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### **“Building Louder”: An Assessment of Habitat for Humanity, International’s Government Relations and Advocacy Efforts**

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“Building Louder”: An Assessment of Habitat for Humanity, International’s  
Government Relations and Advocacy Efforts

Joanna A. Bossi

A Capstone Paper Submitted in Partial Fulfillment of the Requirements for the Degree of  
Master of Science  
Applied Community Development Sequence  
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Illinois State University  
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## Chapter I

### Introduction

In 1976, Millard Fuller, founder of Habitat for Humanity, International had a grand goal: to end poverty housing and homelessness from the face of the planet. While this may appear to be a grandiose dream, one that could never fully be realized, Habitat for Humanity has managed to build over 550,000 houses in nearly 100 countries around the world in under 40 years. Much of this has to do with what Habitat for Humanity announced was its ultimate goal: to put housing on the hearts and minds of all people. By doing this, the organization managed to engage and leverage volunteers in a manner the nonprofit sector had never previously seen. Habitat for Humanity, International has always been behind in one area where many other large nonprofit organizations excel: advocacy.

For years, the idea of advocacy and government relations has been at the forefront of many nonprofit organizations actions and mission statements. Beginning in the 1970s, there has been a boom in nonprofit lobbying and advocacy (Berry 2002), but some nonprofits have embraced the need for government relations more than others.

Habitat for Humanity, International (HFHI) has been slow to recognize both the need for this organizational arm and the positive effect that it can bring to its image and global work. Only opening the doors of its national Government Relations and Advocacy office in 2006, Habitat for Humanity is far behind other nonprofits of similar size in prioritizing advocacy work. Two years earlier, over fifty Habitat for Humanity leaders created an Advocacy Task Force, and worked for a year to develop recommendations to the organization's Board of Directors. When approved by the Board of Directors in October 2005, advocacy was added as one of the four goals of the organization's strategic plan: "HFHI will help lead the transformation of systems that impact affordable housing." Only at this point did Habitat for Humanity adopt advocacy as a core

component of its work. In just under ten years, they have made strides in advocacy for affordable housing, but there is much that can be learned from the advocacy work of other nonprofit organizations as well.

The primary objective of this paper is to examine the role that advocacy and lobbying has in nonprofit organizations and, specifically, make an assessment of how well Habitat for Humanity, International is utilizing advocacy. In order to appropriately form this assessment first, this paper will review the role of nonprofits in the United States as well as rules and regulations surrounding nonprofit advocacy. Second, this paper will review the barriers that keep some nonprofits from utilizing advocacy methods. Third, this paper will review the advocacy methods that Habitat for Humanity, International has in place, as well as the methods of other nonprofits of similar size. Finally, this paper will conclude with recommendations to Habitat for Humanity, International to increase their advocacy capacity.

## Chapter II

### Literature Review

Nonprofits are a vital part of America's social fabric. From the rise of community organizing in the mid-twentieth century to the current service provision of thousands of nonprofits across the country, the role of nonprofit organizations in communities is significant. Unfortunately, despite the large part that nonprofits play in lives of many Americans, not all nonprofits are advocating on behalf of the clients and the communities they serve. Whether this lack of advocacy is due to fear of losing funding, fear of mistrust of donors and supporters, or confusion over the role they should play is still not entirely clear. The following review of existing research will demonstrate how nonprofits are thinking about lobbying and advocacy and how it shapes their current work.

#### **Nonprofit Advocacy and Service Provision**

The work of nonprofit organizations reaches into the lives of millions of Americans every single day. From nonprofit day care centers and soup kitchens to centers for at-risk teenagers, the reach of nonprofits into the lives of Americans every day is evident. In fact, the nonprofit sector is becoming so large that it is also a major growing segment of the American economy, accounting for over 8% of wages and salaries (Hwang & Suarez 2008).

The nonprofit sector, while performing a wide variety of tasks related to economic, social and political functions that affect communities, has limited academic attention. Hwang & Suarez (2008) note that economic and political theories are most prevalent as to why the nonprofit sector exists and the functions it performs. These two fields vary greatly in their approach to the role

that nonprofits can play in the market. Political theories approach nonprofit service provision as social change agents, noting that most nonprofits rise to improve conditions within a community. Economic theories argue that nonprofits emerge when the government or for-profit sector fail to provide a service or when those providers are not trusted by the community at large (Hansmann 1980).

What the political and economic theories fail to recognize are the contributions that nonprofits can make both socially and systemically. While the political and economic theories are attributed to the work of nonprofit organizations, there is also an entire subset of nonprofit scholars who focus on the impact that nonprofit organizations have on civil society and highlight their political and representative roles. While these scholars focus on the advocacy role and others focus on the service role, there has been very little research examining the roles of both service provision as well as advocacy (Andrews and Edwards 2004).

Perhaps it is this lack of knowledge in the field that has created such a void amongst operating nonprofit organizations. When it comes to advocacy, many nonprofits seem to be more reactionary in nature. Rather than see the need for advocacy right away, most nonprofits are not reacting until an issue arises that causes the need for action.

What is interesting is that, even though nonprofits play such a pivotal role in the everyday lives of citizens, their role in public policy is limited. This is troubling for a number of reasons. First, public policies affect a variety of Americans and affect the population being served by the nonprofit. Second, nonprofits tend to respond to the structures of their own fields. For example, while some types of nonprofits (environmental, animal-related, etc) are influenced by significant government regulations, they see higher levels of advocacy in response (Mertig, et. al. 2002). On the other side of this, social and human services nonprofits see lower levels of advocacy because

they are not responding to such high levels of outside influence and pressure (Child and Gronjberg 2007).

### **Nonprofit Advocacy Activity versus Lobbying**

One of the most important, and most confusing, aspects of advocacy for nonprofit organizations comes when determining how to label their actions. “Words including lobbying, advocacy, education, organizing, and mobilization all have their own localized meanings” (Arons 2007: 63). Most nonprofits utilize all of these actions at some point in their existence. Nonprofit organizations can distribute literature that educates the public on the importance of their mission. This can be seen from a variety of nonprofits including women’s organizations, animal welfare nonprofits, and organizations that focus on the alleviation of poverty.

Even though organizations can utilize all of the actions that used to describe the advocacy action of nonprofits, the differentiation between advocacy and lobbying can create the most chaos for a nonprofit and can be the deciding factor in determining whether or not an organization will engage in these activities. These two terms, used interchangeably by most people (including those in politics and government), actually mean very different things. First, these two words can evoke strong emotional responses from both citizens and funders. “Lobbying” is generally regarded as something that is done in smoke-filled back rooms. Many also point to recent lobbying scandals, such as the 2006 Jack Abramoff scandal as a reason why lobbyists and the word “lobbying” have so much stigma attached to them (Arons 2007). Due to tax status, the differences between advocacy and lobbying also can mean more to nonprofits than any other organization.

While advocacy is generally recognized as an effort to educate the public, as well as legislators, on issues of interest to an organization, lobbying is a more formal arm of advocacy



efforts. Specifically, lobbying is an attempt to influence legislation (Hwang & Suarez 2008).

Nonprofits that provide services to clients are limited in the amount of money they can spend on direct lobbying efforts. It is because of these restrictions, however, that many service-providing nonprofits are reluctant to actually take a stance on any legislation offered either federally or in their state legislatures (Berry 2002; Hwang & Suarez 2008).

### *Advocacy*

In order to fully understand the differences between advocacy and lobbying, we must first examine what is meant when we refer to groups as advocacy organizations. Many times, our ideas surrounding advocacy organizations, interest groups and nonprofits that advocate can overlap. Advocacy is a broad term that describes the activity that nonprofit organizations engage in an effort to enact social change (Jenkins 1987; Reid 1999, 2004). Andrews and Edwards (2004: 481) provide one of the most accurate definitions of advocacy nonprofit organizations, saying that “[they] make public interest claims either promoting or resisting social change that, if implemented, would conflict with the social, cultural, political, or economic interests or values of other constituencies and groups.”

Advocacy can exist in nonprofits in one of two ways. First, it can have a “soft political goal” the way information campaigns aim to educate the public on an issue of social concern. Second, the goal of advocacy can exist as a grassroots effort. This type of advocacy generally grows out of a need that exists in a community or organization. This type of advocacy can grow from a need such as a government funding cut. A nonprofit can invite a political figure to speak at an event or volunteer on a project, building a relationship with the legislator while also encouraging clients and supports to increase their voice in the political sphere (Hwang & Suarez 2008).

*Lobbying*

Different from advocacy, lobbying is defined as an attempt to influence legislation by communication with the public (known as grassroots lobbying) or with government employees or officials (direct lobbying) (Treas. Reg. § 56.4911-2(a)(1)). Within this code, legislation is defined as an action of a legislature, which can include bills, resolutions, acts, vetoes, approval of executive branch nominees and ratification of treaties. Legislation can also include proposals that have not yet been introduced into a legislature as well as ballot initiatives, constitutional amendments and any other initiatives directly introduced to the public for their approval (Arons 2007).

It is important to examine the differences between grassroots lobbying and direct lobbying, as they pertain to Internal Revenue Code restrictions. First, grassroots lobbying is defined as communication with the general public while referring to specific legislation, reflecting a specific view on said legislation and includes some form of a call to action (including requests to contact government officials, provides a form of communication addressed to a government official, provides the address or telephone number of a government official, etc.) (Arons 2007; Treas. Reg. § 56.4911-2 (b)(2)). Second, direct lobbying is defined as a communication that occurs generally with either a legislator or legislative employee or executive branch official or employee. This communication is considered direct lobbying when it refers to specific legislation, reflects a view on said legislation and, in the specific case of the executive branch, when the purpose of such communication is to influence the legislation. In addition, communication with the public that refers to any matter submitted to the public for approval (ballot initiatives, referendums, etc.) that reflects a viewpoint is also considered direct lobbying.

*What differentiates nonprofit lobbying according to tax code?*

The issue of concern and confusion for many nonprofit organizations is when they undertake lobbying activities. Under section 501(c)(3) of the United States tax code, nonprofit organizations with such designation cannot be partisan. Nonprofit organizations need not worry about this designation unless they are specifically aligning themselves with a party or candidate. However, there are some who argue that all lobbying is political, even if not necessarily considered to be partisan (Arons 2007).

Even with not always flattering public perceptions of professional lobbying and lobbyists, most nonprofit organizations are able to lobby relatively freely. In 1976, Congress passed legislation that made it easier for nonprofit organizations to lobby for their constituencies and the causes they represent. The new law essentially clarified the line in section 501(c)(3) stating “...no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation” by adding a subsection (h) which offered nonprofit organizations specific regulations on lobbying in terms of a percentage of their annual expenditures. Under the new subsection, organizations that choose to designate themselves 501(h) can spend up to 20% of their first \$500,000 in annual expenditures on lobbying, 15% of the next \$500,000 and so on, up to \$1 million (Tenenbaum 2002).

There are both advantages and disadvantages for an organization to elect itself under the 501(h) designation (Arons 2007). First, in terms of advantages, the designation gives nonprofit organizations clear rules based solely on the organization’s annual expenditures. This allows both small and large nonprofits to track their lobbying expenditures and adjust their spending according to their annual funding intake. Also, a clear advantage for a nonprofit organization is that rather than pulling an organization’s tax-exempt status if they violate part of the provision, there is only a financial penalty. Finally, the definition of lobbying provided under 501(h) is

relatively narrow and generally excludes many advocacy efforts. For disadvantages, the 501(h) election puts a cap on the amount a given organization can spend on lobbying (up to \$1 million), which can be a downside for a large nonprofit that would like to spend more on advocacy efforts. It also requires a collective amount in terms of the expenditures for lobbying by any affiliated organization. This could pose a problem for a large nonprofit that has smaller, more localized affiliated nonprofits doing work in specific service areas.

Understandably, a 501 (h) election can cause some anxiety amongst nonprofits, especially those who are relatively unfamiliar with federal lobbying restrictions. Some nonprofit organizations believe (incorrectly) that if they participate too heavily in lobbying, or in some cases at all, that they can lose their 501(c)(3) tax-exempt status (Tenenbaum 2002). While this is not the case, it does not stop some nonprofits from being timid about engaging in lobbying.

Ultimately, lobbying restrictions placed on nonprofits are based on the government's authority to regulate such restrictions along with the nonprofit sector's recognition of such limitations (Berry 2002).

### **Funding Barriers to Nonprofit Advocacy**

Research suggests that there are multiple factors in determining whether or not a nonprofit organization will be effective at advocacy and lobbying. It is generally recognized that one of the primary reasons nonprofit organizations either avoid or choose not to participate in advocacy efforts is not due to attitudes, but funding issues. Resource mobilization theory (McCarthy and Zald 1977) suggests that more funding a nonprofit organization has, the larger it likely is and that larger revenue stream allows the organization to hire staff specifically devoted to advocacy. For example, a small, local pet rescue with only a handful of staff members, would not have the capacity to hire a staff member devoted solely to advocacy. However, a larger

organization, such as the Humane Society of the United States, is able to hire staff who are directly responsible for advocating on behalf of animals and follow legislation that will directly affect the organization. Child and Gronbjerg (2007) found that the larger the number of staff members an organization has, the more likely that organization is to participate in advocacy and that the odds of advocacy increase by a factor of seven for environmental and animal-related nonprofits over human service provision nonprofits.

The primary issue regarding advocacy for a nonprofit organization is that there is no tangible return on the investment. Advocacy and government relations do not offer any sort of funding source, and nonprofit organizations in particular have to be accountable to their clients and use their resources in a way that will provide more services. The privatization of social services in the United States has changed the way they are provided (Smith 2009). Many human service nonprofits are utilizing government funding in some form, which widely shapes the way they view advocacy. Recent research has shown that, while previously some nonprofits believed that advocacy efforts put their funding at risk, many nonprofits are now realizing that advocacy strengthens their organization reach (Mosley 2013). In fact, for human service nonprofits, higher rates of advocacy efforts arise when government funding increases (Donaldson 2007). This correlation is not surprising. When nonprofit organizations receive government funding, they are more likely to advocate that those funding streams not be cut.

## Chapter III

### Research and Discussion of Findings

This project poses two specific research questions: 1) How are other nonprofits implementing effective advocacy efforts? 2) How is Habitat for Humanity implementing advocacy and is it changing service implementation? In order to answer these questions, this study reviews two nonprofit organizations, Feeding America and National Council of La Raza and how they couple advocacy and direct service. It will also look at the national Government Relations and Advocacy office and their lobbying and advocacy efforts in relation to service implementation as well as one case of a Habitat for Humanity State Support Organization and their rush to incorporate advocacy and lobbying into their work.

#### **1) How are other nonprofits implementing effective advocacy efforts?**

Crutchfield and McLeod Grant (2012) make a strong case for service coupled with advocacy in their book, “Forces for Good: The Six Practices of High-Impact Nonprofits.” First, they note that there are three ways in which nonprofits can couple service and advocacy. Organizations can either begin with service (the way Habitat for Humanity has done) and add advocacy later, begin with advocacy and add service programs, or make an attempt to couple the two from the start of the organization.

Organizations that start with service and add advocacy later are the most common in the nonprofit world (Crutchfield and McLeod Grant 2012). These organizations can start large or small and generally do so to meet a need in their communities or at a state or national level. The majority of these organizations only adopted advocacy as part of their strategy well after they

had been founded and the incorporation of such programs, as is the case with Habitat for Humanity, was not always a seamless transition. Below, two nonprofit organizations and their advocacy activities are profiled: Feeding America and National Council of La Raza.

### **Feeding America**

Crutchfield and McLeod Grant (2012) profile Feeding America as an example of a service-providing nonprofit adding advocacy. The organization, founded as a connecting network for local food banks across the country, initially had no formal arm to deal with policy concerns or advocacy. The point of realization for Feeding America came in 1994, fifteen years after the organization was founded. In a response to Congress' serious consideration of cutting the entire Temporary Emergency Food Assistance Program (TEFAP) and following the 1996 Welfare Reform Act, Feeding America knew they needed to do something at a policy level to keep the \$40 million TEFAP federal assistance program from being cut.

Previously, multiple executive directors and board members at food banks across the country associated with Feeding America saw the need for government advocacy, but were reluctant to get involved for a number of reasons. While this is generally the case for a lot of nonprofits, many food bank employees and representatives were restricted from doing advocacy work by their boards of directors. Others were uninterested in advocacy because they saw themselves strictly as direct service providers. Finally, most were not familiar with federal regulations regarding advocacy by nonprofits and did not feel comfortable engaging in such activities (Crutchfield and McLeod Grant 2012).

In an effort to combat the proposed TEFAP cut, Feeding America took the advocacy role into their own hands as a network for smaller, more local organizations. They hired a staff member who developed a strategic plan for keeping TEFAP from being eliminated and

eventually drafted legislation that saved the program (Crutchfield and McLeod Grant 2012). Advocacy, something that had initially seemed unnecessary to the local food banks, was ultimately what saved a huge revenue stream for them and kept them from acquiring what would have amounted to thousands of new clients in need of their services.

By 2007, a mere thirteen years after formally beginning advocacy efforts, Feeding America saw an estimated \$400 million more in federally sponsored commodities coming their clients (Crutchfield and McLeod Grant 2012). This allowed the staff at Feeding America to quantify their advocacy efforts and show a true return on investment in government relations work. The local food banks in Feeding America's network saw the direct impact that advocacy had on their work: more money for food to feed the people in their communities.

Feeding America has since expanded their government relations staff and has integrated policy and advocacy as a core component of their work nationwide. In 2014, Feeding America put their focus on a specific Farm Bill that would have strengthened TEFAP and the Supplemental Nutrition Assistance Program (SNAP). By focusing their agenda on one main legislative priority, Feeding America was able to mobilize advocates to make 16,000 calls to members of Congress. Through successful advocacy, the Farm Bill passed and prevented deep cuts to SNAP and created an additional \$205 million to TEFAP over ten years (Feeding America 2014).

As of 2015, Feeding America's advocacy goal was to educate elected officials about food insecurity in their area and to "advance policy solutions to put struggling families on the road to healthy, hunger-free lives" ("Our issues," n.d., para. 1). By proving that they were more than just service providers, Feeding America was able to see huge wins, reduce the size of the population utilizing their services, and acquire more funding for their programs.



### **National Council of La Raza**

The National Council of La Raza began implementing advocacy and direct service from the beginning, stemming from a realization that simply providing a service to the community will not bring about the massive, systemic change that they so desire. National Council of La Raza (NCLR) was formed in 1968 in response to a need for services such as housing and education assistance in Latino communities. In addition to providing these services, in response to the ongoing civil rights movement of the 1960s, NCLR also began advocating for civil rights for the Hispanic and Latino community. With early funding from the Ford Foundation, NCLR was able to open multiple affiliate organizations to provide direct services while still funding advocacy efforts (Crutchfield and McLeod Grant 2012). However, tax reform in 1969 caused the Ford Foundation to withdraw funding for any activity but direct service, which left NCLR with little funding sources for advocacy. By diversifying their funding stream just a few years later (through fee-for-service programs and corporate partnerships), NCLR was able to fund research and advocacy efforts which eventually led to policy change, such as the addition of “Hispanic” as a racial demographic category in the 1980 Census and the addition of benefits for Latinos in the 1990 National Affordable Housing Act.

Like Feeding America, NCLR utilizes federal funds for programming and uses advocacy efforts to convey their effectiveness across the country. Their successful Homeownership Network is based on a pilot project started in Arizona in 1997. Seeing that Hispanic homeownership rates were 29% lower than that of Caucasian homeowners, NCLR began its Homeownership Network, which offers financial counseling to Latinos before purchasing their first home, in an effort to reduce the gap (Homeownership Network, n.d., para. 1). The original program was so successful at increasing home ownership and reducing foreclosure rates that NCLR began lobbying the Department of Housing and Urban Development for funding to take

the program to a national level. In 2015, the Homeownership Network counseling model was available in twenty different states, reaching people in thirty-one markets (Homeownership Network, n.d., para. 2). The advocacy efforts by NCLR to display the effectiveness of the program not only allows them to continue to receive HUD funding, but has also been used to support similar programs through other nonprofits (Crutchfield and McLeod Grant 2012).

NCLR has also created service programs that grew from a need discovered during advocacy work. Having been engaged in education policy research, NCLR realized a deficiency in Latino's educational achievement compared to their white peers in the United States. This discovery led to the creation of Project EXCEL (Excellence in Community Education Leadership), which ultimately led to NCLR's nationwide network of charter schools and the adoption of the Common Core State Standards, as a way to encourage all students to perform at higher levels (Crutchfield and McLeod Grant 2012; Anderson 2013).

By combining advocacy and direct service from the beginning, NCLR was taking a risk. Charles Kamasaki, NCLR's senior vice president notes that,

“There was this audacious vision: to do policy advocacy and try to have a program footprint that speaks to the community directly... It's contrary to most management texts, and it has had its costs. But when they work in sync and come together, it allows us to get more done” (Crutchfield and McLeod Grant 2012: 52)

NCLR continues to provide support to affiliated organizations across the country that deliver direct services within their communities while still operating an effective public policy office that advocates for change at the federal level.

**2) How is Habitat for Humanity implementing more effective advocacy and is it changing service implementation?**

Habitat for Humanity defines advocacy as “changing policies and systems to eliminate barriers to adequate, affordable housing in order to create a world where everyone has a decent place to live” (About Advocacy, n.d., para. 1). Based on an understanding how affordable housing is playing a role in the fight against poverty, Habitat for Humanity has been taking strides over the last decade to place advocacy at the forefront of its work.

In 2006, Habitat for Humanity, International established their Government Relations and Advocacy (GRA) office. This office, located in Washington, DC is responsible for national advocacy efforts, tracking legislation and lobbying, and assisting states and local affiliates in their specific advocacy efforts. The staff at the GRA office are also responsible for implementing the advocacy strategic plan objectives of Habitat for Humanity, International. The objective, to “promote policies and systems that promote access to adequate, affordable shelter” was added to the existing strategic plan objectives in an effort to better incorporate advocacy efforts into existing work (The State of Advocacy 2012).

### **Government Relations Efforts Nationwide**

While tracking legislation that would affect Habitat for Humanity affiliates across the country is the primary activity for the small staff of the GRA office, they also employ a variety of programs to engage affiliates and supporters across the country.

#### *Advocacy Sign-On Letters and Online Advocacy*

Throughout the year, the Habitat for Humanity GRA office is asked by a variety of coalitions and other actors, such as NGOs, faith leaders and public and private sector organization to add Habitat’s name to a policy related sign-on letter. These sign-on letters, mostly led by external stakeholders (though occasionally by Habitat for Humanity), serve as an

effective way for organizations to voice their stance about a policy issue they support or oppose to policymakers. These letters showcase a large list of organizations that feel the same way about a particular issue. The Government Relations office encourages affiliates across the country to add their name to the sign-on letter in an effort to push local policymakers toward a particular conclusion.

Habitat for Humanity also utilizes online advocacy activities to advance their mission. In one year, online advocates who have subscribed to receive messages, receive approximately twenty emails. These messages include thank you notes and action alerts to contact elected officials regarding pressing issues important to Habitat for Humanity's mission as well as issues surrounding government funding for Habitat for Humanity programs. As a result, in fiscal year 2012, over 92,000 emails were sent by Habitat for Humanity supporters (The State of Advocacy 2012).

### *Habitat on the Hill*

Every year, Habitat for Humanity holds a national legislative conference in Washington, DC with the purpose of educating the Habitat for Humanity network on their federal housing agenda and to assist local affiliates in building capacity to complete their own advocacy work at a local level. The conference also assists affiliates in recognizing how advocacy can assist their direct service work. Attendees have access to multiple sessions that review government funding opportunities, ways to utilize national service programs at their organization, and tips for advocacy at a local level.

These conferences also include a day of lobbying on Capitol Hill. Conference attendees are asked to advocate on behalf of specific issues determined by the GRA office, and are typically related to funding issues that affect Habitat for Humanity affiliates across the country.

In 2012, Habitat for Humanity advocates held 259 meetings with legislators and their staff surrounding issues such as government funding and potential national service program cuts (The State of Advocacy 2012).

### *Advocacy Strategic Initiative Grants*

As part of Habitat for Humanity 2014-2018 Global Strategic plan, expanding advocacy efforts around the world was made a priority. Beginning in 2013, Habitat for Humanity's GRA office created a grant program to further support the plan. Habitat for Humanity's global offices and State Support Organizations in the United States were invited to submit grant proposals outlining how they could use financial and technical assistance to further their advocacy work (The State of Advocacy 2014).

In early 2014, six sites were chosen as Strategic Investment Sites. These sites included all three global offices, Latin America and the Caribbean; Asia and the Pacific; and Europe, Middle East and Africa. They also included the state offices of Oregon, Virginia, and South Dakota. The three global offices proposed workshops for their national directors, which all took place in 2014. These workshops helped lay the groundwork for a global advocacy campaign.

In the three chosen state offices, staff proposed to build state coalitions, work to lobby state legislatures, and leverage their grant funding to secure additional funding for advocacy work in the future. This assistance helped these offices to work to change policies affecting poverty housing in their areas (The State of Advocacy 2014).

### *State Support Organizations and Advocacy*

In 2010, Habitat for Humanity, International established a system of state offices referred to as State Support Organizations (SSOs). These SSOs are formed in each state by a covenant

between Habitat for Humanity, International and the operating affiliates within the state. Because of this necessary covenant, only a handful of states have an operating SSO. In the fall of 2014, fewer than half of states had an SSO, while Habitat for Humanity operates in all fifty states.

SSOs are established to perform four specific functions for their state: advocacy, disaster preparedness, resource development, and training/networking. While tasked with supporting all four functions, most SSOs only support one or two, based on the needs of their state. This means that of the states that have an operating SSO, only a few make advocacy a primary function of their operations.

In conversations with five different SSO State Directors, only one (Washington) focused primarily on advocacy. Of the other four (Indiana, Illinois, West Virginia, and Ohio), only one, Indiana, saw advocacy as a primary function of their operations, and only when there was legislation put forward that made it a necessary focus. Additionally, not one of the five SSOs had a staff member where advocacy was all or even part of their job description.

Below is one example of how a State Support Organization, Habitat for Humanity of Indiana, found incorporating advocacy into their work to be a beneficial and necessary addition.

### **Habitat for Humanity of Indiana**

The State Support Organization in Indiana is responsible for keeping up with legislation in Indiana and advocating on behalf of all 66 affiliates of Habitat for Humanity throughout the state. When an issue arises, the State Support Organization is expected to lobby on behalf of the affiliates and try to resolve any issues before they begin to affect the service provision that the local affiliates provide.

In 2008 and 2009, the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act) was being rolled out nationwide. Originally passed at the federal level in July 2008,

the new law gave state governments one year to create and pass legislation requiring the licensure of mortgage loan originators according to national standards. It also required the participation of state agencies on the Nationwide Mortgage Licensing System and Registry. The SAFE Act was introduced as a consumer protection act after the housing crisis of 2008 and required a number of things from all Mortgage Loan Originators, including submitting fingerprints for an FBI criminal background check and completing continuing education. It also required a number of financial steps be completed before licensure, such as tests to conclude if the Mortgage Loan Originator's company was seen as financially 'fit' to provide such services.

When Indiana's SAFE Act compliance legislation was passed, it required that all Mortgage Loan Originators be licensed by July 1, 2010. In early 2010, a staff member for a Habitat for Humanity affiliate in Indiana applied for status as a Mortgage Loan Originator under the SAFE Act. This triggered an internal investigation within the State of Indiana and the State Support Organization immediately fell under fire. Were all Habitat for Humanity affiliates in Indiana individual mortgages originators? The State Support Organization replied that yes, they were. The State of Indiana informed the State Support Organization at that time that, in order to continue issuing mortgages, each individual Habitat for Humanity affiliate in Indiana would need to apply for status as an official Mortgage Loan Originator.

This created an almost immediate crisis situation for most affiliates in Indiana. While five of the larger affiliates in the state would be able to maintain their affiliates and still afford the expenses (\$50,000 in liquid assets and a bond of \$100,000) that went along with having at least one officially licensed staff member, the majority of the 66 affiliates in Indiana could not (The State of Advocacy 2012). Additional annual fees for each affiliate for licenses, courses, and background checks totaled over \$117,000 for all affiliates in Indiana. The threat to the affiliates at this point was real, either work with the State of Indiana to create some sort of exemption to

the SAFE Act for Habitat for Humanity affiliates, or risk shutting down over 90% of the affiliates in Indiana.

At this point, the staff of Habitat for Humanity of Indiana worked with a state legislator to draft a bill that would exempt Habitat for Humanity affiliates from the SAFE Act. The bill, while not stating Habitat for Humanity specifically, outlined what a nonprofit would need to offer in its mortgage lending practices to be exempt from the SAFE Act.

The bill, HB 1180, was an amendment to an existing Indiana code and contained very specific language surrounding a “bona fide” nonprofit’s eligibility for exemption. The nonprofit must, for example, issue “zero (0) interest first lien mortgage transactions” as well as, “zero (0) interest subordinate lien mortgage transactions.” The organization must also have a primary purpose of serving the public by, “helping low income individuals and families build, repair, and purchase housing” (Zero interest mortgages 2011).

When the bill was in the state Senate, the State Support Organization held a statewide “Lobby Day,” asking staff, volunteers, and board members from affiliates across the Indiana to ask their representative(s) to vote in favor of the bill. The bill, unofficially referred to as “The Habitat for Humanity bill,” passed unanimously in early 2011 and went into effect July 1, 2011.

For all intents and purposes, the bill was drafted specifically to exempt Habitat for Humanity affiliates. However, because the legislation was simply an amendment to an existing Indiana code, an exemption could have been written into an early version of the code if there had been someone in place at the State Support Organization whose position was to research legislation moving through the state for its impact on Habitat for Humanity affiliates. Recognizing that the law would have such a tremendous impact on affiliates in the state of Indiana early on would have saved Habitat for Humanity staff time and money at the state level. Ultimately, retrieving an exemption to the SAFE Act allowed small Habitat for Humanity



affiliates to remain open and continue writing mortgages and saves the 66 Indiana affiliates \$447,150 every year (The State of Advocacy 2014).

## Chapter IV

### Conclusion and Recommendations

Based on information gathered from articles, government regulations, conversations with staff members within Habitat for Humanity's national and local offices, and the work of other nonprofits in the advocacy field, a few recommendations can be made to enhance Habitat for Humanity's existing advocacy work. With many nonprofit organizations implementing both service and advocacy, Habitat for Humanity has room for improvement in coupling these two components of their work. Discussion of these findings, as well as recommendations are grouped together by work done at a national and/or state level.

#### **Habitat for Humanity Government Relations and Advocacy Office**

*Discover additional opportunities to research the needs of low-income communities and the effectiveness of existing programs.*

Currently, much of Habitat for Humanity's advocacy work revolves around government funding mechanisms. One thing that Habitat for Humanity can learn from National Council of La Raza is to spend more time researching issues of importance to the organization, such as changes in areas with concentrated high poverty levels. Discovering more information could lead to program development, just as it did at NCLR. Including more research on poverty housing statistics and themes could lead to additional programming and direct service options at Habitat for Humanity.

Another step that Habitat for Humanity could take in its advocacy efforts is to research the effectiveness of some of its smaller programs, such as A Brush with Kindness. This program works with existing low-income homeowners, providing a small interest-free loan and completing exterior work on their homes, such as roof repair or window replacement. The effectiveness of this program could be researched by surveying the clients to see if they stayed in their home longer because of the repairs. Research could also be done to assess how much money was saved by these homeowners compared to contracting the home repair work through traditional means. This research could lead to nationwide opportunities for funding, through government resources or corporate giving mechanisms.

*Attend state conferences to teach local advocacy classes for affiliates*

Many State Support Organizations hold annual conferences for their dues paying affiliates to attend. These conferences include classes for many affiliate staff members to attend and are tailored to their job roles. While many staff members are busy learning about better ways to recruit volunteers, teaching financial literacy classes to clients, or new energy efficiency building standards, staff from Habitat for Humanity's GRA office could add value by teaching classes on ways to incorporate advocacy into an affiliate's existing work.

Like any nonprofit, most Habitat for Humanity affiliates keep their staff lean. Without dedicated staff time to do advocacy work, it is not seen as a critical part of their work. However, emphasizing that advocacy has a monetary component to it (via government funding and exemptions to expensive regulations), could encourage affiliates to be more proactive in incorporating it. While encouraging affiliate staff to sign up for advocacy alerts, GRA office staff could teach classes on how to begin incorporating advocacy work in a simple way. Techniques could include sample letters to write to legislators about the work being done by Habitat for

Humanity in their community or how to invite a legislator to a volunteer day. Conveying the importance of advocacy work at a local level and giving specific examples of how to incorporate it could quickly expand the reach of Habitat for Humanity's advocacy work across the country.

*Work with Habitat for Humanity, International to provide funding for State Support*

*Organizations*

While the Government Relations and Advocacy office in Washington, DC office is seen as an extension of the administration of Habitat for Humanity, International, they do not need to fundraise and receive funding from the national organization for operations expenses. However, State Support Organizations rely on fundraising campaigns and the optional dues paid by affiliates in their state. However, State Support Organizations experience many restrictions in fundraising in their state because any affiliate serving a geographic area and can refuse to allow the State Support Organization to fundraise in their service area. This leaves the State Support Organizations with little-to-no opportunities for fundraising and rely mostly on dues paid by member affiliates.

Because State Support Organizations are so limited in funding, they have to rely on the strengths of their current staff, whether that be advocacy, resource development, or service provision programs. This means that every State Support Organization ends up working on their own programs and what is currently important to them. For many State Support Organizations, that means working on fundraising to keep their office doors open. As a result, State Support Organizations staffs are small and are typically not proactive in their advocacy work. They are also are not working in unison when nation-wide issues come to a head, such as the implementation of the SAFE Act regulations. If every State Support Organization had a staff member focused on advocacy, they could have proactively worked with Habitat for Humanity's

GRA office staff to gain exemptions to the impending rules. This focus for a staff member could simply be part of their position, perhaps tied in with a government grants role or national service program implementation role.

### **Habitat for Humanity State Support Organizations**

*Have at least one staff member dedicated to advocacy work*

One major difference that could be made at the state level is to have at least one staff member dedicated to advocacy work. This could be a full-time or part-time position, but it should be the responsibility of at least one staff member to watch pending legislation that could impact Habitat for Humanity or their clients in the state.

Having a staff member dedication to advocacy will make advocacy a priority and can assist in changing attitudes surrounding the return on investment of advocacy work. First, state-wide advocacy can be considered a form of fundraising. Proactive advocacy work can be quantified, the way Indiana affiliates saved an average of \$1,700 every year from the statewide SAFE Act exemption (The State of Advocacy 2012). For a small affiliate building two houses each year, this adds \$850 to each house the affiliate builds.

Second, having staff members dedicated to advocacy in each state creates a designated liaison for the national GRA office as well as a contact for affiliates in the state to request assistance in their advocacy efforts. A state-level focus on advocacy will create more opportunities for affiliate staff, volunteers, and donors to learn about the issues affecting affordable housing in their state.

*Utilize board members and volunteers in advocacy efforts*

One important way that State Support Organizations can engage in more effective advocacy is to utilize the time and talent of the board members and volunteers. Traditional volunteers and unpaid board members are able to donate their time to the organization, by advocating on behalf of the organization more than paid staff members would be allowed. Like the GRA office, State Support Organizations have the opportunity to implement action alerts to their supporters. By keeping volunteers up-to-date about state-wide advocacy efforts, the supporters can choose to take action and contact legislators either about impending legislation or about broad issues important to Habitat for Humanity and their state.

Viewing advocacy as a resource and a natural extension of the Habitat for Humanity mission is key. By taking a cue from other nonprofit organizations like Feeding America and National Council of La Raza, Habitat for Humanity would benefit largely from an organizational attitude shift toward viewing advocacy as an asset in their fight to eradicate poverty housing.

While Habitat for Humanity has established the GRA office, it is not providing funding to State Support Organizations for advocacy, where it would be useful. Additionally, while Habitat for Humanity views investment in advocacy as necessary when government funding is on the line or when a rule is put in place that could harm the organization's operations, it does not appear that advocacy funding is available for additional activities. Being proactive in advocacy would benefit Habitat for Humanity in a myriad of ways, from implementing new programs, to accessing exemptions to harmful government regulations. Viewing advocacy as a cost saving mechanism and a necessary year-round activity of the organization would assist Habitat for Humanity in reaching its long term goal of eradicating poverty housing. Ultimately,

Habitat for Humanity has much to lose by not incorporating advocacy in a strong way and as a key component of the mission. Committing to the idea, at a national, state, and local level, that advocacy is an essential component of the work and not just an extra piece, will allow Habitat for Humanity to continue to grow its work, increase their number of people served, and safeguard them against harmful legislation.

Exploring the possibility and implementation of these recommendations would be a beneficial step for Habitat for Humanity take in improving their advocacy efforts across the country. Above all, staff and volunteers must recognize the work being done on the ground in communities and structure their advocacy around improving opportunities for affordable housing for all people.

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