Employer Assisted Housing

In a Nutshell

Employer Assisted Housing (EAH) programs allow employers to help their employees purchase homes or find affordable rental housing near work. Some employers may build new housing near the job site as part of an EAH program, although aid is typically given in the form of homeownership education/counseling, forgivable or low-interest loans, credit repair, and mortgage assistance. EAH supports job growth by recruiting and retaining skilled employees. It also helps to attract public and private investment in communities through housing and jobs.

The “How To”

Employees enrolled in Employer-Assisted Housing (EAH) receive help with the down payment, closing costs, or information about completing the home-buying process. The exact terms of EAH programs are determined and implemented at the company level, and can vary widely between employers. Details such as employee eligibility, the location of qualified homes, loan amounts, and terms of loan forgiveness will differ based on the resources and needs of the individual company and its employees.

A variety of resources are available to assist employers in this process. PolicyLink offers a toolkit for EAH. The National Association of Realtors offers an Employer-Assisted Housing Class for employers.

College and University Models

There are four program models that universities can follow to implement EAH programs: the financial partner model, service provider model, connector/facilitator model, and developer model. Education institutions may combine aspects of these models to their liking.

Universities following the financial partner EAH model provide direct financial support to their employees. Financial support may be a low-interest loan, cash towards a down payment, help on transaction costs, or even a matched savings plan. Programs catered toward renters may receive help to offset a security deposit or defray moving costs. Fannie Mae is a common partner for the financial partner EAH model.

The service provider EAH model provides pre-requisite services for receiving financial assistance. Requirements may include homebuyer education programs, credit counseling, assistance with preparing a mortgage application, and property search assistance. Normally, the university partners with existing providers who provide financial literacy and home buying counseling.

Universities following the connector or facilitator EAH model act as a liaison towards their employees and external sources of housing services. In this instance, the universities rarely incur costs of the EAH program.

The developer EAH model calls for the university to build housing for its employees. Universities may secure a loan from a private lender. Also, homebuyer education services may be offered to employees receiving EAH.

Planning & Zoning

State Policies

No federal policy on EAH currently exists. An attempt to pass the Housing America's Workforce Act (S. 1078 and H.R. 1850) in 2007 would have provided tax credits to employers offering EAH and would have treated housing assistance as a nontaxable employee benefit, had it not failed.

At the state level, EAH is approached differently, often with non-profit organizations at the state or metropolitan level offering services to promote EAH. Employers may need to team up with a lender to provide affordable, fixed interest rate mortgages and down payment assistance opportunities. The employer's Human Resources Department should be contacted as well. Human Resources should be a main partner and should have knowledge of housing needs for employees.

Retention Rates

Opportunities for employment may be located in places with high priced housing markets. Employers must recognize this in order to aid their employees with their housing choices. Employment opportunities neighboring affordable residential districts may increase employee retention rates.

EAH Cancelation

In the case of an employee moving, employers may require employees to repay the remaining life of the loan if the employee is terminated, leaves for another job, or chooses to move from the house.

Dollars & Cents

Program Costs

Most costs associated with the EAH program include the forgivable loan principal, gross up to cover employee taxes, and program administration. Some instances call for higher costs if the employer is building new housing. Universities may choose this option.

Benefits

EAH programs have a number of economic benefits, including reducing employee household expenses, revitalizing local neighborhoods, helping companies retain a stable workforce, and correcting housing-employment mismatch.

As an added benefit, EAH programs help employees, particularly low- and moderate-income employees, by saving them money on housing, transportation, or both and by making it easier for them to get to work. Without affordable housing near employment, workers often have to choose between higher housing costs or longer, more expensive work commutes. This problem is especially persistent around suburban job sites, where affordable housing is not typically being built. EAH programs can also help renters become first-time homebuyers.

EAH also serves to benefit the employer, which typically experiences lower employee turnover with successful EAH programs, because homeownership and ease of access to work improve stability. They can also help attract employees who see this as a competitive benefit and those who simply wish to live closer to work. In addition, EAH programs can improve a company's community relations and give them a more socially

responsible image.

Community Revitalization

EAH programs can also facilitate revitalization of surrounding communities by increasing homeownership and even spurring new building and development. Regionally, EAH programs that make housing near work more accessible can lessen the location mismatch between employment centers and affordable housing.

Measuring Success

Buying a home is a significant investment for a person and for the surrounding neighborhood. The surrounding neighborhoods of employers who offer EAH should see an increase in their tax base. Neighborhoods with more vacant lots may see more stabilization with an EAH program investing in their community.

Low Results

Employers offering EAH programs can measure employee retention rates to see if the program is successful. If employees are not enrolling in an EAH program or retention rates are not high, this can be due to a number of factors

- Neighborhoods offered are not perceived as safe
- Neighborhoods offer low amounts of amenities and low investment
- Neighborhood schools are of poor quality
- Economic development is absent
- Housing stock quality is perceived as inadequate
- There is little or no need for an EAH program due to a vast availability of affordable homes

Forest Park Southeast

Washington University and BJC operate a successful EAH program, which filled vacant land in the Forest Park Southeast neighborhood. Forest Park Southeast is one of the specified neighborhoods that employees from Washington University can purchase a home if enrolled in their EAH program. Washington University Medical Center Redevelopment Corporation teamed up with Pyramid Construction, Inc. and McCormack Baron & Associates to redevelop part of Forest Park Southeast. They are in the midst of constructing new homes on land that previously sat vacant for years. Many of these homes will be available for Washington University and BJC employees. Investment has included a reopening of a school and a new community center. To find out more about Washington University's EAH program, please visit the EAH case study section.

Discover More

The National Association of Realtors offers programs and services to aid employees in the process of purchasing homes and partners with lenders and non-profits to offer these services and training as well. The National Association of Realtors Employer-Assisted Housing Class is a four-hour training session for local employers wanting to help their employees. Realtors conduct homebuyer and homeownership workshops in partnership with non-profit organizations and lenders. One-on-one counseling between realtors and non-profit organizations helps employers discuss problems with their employees. Realtors offer financial assistance options to help purchase a home. Financial assistance may include grants, loans, and matching savings.

Beyond Housing offers homebuyer education resources, sample mortgage documents, and other housing related documents. Housing resources are available in Spanish as well.

Case Studies

Washington University in Saint Louis and BJC Employer Assisted Housing

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Description

Washington University in St. Louis (WUSTL) began its Employer-Assisted Housing Program in 1997 as an employee benefit and also as a larger strategy to stabilize and revitalize some of the struggling neighborhoods surrounding their campuses. WUSTL's EAHP has selected several areas in St. Louis City and University City where the EAHP can be used. Current employees, both part- and full-time, are eligible to participate in the program, but can only use the benefit once. In order for employees take advantage of the 5-year forgivable loan offered by the EAHP, they must use the purchased housing as their primary residence, receive home-buying counseling, and use one of the program's five approved lenders for their mortgage. By meeting these requirements, employees can obtain a loan in the amount of either 5% of the total home purchase price or $6,000- whichever is less. For properties in the Forest Park Southeast neighborhood, employees can receive up to $8,500. The loan can be used for down payment or closing costs and is forgivable over a 5-year period, with 20% face value forgiven at the end of each full year. The full balance of the loan becomes due if the employee defaults on their mortgage, sells their home, moves to a different primary residence, is terminated from Washington University, or otherwise fails to meet the program requirements.

Ten years after implementation, this article, Area expanded for Employer Assisted Housing Program, was published in the WUSTL school paper.

Cost

Costs of operating the EAHP have been minimal. The program employs just one staff member, who contributes about 20% of their time to the EAHP and the rest to other WUSTL programs. Marketing expenses mainly consist of maintaining the EAHP website and printing informational brochures. Because the EAHP is one of many community development programs and employee benefits that Washington University provides and coordinates, much of the costs are absorbed into overall university operating costs and are negligible to the EAHP itself. The return on investment for the program has been more qualitative than directly financial and can be seen in the revitalization and increased stability of the neighborhoods included.

Lessons Learned

Challenges faced by the EAHP at Washington University include keeping a small pool of approved lenders, making the paperwork easy to understand and complete for all applicants, communicating the intent and purpose of the program to the public, and meeting once a year to discuss and evaluate the program and make room for any needed improvements. Of course, creating revived and stable neighborhoods has been a huge reward for the program. The EAHP has added stability, not just to the neighborhoods, but also to the lives of WUSTL employees by bringing them closer to work, easing their commute, and making homeownership a reality.