

***What Works***  
**Habitat Builds Out Its Vision**  
By Suzie Boss

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## Habitat Builds Out Its Vision

In the aftermath of the US housing crisis, Habitat for Humanity is working to build not just affordable homes, but affordable communities **BY SUZIE BOSS**

WITH THE AROMA OF a backyard cookout wafting on the summer breeze, a parade of families weaves through a neighborhood in the making on the east side of Portland, Ore. Stepping around construction materials and peering through wood-framed openings for windows and doors, they chat about gardening plans, paint colors, and other dreams for their future homes. Those dreams soon will be realized by first-time homebuyers in the largest Habitat for Humanity construction project ever undertaken in Oregon.

When completed in 2014, the Gateway Corral subdivision will add 45 new Habitat homes to the 20 that were sold by a for-profit builder just before the bottom fell out of the housing market. Habitat picked up foreclosed, ready-to-build lots with help from donors who saw the wisdom of buying land at bargain rates. The result is expected to be a stable, mixed-income community instead of a muddy sea of vacant lots, with \$6.7 million added to the local property tax base.

Across the country, Habitat affiliates are pursuing a variety of strategies to build not only affordable homes but also stronger communities in the aftermath of the housing crisis. Efforts to uplift entire neighborhoods signal a change of focus for the nonprofit, which has built a powerful international brand with its “new house ministry.”

In Detroit’s Morningside Commons neighborhood, a campaign is under way to replace boarded-up or vacant properties with 100 new or rehabbed homes in a 15-block area. “Instead of coming in, building one or two houses, and leaving, we decided to really plant our feet somewhere,” says Tara Franey, development director for Habitat for Humanity Detroit. In Washington, the Seattle/South King County Habitat affiliate is part of a community coalition with expansive goals and federal funding to rehab 14 foreclosed houses. In Portland, foreclosures presented an opportunity to amass a land bank for future construction, says Steve Messinetti, president and CEO of Habitat for Humanity Portland/Metro East.

The diversity of communities across the country, served by 1,500 locally funded Habitat affiliates, means there’s no one right way for the organization to reach its goal of “having more impact, and more meaningful impact, on the neighborhoods where we work,” says Jeff Pope, who heads Habitat International’s two-year-old Neighbor-



*Habitat volunteers are helping revitalize whole neighborhoods, like Morningside, on the east side of Detroit.*

hood Revitalization Initiative. Instead, the 36-year-old nonprofit and its affiliates are exploring new strategies for fundraising, expanding their “product line,” recruiting and training volunteers for new tasks, and

becoming better at listening to local stakeholders. “Our message to our affiliates is, first, understand what the neighborhood wants. Then do your part,” says Pope.

### RELATIONSHIPS BEFORE HOUSES

Marty Kooistra, CEO of Seattle/King County Habitat, has worn a variety of hats at both the affiliate and headquarters level during his 23 years with the organization. Habitat International began reconsidering its role in community development in the United States even before the housing crisis hit, he says. “We’ve always had community as part of our mission. The question we’re asking now is: How do we work the community development side more aggressively?”

The new agenda is more complicated than simply adding new services to Habitat’s toolkit. “Some affiliates think they’re doing neighborhood revitalization by adding home repairs to what they do. There’s a difference between diversifying your product line and focusing on real transformation,” Kooistra says. “Revitalization involves building coalitions, doing impact evaluations to see

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if you've improved the quality of life, and working across sectors. It takes time." Adding to the challenge is Habitat's "entrepreneurial DNA," Kooistra adds. "We've always been product-focused, action-oriented. Worldwide, we start a new home somewhere every 10 minutes." Building relationships takes longer, and is harder to measure, than building or fixing houses.

Habitat's record as one of the United States' largest homebuilders can intimidate smaller partners. Yet the value of an action-oriented partner like Habitat, says Pope, "is that when we work alongside other organizations, people see something happening. They see that a house got built, another got repainted, another was rehabbed. That can build a lot of momentum in a neighborhood."

As the organization embarks on neighborhood-wide projects, it has to consider carefully where its work starts and stops. Habitat's traditional house-building model leverages donated materials and armies of volunteers to keep the cost of constructing a new home to about \$80,000. Funds are raised in advance so that Habitat owns the homes outright. It then sells to carefully selected first-time buyers who typically earn less than half the median household income—not enough to qualify for traditional financing. Buyers pay zero interest on 25- to 30-year mortgages but are expected to invest 500 hours of sweat equity and attend classes that prepare them for home ownership. Their mortgage repayments contribute to future projects, making the model sustainable.

"Our area of expertise is going to remain home ownership," Pope emphasizes. Doing repairs and weatherization so that current owners can afford to stay in their homes fits with that singular focus. So does renovation of distressed properties. "But if what the neighborhood wants is more rental properties, our role may be to facilitate another organization that works in that arena. If the residents want economic development, that's somebody else's piece. We want to help catalyze and bring those partners into the neighborhood," he says.

In Detroit's Morningside Commons, Habitat partners with a community development nonprofit called U-SNAP-BAC. "We've been in this community for 30 years. We know the stakeholders," says Linda Smith, executive director of U-SNAP-BAC, "and we make sure local residents have a say in planning."

When Habitat expressed interest in working with the distressed neighborhood, Smith was aware that the new partner "would bring way more resources than we have." In 2012, General Motors Chairman and CEO Daniel Akerson and his wife made a personal gift of \$1 million to jumpstart a \$25 million Habitat campaign called Leaders to ReBuild Detroit. Their first project: Morningside Commons. Smith welcomed Habitat "as another partner at the table with us. They have a big name," she adds, "but they're not larger than life." The result has been "a wonderful partnership," she emphasizes, "with each organization contributing different products" to accomplish shared goals for the neighborhood.

There's one critical difference. U-SNAP-BAC will continue serving Morningside Commons long after Habitat's work is completed. "We want this to become a community of choice—a place where people want to live, with retail around the corner, where kids feel safe walking to school. That will all be in place," predicts Franey, "when we leave."

### NEW LEARNING CURVES

Traditionally, Habitat affiliates have been supported by small individual gifts, corporate sponsors, and churches. To fund more ambitious neighborhood revitalization efforts, affiliates are reaching out to donors with deeper pockets.

The Portland/Metro East affiliate has raised \$11 million in a recent campaign, most of it to fund a land bank that will ensure a five-year supply of lots. New funding has allowed the affiliate to buy land at a deep discount, and also to build organizational capacity to increase the rate of home construction by 50 percent, from 20 to 30 houses per year. Smaller gifts—long the mainstay of support for the affiliate—have remained steady.

The \$1 million gift from the Akersons, the largest in the history of the Detroit affiliate, has been similarly catalytic for that city. "Having his name attached raises awareness for the issue of affordable housing. As development director, I'm usually on the phone calling people. Now, my phone's been ringing," says Franey. "People want to be part of this."

Access to new capital doesn't eliminate the red tape of buying foreclosed properties. Figuring out who owns abandoned properties and whether there are back taxes due can be time-consuming. "In an ideal world, we could just go in and tear down these abandoned houses that are havens for crime," says Franey, "but we respect the process." City officials "expedite things as much as they can," she adds, "but it's still a challenge."

Messinetti taps volunteer advisers when he needs help navigating more complex financial transactions. Generally, he finds banks motivated to make deals work. "They want to get rid of these properties quickly."

So far, about 200 Habitat affiliates—many in urban areas—have signed on to the Neighborhood Revitalization Initiative. "There's been a learning curve for every one of them," says Pope. Many have had to recruit volunteers who know how to do more than swing a hammer. "Rehabbing is more of an art form," says Kooistra. "How to scope, spec, and improvise to produce a quality unit requires a lot of thought and skill." For some volunteers, remodeling projects prove more appealing than putting up new houses. "Some of our volunteers discover that they like the creativity of figuring it all out," adds Pope.

Board members also have had to learn new lessons to make informed decisions about neighborhood revitalization. Boards are using new metrics to track the impact of their neighborhood initiatives. Explains Pope, "What we hope to measure in the long run is quality of life. You can count the number of houses built or repairs made, but did the quality of life improve for individuals in a community?" To get a better picture, Habitat has started using a survey tool developed by the national community development network NeighborWorks. Affiliates are beginning to use the instrument to gather baseline data.

What motivates longtime Habitat advocates to tinker with a model that has produced half a million homes around the globe? Kooistra says it's the realization that, even with all the families Habitat has helped, "we're still 96,000 houses a day short worldwide. I believe in what the Habitat model does," he adds, "but we're going to have to do something different if we want to change society." ■