Module 2

EAH as a Workforce Housing Solution
Module 2: Learning Outcomes

At the conclusion of this module, you should be able to:

- Define employer-assisted housing;
- Discuss the different types of employer-assisted housing benefits;
- Identify the value of EAH to employers, employees, and the community.

This module explains what employer-assisted housing is and why employers, employees, and the community benefit from employer-assisted housing.

What is EAH?

Employer-assisted housing is a benefit offered by an employer to help meet the housing needs of his employees. It has also been described as a variety of housing benefits employers can offer to help their workforce afford homes.¹

Employer-assisted housing can help employees to move beyond the most common hurdles to homeownership and purchase or rent a home in the community where they work.

Employer-assisted housing helps employers achieve business goals while at the same time helping employees meet their housing needs. Note the phrase “helping the employer achieve business goals.” This definition emphasizes the benefits to the employer.

Typical Employer Benefits

Many employers, typically the larger ones and the more socially conscious ones, offer a variety of benefits to their employees. These benefits include:

In addition to these traditional benefits, many employers are also offering more innovative benefits, such as tuition reimbursement and education programs, daycare services, wellness programs and health club memberships. These benefits can help the employer compete for employees in the marketplace and help with employees’ work-life balance. Employer-assisted housing can be one more benefit that the employer offers.

A survey by MetLife suggests more employees report they are very satisfied with the benefits they receive at work than at any time in the past eleven years. This suggests that there is a significant rise in the number of employees who agree that benefits are a very important reason they joined and/or stayed with their company.²

Employers Who May Offer EAH

The employers most likely to offer employer-assisted housing are those with a business need or strong sense of civic responsibility.

Employers who are experiencing labor shortages or high turnover rates are candidates for employer-assisted housing benefits, as EAH benefits may help the employer be more competitive and encourage employees to stay with the employer longer.

Employers who relocate their employees may use EAH to help their employees find and purchase a home in the new locations.

Employers who see themselves as socially responsible industry trendsetters are candidates for employer-assisted housing programs.

A place-based employer, such as a university or hospital, with a large physical investment in the neighborhood where they cannot pick up and

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relocate, might be interested in EAH to overcome a community’s stability or perception of safety issues by encouraging employees to live in the community, invest in the community and become part of the community.

Banks are another potential employer who may be ready to offer an EAH benefit. Most lenders already offer discounts on mortgage for employees. You might want to work with them to re-brand this discount as an employer-assisted housing benefit and to include homebuyer education as part of that benefit.

"M&T’s employees are our greatest asset. For this reason, mortgages with a preferred rate are available to current employees and retirees on primary residences."

- M&T Bank, Employee Mortgage Program, https://services.mtb.com/personal/mortgage/employee/?referrer=employee

Employers who are located in communities with high housing costs relative to incomes—for instance, a resort community or high-income municipality—may want to help their employees afford a home within the community and close to the workplace.

Employers who may have employees not fully focused on their work because of foreclosure fears may be looking for ways to help their employees keep their minds on their work.

I see some of my employees working real hard and I just felt that it would be a great plan, a great thing if we could help our employees get further in life through housing...you will get an employee who will give you everything he or she has, and that’s dedication. It creates a tremendous bond between employer and employee, and it feels good."

- Leonard Pereira, President, Air Around the Clock, Florida
Employer-assisted housing benefits can provide a positive return to the company's bottom line. EAH can often be implemented at little or no cost to the employer, and yet the employer reaps the benefits of a more productive workforce, lower employee turnover, and a greater ability to attract new employees.

Many employers have recognized the linkages between certain employee benefits and key business objectives, such as increasing productivity and improving employee retention.

According to the 12th Annual MetLife study of U.S. Employee Benefits Trends, published in 2014, employers cite these top issues related to benefits:

- Benefit costs—88%
- Potential to boost loyalty and retention—58%
- Legislation/regulations—57%

Also, as noted in a Comptroller of the Currency report, some employers have found that providing employer-assisted housing benefits helps them achieve a variety of goals, such as improving recruitment and retention of employees.

An EAH benefit can help retain employees and reduce turnover rates, especially if combined with a requirement that the employee needs to stay with the employer for a certain number of years. Employee turnover can be expensive. In fact, a report by the Greater Philadelphia Urban Affairs Coalition states, “On average, it costs a firm 25 percent of the position’s annual salary plus 25 percent of the cost of benefits to replace an employee. One analysis found that it cost half of the employee’s annual wage, or $12,750 per employee, to hire a new entry-level sales or customer-relations employee at a call center.”

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In 2014, the Urban Affairs Coalition released a report identifying the impacts of Philadelphia’s Home Buy Now Program. One finding was that employers, including Millennial workers, receiving housing benefits tended to stay in their positions 50% longer and showed increased work performance.\(^6\)

Studies have also shown that as workers are forced to live farther from their workplace, their productivity declines. One explanation can be that employees have longer drives and, with greater regional traffic congestion, spend more time stuck in traffic; this makes them more likely to arrive at work late as well as tired and frustrated.

Employer-assisted housing can also increase productivity through improved morale, an enhanced employee work-life balance and decreased absenteeism. Furthermore, homebuyer and homeownership education, which many employers offer as an extended EAH benefit, can help address the stress some employees may be facing with concerns about losing their homes.

Implementing an EAH benefit can help employers build value within their organizations and enhance their reputations.

Offering an EAH benefit may provide for more employees to work in the communities in which they live. Thereby, they may better know the customers they serve. For example, CVS offers an EAH benefit so that more of their employees can live in communities where their stores are located. Accordingly, their employees know some of their customers as they may also be their neighbors.

*The Prescription for Homeownership program has been great for the company and our employees. When an employee purchases a home, they want to work harder and strive for a promotion so that they maintain that home.*

- Steve Wing, Director of Government Programs, CVS

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Employer-assisted housing benefits can also generate positive publicity for the employer and create goodwill in a community. Employer-assisted housing can help set a company apart in the community and in the minds of customers.

Employers that offer employer-assisted housing are seen as trendsetters and socially responsible organizations. This can help make them attractive places to work.

Employers are increasingly seeing a connection between the health of a community in which they are located and the strength of their business. For these employers, employer-assisted housing benefits can be used as part of a program to stabilize and revitalize neighborhoods close to the workplace. A stabilized, safe neighborhood is particularly important for employers who rely on customer and client access to their business. As noted above, hospitals and universities, with major physical investments in a community are likely to be very interested in the quality of the surrounding neighborhood.

Employers that offer innovative benefits build loyalty from their workforce. This loyalty translates into reduced turnover expenses and increased productivity.

**EAH Benefits to Employees**

Employer-assisted housing benefits the employees as well. EAH can help employees overcome some of the homeownership barriers previously discussed.

First, the employees often receive homebuyer and homeownership education, including financial literacy and foreclosure prevention education, as well as counseling services as part of an employer-assisted housing benefit. This provides them the knowledge and confidence to purchase a home, prepares them to purchase and maintain a home, and enables them to take the steps necessary to avoid foreclosure.

Additionally, many employer-assisted housing benefits offer financial assistance
to the employee that can help close the financing gap on a home purchase.

Everyone should take advantage of the housing benefit. Once I completed the application, my benefit coordinator helped me apply for other funds and walked me through the whole process. Advance Food Company is very generous to offer this benefit. Without it, I would not have been able to purchase my home.

- Advance Food Company employee

In many instances, employer-assisted housing benefits are designed to allow the employee to live in the community in which they work. This allows employees to spend less time commuting and more time at home with their families, thus enhancing their quality of life.

"The Live Near Your Work Program allowed me to purchase a home and supported me in being able to finance the closing costs. It also encouraged me to learn more about the home buying process. It allowed me to move into a neighborhood close to where I work. I am happy with the house, the location, and my neighbors. LNYW is a wonderful benefit for Hopkins homebuyers."

- Ed Markowski on the John Hopkins University EAH benefit program

Finally, employees who purchase homes have the opportunity for equity appreciation as their home value increases.

And, as noted in an NAR report, homeownership boosts the educational performance of children, induces higher participation in civic and volunteering activity, improves health care outcomes, lowers crime rates, and lessens welfare dependency.

In addition to tangible financial benefits, homeownership brings substantial social benefits for families, communities, and the country as a whole. Because of these societal benefits, policy makers have promoted

1Social Benefits of Homeownership and Stable Housing
http://www.realtor.org/field-guides/field-guide-to-social-benefits-of-home-ownership
homeownership through a number of channels. Homeownership has been an essential element of the American Dream for decades and continues so even today.⁷

EAH Benefits to the Community

Communities can also benefit when employers offer employer-assisted housing.

First, employer-assisted housing often allows workers to live and work in the same community. People who live and work in the same location tend to become invested in the community and become more active in civic and volunteer activities. Additionally, employees living and working nearby equals less traffic congestion and less air pollution.

Second, employer-assisted housing benefits allow critical workers and emergency responders, such as police, fire and medical personnel, to purchase homes in the communities where they work. They do not have to travel great distances to respond to an emergency.

Finally, as communities are revitalized, the base of the community can be stabilized, so the population and community tax base will increase. Employees will spend more of their money in the local community, supporting local merchants and further adding to the economic vitality of the community.

Home Buy Now Demonstrates a Positive Impact on the Community

A recent study performed by the University of Pennsylvania’s Social Impact Consultant Group discovered that 91% of homes purchased via Philadelphia’s Home Buy Now (PHBN) program are still owned by the employees. The homes purchased with the program’s matching grant funds have provided the City of Philadelphia with $892,032 collected in property tax annually. “This, in conjunction with the average for the city to instantaneously regain amount of aid it provided for nearly 80% of the PHBN homes.” In addition, 91% of the PHBN houses are still
owned by the PHBN grant recipients.


Module 2 Summary

Module 2 began to focus on employer-assisted housing. This module included:

- A definition of employer-assisted housing (EAH);
- A discussion of the types of employers likely to be interested in employer-assisted housing;
- A summary of the benefits of EAH to:
  - The employer
  - The employee
  - The community