Employer-Assisted Housing

Unlock a New Market

Learning Outcomes

At the conclusion of the class, you should be able to:

• Describe and discuss workforce housing issues and employer-assisted housing (EAH)
• Describe and discuss the benefits of implementing an EAH program and the key types of EAH benefits employers can offer
• Conduct research to find information about your community and existing programs
• Create a team including (but not limited to) real estate professionals, counselors, lenders, and workshop providers
• Identify and meet with employers to discuss the design and implementation of an EAH benefit, including education, counseling, and/or financial assistance

Class Overview

• Module 1: Workforce Housing Overview
• Module 2: EAH as a Workforce Housing Solution
• Module 3: Types of EAH Benefits & Plan Implementation
• Module 4: Action Plan
Module 1: Workforce Housing Overview

Module 1: Learning Outcomes

At the conclusion of this module, you should be able to describe and discuss:
- the definition of workforce housing;
- workforce housing trends, challenges, and barriers to homeownership; and
- workforce housing solutions.

Meaning of Workforce Housing

- Discussion exercise:
  In your community, what do people mean when they use the phrase "workforce housing"??
What is workforce housing?

- Housing near employment centers or accessible transit
- Affordable
  - 60-120% of the area median income
  - 30% of income for housing
  - Variations for each community

Workforce housing trends

- Scarce supply of urban land
- Rising rents
- Causes and aftereffects of foreclosures
- Legislative reforms (i.e. Dodd-Frank Act)
- Restricted access to credit

Housing Affordability: Prices and Transportation

- Rising transportation costs
- Long commute times and traffic congestion
- New housing affordability indexes
- Increase of walkable communities
- Zoning restrictions
Housing Affordability: Income

- $52,697 annual income required to purchase a $191,600 median-priced home in the U.S.
- Many professions pay less than this:
  - Elementary school teachers ($53,224)
  - Police officers ($51,160)
  - Nurses ($42,421)
  - Retail workers ($21,799)

Source: Center for Housing Policy: Paycheck to Paycheck, 1st quarter, 2014

Homeownership barriers

- Discussion exercise:
  What are some barriers that can prevent people from purchasing a home?

- Credit scores
- Mortgage qualification
- Lack of funds for down payment and closing costs
- Lack of knowledge
- Lack of confidence
- Fears/myths (foreclosure fear)
Workforce housing solutions

• Federal and state government financing programs
• Local financial assistance programs
• Local regulatory changes
• Long-term affordable housing programs
• Land acquisition and reuse
• Employer-Assisted Housing

What’s Happening in Your Community?

• Discussion exercise:
  What is being done in your community to address workforce housing challenges?

Benefits of workforce housing solutions

• Allows critical community workers and emergency responders to live in the communities they serve
• Allows workers to live close to their jobs
• Allows workers to live in neighborhoods of their choosing
• Addresses the affordability issue
• Addresses neighborhood stabilization issues
• Allows workers to live and work in the same community
Key learning points for Module 1

Can you…
- Define workforce housing
- Describe workforce housing trends, challenges, and barriers
- List benefits of workforce housing solutions

Module 2: EAH as a Workforce Housing Solution

At the conclusion of this module, you should be able to:
- Define employer-assisted housing
- Identify employers who may want to implement EAH
- Summarize the value of EAH to:
  - the employer
  - the employee
  - the community
What is EAH?

- A variety of benefits offered by employers to help their employees meet their housing needs
- Benefits include:
  - homebuyer and rental financial assistance
  - education, resources and counseling
  - 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

Typical employer benefits

- Healthcare
- Life insurance
- Retirement/401K plans
- Tuition reimbursement/education
- Daycare
- Wellness programs/health club memberships
- Employer-Assisted Housing?

Employers Who May Benefit by Offering EAH

- Discussion exercise:
  What type of employers may benefit from offering EAH?
  - Experiencing labor shortages
  - Experiencing high turnover
  - Needs to relocate employees
  - Needs employees close by
  - Trendsetters and socially-responsible employers
  - Located in resort, cost-challenged area or deteriorating neighborhood
EAH benefits to the employer

- Retain existing employees
- Reduce turnover, decrease training costs
- Recruit new employees
- Increase productivity
  - Improve staff morale
  - Enhance employees work-life balance
  - Decrease absenteeism
  - Reduce stress in employees concerned about losing their homes

EAH benefits to the employer (cont’d.)

- Build staff loyalty to the employer
- Produce a positive return on investment
- Build organization value and reputation
- Generate positive publicity for the employer
- Employees know the customers they serve
- Able to contribute to the stabilization and revitalization of the community

EAH benefits to employees

- Overcome homeownership barriers
- Improve knowledge of the homebuying process and homeownership concerns
  - Helps to prevent foreclosures
- Secure financial assistance
- Enhance quality of life
- Build wealth and equity appreciation
- Live closer to their workplace
- Social benefits
**EAH benefits to the 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

**Key learning points for Module 2**

In Module 2 we...
- Defined employer-assisted housing
- Identified employers who may want to implement an EAH benefit
- Discussed EAH's benefits and value to:
  - Employers
  - Employees
  - Community

**Module 3: Types of EAH Benefits & Plan Implementation**
Module 3: Learning Outcomes

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

• types of EAH benefits, including education, counseling, and financial assistance
• the employer’s role in implementing each benefit
• the logistics and administration involved in each benefit type, and
• several examples of employers who have implemented EAH benefits

Key types of EAH benefits

• Homebuyer and homeownership education
  – Foreclosure prevention assistance
• One-on-one counseling
• Financial assistance

Other 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
Homebuyer & homeownership education

- Benefit for employees who want to buy a home or own a home
- Workshops or resources for employees
- Prepares potential homebuyers for homeownership
- Helps homeowners to manage responsibilities of owning a home
- May help to prevent foreclosures

Workshop topics

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

Tools: Homebuyer workshop Flyer (TR.55)
       Homebuyer workshop PowerPoint (TR.57)

Workshops logistics

- Conducted by real estate professional and/or a lender/non-profit
- Low- or no-cost to employer
- Determine workshop location
- One or a series of workshops
- Promote workshop(s) to employees

Tools: Homebuyer workshop flyer (TR.53)
NAR Resources

- Realtor's Property Resource®
- REBAC Home Buying Resources
- Promotional Materials
- Field Guides & Publications
- Customer Handouts

Foreclosure prevention assistance

- Helps homeowners avoid foreclosure
- Workshop or package of resources for employers
  - Employees may not attend a workshop
  - Team creates package of resources (more confidential)
- Reviews the steps for homeowners to take
- Federal foreclosure assistance programs & non-profit resources
- Refer employees to a foreclosure counselor
- Resources showing scams and ineffective programs
- Loss mitigation & mortgage modification options

One-on-one counseling

- A review of an employee’s individual situation
- Consultation on private issues
  - credit problems
  - financial matters
- Advice and recommendations specific to their situation
- Counseling services provided by a non-profit organization – not by the real estate professional
- Helps homeowners avoid foreclosure via intervention counseling
One-on-one counseling (cont'd.)

- The counseling sessions are typically conducted at the non-profit’s office or at the home of the employee
- The workplace is another potential location
- Non-profits may charge a fee
- 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

Workshops and counseling as the first step(s)

- Inexpensive to implement
- Demonstrates immediate benefits
- Generates positive publicity

Financial assistance

- Helps employees overcome a financial barrier
- Used for downpayment or closing costs
- Types of financial assistance
  - Loans, Grants, Matched savings
- Structure to encourage retention
- Can be leveraged with other programs
- Requires resources to administer and manage
- Employer reluctance
- Information about financial assistance programs in lieu of financial assistance
Loans

- The employer provides various types of loans for employees:
  - Repayable
  - Deferred
  - Forgivable
- Eligibility requirements (optional)
  - Location of home
  - Duration of employment
  - Income level

Grants and matched savings

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

Matched savings
- Employee’s savings are matched
- Savings can be used for purchase of a home
- Eligibility requirements

EAH benefits planning steps for the employer

- Employer conducts but team can help
- Determines Business Goals
- Determines Needs of Employees
  - Employee housing needs survey
- Conducts cost/benefit analysis
  - Based on lower turnover costs
- Implements the plan
- Evaluates the plan

Tools: Developing an EAH Benefit: Step-by-Step Guide (TR.63)
Plan implementation, administration, & management

- Employer administers & manages the plan or outsources to a nonprofit or for-profit organization
- Time and effort determined by type of benefit
- Financial assistance benefits are more complex to set up and administer
- Employer can incorporate eligibility requirements
- Legal and accounting review of all plan materials

Tools: Model Templates in Step-by-Step Guide (TR.63)

Page 3.20

Public programs leverage EAH benefits

- Combine to leverage EAH benefit
- Federal programs
  - VA Home Loan Program
  - HUD's Good Neighbor Next Door & HOME
  - FHA loans – EAH benefit may/may not count toward 3.5%
- State and local programs
  - State housing finance agencies (HFAs)
  - City Programs: Philadelphia “Home Buy Now”

Tools: State and Local Housing Assistance Programs (TR.25)

Page 3.22

Tax Credits and Implications

- State tax credits for employers - Illinois
- State income tax exemptions for employees - Mississippi
- Forgivable loans and grants are considered compensation by the IRS
  - taxed as income to the employee
- State tax treatments vary in each state
- Federal Legislation

Page 3.27
EAH at a small employer

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

Outcomes
- Program sets Brownstein Hyatt apart as an “employer of choice” when recruiting employees

EAH at a government employer

District of Columbia
- Provide resources to promote District of Columbia residency

Solution:
- Partnered with Community Based Organizations
- Matching closing cost funds up to $1,500
- Deferred second trust loan up to $10,000

Outcomes:
- Increase homeownership in D.C. by government workers including police officers, teachers, and fire-fighters

EAH at a place-based employer

Johns Hopkins University and Hospital
- 52,000 employees
- Want to encourage employees to live near work
- Wants to strengthen the community in the surrounding neighborhoods

Solution:
- Partnered with private foundation, city of Baltimore & housing non-profit
- Homebuyer education & Counseling
- Grants: Between $2,500 and $36,000

Outcomes:
- Employees became homeowners in the area
- Increased neighborhood vibrancy
Exercise: Match the EAH Benefit to the Barrier

- Lack of knowledge
- Mortgage qualification
- Lack of confidence
- Lack of funds for downpayment and closing costs
- Credit scores
- Fears/myths

Using EAH benefits to overcome homeownership barriers

- Homebuyer and homeownership education
  - Lack of knowledge
  - Fears/myths
  - Foreclosure prevention
- One-on-one counseling
  - Lack of confidence
  - Credit scores
  - Mortgage qualification
- Financial assistance
  - Lack of funds for downpayment and/or closing costs

Key learning points for Module 3

- Types of EAH benefits
- The employer's role in implementing each benefit
- The logistics of each benefit type
- The administration and management of an EAH plan
Module 4: The Action Plan

At the conclusion of this module, you should be able to describe and discuss:
• How to conduct research on your community
• How to form an EAH team
• How to identify and contact employers
• How to meet with an employer

Four (4) steps in the action plan

1. Conduct research on your community
2. Form a team
3. Identify and contact employers
4. Meet with the employers
The Action Plan, Step 1: Do Your Research

- Homebuyer and homeownership education
- Counseling services
- Housing costs
- Income levels
- Existing financial assistance programs
- Local housing initiatives
- Existing EAH programs
- EAH legislation

Conduct housing market & census research

- Census data
- American Community Survey
- Paycheck to Paycheck website
- Bureau of Labor Statistics
- National Association of REALTORS®

Tools: Action Plan Worksheets – Website research (TR. 1)

Find federal, state, and local financial assistance

- Federal agencies
- Non-profit housing organizations & foundations
- State housing organizations
- State and local government
- Local government
- Local developers
- Include programs in workshops

Tools: Find Down-Payment Assistance Programs (TR. 13) & State & Local Housing Assistant Programs (TR.25)
Identify existing employer EAH programs

- Economic development agencies
- Chambers of Commerce
- Local newspaper and business journals
- Society for Human Resource Management (SHRM)
- Let employers know who else is implementing a benefit

Tools: Employer EAH Examples  (TR. 21)

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Monitor EAH Legislation & Regulations

- State Legislation and Tax Credits
  - State REALTOR® associations’ government affairs departments
  - State websites
  - Metropolitan Planning Council
- Federal Legislation & Regulations
  - FHA/HUD
  - NAR
  - Center for Housing Policy

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The Action Plan, Step 2: Form a Team
Team member expertise

- Lending and finance expertise
- Financial assistance resources information
- Education and workshop assistance
- Foreclosure prevention assistance
- Access to resources
- Counseling services
- EAH benefit plan administration

Benefits of the team approach

- Adds credibility when meeting with employer
- Provides expertise in all area of the homebuying and homeownership process
- Leverages resources of federal, state, and local financial assistance programs
- Provides sources of introductions to employers
- Benefits to the team

Role of the team leader

- Leads and coordinates the team
- Facilitates the action plan
- Identifies and recruits team members
- Identifies and contacts employers
- Schedules and organizes meetings with the employer
- Organizes education programs
- Serves as the contact point for the employer & team
Role of the non-profit

- Likely Team Leader
- One-on-one counseling, credit counseling, foreclosure prevention
- Homeownership & homebuyer education
- Financial assistance program sources
- Participates in employer meetings and workshops
- Benefit administration and management
- Non-profit is critical to the success of your team
- Source of referrals and new clients benefit

Tools: Find Nonprofit Housing Organizations (TR.15)

Role of the real estate professional

- Help with organizing and/or conducting education programs
  - Homebuying process
  - Role of a residential real estate professional
  - Local neighborhood and marketplace
- Show employees examples of available homes in the area
- Use NAR Resources
  - Realtor Property Resource®
  - REBAC Buyer Kit
- Long-term commitment
- Development of new relationships

Role of the lender

- Knows low-cost financing alternatives
- Identifies mortgage financing that works with EAH assistance
- Recognizes mortgage underwriting requirements
- Participates in workshops
- Participates in employer meetings
- Provides special offers
- Lender can take EAH class
- CRA benefit
Other partners and roles

- Title company and appraisers
- Home inspector
- Home maintenance and repair companies
  - Home Depot, Lowes, local merchants
- Local REALTOR® associations and firms
- NAR/Lowe’s

Tools: Letter Templates to Non-Profit Organizations (TR. 29) & Lenders (TR.31)

The Action Plan, Step 3: Identify & contact employers

- Employers with whom your team has built relationships
- Employers with whom you have built relationships
- Faith-based organizations
- Local economic development agency
- Local Society for Human Resource Management (SHRM)
- Local chamber of commerce
- Employers who may benefit from an EAH plan

Tools: Identify Local Employers Worksheet (TR. 7 & 9)
Whom to contact

Owner/Management Staff
- Sees the big picture
- Responsible for the bottom line of the business
- Likely to see the benefits of an EAH benefit
- The decision-maker

Human Resources Staff
- Responsible for employee recruitment and retention
- Will likely be responsible for benefit administration
- Often not the decision-maker

How to contact an employer

- Through networks
  - Rotary Club, business and trade groups, etc.
- Through referrals
  - Team / Clients
- Steps to contact employers:
  - Send a letter (see sample)
  - Follow up phone call
  - Schedule a meeting

Exercise: Identifying local employers

- Refer to Tools:
  - Action Plan Worksheet – Identify and Contact Employers – List Local Employers
  - Employer Script and Talking Points
- Who are some local employers that may be interested in offering an EAH benefit?
- Why each would make a good candidate to implement an EAH benefit?
- What type of EAH benefit could be offered by the employer?
Preparing for the employer meeting

- Understand the key types of EAH benefits
- Research the employer
- Research the local market
- Research local financial programs and initiatives
- Review the employer talking points and script
- Review possible employer objections and responses
- Print out materials for the employer
- Practice, practice, practice!

Employer meeting outline

- Introductions - self and team
- Confirm purpose of meeting
- Introduce EAH & benefits to employer
- Ask the employer questions: goals, needs, concerns
- Discuss the three (3) key EAH options
- Discuss local markets, initiatives, and financial programs
- Review EAH statistics and employer examples
- Review plan administration and management
- Discuss what’s next

This is where you sell EAH to the employer!
Exercise: Three (3) EAH benefits

- Discussion exercise:
  What will you discuss at your meeting with the employer related to:
  - Homebuyer/homeownership benefits
  - Counseling benefit
  - Financial assistance benefit

Tools and resources for meeting with employers

- Employer talking points
- Employer meeting script
- Homebuyer workshop PowerPoint presentation
- Workshop flyer
- Want to Build Your Business? brochure
- EAH employer & government assistance examples
- Group meeting PowerPoint presentation
- Step-by-step guide to implementing an EAH benefit

Employer’s resistance to EAH

- Use “program” vs. “benefit” in discussions
- Financial assistance reluctance and/or inability
- Lack of resources to administer program
- Can’t offer a benefit to everyone
- Prepare for employer’s objections and concerns
Exercise: Overcoming Employer Concerns

1. “We have high turnover but can’t afford to offer an EAH benefit.”
2. “We don’t have any funds in our budget for an EAH Program.”
3. “We don’t have staff available to administer an EAH benefit plan.”
4. “We can’t afford to offer the benefit to everyone, and we don’t offer any benefits unless they are available to everyone.”
5. “We can only afford to offer a little, and this will not be enough to make a difference for the employee.”

Last steps before you leave the meeting

- Distribute the brochure (If Want to Build Your Business)
- Distribute your business card
- Refer them to the EAH resources
- Ask if they have any questions
- Ask if you can follow up
- Thank them for their time

Key learning points for Module 4

- Conduct research on the community
- Form a team
- Identify and contact employers
- Meet with employers
Class summary

During our class, we have:
• Described and defined workforce housing and EAH
• Identified the barriers to homeownership
• Described the types of EAH
• Identified the benefits of EAH for all parties
• Discussed researching your market
• Described the importance of a team and how to form one
• Identified finding and contacting employers
• Discussed meeting with employers and addressing their concerns.

What’s next?

• Develop and implement an action plan
• Join the Online Community
• Participate in a follow-up session
• Read the EAH Guide
• Work with your local REALTOR® Association.

Thank you for your participation!

Please complete the evaluation form and return it to your instructor.
For more information: eah@realtors.org and www.realtor.org/eahclass