scale. So first, you talked about having 140 homeowners who have expressed an interest in going forward in this direction. So, what is an average price of a piece of property in the areas where you're working at this point?

Joshua Morrison: It's between 800,000 and 1.2 million.

Stuart Yasgur: Okay, about a million averages is somewhere in that ballpark. So over \$140 million worth of property has kind of raised its hand to say we'd be interested potentially in going through development, through this kind of a process.

Stuart Yasgur: But then of course there's multiples because it's the original property. But as Tamara was saying before, it's also all these other people who eventually will also become residents on their property. They also become owners, and they also bring capital to it.

Stuart Yasgur: There's the property, there are many more residences that would get created, much more capital possibility that would be there. And this demand is kind of organically surfaced after hearing what you're doing, seeing the work that's moving ahead, and people are saying like, oh, I'd be a good candidate for that. And so, this is kind of the very earliest days. From someone who looks at lots of innovations

and talks to lots of innovators, that's a remarkable kind of expression of organic demand in these early days.

Joshua Morrison: I mean, just those lots, if we were to develop all of them, that would be over a thousand homes. But if we look at Seattle, LA, the Bay Area, there's over 600,000 lots that we could build by what we're doing currently. You know, if 10% of those we were to do projects on, that's, 500, 600,000 new homes that are like desperately needed in these markets and neighborhoods too, that other developers can't touch.

Joshua Morrison: It's too expensive to buy land in the places that the people approaching us are wanting to build. It's not only opening up and unlocking a lot of developable land, but also in places that are transit-rich, near good schools and neighborhoods that people can walk in. And we feel as like, a way for neighborhoods to densify and transition, but in a way that's really driven and led by the communities that are there, which is exciting for us.

Stuart Yasgur: So just in those three areas you're talking about, have you done the quick back-of-the-envelope math on what's the market potential of those new homes?

Joshua Morrison: Ten percent of those lots is a \$300 billion like market. Tenth of them were to be developed, and that's the value that, you know, a good amount of it goes to the owners, the new owners, the people who purchase the homes. There's value for people within the industry that develop and build them. There's value to the original landowner. So, it's that split between all of the people that touch it.

Stuart Yasgur: And as people start to see it, they realize, oh, naturally, as you look at this, you have a team that actually does development, but you're saying. so much more development could happen than just what you can do internally. And so, you could actually help get all of that development going without being the ones to have to do the development yourselves.

Tamara Knox: Exactly.

Joshua Morrison: In this moment, we're raising capital, and a big focus of that is building out a platform. And we think of it, you know, akin in some ways to how Airbnb created this marketplace that never existed. People never thought about paying, you know, paying to stay in

someone's, a stranger's home. It was like not conceivable pre that. And we feel like there's so much potential for all of these projects and transactions to happen that don't currently, because there's no interface for those relationships and for that ability to create trust between the parties, just so much potential to change the industry.

Tamara Knox: There're all these systems in our society that really push what development happens. I think something that is core to the way that we've, from the very beginning, approached this work and has continued to solidify is how do we utilize the systems as they are right now, but allow for, I mean, as Josh was saying, to connect with each other in a different way. You think about all the developers are building projects, really understanding what the demand is. I think there's your friend that you mentioned at the beginning of this. There's such a missing gap in the folks that are holding the capital and building new construction. Understanding the variety of the ways that people dream of living and being able to match those two pieces.

Stuart Yasgur: You expressed it really well. And you know, all too often. If people are coming to a home, they're just, they're coming as consumers, right? They are looking at what's offered to them, and they have to choose from what's available, and developers are also at a little bit of a loss, right? They don't necessarily know what their future customer wants. But here, if you're a developer or a future homeowner, this is a process where the homeowners actually get to express what they're really looking for. As you described, it's low risk for the developers 'cause they have, so many of the elements of success are already baked into this process. So, you've really kind of thought through how to make it a win for each of these stakeholders all the way throughout that process.

Joshua Morrison: You also have like a society that's changing quickly, and an industry that is built on what kind of happened 30 years ago, in a way, like the appraisal industry, the lending system is really built around this idea of a nuclear family. You know, the ways that banks are able to give loans is looking at what a project, myself or an, and an appraiser sets a value based on what's been sold, but what's been sold is what's existed. And now we're at a point where less than 40% of people actually oriented nuclear families. It's a much smaller segment of the population. There are so many people that are single, that are single parents, that are at different phases of life. A large home isn't really actually meeting what people are desiring, but it's what so much of the

housing stock is. So, I think that's really exciting to think about how to really diversify what options exist.

Stuart Yasgur: Absolutely. As the baby boomers are retiring, there's this largest amount of wealth is tied up in homes that needs to transition, right? They need to put that wealth to other purposes, and this is a way to free up that wealth, but maintain a kind of connections.

Joshua Morrison: You think about care too. Just that perspective. I think for people who have aging parents, this is really like close to heart. I'm living in a cohousing community in this area, and there's a woman here who's in her mid-eighties and has a partner who would otherwise be in an elderly home, but there's another neighbor that's cooking them food multiple days a week.

Joshua Morrison: And if they need to go to the hospital, they have four or five members they can call, people that can transport them. They've built these relationships over time. Their experience of aging is dramatically different from friends of mine whose parents live in a place where they don't know a lot of their neighbors. Everything is so expensive. And like you think about what that experience of care is like for this generation of baby boomers that are entering into this next phase of life. Community is a huge it's an important thing. It changes a lot.

Stuart Yasgur: Absolutely. And so, as you look in the year or two ahead, what do you see as a big milestone? What else do you envision?

Tamara Knox: I think something that I'm excited about is all the projects that are gonna come forward that don't fit into something that I've imagined thus far. I think a lot of what we're crafting is the way for interesting projects to sprout up, yet be able to be viewed by banks as similar to each other.

Tamara Knox: A common core, but something very interesting getting created. And I personally am extremely excited about being surprised, and there's a lot of creativity inside of people and what they dream of, and matching those dreams with an understanding of what are ways that they can shift it so they can take advantage of the systems around them and understanding that piece of it.

Tamara Knox: And I'm just very curious of what will come to be. And then the other piece I get really excited about is as we build out our

platform and we start to really build up our buyer pool and bring more and more people into our ecosystem, understanding is the same thing. It's really understanding what people are wanting and being able to see the patterns and the desires and seeing where those patterns are.

Joshua Morrison: Yeah. This last year, 2025, we grew from three to 10 as a team, and we've built out our development team, which is a huge milestone for our journey. We've kind of created a process over these last five months, really, where we've able to go through landowners on our wait list and due diligence on their sites. And we've built models that we can run due diligence and look at the financial possibilities of each site, you know, in a matter of 30 minutes, really streamlining our process of looking at different projects and what's possible for them.

Joshua Morrison: A lot of what we see in this coming year is really fine-tuning that internal machinery for us as an organization to expand our pool of people. Our 148-homeowner list has happened without us doing any sort of public awareness of what we're doing. But we think, you know, doing events in communities, in coffee shops, and start spreading the word more, we could easily build that up to over a thousand people just in Seattle. Not to talk about other markets, and to really streamline this process of getting these projects development-ready on the buyer side. Getting better and better over this year of helping people get pre-qualified, helping them select projects that are development-ready, so we could have, for our four projects we're building, we have a wait list of 50 or 60 people for each of those. So, they're all oversubscribed.

Joshua Morrison: But if we could say, here are 80 projects that are development-ready, and here are 800 people that are pre-qualified, ready to live in those projects. We could then go to our larger network of builders, developers, architects, and investors and say, here's a pipeline of projects and buyers, go!

Joshua Morrison: And that's like, I think very exciting. Like that all can happen in the next few years. It's just a different pace of what you're used to with real estate. You know, if we were a real estate shop, we could do maybe eight projects this year, and maybe 12 the next year, and slowly build it up. This is like just a different paradigm. Exciting.

Stuart Yaspur: It is incredibly exciting, and it's the difference between building just a company to do development, and you're introducing, you

know, what we think of as a structural innovation. And that has a totally different pathway, right?

Stuart Yasgur: Like it's not about building your team from 10 to 15 to 20 to going from eight houses to 12. You're now talking about going from, you know, the properties you're currently working on to imagining how to get to a thousand. To the thousands of properties that you mentioned before.

Stuart Yasgur: As innovators, introducing a structural innovation, which is different, right? And I think when people think about entrepreneurs or people starting organizations, and you have started an organization, and there are revenues, and you know, and you have to take care of all of those basics, but fundamentally, what you're doing is very different, right?

Stuart Yasgur: You're introducing an entirely new way for people to think about housing, their home. For developers to develop homes, for banks to lend into homes. You're introducing a structural innovation. What does that experience been like, and I'm asking you to share this a little bit, because there are other innovators out there who are also seeking to introduce structural innovations, and they, it's not as easy for them to see their peers. And I think it's important for people to recognize that their commonalities in that journey and that they can also do it.

Tamara Knox: Exactly how you started this conversation. And first, when people hear our work, it sounds like a whole lot, and there's a lot of different pieces, and then there's this moment that it clicks, and that is something that we've experienced for a whole bunch of people that are approaching this from very different perspectives.

Tamara Knox: From someone who's looking to buy a home, someone who's looking to redevelop their land, a banker, someone who works in the city staff. There're just all those different sectors that we touch in this work, and I think structural innovation is working with the systems and making sure that the systems don't need to contort themselves in order to interact with what we're building.

Tamara Knox: But there's a dance between the two. Our work is helping them stretch to the outer edge of what is their comfort zone. And then once that outer edge of the comfort zone becomes very comfortable, it expands then the next edge of the comfort zone, and that process, I

think I've been very surprised by it. I think again, it's just been very human, and it's taken the interpersonal relationships with the individuals that are representing these different systems. And it's something that really took me by deep surprise and delight. I mean, it's what's kept us in this for so long.

Tamara Knox: 'Cause it's really complicated and hard, but it's also, it gives you so much life to keep going. Really similar to a homeowner having a dream, I think a lot of people that are sitting inside of our systems also want the world to be better and to make sense, but they also wanna make sure that their system is safe, and their world is safe. And that process of having really honest conversations about what helps you stay safe, yet shift the thing that you're doing, and to be able to blend those conversations within all these different places of the industry, I think has been a big part of what crafting this has been for us.

Joshua Morrison: It's been inviting people to dream a bit and like, think creatively in places that are never thought of to do that. Like banks and like city planning offices and city attorneys, and like systems that aren't meant to be flexible or shift. That balance of like determination and curiosity, and also a belief and optimism, and based on what we know there is, we know like that another way of doing things is possible.

Joshua Morrison: We know enough to know that we don't always know all of the how's and the how's we'll keep discovering throughout our entire journey, like what we're doing now. We are gonna learn so much in the next four or five years. And that's the nature of it, to continue to be curious, to continue to look at, question the work that we're doing, and how to make it better.

Joshua Morrison: I think of in our early years, there was so much both curiosity, but also a lot of people saying like, don't waste your time, this industry is too hard to shift. And knowing that there's other people that are also thinking in that way is really, really helpful. We've been really lucky to be a part of the Terner Center's Housing Lab, a part of York Cohort, a part of these different groups of people that give me a lot of hope in a time in history that's otherwise very challenging. There's some incredible people doing really important work right now that are dealing with structural issues that the country faces.

Tamara Knox: Seeing the fact that all of our work is woven, like we are truly all doing this together. A lot of what we're working to do is to

continuously learn what is being desired and question the norms in that, and there's something in the communities we've been a part of is recognizing all of the types of expertise and really honoring it, and figuring out how to build together with people, and meet people where they're at, and help people not feel so alone and feel supported. It's just gonna take all of us. And so that's complex, I think, the web of it.

Stuart Yasgur: I think that's really well said. If somebody is hearing this and saying like, wow, I'm in that situation. I need that. Or I know somebody, or my relatives are, or I'm a homeowner, I'm looking for a home, or I'm a policymaker, and I'm realizing, wait, we have a housing crisis in our city, and we need models that can genuinely work. How did they learn about you? How did they get involved?

Joshua Morrison: Yeah, so our name is Frolic Community. If you go to our website, we have a form that anyone can fill out, whether you're a landowner, interested in buying, or interested in partnering. So much of what we are doing is creating this community, and the more people that are part of that, the more it gives us direction and the more it helps us understand where to expand, who to support, how to create things that are meeting what people want. So please join that. It's the greatest tool to connect with us. It's the greatest tool for us to keep doing this work and making it relevant.

Tamara Knox: Yeah, I think just come to us, let's build some beautiful things together.

Stuart Yasgur: There are some innovations that when you hear about them for the first time, you do a double-take. At first, you think, wait, what was that? And then a moment later, you say to yourself, oh, I need that, or my parents need that, or my friends need that. And that is Frolic to a T.

Stuart Yasgur: One of the telltale signs of a structural innovation is that it solves a critical problem. As a result of that, it offers a compelling value proposition to a set of key stakeholders. We see that in the case of Frolic. There's more than a hundred million dollars of property that's waiting to be developed using the Frolic model.

Stuart Yasgur: Even without advertising, they have a list of homeowners and potential residents who raised their hands and expressed an interest in working with Frolic.

Stuart Yasgur: Frolic's success demonstrates what success looks like for structural innovations and structural innovators. When we think of for-profit companies, we might think of success in terms of revenue, profit, or market cap.

Stuart Yasgur: For example, Nvidia is an enormous success with a market cap of over \$4 trillion. When we think of nonprofits, people often talk about success in terms of scale.

Stuart Yasgur: For example, the American Red Cross is a success with thousands of staff and hundreds of thousands of volunteers. Success for a structural innovation is different. Frolic has customers waiting to work with them, but they're not sprinting to grow their organization as fast and as large as they can.

Stuart Yasgur: They know that they can have the greatest impact by spreading their innovation, by enabling others to use their approach and develop co-housing communities. By making frolic communities accessible, available, and familiar to homeowners, residents, developers, contractors, and financial institutions across a broad range of communities.

Stuart Yasgur: I've been a huge supporter of their work since I first learned about it via collaboration with the Brookings Institution back in 2020. And it's been incredible to see other people become aware of their work, understand it, and start to recognize the power and promise of what they're doing.

Stuart Yasgur: And when they do, people can choose to build co-housing communities in more places than Frolic will ever be able to serve directly.

Stuart Yasgur: This isn't simply about growing a business or scaling a nonprofit.

Stuart Yasgur: This is about bringing a structural innovation to fruition.

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