

The NHP Foundation

HERE'S AN ACCUSATION THAT'S FRESH ON THE COLLECTIVE AMERICAN mind: The killer was the banker. Using the sub prime loan. In the housing bubble.

But it's important to note that the United States' housing blight is too complex to reduce to a simple Clue-style mash-up. That's because the story has roots far beyond banking—all the way back to the presidency of Lyndon B. Johnson.

During a period of social unrest in 1968, Johnson signed the Fair Housing Act, which included provisions to establish equitable housing practices in the United States. Then, in the 1980s, a change in the tax code threw a wrench into the model. Though it created upheaval, it also allowed concerned nonprofits to spring up and tackle the housing conundrum. One such group was The NHP Foundation (NHPF), which provides affordable housing for low-income families in the form of rental properties.

Richard Burns and Thom Vaccaro, the organization's CEO and SVP, respectively, trace how a jumble of ingredients formed the bitter pill that is the current American housing crisis—and they explain what, exactly, they're doing about it. —*Seth Putnam*

1968 THE FAIR HOUSING ACT

During a period of intense social unrest, President Johnson labors with Congress to put together the Fair Housing Act, a law aimed at curbing a system of tenant discrimination that encompasses race, gender, marital status, and disability. To develop affordable-housing options for Americans, the law also creates two organizations—the National Corporation for Housing Partnerships and the National Housing Partnership—that are financed by more than 260 institutional investors.

1986 DISASTROUS REFORM

The tables turn in the form of a change in the US tax code, which, in certain ways, promotes homeownership and cancels out a number of investment incentives in the rental market. "The death knell of the National Housing Partnership was the Tax Reform Act of 1986," Burns explains, adding, however, that "it also provided tax credits for affordable housing, and that's how the industry has grown from that point."

1989 A NEW FOUNDATION

In response to the change in the housing market, NHPF is created as a completely separate entity from the National Housing Partnership. The goal of the foundation is not only to provide affordable housing but also to help its residents break out of the cycle of poverty through education and healthcare. "At the end of the cycle of homelessness, a person who's going to succeed is someone who has been prepared with financial literacy and what I call alarm-clock skills: showing up and doing the work," Vaccaro says.

1994-2001 A MULTISTATE ORGANIZATION

After spending its first few years going over the logistics of how to provide wide-scale affordable housing, NHPF purchases its first property, in Texas. From there it moves into other states, and by building up properties across the country, the foundation sets in motion an alarm clock for the 10-year tax credit established in 1986, ensuring that its first property will become eligible in 2004.



"There's a shortage of five million units of affordable housing. ... A quarter of all renters [pay] over half their income for rent, so you have a very unbalanced situation."

RICHARD BURNS, CEO

2004-2005 A SHORT-LIVED VICTORY

NHPF becomes eligible to begin its use of tax-credit programs after completing the 10-year waiting period. "But just as we were getting ready to move into something new, disaster struck," Vaccaro says.

In 2005, Hurricane Katrina rips through the Gulf Coast, devastating many of NHPF's holdings. "We lost 1,000 units," Vaccaro says. "We'd been in Louisiana since 1996, so not only were we victims of the storm; we were also trying to be part of the solution. We made as many of our Texas units as we could available for evacuees."



2009-2010

2009-2010 ST. LUKE'S PLAZA AND FOXWOOD MANOR

NHPF rehabilitates a block of historic buildings in St. Louis. "It involved both regular tax credits and historic tax credits on the federal and state levels," Burns says. "It was a very complicated deal to put together, but it really turned out to be a winner." Dubbed St. Luke's Plaza (right, below), the \$24 million project provides 216 units and revitalizes a derelict area. Also, in Levittown, Pennsylvania, NHPF completes Foxwood Manor (above).



2009-2010

2006-2007 REBUILDING NEW ORLEANS

NHPF receives its first allocation of tax credit. "All of our focus had been on Louisiana because of the disaster," Vaccaro says. "But this paved the way for our low-income housing tax-credit transaction in 2007."

NHPF uses its tax credit in Louisiana to build the Forest Park apartments and, shortly afterward, the Walnut Square apartments. "It had been completely destroyed, but it's now considered one of the jewels of New Orleans," Vaccaro says.

2008 THE GREAT RECESSION STRIKES

The housing market crashes dramatically. "It completely devastated our industry," Vaccaro says. "The other piece of this that is so important is that one of the things that led us to the bubble bursting was this push to end homelessness. And of course you can't end it. The push for ownership inflates the bubble." And when it popped, the lack of jobs in the poor resultant economy expanded the population in need of low-income housing.



2009-2010

2011-2012 THE HOUSING SHORTAGE CONTINUES

NHPF continues to expand, moving into the Washington, DC, market with the The Roundtree Residences, a \$16 million, 91-unit property. The organization sees the road ahead as long but not impassable. "There's a shortage of five million units of affordable housing," Burns says. "About a quarter of all renters are paying over half their income for rent, so you have a very unbalanced situation." With the choppy economic waters ahead, Burns admits things might be tough for awhile, but the dedicated staff of NHPF will continue working to make up the ground. **ABQ**