

## HOUSING AFFORDABILITY STRATEGIES: ECONOMIC RESOURCES

# Employer Assisted Housing

*High housing costs are pushing more working families out into the countryside, resulting in sprawl, traffic, destabilized school enrollment, and the need for expensive new services in rural areas. All this contributes to more taxes, higher costs of doing business, and damage to the region's natural beauty – a key component of the area's economic success.*

Many of us have witnessed this affordable housing shortage firsthand: in a 2003 survey in the Grand Traverse region, 50% of employers indicated that affordable housing was a major issue for their employees. Affordable housing is an issue for employers, too. For some

commutes to work. And because we need a strong labor pool in order to remain competitive, our region's economic health can suffer when the lack of housing opportunities scatters our workforce farther and farther out into the countryside.



companies, the lack of affordable housing can affect their ability to both recruit and retain employees. And high turnover is costly: a 2007 study showed that turnover costs can run from 30% to 150% of an employee's annual salary.

Productivity and attendance can suffer as well, when much of the workforce has to make long

Across the country, employers are responding by offering employer-assisted housing programs designed to benefit their employees, their communities, and their companies. Employer assisted housing can be a cost-effective way to recruit employees and improve employee retention, productivity, morale, attendance

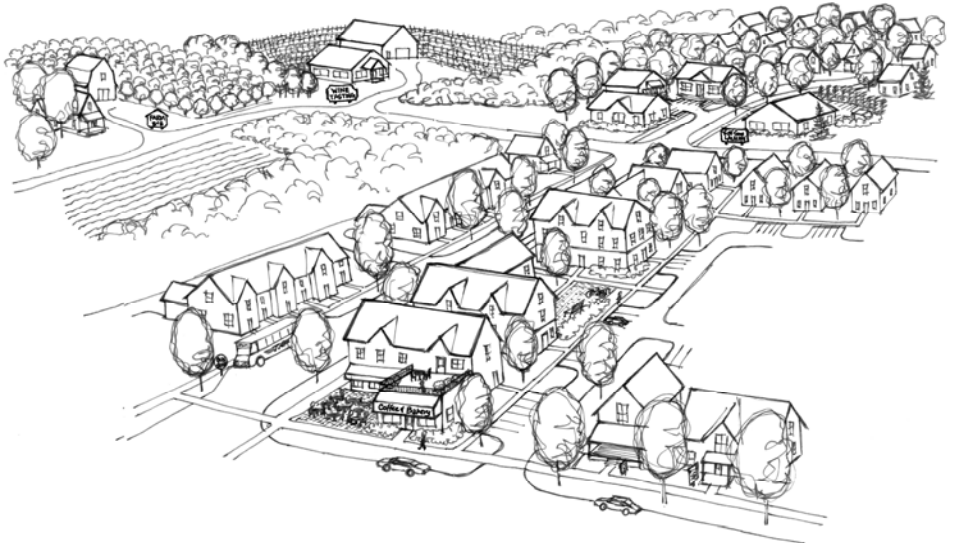
### How Does it Work?

Employer assisted housing programs are designed by and for each employer, so they can take many forms. But there are a number of models that are fairly common:

- **Homebuyer assistance.** Many employers provide loans, grants, or "soft" second mortgages to help employees with down payments or closing costs.
- **Rental assistance.** Employers might help pay a security deposit or help with the costs of searching for a place to live.
- **New Construction.** Some businesses invest in the construction of new, affordably-priced homes. These homes—often located near the employers' facilities—may be combined with loans or grants to help employees with down payments. Investments may include land donations, investment in or development of rental properties, or providing loans or grants to developers of affordable homes.
- **Renovation.** Loans or grants may be available to employees to help cover the costs of improving their homes.
- **Education and Counseling.** Most programs require participating employees to take part in an educational or counseling program, in order to better understand personal finance and the home-buying process. For employees that aren't ready for a mortgage, a credit repair or budgeting class may be offered. These programs are usually offered by third parties, often nonprofits.

## Meeting Your Company's Goals

Employer assisted housing programs can be designed to meet any number of goals—such as rewarding longevity, reducing commutes, or helping to rehabilitate neighborhoods. For instance, some programs offer additional benefits if the employee buys a home in a certain neighborhood – such as one within walking distance from the company. Down payment assistance loans may be forgiven after a certain number of years, rewarding employees who stay with the company. Other programs may be offered only to employees in good standing with the company.



## Partnerships & Resources

- **The Michigan State Housing Development Authority** offers matching resources and technical assistance for employer-assisted housing programs. MSHDA Counseling Specialists are available to guide employers through the process of designing and implementing a program. For any down payment or closing cost assistance offered by an employer, MSHDA will match the down payment assistance by up to \$5,000, in the form of a MSHDA second mortgage, which is a 0%, non-amortizing loan, and is due on refinance, sale, or transfer of the property.
- **Northwest Michigan Human Services Agency** offers services including homebuyer education for groups and individuals, financial management education, pre-purchase/credit repair counseling, pre-purchase home inspection funds, home maintenance training, and loan counseling. For more information, call 1-800-632-7334, or visit the website at [www.nmhhsa.org](http://www.nmhhsa.org).

– and the bottom line. By encouraging the workforce to remain in the community – and at their place of employment - companies that use these programs spend less money on recruiting and training new employees. When employees are able to purchase homes near their jobs, employers see higher productivity and fewer problems with absenteeism– and the employer, employee, and the community as a whole all benefit with reduced commutes to and from work.

Employers clearly have a stake in creating housing opportunities for

the workforce. Employer assisted housing programs offer a cost-effective way for businesses to help employees, reduce commutes, and improve their bottom line.

The Michigan State Housing Development Authority (MSHDA) offers employer assisted housing resources, including matching loans and technical assistance in designing programs for employers. More information is available online at [www.michigan.gov/mshda](http://www.michigan.gov/mshda), or contact the MSHDA Homeownership Division at 1-800-327-9158 or 517-373-6840.

### *Housing Policy & Outreach in Antrim-Benzie-Grand Traverse–Kalkaska-Leelanau Counties*

## communityhousingchoices

Community Housing Choices is a New Designs for Growth program intended to further the housing policies of the *New Designs for Growth Guidebook*, and is administered by the Northwest Michigan Council of Governments (NWMCOG). The goal of Community Housing Choices is to ensure sufficient housing choices for the region's workforce, using education, collaboration, and advocacy to promote the adoption of land use and economic tools that will contribute to livable, vibrant communities. Community Housing Choices is designed to assist governments, nonprofits, developers, businesses, and citizens initiate proactive housing strategies in our communities.

This series of best practice resources serves as an extension of housing policies identified in the *New Designs for Growth Guidebook*. For more information on the *Guidebook*, please visit the website at [www.newdesignsforgrowth.com](http://www.newdesignsforgrowth.com), or call (231) 929-5000.

[www.communityhousingchoices.org](http://www.communityhousingchoices.org)