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# STANFORD SOCIAL INNOVATION *review*

**15 Minutes**

**Jonathan Reckford**

Habitat for Humanity's new CEO picks up the hammer

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**You couldn't ignore Katrina, but taking it on after committing to rebuild thousands of homes destroyed by the tsunami must have pushed Habitat to the edge.**

Yes, it's been a stretch. Habitat is designed to build a small number of houses in an enormous number of locations. The tsunami and Katrina are challenging us to build very, very large numbers of houses in relatively concentrated locations. One of the things I did right away was to recruit two CEOs from the building industry [William Collins and Kenneth Meinert] to come in and manage our Hurricane Katrina rebuilding efforts. They literally dropped everything and left their jobs to come and help.

And we built an incremental team to deal with Hurricane Katrina. We recognized early on that if we weren't careful, it would take all of Habitat's resources to respond to Katrina, and that would be at the expense of serving the rest of the United States and the rest of the world.

**If you continue to tackle projects as big as the tsunami and Katrina, is there a danger that you'll find yourself becoming a disaster relief organization instead of focusing on your original mission of building housing for the poor?**

We've talked about it carefully with our board of directors, and the decision is that we should be involved in rebuilding after disasters, because that fits very much with our core mission. But we have put some boundaries around it. Typically the people who suffer the most in these disasters are those who had the least to begin with, so we do think it makes sense for us to be part of rebuilding. What we don't want to do is try to be the Red Cross. It's not that our people won't help in

those early days, but from a formal perspective and a resource perspective, the role we see ourselves playing is coming in behind the initial relief work and helping in the rebuilding and recovery.

**Still, the challenge of rebuilding in the wake of these disasters is huge.**

The shocking thing is the extent of the damage. Depending on whose estimates you believe, between 400,000 and 500,000 homes were destroyed, and we would estimate

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that of that total there were at least 40,000 Habitat-qualified families. To put that in context, we built only 5,000 homes in the whole United States last year. So it is a staggering number. We are going to try to build 1,000 homes [for Katrina victims] by the end of June. Unfortunately, there are far more families that need housing than we have the money to serve, so the hardest part for us is knowing that even though we'll do the biggest building project in Habitat's history in the United States, it will be far short of the need.

We've already built more than 5,000 homes in the tsunami-affected area. But those houses cost much less than houses in the United States.

We're going to try to build about 21,000 homes there and serve another 18,000 families through working with other partners.

Many of those families lost their livelihoods, as well as their homes, so one of the programs we have is what we call First Shelter. What we're doing is giving the family a very simple one-room home. They don't have to pay for that because we want to get the family into a safe place to live right away. The shelter is designed to be permanent and expandable, so when the family is back on its feet and able to earn some income, we will work with them and expand that into a larger home that they would have to pay back. That was viewed as a way to be true to the Habitat principles [that people should provide sweat equity and pay for their home], and yet still to recognize the extreme issues involved with the disaster.

**Is this part of a larger change in Habitat's approach to creating housing?**

Habitat's ultimate goal is to eliminate poverty housing. It is a huge problem that requires different approaches. So one of the goals for Habitat as we go forward is to continue building the way we have been building, because it has been successful, but not view that as the only way to impact poverty housing. If we want to serve the very, very poor, we have to find additional ways to help.

Take a family that's earning \$1 a day. Sadly, there are a billion such families out there in the world, and they probably can't afford a 15-year mortgage on even a very inexpensive home. So one of the things we're doing is a model called Building in Stages, where we make a series of home improvement loans working

with the family, and help them improve their home one step at a time.

We might make a very small loan and work with a family to get a galvanized aluminum roof on their home, which would be a major step forward for the quality of their life. The next year we might work with them and put a concrete floor in, which does wonders for the health and cleanliness of the home. The next step might be to add another room so that they can have the boys and the girls in different rooms.

We're partnering with microfinance organizations for home improvement loans, leveraging the fact that they've got these systems and expertise already in place. One model is for them to provide the home improvement loan and for us to work with the family on physically improving the home. Another model is for the microfinance organization to work with the family to give them credit so that they can create a business that would help them pay for a home.

Our principle is that it's good for families to participate in building their home, paying for their home, and owning their home, but it's critical that we keep the cost low enough so that they can afford it with a reasonable percentage of their income.

**Habitat has been quite successful at partnering with for-profit businesses.**

Probably our biggest financial partner right now is Thrivent Financial for Lutherans, which just made a four-year commitment to donate \$105 million to Habitat. Thrivent has a special tax requirement that a percentage of their profits has to go to charitable causes that are directly tied to Lutherans. So we've created a whole series of innovative programs around getting

Lutherans involved in building Habitat houses both in the United States and around the world. Because Habitat is a global organization that's also in virtually every community in the United States, we can create one huge program with a corporate partner and implement it locally in a variety of places.

A second example of how we partner with business is Whirlpool Corporation, which made the wonderful commitment that they're donating a refrigerator and a range to every single Habitat house that is built. It started with a commitment to the United States, and now we're figuring out how to expand it around the world. Not every single house we build has electricity, so there will be some houses that don't have them. But most will.

Whirlpool has been very public about their relationship with Habitat. They did a significant advertising campaign with [country music star] Reba McEntire and sponsored one of her concert tours. Because of this, Whirlpool was able to measure a significant impact on consumer intent to purchase Whirlpool products, because consumers appreciate the fact that Whirlpool was doing this good work with Habitat. Even more dramatic was the impact on employees' perceptions of Whirlpool, because employees liked working for a company that had a conscience and cared.

**Habitat is a faith-based organization, yet you aren't afraid of recruiting celebrities or celebrity organizations to work with you – like the NCAA and Major League Baseball or Miss Universe and Jon Bon Jovi – and then promoting the heck out of that relationship. Did that start with President Carter?**

At a time when Habitat wasn't so well known, I think President Carter's servant leadership and participation in Habitat clearly created the public engine to grow Habitat. And he continues to be a wonderful volunteer and public figure. But some of this is really quite new. Katrina opened the door to a number of relationships that were new to us.

To pull back on your question, we view ourselves as an inclusive Christian ministry. We're very clear with everyone involved that we exist to demonstrate the love and teachings of Jesus Christ to the world, and the way we do that is in this passionate belief that every family should have a chance to live in a safe and decent affordable home. But out of that identity we are very happy to partner with people of other faiths and people who are willing to share in our mission.

We're unapologetic about who we are, but we never discriminate in whom we serve. We serve in countries and areas of faith and no faith, and we also joyfully work with other groups and partners. What has made this possible is that we are both reasonably clear and humble about our own identity, and we try to be inclusive in reaching out to work with others to make a difference.

Where we have the chance to work with celebrities, we will do it. Clearly it helped us with Katrina that Harry Connick Jr. and Branford Marsalis and some other people who are passionate about New Orleans came out early and provided leadership and visibility to help raise funds for reconstruction. So where they're willing to partner and in a way that's good for Habitat, we're thrilled to pull people in. □