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A Grass-Roots Impact on Housing

Advocacy Group Finds Success With National Lobbying Effort

By H. Jane Lehman
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The latest coup pulled off by volunteer activist Elena Hanggi in many ways exemplifies the impact one grass-roots organization for the poor has had on housing and mortgage credit issues.

Much to the dismay of the banking industry, Hanggi in January became the first community activist to serve as chairwoman of a Federal Home Loan Bank board. Hanggi, a former national president of the Association of Community Organizations for Reform Now (ACORN), now heads the Dallas-based regional bank board that oversees the savings and loan industry and some commercial banks in Texas, Arkansas, New Mexico,, Mississippi and Louisiana.

For Hanggi, 50, who sports a reputation as feisty as that of ACORN, the one-year bank board appointment caps a career that began 17 years ago when organizers from ACORN knocked on the door of her modest home in Little Rock, Ark.

Even though she never considered herself a joiner, Hanggi rose to the challenge posed by local ACORN organizers to help save her home and others in a run-down neighborhood from the path of a proposed freeway.

Hanggi said that in keeping with the group's motto, "The People Shall Rule," ACORN's professional staff sometimes shoved her into situations she did not feel ready to handle. Nonetheless, she said, "I am really grateful somebody saw something in me I did not know was there."

Hanggi, a homemaker, rose through the ranks of the volunteers to become the national president of the 75,000-member organization for two terms ending in 1987. The group represents households whose earning are in the $14,000-to-$20,000 range and who pay annual $24 dues, which provide much of the group's $3 million operating budget.

Along the way, Hanggi helped direct ACORN's campaigns to assert squatters' rights to abandoned city homes, put scores of low-budget renters in rehabilitated homes and win loan concessions from lenders reluctant to do business in the country's poorer neighborhoods.

Taking a fresh look at borrower qualifying standards, referred to in the industry as underwriting guidelines, is one goal Hanggi said she has set for the Dallas board during her tenure as chairwoman, although she said she envisions resistance.

To help members buy homes, the nonprofit organization has created about nine housing development corporations to acquire foreclosed homes for re-sale.

To make the homes affordable to those with such low incomes, the buyer purchases the building while ACORN retains title to the ground through a land trust. The buyer also must spend a number of hours working to rehabilitate the homes as a condition of the purchase, a concept known as sweat equity.

However, lenders tell ACORN it is difficult for them to lend money on deals involving land trusts and sweat equity because the techniques are not accepted by the secondary mortgage market consisting of the Federal Home Loan Mortgage Co. (Freddie Mac), and the Federal National Mortgage Association (Fannie Mae), Lewis said. The two companies only

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