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## Democratic Ally Mobilizes In Housing Crunch

**Acorn Leads Drive to Register Voters Likely to Back Obama; New Federal Funds**

By **ELIZABETH WILLIAMSON** and **BRODY MULLINS**  
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(See [Corrections & Amplifications](#) item [below](#).)

The housing bill signed Wednesday by President George W. Bush will provide a stream of billions of dollars for distressed homeowners and communities and the nonprofit groups that serve them.

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Brody Mullins/The Wall Street Journal

Acorn volunteers registered people to vote in late July.

such voter-registration drives on record.

One of the biggest likely beneficiaries, despite Republican objections: Acorn, a housing advocacy group that also helps lead ambitious voter-registration efforts benefiting Democrats.

Acorn -- made up of several legally distinct groups under that name -- has become an important player in the Democrats' effort to win the White House. Its voter mobilization arm is co-managing a \$15.9 million campaign with the group Project Vote to register 1.2 million low-income Hispanics and African-Americans, who are among those most likely to vote Democratic. Technically nonpartisan, the effort is one of the largest

The organization's main advocacy group lobbied hard for passage of the housing bill, which provides nearly \$5 billion for affordable housing, financial counseling and mortgage restructuring for people and neighborhoods affected by the housing meltdown. A third Acorn arm, its housing corporation, does a large share of that work on the ground.

Acorn's multiple roles show how two fronts of activism -- housing for the poor and voter mobilization -- have converged closely in this election year. The fortunes of both parties will hinge in part on their plans for addressing the fall of the nation's housing market and the painful economic slowdown. Some of the places buffeted worst by mounting foreclosures are states whose voters could swing the election. Five battleground states where Acorn has registration drives were among the top 10 states for foreclosure rates as of June: Colorado, Florida, Nevada, Michigan and Ohio.

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Partly because of the role of Acorn and other housing advocacy groups, the White House and its allies in Congress resisted Democrats' plans to include money for a new affordable-housing trust fund and \$4 billion in grants to restore housing in devastated neighborhoods. In the end, the money stayed in the bill; the White House saw little choice.

What most riles Republicans about the bill is the symbiotic relationship between the Democratic Party and the housing advocacy groups, of which Acorn is among the biggest. Groups such as the National Council of La Raza and the National Urban League also lobby to secure government-funded services for their members and seek to move them to the voting booth. Acorn has been singled out for criticism because of its reach, its endorsements of Democrats, and past flaws in its bookkeeping and voter-registration efforts that its detractors in Congress have seized upon.



Democratic Sen. Robert Casey Jr. joins members of Acorn in a rally at the Capitol in March. Acorn's voter-registration push has made it an important player in the Democrats' effort to win the White House.

Republicans critical of Acorn's roles say any money that it gets for housing makes it easier for the group to put money into voter drives. "These are taxpayer funds, in an indirect method, being used to subsidize political activism," says Rep. Jeb Hensarling, Texas Republican and chairman of the conservative House Republican Study Committee. "I'm sure they're not going out and registering any Republicans."

Democrats say Republicans are simply opposed to housing aid and voter registration for the poor. Acorn also has a political arm that has endorsed Sen. Barack Obama's presidential campaign. But other groups spanning the political spectrum, ranging from the environmentalist League of Conservation Voters to

Republican-friendly faith-based groups and the National Rifle Association, also do voter registration. They often target like-minded voters while endorsing candidates through separate entities. The faith-based groups, like the housing groups, also have gotten public money.

"We're trying to empower people in our communities to improve their lives," says Acorn spokesman Charles Jackson. "That is through voter registration and helping them to save their homes." He dismisses the idea that housing aid helps voter efforts: "The funds don't intermingle," he says. "There are clear walls with Acorn."

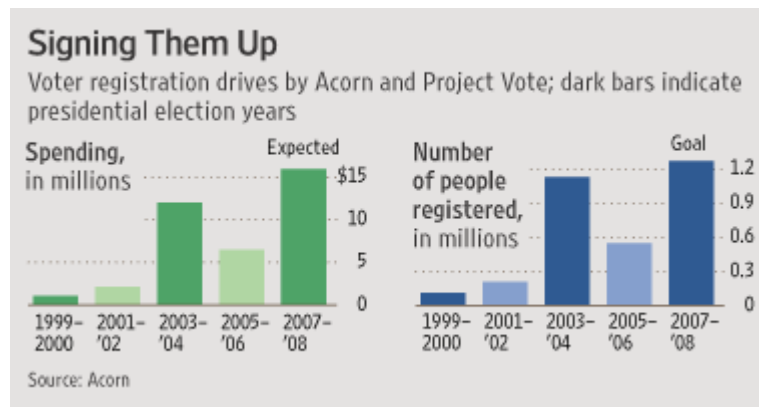
Last week, while lawmakers were brokering the final deals ahead of Saturday's 72-13 Senate vote in favor of the housing bill, Acorn workers were in the midst of the organization's most ambitious voter drive.

Acorn worker Stephanie Willis was scouting for new voters in a seedy neighborhood of Aurora, Colo., a Denver suburb. Spotting a woman seated on a park bench, Mrs. Willis hustled over and thrust a clipboard and pen at her. Within minutes, Brenda Hernandez was a new registered voter. Mrs. Willis then handed Mrs. Hernandez a flier listing Acorn's housing and other services, and signed her up to be an Acorn member.

"Obama!" Mrs. Hernandez yelled, attempting to fist-bump Mrs. Willis, who already was scanning for other people to register.

Acorn's Mr. Jackson says that when the group registers voters, it also "aims to educate them on

issues facing their communities" and tells them about its services. Other groups also recruit voters and members at the same time; laws for tax-exempt groups only prohibit them from promoting specific political parties.



Sen. Obama is especially reliant on registration drives, such as Acorn's with Project Vote, to help him win the White House. The Illinois Democrat draws his strongest support from blacks, Hispanics and young people, groups that are among the least likely to be registered. After law school, Sen. Obama was the director of Project Vote in Chicago. The Obama campaign, noting that interest

groups routinely register voters and endorse candidates through separate efforts, emphasizes that it accepts no donations from the groups' political action committees.

### Steering Money to Groups

Democrats on Capitol Hill have helped to steer millions of dollars in housing and other grants from the federal government toward Acorn and groups like it. The groups must qualify and compete for the money, which is typically doled out from the federal government to states and municipalities. The housing package includes a new, permanent source of affordable-housing money that congressional Democrats and grass-roots groups have sought for years. The Affordable Housing Trust Fund and the Capital Magnet Fund will be funded by a tax on mortgages backed by Fannie Mae and Freddie Mac, the government-sponsored mortgage titans.

That tax eventually will channel upwards of \$600 million annually in grants for developing and restoring housing, mostly as low-income rentals, available to Acorn and other groups. Democrats on Capitol Hill and housing groups say the housing-assistance money is vital to helping Americans hit hardest by what some call the largest drop in home values since the Great Depression. But they acknowledge the perception of political conflict in giving federal funds to an organization that does political work.

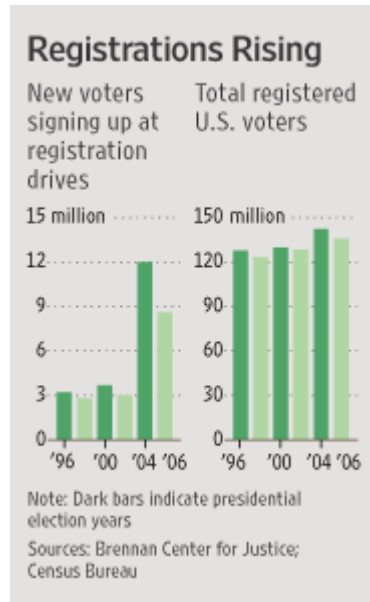
"We are guarding against it," said Massachusetts Rep. Barney Frank in an interview. He secured the Affordable Housing Trust from his seat as chairman of the House Financial Services Committee. "We have a lot of restrictions in the bill" banning using the housing money for lobbying or political purposes, he said.



He added that housing-advocacy groups aren't unique in having an affinity for government officials who can steer money their way. "People who build affordable housing tend to support the Democrats...who support affordable housing," he said. "I am a lot less worried about this relationship than I am about the Pentagon and Lockheed."

### Powerful Lobbying Tool

Acorn describes itself as the nation's largest grass-roots community organization, with more than 400,000 families organized into 1,200 neighborhood chapters in 110 cities. Over four decades, Acorn has turned its broad membership into a powerful lobbying tool. Its representatives are well-known in the marble halls of the Capitol, and press local, state and federal governments for "social justice" programs, such as raising the minimum wage and advocating for hospitals to provide more free care to those lacking insurance.



Few housing organizations have as wide a reach or as many housing counselors and programs that can win grants as Acorn Housing Corporation, the group's housing-aid effort.

It's difficult to track Acorn's finances because of its group of legally separate offshoots, nearly all of which use an address in New Orleans in their tax filings with the Internal Revenue Service. Project Vote, with which Acorn has a "joint-effort agreement" to do voter registration, also uses the New Orleans address on its IRS forms. Acorn is providing one-quarter of the effort's budget for this election, and the canvassers are members of Acorn's staff.

Acorn Housing Corporation, the group's housing-aid arm, has released a copy of its 2007 tax form, but the main group, National Acorn, won't release financial statements and isn't required to. Unlike several Acorn subsidiaries, it doesn't seek tax-exempt status. "We're a private organization; it's our members' business,

basically," Mr. Jackson said.

Overall, the main national Acorn entities for which tax information is available -- including its Housing Corporation -- spent \$14.7 million in 2006. That information is gathered from IRS filings submitted by a half-dozen separate entities. The filings show that Acorn Housing raised \$6.9 million for its activities in 2006, of which \$1.7 million, or nearly 25%, came from government grants.

Last year, as the housing crisis worsened, Acorn Housing raised \$7.7 million, of which \$2.8 million, or 36%, was from the government, according to a return supplied by the housing group. Acorn Housing's income pays for work including housing construction and renovation, and staff who counsel homeowners on avoiding foreclosures and who work with lenders on behalf of borrowers to restructure loans.

Project Vote says it spent \$9.1 million on voter-registration activities in 2006, and \$15 million in the presidential election year of 2004.

When Republicans controlled Congress, they doled out money from President Bush's faith-based initiatives to churches and religious groups that helped rally Republican voters. Now that Democrats are in charge of Congress, they control the spoils. But the GOP's Rep. Hensarling says he doesn't think organizations with political arms -- on either side -- should be allowed to receive government funds. "I wonder what Democrats would think if we were in the majority and we took taxpayer funds to subsidize the National Rifle Association's low-income housing fund," he says.

#### Missteps at Acorn

Acorn has had a number of missteps. This month its founder, Wade Rathke, resigned after news emerged that his brother Dale had embezzled nearly \$1 million from Acorn and affiliated groups eight years ago -- information the group kept from law-enforcement authorities and most members. Dale Rathke left the organization only last month.

Late last year, a handful of Acorn canvassers in Washington state admitted that they had falsified voter registrations by illegally filling out hundreds of forms with names such as Dennis Hastert, Leon Spinks and Fruito Boy Crispila. In April, eight Acorn workers pleaded guilty to similar charges in Missouri for falsifying forms.

To reduce any incentive to commit fraud, Acorn currently pays canvassers a flat hourly rate of \$8. Some other organizations pay canvassers by the number of registration forms they turn in.

Acorn's registration campaigns are part of a growing emphasis on voter mobilization in American politics. More than 20 million people filled out applications at voter-registration drives during the 2004 and 2006 elections -- three times as many during the previous two election cycles, according to an analysis of census data by the Brennan Center for Justice, a nonpartisan organization that tracks voter registration figures. This election is expected to exceed the 2004 record, with groups across the political spectrum forecasting they will surpass their previous efforts.

In the 2004 and 2006 elections, Acorn helped to register a total of 1.6 million new voters combined; this election, it aims to register 1.2 million more with Project Vote. Acorn also is helping to back an effort to register one million recent immigrants who are new citizens, and who tend to lean mostly toward Democrats.

Tina Sepulveda, a 23-year-old single mom canvassing in Aurora for the Project Vote effort, says she checks her forms to see how people will vote. "In a week, I get maybe six to nine Republicans. And I'm getting 20 people a day."

Last year, Acorn calculated that Denver and its suburbs held 150,000 eligible but unregistered Hispanics and African-Americans. To run the program, Acorn and Project Vote turned to Ben Hanna, a shy, tattooed 27-year-old, who wants to register at least half of that group.

Mr. Hanna hired 25 canvassers, seven quality-control people and a handful of managers to trawl parks, public-assistance agencies and liquor stores. The team registers about 2,000 people a week and overall has helped 52,000 people join the voting rolls.

One of his stars is the gregarious Mrs. Willis, the youngest of 12 siblings, who says she has signed up 2,000 people this year. With a daily goal of 25 new registered voters, Mrs. Willis needs to sign up four or five people an hour.

At her first stop, an agency that hands out food stamps, she cajoles a Hispanic woman into filling out a form. At a public pool, she kicks off her white Air Jordans and registers a Hispanic sunbather. She wades through the kiddie pool fishing for voters.

More than half of the unregistered people that Mrs. Willis approaches say they aren't allowed to vote. She tells convicted felons that state law allows them to vote once they are off parole.

After two hours, Mrs. Willis signs up her sixth voter, 77-year-old Andrew Hinojos. "I wasn't going to vote, but that lady right there, she can make anybody vote," says Mr. Hinojos, pointing

toward Mrs. Willis. He promises to show up on Election Day.

--Louise Radnofsky contributed to this article.

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### Corrections & Amplifications

Wade Rathke founded the community organization Acorn. A previous version of this July 31 page-one article about Acorn's housing and voter registration efforts incorrectly gave his first name as Wayne.

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