

# Philanthropy Must Turn More Attention to Housing Issues

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[Affordable Housing](#), [Speeches & Commentary](#)

The American economy cannot recover without a turnaround in housing.

While the federal government considers what additional steps to take to help homeowners and the housing market, American philanthropy need not wait to play a role in solving the crisis and helping to spur a recovery. Grant makers must understand that even if housing is not a part of their direct mission, it affects just about every type of effort to aid American families and improve neighborhoods across the country.

Housing is not just a vital component of the economy, after all. New research shows that stable, affordable housing is central to education, health, employment, and economic development.

Foundations should act promptly to focus on housing issues because the vicious cycle of home foreclosure is likely to get worse before it gets better. As even more adjustable mortgage rates are reset this year, many additional families will not be able to meet the higher payments required to keep their homes.

Home foreclosure filings continue to increase rapidly. The [Center for Responsible Lending](#) projects nearly 2.5 million foreclosures nationally this year. In Chicago, where my philanthropy, the John D. and Catherine T. MacArthur Foundation, has its headquarters, foreclosures doubled in 2008; there are two or three foreclosures per block in some of the city's hardest-hit neighborhoods.

The damage the housing crisis is likely to cause could affect families for generations. Research shows that children with a stable place to live are healthier and perform better academically; employment rates for adults are higher when they have a steady residence; and communities with longtime residents have a greater share of citizens actively involved in civic affairs and experience less crime.

For instance, Robert Haveman, a University of Wisconsin researcher, and his colleagues found that frequent moves for a young child or an adolescent have "a strong negative and significant effect on achievement." Indeed, moving as a child has a greater negative impact on high-school graduation rates than does poverty or welfare dependency. Children whose housing is not stable also are at risk of deficient nutrition, as well as poor health.

It is not just homeowners and their families who are affected by the foreclosure crisis. As many as one-third of foreclosed properties are multifamily units, putting renters in jeopardy when building owners can no longer afford their mortgages. In some cases, renters have been evicted without legally required notice, losing security deposits, incurring moving expenses, and being forced to double up.

As families lose their homes, neighborhoods also suffer. Vacant houses quickly deteriorate, dragging down property values and encouraging crime and vandalism. The cost to local governments is considerable: up to \$34,000 per house in police and fire protection, trash removal, unpaid water bills, court proceedings, and, in some cases, demolition. The cost to neighbors and the local housing market are equally serious: a drop of up to 1.1 percent in property value for every home within an eighth-of-a-mile radius.

Foundations are in a strong position to make a difference in resolving the housing crisis. While our resources are much more limited than those of federal and state governments, we can be more nimble and can act more quickly. We know the communities we serve well, including where local needs are greatest. In many cases, foundations have supported and helped to build resilient networks of organizations that are capable, experienced, and ready to expand their efforts to ensure stable and affordable housing.

MacArthur has almost a decade of experience supporting community and economic development in 16 of Chicago's promising, but low-income, neighborhoods. We are concerned that our investment and the hard work of our grantees may now be put at risk. But we also recognize that our experience — and that of the organizations we have supported over many years — is an asset, enabling us to make a real difference in these troubled times.



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[Op-Ed on the Chronicle's webpage \(subscription req.\) ▶](#)

[\\$68 million for foreclosure prevention & mitigation in Chicago ▶](#)

[Preservation Compact aims to reverse the loss of Chicago's affordable rental housing ▶](#)

[MacArthur's grantmaking in affordable housing ▶](#)

Responding to the growing lending crisis and the rise of foreclosures, MacArthur is investing \$68-million in grants and low-interest loans in foreclosure prevention and mitigation efforts in Chicago neighborhoods. We expect our investment to attract more than \$500-million in capital. Our goal is to help local organizations reach 10,000 Chicago households, provide counseling to 6,000 of these, and help prevent 2,700 foreclosures by 2010.

We recognize that only half or fewer homes in foreclosure can be rescued. Consequently, we are also investing in efforts to reclaim foreclosed properties and to bring them back quickly to productive reuse.

Homeownership is not for everyone. Today one-third of American households, 37 million, rent their homes — including new college graduates, older Americans, and young families saving to buy their first place. So we are also leading the local Preservation Compact, an effort to reduce the net loss of affordable rental housing in the Chicago area to zero.

Our efforts to prevent foreclosures and mitigate their effects draw on and expand the work of organizations we have supported in these neighborhoods over the years. These groups are familiar with their communities and residents and can best reach those in need. For example, more than half of all borrowers facing foreclosure never contact their lender, though doing so, at any time, can increase the likelihood of avoiding foreclosure.

Neighborhood groups can get the word out — they know where, how, and when to reach troubled borrowers to educate them about the need to contact lenders. They are also in a good position to provide the housing counseling that borrowers need, enabling many to restructure or refinance their troubled mortgages. For many such groups, extending their reach and improving their capacity to respond is the most significant challenge. They simply need more employees and more money to expand their efforts in the face of tremendous need. Foundations can provide that additional assistance quickly.

Foundations can also be of direct help to local governments. In Chicago, MacArthur is working with the city government and local nonprofit groups to acquire and put back to productive use thousands of foreclosed properties, initially with money from the federal Neighborhood Stabilization Program.

MacArthur's investment in housing reflects our values. We know that housing matters to people and neighborhoods. We believe that, in difficult times, foundations should increase, not cut, grant making to help people in need.

American philanthropy has a long history of serving the needs of communities and helping to improve the local and national economy. In uncertain times, investments in housing benefit individuals, families, communities, and the overall economy.

As T.S. Eliot wrote, "Home is where one starts from."

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