



Employer Assisted Housing

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As housing costs have risen in Florida, housing advocates have been searching for new ways to provide affordable housing. Some are watching, intrigued, as employer assisted housing is implemented in Philadelphia, Cleveland, and Chicago. This article will explore the history of employer assisted housing, how the programs are structured, and how they might look in Florida.



When one thinks of employer assisted housing, the image of the old company town often leaps to mind – substandard housing and excessive employer control. When opening a business in an isolated area, such as starting up a mine, employers had no choice but to provide some type of housing for their workers. By the 1920's, however, company towns began to disappear. Changing patterns in metropolitan area growth, as well as changes in mobility, led to the decline of company towns. These changes and others greatly diminished the need for housing close to one's place of work or for employers to play a role in worker housing (Jennings, 2000).

Employer assisted housing started to reappear in the mid-1980's. The University of Pennsylvania guaranteed mortgages for employees who purchased homes in neighborhoods surrounding the University. In exchange for this guarantee, lenders eliminated the down payment requirement, allowing the employees to buy a home with little or no money down. One of the main goals of this program was to help revitalize neighborhoods near the University by offering employees an incentive to purchase there.

Cleveland's Case Western Reserve University is also focusing its employer assisted housing program on improving the neighborhood surrounding the university. Employees are eligible to receive \$10,000 toward the purchase of a home in certain neighborhoods. Those who take advantage of this assistance are also eligible to receive an additional \$1,000 per year for the next five years, bringing the total amount of assistance available to \$15,000. Employees purchasing a home outside of the targeted neighborhoods are eligible for a maximum of \$10,000 -- \$5,000 in the first year and \$1,000 per year for the next five years. If recipients leave Case Western's employment within two years of receiving the assistance, the amount provided must be repaid.

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The Chicago area has a well-publicized employer assisted housing program. Fueled by a state income tax credit for participating employers, in 2004 this program assisted 70 households, representing the employees of nine employers. The average amount of assistance was \$5,000 per applicant, with the maximum assistance amount being \$7,500. Data for the first half of 2005 showed 72 employees of five separate employers purchasing homes with an average of \$5,000 of subsidy. Again, the maximum subsidy amount was \$7,500. Over 75 percent of the employees purchasing a home in the first half of 2005 worked for just two employers – the University of Chicago and the Chicago Public

School System. The median household income for participants was \$51,000, 100 percent of median income for the Chicago Metropolitan Service Area. Another notable feature of the Chicago program is that the participating

employers are all headquartered in Chicago. That is, decisions to participate in the Chicago program are made by CEO's based in Chicago for employees based in Chicago.

EAH'S APPLICABILITY IN FLORIDA

With the increasing disparity between housing costs and income in Florida, the subsidy amounts associated with employer assisted housing, on their own, would do very little to assist the state's very-low-, low- and – in many cases – moderate-income families. While our purchase assistance programs in Florida are, of necessity, offering deeper and deeper subsidies, there are always going to be some buyers who do not quite make enough to qualify. In these instances, combining existing subsidy programs with an employer's extra \$5,000 could make a unit affordable to a previously unqualified buyer. In addition to direct subsidies, another role Florida employers can play is to make their employees aware of existing programs for which they could qualify. Florida is extremely fortunate to have a dedicated revenue source for housing that is active in every county and large city in the state. Employers can take a more active role in making employees aware of these programs and what their employees can do to qualify.

EMPLOYER ATTITUDES TOWARD EMPLOYER ASSISTED HOUSING

There have been two major studies of employer attitudes toward employer assisted housing: a 1990 American Affordable Housing Institute study and a 1998 Fannie Mae study. The questions asked in the second survey were not identical to those asked in the first, so a strict comparison of change over time cannot be made. However, some comparisons can be made. In the 1990 survey, 79 percent of employers responding indicated that availability of affordable housing had no negative impact on the recruitment and retention of labor. The 1998 Fannie Mae study found that 84 percent of the employers surveyed saw no connection between recruitment and retention problems and lack of affordable housing. The 1990 survey found that employers with more than 1,000 employees were more likely to have an interest in providing any housing benefit by a statistically significant margin of 14 to 24 percent for smaller employers.

The 1998 Fannie Mae survey also found a correlation between the number of employees that a firm has and the level of employer interest in providing some form of housing assistance. Collapsing those who were offering a benefit with those who were actively considering this idea as a single category, the Fannie Mae survey found that 14 percent of employers having 1,000 to 4,999 employees had an interest in employer assisted housing, a level of interest similar to that of employers with fewer than 1,000 employees. However, for firms with 5,000 to 14,999, the level of interest grew to 18 percent. Of firms with 15,000 or more employees, 23 percent expressed an interest in having a housing benefit program (Hoffman).

Since most of the interest in employer assisted housing is concentrated among large employers, the lack of major corporations headquartered in Florida could hinder a major employer assisted housing effort. Only 14 Fortune 500 companies are headquartered in Florida, with Miami and Jacksonville each having the most, at three. In contrast, the Chicago area alone is home to 30 Fortune 500 companies.

EMPLOYER ASSISTED HOUSING IN FLORIDA

Employer assisted housing has a track record in Florida. In 2002, the Florida Housing Coalition assisted Bonita Springs Area HDC with a development in which the Bonita Bay Group provided their employees with an extra \$5,000 in down payment assistance when purchasing a unit in the HDC's development.

Now a nonprofit developer in southeast Florida receiving assistance from the Florida Housing Coalition has been approached by the local school board to reserve 30 units in a proposed development for school board employees. The school board has agreed to pay \$60,000 to the nonprofit to reserve these units for their employees. While this doesn't necessarily increase the affordability of the units, it is providing the nonprofit with some much-needed operating money. The Florida Housing Coalition is also in the early stages of assisting a southwest Florida nonprofit with designing an employer assisted program that will work in conjunction with a

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The Bonita Bay Group, a large employer in Lee County, supplemented SHIP down payment and closing cost assistance with \$5,000 so that ten employees were able to purchase homes in Silverado East, a single family subdivision developed by the Bonita Springs Housing and Community Development Corporation.

proposed condominium development. While the development will have both state and local subsidies, the initial plan is to request that the employers provide additional subsidy to employees wishing to purchase a home in the development. This will make the homes affordable to lower income households.

Although employer assisted housing will not solve Florida's housing affordability problems, it brings employers into the public-private partnership that every community relies upon to deliver affordable housing. It can be a great benefit to the employer as an important piece of its incentive package to recruit employees. Employer assisted housing can also provide a program for retaining employees through the stability created by homeownership or a secure housing environment. 

References

Hoffman, Daniel. "How Employers View Employee Assisted Housing". <http://policy.rutgers.edu/eah/employers.html>

Jennings, Stephanie. "Reinventing the Company Town", in Housing Facts and Findings, Summer 2000.

Housing America's Workforce Act of 2005

The Housing America's Workforce Act of 2005 was introduced in Congress last June. Its Senate sponsors are Senators Hillary Rodham Clinton (D-NY), Gordon Smith (R-OR), and Mel Martinez (R-FL); its House sponsor is Rep. Nydia Velázquez (D-NY). The Act provides incentives to increase private sector investment in housing solutions in three important ways.

First, this legislation offers a tax credit of 50 cents for every dollar that an employer provides to eligible employees, up to \$10,000 or six percent of the employee's home purchase price (whichever is less) or up to \$2,000 for rental assistance.

Second, to ensure that employees receive the full value of employers' contributions, the Act defines housing assistance as a nontaxable benefit, similar to health, dental and life insurance.

Finally, the Act establishes a competitive grant program available to nonprofit housing organizations that provide technical assistance, program administration, and outreach support to employers undertaking Employer Assisted Housing initiatives.

The last action on the Senate's version of the bill (S. 1330) was on June 29, 2005, when it was read twice and referred to the Committee on Finance. The last action on the House bill (H.R. 3194) was on Aug. 24, 2005, when it was referred to the Subcommittee on Housing and Community Opportunity.

Deed Restrictions and Community Land Trust Ground Leases *Continued from page 10*

the principle that a community has an interest in the way that its land base is used and in the way that its land is allocated to individual members of the community. The CLT directly expresses and acts upon this principle when it enters into a ground lease as steward of the community's land and guardian of the community's interests. Through the ground lease, the community's interests are affirmatively stated and are balanced with the stated interests of the individual. Deed restrictions are more likely to be perceived as negative. The community is not as visibly and affirmatively present in the deed-restricted deal. 

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