

Employer-Assisted Housing as a Solution for Housing Montana's Workforce



A Presentation at the
Missoula Housing Summit: A Search for Solutions



Agenda

- Overview of Employer-Assisted Housing
- Types of EAH Benefits
- Benefits of EAH to Employer, Employee & Community
- EAH in Action
- NAR & REALTORS® Involvement



Overview of Employer-Assisted Housing

- A variety of benefits offered by employers to help their employees meet their housing needs
- Benefits include:
 - Homebuyer and rental financial assistance,
 - Homebuyer education and counseling, and
 - New construction and renovation of housing
- Benefits can help employees purchase (or rent) homes in the communities where they work
- Helps employers achieve business goals

Pioneer: 1912, Clarkdale, AZ , Owner Senator Clark provided housing for his workers at his United Verde copper mine by building housing stock to ensure workers lived close to the mine.



Overview of Employer-Assisted Housing

- Addresses Workforce Housing Challenges
 - Affordability
 - Geographic
 - Resorts
 - “Drive until you qualify”
 - Public service employees
 - Desirable & safe neighborhoods
- Addresses Barriers to Homeownership
 - Credit scores
 - Mortgage qualification
 - Lack of funds for down payment and closing costs
 - Lack of knowledge & Lack of confidence
 - Fears/myths (foreclosure fear)



Overview of Employer-Assisted Housing

- Not as common as health or retirement benefits
- EAH remains an unfamiliar concept for HR Departments
- Employers unaware of EAH's benefits
- Link between housing costs, businesses' bottom line & community stabilization not understood
- Lack of funding to support EAH programs
 - Exceptions: Tax Credit for Employers (Illinois), Employee State Tax Exemptions for Employees (Mississippi), Matching Funds (Philadelphia)
 - Federal Legislation - may be added to the Livable Communities Act



Types of EAH Benefits

- Homebuyer and homeownership education
 - Homebuyer workshops
 - Financial literacy
 - Foreclosure prevention assistance workshops
- One-on-one counseling
- Financial assistance

2009 SHRM Professionals Benefits Survey
10% Rental Assistance; 6% Downpayment Assistance & 9% Housing Counseling



Types of EAH Benefits

- Shared equity
- Mortgage payment assistance
- Rental assistance
- Land donation
- Employer-constructed housing
- Loans for housing construction
- Contributions to a community housing fund



Types of EAH Benefits - Workshops

- Conducted by real estate professional and/or a lender/non-profit
- Low- or no-cost to employer
- Promote workshop to employees as a benefit
- Workshops at workplace (“lunch and learns”)
- Employer can provide snacks
- One or a series of workshops



Types of EAH Benefits - Workshops

- Selecting a real estate agent
- Determining how much you can afford
- Improving your credit position
- Obtaining mortgage financing
- Saving for a down payment/closing costs
- Homeownership responsibilities & budgeting
- The home buying process



Types of EAH Benefits - Counseling

- A review of an employee's individual situation
- Consultation on private issues (i.e. credit problems)
- Provided by a non-profit organization
- Can help homeowner avoid foreclosure
- Conducted at the non-profit's office or at the home of the employee
- The employer can assist by
 - Allowing the employee time off to attend counseling sessions
 - Providing a private on-site location for the sessions
 - Providing counselors' contact information to the employees
 - Assisting with any fees



Types of EAH Benefits - Financial

- Helps employees overcome a financial barrier
- Used for downpayment or closing costs
- Types of financial assistance
 - Loans
 - Grants
 - Matched savings
- Structure to encourage retention/meet objectives
 - Location of home
 - Duration of employment
 - Income level
- Can be leveraged with other programs
- Requires resources to administer and manage



Types of EAH Benefits - Financial

- **Loans**

- Repayable
- Deferred
- Forgivable

- **Grants**

- Assist with the downpayment and closing costs
- Grants do not require repayment
- Easier than loans to administer

- **Matched Savings**

- Employee's savings are matched
- Savings can only be used for purchase of a home



Types of EAH Benefits – How to Choose

- Conduct needs assessment
 - Employer goals: EAH benefit can address goals
 - Employee housing needs survey
- Conduct cost/benefit analysis
 - Based on lower turnover costs
- Identify EAH benefits to implement with EAH team
- Implement EAH
- Evaluate EAH program



Benefits of EAH to Employee

- Overcome homeownership barriers
- Improve knowledge of the homebuying process and homeownership concerns
- May avoid foreclosure
- Secure financial assistance
- Enhance quality of life
- Build wealth and equity appreciation
- Live closer to their workplace

“Homebuyer education and counseling services can produce substantial and quantifiable benefits for counseled clients. “

Impacts of Homeownership Education and Counseling on Homebuyer Purchasing Power



Benefits of EAH to Employer

- Retain existing employees
- Reduce turnover, decrease training costs
- Recruit new employees
- Increase productivity
- Build staff loyalty to the employer
- Generate positive publicity for the employer
- Employees know the customers they serve
- Able to contribute to the stabilization and revitalization of the community



Benefits of EAH to a Community

- Attracts and keeps a local workforce in the community
- Ensures that critical workers and emergency responders can live nearby
- Reduces traffic and air pollution
- Assists with community economic goals
- Stabilizes and revitalizes the community
- Increases population
- Increases the tax base



EAH in Action

- **Brownstein, Hyatt, Farber & Schrek**

- Law office in Santa Barbara, CA with 82 employees
- Santa Barbara is a very expensive housing market
- Difficult for the employer to attract and retain workers
- Significant turnover costs when employees leave

- **Solution**

- Partnered with a housing non-profit
- Homebuyer education
- Discounted rates on home purchase and mortgage services

- **Outcome**

- 45 employees participated in the program & 24 purchased homes
- Program sets Brownstein Hyatt apart as an “employer of choice” when recruiting employees



EAH in Action

- **Chicago Public Schools**

- 44,400 employees
- Need to recruit top talent to school system and to retain new teachers
- Provide resources to support City of Chicago residency requirement

- **Solution:**

- Partnered with a development corporation
- Homebuyer education and counseling
- Information fairs and seminars
- Forgivable loans (\$3,000 - \$7,500)

- **Outcomes:**

- 1,300 employees have received counseling
- 900 employees purchased homes
- CPS also received a \$500,000 financial benefit through the sale of Illinois employer tax credits



NAR & REALTORS® Involvement

- NAR
 - EAH Class
 - Ira Gribin Grants
- San Diego Association of Realtors ®
 - Everyday Heroes Program
 - Homebuyer education & financial assistance for police officers
 - Raised \$250,000.00 through golf tournaments and member donations
 - Hopes to expand program to firefighters
- Maryland Real Estate Team
 - Exclusive benefits and discounts for teaches (\$1,000 credit, reduced interest rates, home inspection discounts)
 - Stabilizes retention rates
 - Enable teaches to live near their schools



Employer-Assisted Housing Q&A

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