



Talking Heads: Richard Burns, The NHP Foundation

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Issue: September 2018

Thought Leadership Through Research

For much of his professional career, Richard Burns invested institutional capital in large commercial and multifamily real estate projects.

In the early 1980s, he joined the board of directors of Project Hope, a nonprofit based in Dorchester, MA, that changes homeless women's lives by raising them out of poverty, giving them adult education, child care and preschool for their kids, job training that turns into good jobs, and ultimately placing them in solid affordable housing.

The experience left an indelible mark on Burns and was one of the reasons why he jumped at the opportunity, in 2009, to join The NHP Foundation (NHPF) as its new president and CEO, so that he could help spread that same message of hope across other communities.

Headquartered in New York City with offices in Washington, DC, and Chicago, The NHPF was launched in January 1989, as a publicly supported 501(c)(3) not-for-profit real estate corporation. Today, NHPF manages a portfolio of 41 properties totaling nearly 7,000 affordable units in 15 states and the District of Columbia.

Tax Credit Advisor sat down with Burns to learn more about The NHPF's work, especially its more recent research efforts to increase public awareness of major social issues impacting Americans' lives.

Tax Credit Advisor: *You've been CEO of The NHP Foundation for almost ten years. How has the company changed under your leadership?*

Richard Burns: I was recruited by the Board of Trustees in late 2009 to take a weakened company coming out of the 2006-2009 recessionary period and build it into a world-class affordable housing development company, while staying true to its mission. I faced a number of challenges early on: personnel discouragement and competency issues, poor portfolio performance and unrestricted cash and operating income insufficient to cover operating expenses. Through a combination of replacing numerous personnel with strong professionals, stabilizing and improving portfolio performance and instituting an aggressive growth strategy, NHPF is currently an important developer of safe, clean affordable housing for low- to moderate-income families and seniors, with a very robust array of services to improve the quality of life of our residents. We are well capitalized, have a large

pipeline of new business and have a cadre of professionals who have stayed since they were hired.

TCA: *What do you want your crowning achievement to be?*

Burns: My crowning achievement will be when I leave a strong, entrepreneurial organization that houses large numbers of needy residents with services to improve their lives.

TCA: *I've never met a developer who surveys the general public on different social issues and uses the data that's collected to generate press coverage and public awareness. When and why did you initiate this research effort?*

Burns: About three years ago, we began to realize that gathering the opinions of the general public and different demographic segments could not only help inform the way we speak to our industry and others in the affordable housing space but the media as well. We have come to know that the "keepers of the data" are often more informed decision-makers and earn valuable industry respect. We continue to do these surveys and see trends and patterns that help us better forecast how and what we add to our portfolio. A great example of this is information gleaned from our most recent survey of Baby Boomers facing retirement. The results indicated that a huge swath of soon-to-retire Boomers are unprepared financially and may have to make drastic changes in their living situations as they age with less resources than they thought. This will result in a significant need for more affordable housing for seniors, something we are factoring into our planning.

TCA: *What is your ultimate goal?*

Burns: The goal of collecting, analyzing and sharing compelling data is twofold: To be thought leaders in the affordable housing space, as well as ancillary industries where helping explain trends and data continues to carve out a unique identity for us. And secondly, to leverage these findings to help make more informed business decisions regarding future affordable housing development.

TCA: *Who is your target audience?*

Burns: Our target audience is anyone and everyone who affects the creation and preservation of affordable housing. This includes policy makers, financial institutions, healthcare and insurance decision-makers, housing authorities, other not-for-profits, the media and the public.

TCA: *How do you collect this information?*

Burns: We have an in-house data analyst who works with management to unearth relevant subject matter and "hot-button" issues. From there we determine who we want to hear from e.g. the general public, Millennials, men vs. women, etc. and the questions that will reveal the most interesting answers. We also work with outside national survey consultants to help reach the audience we wish to survey.

TCA: *What information have you collected in 2018 that you'd like to share?*

Burns: Our most recent survey was of 1,000 working adults age 50+ and sought to determine retirement preparedness. The results were eye-opening and frightening! We found that there is a disconnect between Baby Boomers' current financial status and where they perceive themselves in retirement. This 'wishful thinking' carries potential consequences that will likely have a large impact throughout all areas of the economy.

Here are some highlights:

73 percent of Baby Boomers expect to delay retirement.

Compounding these findings, a full 31 percent stated that they have not prepared a retirement budget, while 62 percent of those who have budgeted stated that Social Security Income (SSI) will contribute to at least half of their monthly income.

65 percent of those surveyed stated that they have not budgeted for unforeseen health-related expenses. Of those without a retirement budget and planning on SSI for at least half of their income, 72 percent noted that they have not accounted for unforeseen health-related expenses.

70 percent of those surveyed are at least somewhat confident that they will experience the retirement that they seek, and out of those who expect to delay retirement, 63 percent believe they will achieve their desired retirement.

In order of importance, the three outcomes that worry prospective retirees the most are an inability to afford quality healthcare (36 percent), dependency on children (28 percent) and being forced to choose a living situation inferior to their preference (22 percent).

For 85 percent of those surveyed, their preference is the ability to continue living in their current home. Of the 2/3 of those surveyed who rent or have a mortgage, 76 percent either have no retirement budget or will rely on SSI for at least half of their income, though 83 percent still believe they will be able to age in place. Along with these findings, only 17 percent of those who have no retirement budget and will rely on SSI for at least half of their income, think they will have to move. But the evidence shows that many will have to consider alternatives to aging in place. These include everything from renting out a room (though less than 17 percent of those surveyed feel this is a likely option) to seeking out affordable housing.

Renting quality affordable senior housing may be the best answer for many older Americans. NHPF and the entire affordable housing industry, plus our government leaders, have to make it a priority to create an adequate supply of affordable senior rental housing for Boomers entering the market now and in the future.

TCA: *Your 2017 annual report includes a section on future leaders within The NHP Foundation. Succession planning and leadership cultivation is an issue many affordable housing firms are grappling with. What innovations have you implemented to retain employees and offer them a career path?*

Burns: Our strongest efforts revolve around inter-generational mentoring. Each of our Gen X hires is automatically paired with a more seasoned member of our team and are a huge part of the transaction process from start to finish. The relationship provides on-the-job training, as well as a path upward in the organization. I also think we have tapped into what research shows is a great priority for our future leaders; providing them with a very transparent workplace, where employees understand budgeting and salary and profit and loss (P&L). We are also big believers in providing hands-on opportunities and a place at the table where we pay more than just lip service. We take the ideas of our next gen leaders seriously and try to enact as many as possible. Many ideas brought forth by younger staff have been implemented, such as our brown bag lunch events with topical speakers and recommendations on conference attendance. Additionally, younger staff are involved in hands-on events at the properties which they have helped bring to fruition, so they can see the results of their team effort and the lives they've touched.

TCA: *What potential deals do you find most appealing? Is it by geographic region, unit size or other criteria?*

Burns: We like mid- to large-size markets and within those markets we particularly like properties or building sites in upscale or gentrifying areas of the cities.

TCA: *What have been your business priorities for 2018?*

Burns: We currently enjoy a large pipeline of deals, so our first priority is to get through pre-development, so we can commence construction. Given the 21 percent tax rate and its impact on tax credit pricing and rising interest

rates, we need to be more creative in how we finance these deals. We also are working hard to start two new funds to acquire both tax credit deals and naturally affordable properties.

TCA: *In October, you'll be sponsoring a symposium and fundraising dinner under the theme, Housing & Health: The Backbone of Strong Communities. How did you come up with that theme and what do you hope will come from these discussions?*

Burns: Through our constant attention to data and trends it became apparent to us that housing as a social determinant was more than just an "inside baseball" phrase to the industry. We feel a need to inform and engage all stakeholders in the goal of ushering in a new era of affordable housing production—an affordable housing reboot—that must include improved access to health services coupled with a collaborative funding model. Housing is the first step to a productive and healthy life but partnering with hospitals, insurers and other service providers to keep families out of emergency rooms via preemptive care is smart social practice and makes good economic sense.

TCA: *What other noteworthy trends are you seeing in the affordable housing marketplace that you'd like to share with our readers?*

Burns: Industry leaders and organizations are working hard to expand the tax credit program in Congress. There is more bi-partisan support for affordable housing than in prior years. And workforce housing and mixed income/mixed-use properties are getting more attention.

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